Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapter I deals with the findings of performance audit in the Home and Finance Departments while Chapter II deals with the findings of transaction audit in the Art and Culture, Civil Supplies and Consumer Affairs, Housing, and Urban Development Departments. Chapter III includes comments based on integrated audit of the Fisheries Department.

3. The observations arising out of audit of revenue receipts of the State in the various tax departments are included in Chapter IV of this Report.

4. The observations arising out of audit of commercial and trading activities are included in Chapter V of this Report.

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2008-09 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2008-09 have also been included, wherever necessary.

OVERVIEW

This Audit Report includes five chapters comprising five performance audit reviews and 21 transaction audit paragraphs relating to the State Government and its Companies and Corporations.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for audit of programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made taking into consideration the views of the Government, wherever received.

A summary of the audit findings is given below.

1.1 Modernisation of Police Force

There was a delay in submission of annual plans resulting in delayed release of funds by Government of India towards the fag end of the year and subsequent non-utilisation of the same within the financial year. Shortage of vehicles adversely affected the mobility of the force and weapons were issued to the police stations after delays of three years of receipt. The percentage of vacancies in the force ranged between five and 10 during 2004-09. Shortage of manpower and failure of a server hindered the operations of the Finger Print Bureau. The Police Communication Network and the Common Integrated Police Application project were not functioning for want of connectivity and maintenance support from a supplier. Failure of the Government to constitute a State Level Empowered Committee resulted in poor monitoring and implementation of the scheme.

(Paragraph 1.1)

1.2 Computerisation of Directorate of Accounts

Computerisation of the Directorate of Accounts was implemented without a time-bound programme. Significant deficiencies were noticed during its operations. Several processes were left out during implementation. An appropriate control and security mechanism was not evolved, resulting in faulty system operation and applications in an unsecured environment. Business Process Re-engineering was not carried out to bring in more efficient processes. The system failed to check allocation of grants before passing bills.

(Paragraph 1.2)

2. Audit of transactions

Audit of financial transactions test-checked in various departments of the Government and their field offices revealed instances of misappropriation, avoidable expenditure and idle investment/establishment involving Rs 15.70 crore in the departments of Art and Culture, Civil Supplies and Consumer Affairs, Forests, Housing, Public Works and Urban Development.

(Paragraphs 2.1.1 to 2.4.2)

3. Integrated audit of Fisheries Department

Though the production of prawn seeds was negligible, the Pilot Prawn Hatchery of the fisheries department incurred an expenditure of Rs 2.14 crore on salaries and office expenditure during 2004-09. Due to underutilisation of a fishing vessel during 2004-09, the Department could earn a revenue of only Rs 1.50 lakh, against an expenditure of Rs 74.56 lakh towards pay and allowances, diesel charges and repairs. There were deficiencies in the system of registration, renewal and accounting of licence fees of trawlers and canoes.

(Paragraph 3.1)

4. Audit of Revenue Receipts

The revenue receipts of the State Government during the year 2008-09 were Rs 3,528.27 crore. The revenue receipts increased by Rs 584.37 crore registering an increase of 19.85 *per cent*.

Transport Department

- Non-assessment of imported mineral ore and non-outsourcing of collection of Goa Rural Improvement Welfare Cess resulted in a revenue loss of Rs 45.54 crore.

(Paragraph 4.2.8)

- Delay in notifying the assessment and collection points of GRIWC resulted in a revenue loss of Rs 8.79 crore between June 2008 and October 2008.
- Non-levy of cess in respect of iron ore generated in Goa resulted in a revenue loss of Rs 37.04 crore between November 2008 and March 2009.

(Paragraph 4.2.9)

- The Department had not prepared any manual setting out the functions and responsibilities of its staff.

(Paragraph 4.2.13)

Revenue Department:

- Failure of the Department to notify the coastal villages under Goa Land Revenue Code resulted in short levy of conversion fees.

(Paragraph 4.6)

5. Government companies and Statutory corporations

Performance Review on Kadamba Transport Corporation Limited

The Kadamba Transport Corporation Limited (Company) provides public transport in the State through its four depots. The Company had a fleet strength of 390 buses as on 31 March 2009 and carried an average of 0.77 lakh passengers per day. It accounted for a share of five *per cent* in public transport with the rest coming from private operators.

The Company suffered a loss of Rs 17.75 crore in 2008-09. It earned Rs 21.70 per km and expended Rs 27.95 per km in 2008-09. Audit noticed that with the right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve its cause better.

The Company has not formed norms for providing services on uneconomical schedules. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

The shortfall in operations is to be deliberated upon by the Board of Directors with suitable remedial action to be taken by the depots. However, the Company lacked in these aspects and could not control the cost and increase the revenue.

Transaction audit observations

Payment of processing fee by Goa State Infrastructure Development Corporation Limited, for term loan at abnormally higher rate resulted in extra expenditure of Rs 1.28 crore.

(Paragraph 5.5)

Erroneous computation of rebate for power factor improvement in respect of HT/EHT consumers resulted in loss of revenue of Rs 4.53 crore to Goa Electricity Department.

(Paragraph 5.6)

CHAPTER-I

PERFORMANCE AUDIT

HOME DEPARTMENT

1.1 Modernisation of Police Force

Highlights

The Modernization of Police Force Scheme approved by the Government of India (GOI) aimed at providing additional infrastructure to enhance the efficiency and effectiveness of the State Police Force. The State Government could not utilize the funds allotted by GOI, the perspective plan was not prepared and annual plans were submitted late to GOI every year. The implementation of various components of the scheme was tardy and fell short of the targets fixed by the Bureau of Police Research and Development (BPR&D). The Police Communication Network (POLNET) installed by GOI was not functional. Functioning of the Finger Print Bureau was poor due to shortage of manpower and equipment. The Forensic Science Laboratory had not started functioning.

- Though Rs 117.27 crore had been projected by the department in the perspective plan for 2000-05, GOI approved only Rs 20.89 crore. Out of this approved outlay, the department spent only Rs 11.51 crore.

(Paragraph 1.1.8.1)

- Shortage of various types of vehicles ranged between 14 and 37 *per cent*, adversely affecting the mobility of the force.

(Paragraph 1.1.11)

- Out of the works proposed for construction of seven police stations/outpost buildings during the period 2004-08, only one work had been completed.

(Paragraph 1.1.13)

- Inadequate manpower coupled with non-functioning of the FACT system resulted in poor performance of the Finger Print Bureau in the State.

(Paragraph 1.1.15)

- Central grants provided in 2000-01 for setting up of a Forensic Science Laboratory (FSL) could not be utilized. While the building was constructed in October 2008, no manpower and equipment had been provided as of August 2009.

(Paragraph 1.1.16)

- The Police Communication Network (POLNET) and the Common Integrated Police Application (CIPA) project had not been functioning in the State for want of connectivity and maintenance support from the supplier.

(Paragraphs 1.1.17.1, 1.1.17.2)

- Deficiencies in manpower, firing practice and inadequate training infrastructure resulted in ineffective functioning of the Police Training School.

(Paragraph 1.1.18)

- The Government delayed the constitution of a State Level Empowered Committee, resulting in poor monitoring and implementation of the scheme.

(Paragraph 1.1.22)

1.1.1 Introduction

The scheme of Modernisation of Police Force (MoPF) was launched (1969-70) by the Ministry of Home Affairs, Government of India (GOI) for modernising police forces in the States to enable them to effectively face the emerging challenges to internal security. The scheme was being implemented in Goa since 1987-88. A revised scheme involving substantial outlay of Central assistance was launched by GOI in February 2001 for a period of 10 years starting from 2000-01. The basic objectives of the scheme were to meet the deficiencies in the State police forces as identified by the Bureau of Police Research and Development (BPR&D)[1] and to achieve planned development and modernisation of the State police forces with the latest technology.

1.1.2 Organisational Set-up

The police force functions under the Home Department of the State Government, headed by a Secretary who is responsible for implementation and monitoring of the scheme. The Director General of Police (DGP) is the head of the Police Department and is assisted by one Inspector General of Police (IGP), one Deputy IGP and nine Superintendents of Police (SP) for formulation and implementation of the scheme. A chart showing the organizational structure of the Goa Police is given in **Appendix 1.1.**

1.1.3 Scheme Objectives

The main objectives of the scheme were to:

- meet the deficiencies in the various aspects of police administration,
- reduce the dependence of the State Government on the Army and Central para-military forces,
- provide infrastructure like vehicles, modern weaponry, communication equipment, etc. at the police station level,
- strengthen forensic science laboratories for reducing delays in submission of analytical reports to expedite finalization of crime cases and

[1] BPR&D is a research and development organization established to guide the policy of modernization of the police forces. It sets norms and standards for each aspect of policing.

- construct residential and non-residential buildings for police department.

1.1.4 Audit Coverage

The records in the offices of the Secretary (Home), the DGP and the Superintendents of Police (SPs) North and South districts, Traffic, Crime, Wireless and Headquarters were selected for audit for the period 2004-09. The Finger Print Bureau, the Forensic Science Laboratory and the Police Training School along with five police stations involved in the implementation of the scheme, were also test-checked during March-April 2009.

1.1.5 Audit Objectives

The audit objectives were to assess whether:

- the deficiencies identified by the Bureau of Police Research and Development were met in a time-bound manner,
- the Annual Plans were in accordance with the Perspective Plans and the fund flow was timely, adequate and optimally utilized,
- State Police forces were adequately trained so as to reduce the dependence on the Army and para-military forces and whether proper facilities for training were created,
- sufficient infrastructure like vehicles, modern weaponry and communication equipment were provided to augment the operational efficiency at police stations,
- forensic science laboratories were modernized,
- the required residential and non-residential buildings were constructed and
- the implementation of the scheme was effectively monitored.

1.1.6 Audit Criteria

The main sources of audit criteria adopted for the performance audit were the following:

- BPR&D study report of the year 2000-01
- Circulars/ instructions issued by GOI for implementation of the scheme
- Minutes of meetings of the High-Powered Committee in GOI and
- Annual Action Plans.

1.1.7 Audit Methodology

The performance audit commenced with an entry conference in March 2009 with Secretary (Home) which was also attended by the SP (Headquarters) wherein the audit methodology, scope, objectives and criteria were explained.

Audit collected data from the DGP and the field offices, issued audit enquiries to elicit information, scrutinized files/records, held discussions with the officers and visited selected offices to assess the implementation of various components of the scheme.

After the conclusion of field audit, an exit conference was held with the Secretary in June 2009, during which the draft audit findings and recommendations were discussed.

Audit Findings

1.1.8 Plan Formulation

1.1.8.1 Non- formulation/implementation of Perspective Plan

As per instructions of GOI, the State Government was to submit to the Ministry of Home Affairs (MHA), five-year Perspective Plans starting from 2000-01, indicating the projects which were to be implemented each year. It was also supposed to submit Annual Action Plans (AAP), indicating the annual targets for implementation of sanctioned projects. The AAPs formulated by the State Police Force were to be scrutinized by the State Level Empowered Committee[®] (SLEC) before forwarding them for approval of the High Powered Committee[©] (HPC) of GOI for allocation of funds to the State Government.

Though a five-year Perspective Plan for the period 2000-05 was drawn up by the department, involving an outlay of Rs 117.27 crore, the same was not scrutinized as no SLEC had been formed in the State. Although Rs 117.27 crore had been projected in the Perspective Plan (2000-05) as well as in the AAPs, MHA approved only Rs 20.89 crore (17.81 *per cent*). Though Rs 25.64 crore was projected for the year 2004-05, MHA approved only Rs four crore against which the actual receipt was Rs 0.28 crore. Despite a reduced outlay, the department could spend only Rs 11.51 crore (55 *per cent*) out of the allotted funds. The Perspective Plan for the subsequent five-year period (2005-10) was not prepared.

1.1.8.2 Delay in submission/approval of Annual Action Plans

Delays in submission of Plans

The State Government was to submit an AAP every year by the due date specified by GOI. Details of due dates and dates of submission of the Plans by the DGP to the State Government, forwarding the Plans by the State Government to MHA and of approval of AAPs by MHA are given in **Table-1**.

[®] The State Level Empowered Committee responsible for approval of annual plans and to monitor the implementation of the scheme.

[©] The Committee constituted by Government of India, Ministry of Home Affairs for approval of Plans of State Government and monitoring the implementation of the scheme.

Table-1: Table showing delays in submission of Annual Plans

Year	Due date of submission of Plan to MHA.	Date of submission of Plan by DGP	Date of forwarding Plan to MHA by State Govt.	Date of approval by MHA	Date of release of funds
2004-05	30 August 2004	24 August 2004	25 August 2004*	22 September 2004	11 February 2005***
2005-06	15 May 2005	13 July 2005	11 August 2005	7 July 2005**	19 December 2005 onwards
2006-07	5 May 2006	12 May 2006	25 July 2006	28 July 2006	31 January 2007 onwards
2007-08	30 April 2007	4 May 2007	10 May 2007	17 May 2007	30 March 2008
2008-09	31 December 2007	2 February 2008	4 February 2008	6 February 2008 & 15 October 2008	30 April 2008 onwards

(Compiled by Audit from the records of DGP, Goa)

* *AAP sent directly by DGP to MHA*
** *Plan approved based on advance copy of Plan sent by DGP to MHA on 4 July 2005*
*** *Funds to the tune of Rs 28.03 lakh was released by MHA directly to CRPF, OFB and DCPW for weapons, POLNET etc.(in kind)*

From the above, it may be seen that there were delays ranging upto three months in the submission of Plans by the State Government, which resulted in further delays in approval by MHA. Release of funds by GOI were delayed for period ranging from 17 days to 10 months.

1.1.9 Financial Management

1.1.9.1 Funds not utilised

Against a release of Rs 16.63 crore during 2004-09, the expenditure was Rs 14.26 crore

The ratio of the funding pattern of 60:40 by GOI and the State Government was changed to 75:25 from 2005-06 onwards. In addition to release of funds to the State Government, GOI released funds to different agencies as cost of arms and ammunition, POLNET, etc., to be supplied to the State (termed as assistance in kind). Underutilization of the allotted funds upto 2003-04 resulted in non-release of funds by GOI during 2004-05. The impact was further felt in the forthcoming years with the Central allocation being limited to Rs 1.05 crore in 2005-06. Due to underutilization of funds during 2004-05 and 2005-06, the Plan outlay was fixed at Rs 1.33 crore and Rs 2.67 crore in the years 2006-07 and 2007-08 respectively as against a Plan outlay of Rs four crore fixed upto the year 2005-06.

The details of outlays, funds released and actual expenditure during 2004-09 are given in **Table-2**.

Table-2: Funding and expenditure

(Rupees in crore)

Year	Approved outlay	Releasable share		Actual release		Actual expenditure	
		Central	State	Central	State	Central	State
2004-05	4.00	2.40	1.60	0.28 (in kind)	1.19	0.71	0.47
2005-06	4.00	2.40	1.60	1.05	3.45	2.40	2.09
2006-07	1.33	1.00	0.33	1.00	2.77	1.00	2.77
2007-08	2.67	2.00	0.67	2.00	0.67	2.00	0.67
2008-09[2]	5.34	4.00	1.34	3.78 0. 22 (in kind)	0.22	1.93	0.22
Total	**17.34**	**11.80**	**5.54**	**8.33**	**8.30**	**8.04***	**6.22**

(Expenditure statements provided by DGP, Goa)

* *total expenditure under Central share i.e. Rs 8.04 crore included expenditure of Rs 2.05 crore incurred out of the balance of unutilized funds upto March 2004*

As against a total of Rs 16.63 crore released by the Central and State Governments during the period 2004-09 the expenditure was only Rs 14.26 crore. This included an expenditure of Rs 2.05 crore incurred against funds released upto 2003-04. The actual utilization of funds against funds released was only 74 *per cent*. The trend of underutilization of funds witnessed in the earlier five-year period continued subsequently with a balance of Rs 4.40 crore remaining unspent as on March 2009.

1.1.9.2 Non-receipt of Central assistance of Rs 1.10 crore for the year 2004-05

Non-receipt of Central funds in 2004-05

The Central Government, while approving the modalities for implementation of the scheme and approving (January 2004) the AAP for 2003-04, indicated that the funding under the scheme would be directly linked to utilization of funds sanctioned to the State in the previous years. During 2004-05, as against the approved Plan of Rs four crore, MHA fixed the Central allocation to Goa at Rs 1.38 crore. As the funds released during the previous years amounting to Rs 2.05 crore had not been utilized by the Government, GOI did not release any funds during 2004-05 in cash and the only funds made available were Rs 28 lakh, which were released directly to various agencies (CRPF, Ordanance Factory Board and Director Co-ordination Police Wireless) for procurement of arms, ammunition and communication equipment on behalf of the State government.

Delays in utilization of the Central funds were due to (i) non-utilization of funds placed at the disposal of PWD, (ii) non-receipt of Government approval for purchase of vehicles and (iii) non-finalization of tenders for purchases for the Finger Print Bureau, Security, Wireless, Traffic etc. during 2000-01 to 2003-04, which resulted in non-receipt of Central funds to the tune of Rs 1.10 crore during 2004-05.

[2] The figures for 2008-09 included those of the supplementary Plan for the year for which approval was awaited.

1.1.9.3 Surrender of funds

The State Government, through its yearly budget, provided funds for the scheme which also included the Central releases. The details of budget allocations and expenditure incurred on the entire scheme are given in **Table-3**.

Underutilisation of allocation resulted in surrender of funds

Table-3: Details of budget allocation and expenditure

(Rupees in crore)

Year	Budget Allocation	Expenditure incurred	Surrender of funds	Percentage of savings
2004-05	5.04	1.18	3.85	76
2005-06	4.60	4.49	0.06	1
2006-07	4.00	3.77	0.10	3
2007-08	4.05	2.67	1.57	39
2008-09	6.00	2.15	3.41	57

(Compiled by Audit from State Appropriation Accounts and records of DGP, Goa)

Persistent underutilization of funds during 2004-05 and 2007-09 resulted in surrender of funds ranging from 39 to 76 *per cent*.

The reasons for surrenders were excess budget allocation as well as underutilization of available funds due to non-finalization of tenders (Rs 3.90 crore), non-receipt of Government approval (Rs 1.06 crore), non-utilization by PWD (Rs 0.07 crore), late submission of bills (Rs 0.08 crore), non-acceptance of bills (Rs 0.34 crore) and non-requirement of funds (Rs 3.24 crore). During 2008-09, the department requested for Rs two crore under the 'Capital outlay' for major works. However, an amount of Rs four crore was allocated under the head, resulting in surrender of funds to the extent of Rs two crore. Rupees 1.11 crore was also surrendered during the year due to non-tendering of the work of additions to the Anjuna Police Station by the PWD owing to declaration (March 2009) of parliamentary elections. The savings were a result of poor financial management as the reasons were well within the control of the State Government.

1.1.10 Implementation of Modernization Plan

Annual Plans approved by MHA for the years 2005-09 provided for implementation of various components under the scheme. The position of outlay and expenditure incurred on various components were as given in **Table-4**.

Table-4: Component-wise outlay and expenditure

(Rupees in crore)

Sr No	Component	Approved outlay	Actual expenditure	Shortfall	Excess	Percentage of deviation
1	Mobility	2.11	1.67	0.44	-	21
2	Building/construction	5.12	6.83	-	1.71	33
3	Weaponry	0.22	0.35	-	0.13	59
4	Communication system (W/L)	0.09	1.76	-	1.67	1855
5	Traffic equipment	0.50	0.78	-	0.28	56
6	Equipments for Anti-Corruption branch	0.10	0.01	0.09	-	90
7	Security equipment	0.14	1.43	-	1.29	928
8	Equipment for Special Branch	0.18	0.16	0.02	-	21
9	Home Guard	0.17	0.00	0.17	-	100
10	Finger Print Bureau	0.10	0.01	0.09	-	90
11	Riot Control Equipment	0.34	0.00	0.34	-	100
12	Narcotics detector	0.10	0.00	0.10	-	100
13	Bomb disposal equipment	0.40	0.00	0.40	-	100
14	Equipment for district police	0.45	0.32	0.13	-	29
15	Training equipment	0.00	0.03	-	0.03	100
16	Miscellaneous	0.00	0.92	-	0.92	100
	Total	**10.02**	**14.27**	**1.78**	**6.03**	

(Compiled by Audit from the records of DGP, Goa)

As may be seen, during actual execution, there were wide deviations from the approved Plan, the department did not furnish the details of expenditure booked under the 'Miscellaneous' head.

1.1.11 Mobility

Mobility is vital for efficient and effective performance of a police force. Increased mobility reduces response time and enhances operational efficiency. BPR&D, in its study report, stated that mobility deficiency should be 'nil' for a well-equipped police force to be able to move the entire police force at once. Based on this concept, BPR&D prescribed scales for various types of operational vehicles such as heavy/medium/light vehicles and motor cycles required for police stations, District Armed Reserve (DAR) and State Reserve Police (SRP). The position of availability of vehicles vis-a-vis BPR&D norms is given in **Table-5.**

Table-5: Details of Vehicles

Type of vehicle	Requirement as per BPR&D norms	Actual holding	Off road due to ageing and condemnation	Actual on road (3-4)	Shortage(-)/ excess(+) (2-5)	Percent-age of shortage/ excess
1	2	3	4	5	6	7
Motor Cycle	145	209	106	103	(-) 42	29
Light Vehicle	118	159	57	102	(-) 16	14
Medium Vehicle	13	32	12	20	(+) 7	54
Heavy Vehicle	19	15	3	12	(-) 7	37
Total	**295**	**415**	**178**	**237**	**(-) 58**	

(Compiled by Audit from statements provided by DGP, Goa)

As may be seen, there was a shortage of vehicles (except the medium type) ranging from 14 to 37 *per cent*, adversely impacting the mobility of the force. Forty three *per cent* of the total holding was off the road due to ageing and condemnation. During the period 2004-09, the department utilized only 79 *per cent* of the allotted funds. The reason for non-utilization of the approved outlay was the non-receipt of Government approvals for purchase of vehicles.

During 2005-06, MHA approved (July 2005) the procurement of 76 vehicles (motor cycles: 53, light vehicles: 14, medium vehicles: 5 and heavy vehicles: 4) at a cost of Rs 1.60 crore under the scheme. Although a proposal for procurement of these vehicles was submitted (October 2005), the State Government approved (January 2006) the procurement of 19 vehicles costing Rs 0.77 crore, citing the reasons that motor cycles and heavy and medium vehicles available with the police were sufficient and no additional vehicles were required. The fact, however, remains that the motor cycles and light vehicles were short of the requirement as per the norms of BPR&D. The department failed to address the key issue of mobility for the police force because of injudicious need analysis and avoidable delays.

1.1.12 Weaponry

To meet the challenges of terrorists and criminals, equipped with high tech and latest weapons, upgradation of weaponry is of utmost importance for the police force. The MoPF scheme envisaged replacement of outdated weapons with sophisticated modern weapons. It was observed that 50 AK-47 riffles received in 2004 and 2005 from CRPF units of Rampur (UP) and Pune were kept in storage for three years. Though 39 rifles were issued to 17 police stations between October and December 2008 but no training was given to police personnel on the use of these weapons. Lack of urgency in the issue of available weaponry as well as providing training in a scenario of the enhanced threat perception prevailing in the country was a dangerous trend.

1.1.13 Police Station Buildings

Construction of well-secured police station (PS) buildings was one of the thrust areas of the scheme. Buildings housing 25 police stations and 42 outposts in Goa were in need of renovation and reconstruction. The position of seven police stations/outposts proposed for construction during 2004-09 is given in **Table-6**.

Table 6: Police Stations and Outposts under the Scheme

Name of Police Station/Outpost	Annual Plan in which originally proposed	Year of approval by MHA	Date of start of work	Remarks
Anjuna PS	2004-05	2005-06	28-2-2007	Work in progress
Railway PS	2004-05	2005-06	15-3-2006	Completed in January 2008
Pernem PS	2005-06	2006-07	Not started	Estimate of Rs 2.62 crore yet to be approved
Colva PS	2005-06	2007-08	Not started	Land acquisition pending
Taleigao Outpost	2007-08	Not approved	Not started	Estimate of Rs 0.92 crore yet to be approved
St. Cruz Outpost	2007-08	Not approved	Not started	No budgetary provision
Quepem PS	2008-09	2008-09	Not started	Estimate not yet prepared

(Compiled by Audit from statements provided by DGP, Goa)

In respect of Anjuna PS, 80 *per cent* of the work was completed. Government sanction for incurring additional expenditure of Rs 1.01 crore was obtained in March 2009 and the work was still to be completed (August 2009). In respect of Pernem PS and Taligao and St.Cruz outposts, approvals for the estimates were still to be obtained from the State Government (April 2009). In respect of Colva PS, the land acquisition proposal was with the Collector for initiating land acquisition proceedings. Hence, out of seven PS and outpost buildings proposed under the modernization Plan during 2004-09, only one building was completed and the remaining PSs and outposts continued to function in old buildings.

1.1.14 Housing

Twelve per cent of quarters were vacant for want of repairs

Construction of residential buildings for police personnel close to their PSs was one of the thrust areas of the scheme. BPR&D, in its five-year projection on modernization and upgradation of police infrastructure, was of the view (March 2000) that the performance of the police was better in States where accommodation was available in large numbers. The National Police Commission (NPC) also recommended 100 *per cent* accommodation for all police personnel. As per the recommendation of the review committee on Police Reforms and Response of State Governments, circulated by MHA in May 2006, the State was asked to achieve 80 *per cent* satisfaction level as early as possible. As against the total strength of 3,891 police personnel, the Goa Police had 1,279 residential quarters which constituted only 33 *per cent* of the requirement. District-wise (South and North) details of the occupancy of police quarters are given in **Table-7**.

Table-7: Details of Occupancy of Quarters

Type of quarters	Number of quarters		Occupied		Vacant	
	North Goa	South Goa	North Goa	South Goa	North Goa	South Goa
A	467	310	362	250	105	60
B	163	262	138	235	25	27
C	40	25	35	17	5	8
D	9	2	7	0	2	2
E	0	1	0	0	0	1
Total	**679**	**600**	**542**	**502**	**137**	**98**

(Compiled by Audit from statements provided by DGP, Goa)

Out of 235 vacant quarters, 149 quarters were vacant for want of repairs, 43 were vacant due to no requests for allotment and 43 quarters were proposed to be demolished due to bad condition.

The SPs of North and South Goa districts were the allotting authorities for allotment of quarters situated in their respective districts. The SP (Headquarters) was the allotting authority of the police quarters at Porvorim and Altinho, Panaji, situated in North Goa. It was seen that while there were 40 'A' type quarters under SP (North Goa) lying vacant for want of applications for allotment, 231 persons working in North Goa district under SP (Headquarters) were in the waiting list for want of quarters.

Thus the existence of two separate allotting authorities in one district created a situation where quarters were available and were not being allotted even when persons were in the waiting list.

1.1.15 Finger Print Bureau

Shortage of man-power and failure of a server hindered the operations of the Finger Print Bureau in crime detection

The Finger Print Bureau (FPB) was established (December 2001) at a cost of Rs 1.33 crore. However, its operations were hampered due to shortage of trained personnel. The Bureau was working with one Finger Print Expert and one Searcher, with the help of police personnel. Vacancies remained in the posts of Deputy Director (one), First Expert (one), Second Expert (two), Finger Print Searcher (one) and Photographer (one). It was observed that the work of five constables and two officers attached to FPB was frequently interrupted for policing duties. Attempts (November 2007) to fill up the vacant posts on deputation basis were not successful. The Bureau continued to rely on police constables for its various functions, which only finger print experts were legally competent to do.

A Finger Print Analysis & Criminal Tracing System (FACTS), installed (March 2002) in the Bureau, holds a centralized database of finger prints taken from arrested persons. A total of 21,100 finger prints, stored in the FACTS database was inaccessible due to failure of the FACTS server in July 2006. Fresh records of finger prints had not been entered from July 2006 onwards. In February 2008, FPB submitted a proposal to DGP for procurement of a new

Automated Fingerprint Identification System (AFIS) at a cost of Rs 60 lakh. The DGP included it in the AAP for 2009-10 and its approval from MHA was still awaited (August 2009).

Non-functioning of the FACTS unit had handicapped crime detection in the State. Out of 367 chance prints[3], only 10 cases were manually detected during 2004-09. Use of finger printing technology in crime detection had been rendered almost ineffective due to lack of manpower and requisite technology.

1.1.16 Forensic Science Laboratory

For improving the quality of crime investigation, development of infrastructure for forensic science was envisaged under the scheme. The State Forensic Science Laboratory (FSL) provides assistance to the Police Department by analysing samples.

Non-functional Forensic Science Laboratory

The Eleventh Finance Commission (EFC) provided (2000-01) Rs 2.45 crore (Rs 1.92 crore for construction of a building and Rs 0.53 crore for FSL equipment) for establishment of an FSL in the State. The grants were supposed to be utilized before the end of the financial year 2004-05, commencing from 2000-01. Delays in finalizing the site and obtaining administrative approval resulted in delay in commencement (March 2005) of construction.

Lapse of the grants given by EFC prompted the State to expend funds under the MoPF Scheme for the FSL. The building was constructed by PWD and handed over to the Police Department in October 2008 but no manpower, machinery and equipment were provided upto August 2009, resulting in the FSL remaining non-functional.

1.1.17 Communications

The MoPF scheme envisaged the setting up of a cohesive police telecommunications network for the benefit of investigation of crime and transmission of related data. Modern means of communication are the backbone of effective policing. Police forces require faster, secure and reliable means of communication.

1.1.17.1 Functioning of Police Communication Network

The Police Communication Network (POLNET) is a satellite based integrated network which envisages instalation of Very Small Aperture Terminals (VSAT) and Multi-Access Radio Telephones (MART) for providing connectivity between the national capital, State/UT capitals/district headquarters and all PSs in the country.

Unfruitful expenditure on instalation of Police Communication Network

The Government of India sanctioned various types of equipment amounting to Rs 48.17 lakh upto 2004-05 for implementation of POLNET in the State. The equipment for instalation of three VSAT units and 23 MART units in the State

[3] Finger prints taken from the crime scenes by finger print searchers

were supplied (April 2004) by M/s Bharat Electronics Ltd. (BEL), Ghaziabad which was the nodal agency of the Director, Co-ordination, Police Wireless, New Delhi. In addition, the State Government also spent (2004-05) Rs 1.44 lakh for furnishing the Wireless Section for POLNET. It was observed that five[4] MART units had not been commissioned so far (March 2009) due to non-availability of Line of Sight (LOS)[5]. Eighteen commissioned (September 2005) MART units were not functioning from November 2007 onwards due to non-finalization of an annual maintenance contract with M/s BEL. Thus the total expenditure of Rs 49.61 lakh remained unfruitful. In addition, the main objective of POLNET to provide connectivity amongst the capital, districts and police stations also was not achieved. The department stated that the AMC had been awarded to M/s BEL from August 2009 onwards, leaving out MART stations, as commissioning of five MART stations was still pending. The reply is not tenable as the connectivity at 23 police stations through POLNET had not been restored as of date (17 September 2009).

1.1.17.2 Common Integrated Police Application Project

The Common Integrated Police Application (CIPA) project was introduced by GOI under the MoPF Scheme since 2004-05. The main objective of the CIPA project was to automate the work flow of registration, investigation and prosecution of cases at the PS level. The target for 2004-05 was to cover 10 *per cent* PS in the first phase. In the second phase, the projected coverage was 30 *per cent*. CIPA was to be implemented by the National Informatic Centre (NIC) as a total package (supply of hardware, software, imparting of training etc.) for which GOI released Rs 12 lakh in 2004-05 to NIC.

Four PSs[6] had been selected under the first phase of the project. The system was installed and the data entry work commenced between November 2006 and March 2007. Twelve police personnel were trained by NIC in March 2007. The second phase of the project had not commenced so far (April 2009). Lack of connectivity hindered access to data across PSs, leading to non-achievement of the purpose for which the project was initiated.

1.1.18 Training

During 2004-09, professional training was imparted to only six to 22 per cent of police personnel

Training is an essential element for an organization to upgrade the skills of its personnel to meet the demands of the current environment. The Government had one police training school (PTS) at Valpoi which imparted basic training for nine months, computer training for three months and practical training for three months to newly recruited police constables as per the syllabus devised by BPR&D. It also conducted in-service training for the staff of the Police Department.

[4] Bicholim, Canacona, Collem, Pernem and Ponda.
[5] Unobstructive radio signals from one unit to another unit
[6] Calangute, Mapusa, Ponda and Porvorim.

1.1.18.1 Deficiencies in professional training and firing practice

Details of training imparted to police personnel during 2004-09 are given in **Table-8**.

Table-8: Details of training of personnel

Year	Total policemen	Number trained			Percentage of persons trained	Number of faculty
		In service	Basic	Total		
2004-05	3633	226	-	226	6	17
2005-06	3385	525	36	561	17	19
2006-07	3483	334	257	591	17	21
2007-08	3694	47	411	458	12	32
2008-09	3891	476	374	850	22	31

(Compiled by Audit from statements provided by Principal, PTS, Goa)

The above table shows that during 2004-09, professional training was imparted to only six to 22 *per cent* of police personnel. The PTS had no permanent faculty for conducting training. Services of police personnel, as and when they were transferred to the PTS, were utilised for imparting training.

As per BPR&D norms, any police person, at the time of recruitment or later, who was likely to use various weapons, must have minimum practice as per the prescribed scale. The details of practice/use of weapons given to the trainees during 2004-09 were as given in **Table-9.**

Table-9: Details of weapons practice

Name of Weapon	Prescribed scale of practice per person (in rounds)	Practice actually given per trainee (in rounds)	Shortfall (in rounds)	Percentage of shortfall
Pistol Auto 9 MM	40	10	30	75
Pistol Rivolver .38	36	6	30	83
9MM Carbine Machine	50	10	40	80
Rifle 7.62 MM SLR	40	10	30	75
Rifle .303	40	30	10	25
Rifle AK 47	50	Nil	50	100

(Compiled by Audit from statements provided by Principal, PTS, Goa)

No rifles were allotted to the PTS for training

As may be seen, shortfall in the practice of weaponry ranged from 25 to 100 *per cent*. Despite the receipt of 50 AK 47 riffles, no rifles were allotted to the PTS for imparting practical training. Deficiencies in weapons practice was indicative of the ineffective functioning of PTS. This would further affect the efficiency and striking ability of the police during exigencies.

1.1.18.2 Training infrastructure

- **Unsuitable accommodation for female trainees**

The PTS also conducts basic training and refresher courses for female police constables every year. The details of lady constables trained during 2004-09 were as given in **Table-10**.

Unsuitable accommodation for female trainees

Table-10: Details of training for women police personnel

Year	Total women police personnel	Number trained	
		In service	Basic
2004-05	183	Nil	Nil
2005-06	168	Nil	Nil
2006-07	160	Nil	81
2007-08	144	Nil	50
2008-09	171	Nil	39

(Compiled by Audit from information provided by Principal, PTS, Goa)

No proper facility existed to accommodate female trainees who were accommodated in an old building close to the male trainees' barracks. As this was considered unsuitable due to lack of privacy, a proposal for construction of a separate barrack at an estimated cost of Rs 60 lakh within the campus, to accommodate at least 60 female trainees was proposed (January 2008) by the Principal of PTS under the MoPF scheme. The proposal was, however, not incorporated in the AAPs submitted to the MHA by the department for the years 2008-09 and 2009-10. Hence, the female police constables continued to stay in the unsuitable accommodation, which could impact their morale and effectiveness.

- **Inadequate training aids**

The PTS had projected the requirement of 28 items (**Appendix 1.2**) for AAP from the year 2005-06 onwards, which included purchase of a computerized firing simulator at a cost of Rs 12 lakh. The computerized firing simulator would help the trainees to develop marksmanship. The department, however, incorporated it only in the AAP of 2009-10, five years after the proposal was given by PTS. Approval from MHA was awaited (September 2009). The other 27 items had not been included in the AAP so far. Delays in securing the required training equipment would have an adverse impact on the quality of training provided.

1.1.18.3 Assessment of trainees

Sub- standard training imparted by PTS

According to the recommendations of a Review Committee appointed by BPR&D, it was essential to grade the trainees based on their performance in the basic training programmes. Trainees securing more than 75 *per cent* marks were to be graded as 'A', those securing marks between 50 *per cent* and 75 *per cent* were to be graded as 'B' and those securing less than 50 *per cent* were to be declared to have failed and were liable for discharge if they did not clear the final examination in the second attempt.

It was seen from the final examination results of 281 trainees declared passed in March 2008 that 67 trainees had secured less than 50 *per cent* marks and thus fell short of the eligibility criteria prescribed by BPR&D. Further, none of the trainees secured Grade A which showed that the standard of training imparted by PTS was not upto the mark.

Thus due to deficient and unprofessional manpower, shortfall in coverage and training infrastructure and poor performance of trainees, the PTS failed to make the required impact on quality and striking capability of the State police force.

1.1.19 Manpower

Percentage of vacancies ranged between five and 10 during 2004-2009

The modernization plan focused on expeditious filling up of vacancies, besides improvement in the strength of women in the police force. BPR&D recommended an increase of two *per cent* in the annual growth of manpower. The National Police Commission recommended that 10 *per cent* of the force should be women. However, no increase in the number of police personnel during the period 2004-08 was noticed. The manpower position and the percentage of women police during 2004-09 was as given in **Table-11**.

Table-11: Manpower and percentage of women police

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Sanctioned strength	3836	3835	3837	4125	4156
Persons-in-position	3633	3553	3483	3694	3891
Number of vacancies	203	282	354	431	265
Percentage of vacancies to sanctioned strength	5	7	9	10	6
Number of women police	233	234	234	280	315
Percentage of women police in Goa Police	6	6	6	7	8

(Compiled by Audit from statements provided by DGP, Goa)

As may be seen, against the prescribed norm of 10 *per cent*, the women police constituted only eight *per cent* of the total police force.

The department replied (September 2009) that recruitment of women police was less due to non-availability of eligible female candidates. The reply is not tenable considering the high level of female literacy (75 *per cent*) achieved by the State. The sanctioned strength of women police personnel remained stagnant (197 posts during the period 2004 to 2007 and 215 posts during the period 2007-09). The reasons for not sanctioning more posts for women police personnel were not furnished by the department.

1.1.20 Deployment of CISF for security duties of the Governor

One of the major objectives of the scheme is to reduce the dependency of the State Government on the Army and Central para-military forces to control internal security and the law and order situation by equipping the State police forces adequately and imparting the required training.

Continued dependency on para-military forces

As the strength of Goa Police, numerically and technically, was not geared to provide the requisite security to the Governor, the Government approved (July 2004) a proposal to deploy one company of CISF for the security of Raj Bhavan. While approving the proposal, the Government stated that long-term planning and strategy needed to be formulated keeping in view the objective of providing security. Accordingly, one company of CISF was deployed at Raj Bhavan for security duties from September 2004 onwards. The State Government paid Rs 9.10 crore from the budget allocation of Goa police to the Director General, CISF, MHA, New Delhi for the said deployment for the period from 14 September 2004 to 30 November 2008. The department did not make any proposal under the MoPF scheme to train the Goa police personnel for the Governor's security. Hence, the objective of the scheme to reduce dependency on para-military forces was not achieved in this case.

1.1.21 Response Time

Police maintained good response time

Increase in mobility for field policing should result in the reduction of response time[7]. Verification of records of five PSs[8] revealed that the Goa Police maintained good response time in reaching crime spots and recording the first diaries on each crime. Out of 2,343 crimes reported in these PSs, Audit randomly checked 488 cases and found that in respect of only seven cases (four cases in Porvorim PS and three cases in Ponda PS), there were delays ranging from one day to 10 days in recording the first diaries after occurrence of the crimes.

1.1.22 Monitoring Mechanism

According to the guidelines issued by MHA, the funds under the scheme were to be allocated to the State Government on the basis of the projects submitted by them after clearance by a High Powered Committee. As stated earlier, the State Government was to constitute a State Level Empowered Committee under the chairmanship of the Chief Secretary with the Home Secretary and the DGP as members, amongst others, for monitoring implementation of the projects. Despite the department's proposal (May 2001) to constitute a five-member committee under the chairmanship of the Chief Secretary, the Government did not constitute the committee and instead, directed the Home Secretary and DGP to take care of the issues. Hence, the AAPs prepared and submitted by the DGP/IGP were forwarded by the Government without any deliberations and modifications. The Government, however, formed a four-member State Level Empowered Committee only while submitting the AAP for 2008-09.

[7] Total time taken from receiving a message/making First Information Report to the time when a police person actually reaches a crime scene.

[8] Porvorim, Bicholim, Cuncolim, Quepem and Ponda Police Stations

1.1.23 Increase in Crime Rate

One of the reasons for increase in the incidence of crime could be the poor performance of the police force. The position regarding the number of crimes committed and their disposal at various stages during the period 2004-08 were as given in **Table-12.**

Table-12: Crime statistics

Particulars	2004	2005	2006	2007	2008
Number reported	2127	2119	2204	2479	2742
Number detected	1416 (67%)	1316 (62%)	1355 (61%)	1616 (65%)	1803 (66%)
Number charge-sheeted	1335 (63%)	1195 (56%)	1179 (53%)	1201 (48%)	671 (24%)
Number convicted	265	235	191	109	28
Number acquitted	525	350	247	137	33
Compounded/withdrawn	45	23	19	11	3
Pending investigation	541	678	875	1475	2371
Cases closed	751	833	872	747	307

(Compiled by Audit from statements provided by DGP, Goa)

Though the number of crimes reported during the period increased by 29 *per cent*, the number of cases detected decreased from 67 *per cent* to 66 *per cent* over the period. The number of cases charge-sheeted also showed a declining trend from 63 *per cent* in 2004 to 24 *per cent* in 2008. Declining levels of detection were suggestive of declining levels of efficiency, pointing towards failure in the achievement of the objectives of the scheme.

1.1.24 Conclusion

The modernization programmes of the State police force failed in the implementation of various components of the scheme due to poor planning, delays in approvals and delays in release of funds against the approved annual outlays. The department failed to utilize the funds efficiently and effectively which affected the implementation of the programme adversely. Vital support from the Finger Print Bureau and Forensic Science Laboratary were not available. The improvements made during the five-year period 2004-09 in the areas of manpower, mobility and training fell short of the performance indicators fixed by BPR&D, which indicated that the scheme did not succeed in making the desired impact on improving the efficiency of Goa Police.

1.1.25 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the effective implementation of the MoPF scheme:

- Perspective Plans should be formulated in a timely manner and Annual Action Plans should flow out of these Plans.
- Funds should be released in time and targets for implementation of various components of the Plans should be enforced scrupulously.

- Effective steps should be taken to start the functioning of the Forensic Science Laboratory and improve the functioning of the Finger Print Bureau.
- Functioning of the Police Training School should be standardized according to the BPR&D norms and recommendations. Phase-wise in-service training in modern weaponry and equipment and policing should be imparted to cover all police personnel of the department.

FINANCE DEPARTMENT

1.2 Computerisation of Directorate of Accounts

Highlights

Various applications were developed by the National Informatics Centre for the department with a view to discharging of the work of treasuries efficiently, maintenance of GPF accounts, preparation of Appropriation and Finance accounts and accounting of Loans and Advances. The computerisation of the Directorate of Accounts was implemented without a comprehensive document and in the absence of a time-bound programme, several deficiencies were noticed in the operations and controls.

- Due to the absence of a time-bound programme and comprehensive documentation for the development of systems, several processes were left out during implementation.

(Paragraph 1.2.6.6)

- During the data migration to the new GPFS, data cleaning was not performed, resulting in the transfer of obsolete, incomplete and inconsistent data.

(Paragraph 1.2.6.7)

- Business Process Re-engineering was not carried out to bring in more efficient processes.

(Paragraph 1.2.6.9)

- During the year 2007-08, in the case of nine classifications, the Budget Processing System enabled the surrender of grants by Rs 15.49 lakh, more than the total allocation in the year. Voucher dates in 76 bills amounting to Rs 1.66 crore preceded the date of entry of the bills.

(Paragraph 1.2.6.14)

- Reliability of the system in preparation of accounts remained doubtful as manual interventions were resorted to in order to reconcile the errors.

(Paragraph 1.2.6.16)

- A double allocation of Rs 2.68 crore was noticed in one treasury due to allocation in the physical mode instead of using the established Wide Area Network.

(Paragraph 1.2.7.2)

- The system failed to check allocation of grants before passing of bills of Rs 1.84 crore in 2009-10 by the Margao branch.

(Paragraph 1.2.7.3)

1.2.1 Introduction

The Director of Accounts (DOA) functions as the Central Pay and Accounts Officer of the Government of Goa and Principal Accounts Officer of the State of Goa. The Directorate performs functions such as passing of bills, sale of stamps/stamp papers, finalisation of pension cases, issue of cheques and compilation of the Accounts of the Government of Goa. The responsibility of maintenance of individual General Provident Fund/Contributory Provident Fund Accounts of Government employees, authorisation and payment of pension to all retired Government employees, teachers of aided Institutions, Members of Legislative Assembly, freedom fighters etc. also devolves on the Directorate of Accounts.

1.2.2 Scheme of Computerisation

Computerisation of the department commenced in 1992. National Informatics Centre (NIC) was engaged to carry out the development of the following different applications.

1. Budget Processing System (BPS)
2. Integrated Bill Processing System(IBPS)
3. Treasury Accounts System (TAS)
4. Compilation System (CS)
5. General Provident Fund System (GPFS)
6. Advances Management System (AMS)
7. Loans Management System (LMS)
8. Works Audit System (WAS)
9. Contributory Pension Scheme System (CPSS)
10. Transfer Entry System (TES)

Out of the above programmes, BPS, TAS and IBPS were integrated to facilitate compilation of monthly accounts. Rest of the systems were functioning independently. Objectives of the computerisation were not documented.

1.2.3 Audit Objectives

The audit was undertaken with the objectives to assess whether

- the benefits of computerisation have been achieved as envisaged.
- the various software including the web based ones were designed properly with adequate controls and whether the development of the software was in line with the applicable rules.
- the general controls which include control over data centres' operation, system software development and maintenance, access security and application system development and maintenance have been properly effected.
- the application controls ensure completeness of data input as well as output.

1.2.4 Organisational set up

DOA at Panaji has a branch office at Margao. There are two district treasuries and 11[9] sub-treasuries. The pre-audit of bills is performed by Pay and Audit sections at Panaji and Margao. The Book Section, Broadsheet Section, GPF Sections, Works Audit, Loans and Advances Sections, Account Current and Deposit Section, Computer Section and Inspection Cell are located at Panaji.

1.2.5 Audit coverage

The functioning of the Budget Processing System (BPS), Integrated Bill Processing System (IBPS), Treasury Accounts System (TAS), Compilation System (CS), General Provident Fund System (GPFS), Advances Management System (AMS), Transfer Entry System (TES) and Loans Management System (LMS) were reviewed at the office of DOA, Panaji and in the two District treasuries. Data maintained under BPS, IBPS, TAS and GPFS for the period 2003-04 to 2009-10 was analysed using Computer Assisted Audit Techniques (CAAT).

1.2.6 Audit findings

Audit findings are classified under General Controls, System deficiencies, Information System Security, Application Controls and other topics of interest.

General Controls

General controls create the environment in which the Information System and related controls operate. If general controls are weak, reliability of other system controls also get diminished. The general controls were scrutinised to assess the impact on the efficiency, security or effectiveness of the system.

1.2.6.1 Annual Maintenance Contract

The department had engaged two different organisations for Annual Maintenance Contract (AMC) for maintenance of the computer systems and other accessories. Instead of grouping the maintenance agreements, during the June 2006 to January 2009, 14 different agreements were made with two vendors. Thus, there was artificial division of items of work, leading to staggered arrangements for AMC.

It was also noticed that no records of machine failures, date and time of booking complaints with AMC vendors, response time and completion time were being maintained, in the absence of which, proper monitoring of AMC could not be done by the Department.

The department agreed to the audit suggestion and stated that action to monitor the performance of AMC had been initiated (August 2009).

[9] Bicholim, Cancona, Mapusa, Margao, Pernem, Ponda, Quepem, Sanguem, Tiswadi, Valpoi and Vasco

1.2.6.2 Change Management

The department did not follow a formal Change Management process of recording requests for changes and storing them for future reference. Changes were carried out on need basis with the help of the developer without leaving any trace.

The department admitted to the facts and agreed to systemise the changes (August 2009).

1.2.6.3 TAS- Authorisation of Refunds

The refunds were physically traced as there was no provision in the TAS-receipt module to trace the progressive refunds against a receipt so as to restrict the refunds to the actual receipt. The department admitted the facts (August 2009).

1.2.6.4 Cancellation of bills

In the absence of a provision to indicate cancellation of bills, manual reversal of entries were resorted to and the corresponding bill numbers were modified as ‘zero’. However, reversal entries relating to three bills out of 989 bills cancelled during 2007-09 in Panaji branch were still to be made.

1.2.6.5 ***Adjustment of AC bills***

There was no in-built function in the IBPS to check adjustments of previously drawn Abstract Contingent (AC) bills, due to which the control over drawal of subsequent AC/advance bills could not be exercised efficiently. Hence, the controls were exercised manually. This resulted in delays in accounting of AC Bills through respective DC Bills. A total of 488 AC bills involving an amount of Rs 35.62 crore were awaiting adjustments. Out of these, 180 bills with an amount of Rs 12.31 crore, were pending for more than six months (April 2009).

System Deficiencies

1.2.6.6 System Development Life Cycle (SDLC)

A software development process is a structure imposed for the development of a software product. Documenting the design of software for the purpose of future maintenance and enhancement has to be done throughout the development of the software.

The evolutionary model of SDLC was followed by the department. Except for preparation of Software Requirement Specifications in some cases, there was a lack of documentation of the processes carried out at every stage of the SDLC. Development of the system became an ongoing process without any definite end in sight since the following functions and processes were left out of the computerisation process rendering the process of computerisation less effective.

- Though the Detailed Appropriation Accounts were prepared using the Compilation System, Finance Accounts and Appropriation Accounts of the Government of Goa continued to be prepared manually.
- Pre-audit of bills were performed manually instead of through the system to enable monitoring of passed or objected bills and verification of specimen signatures of Drawing and Disbursing Officers.
- Personal Ledger Accounts continued to be maintained manually.
- 2,174 transactions relating to advances could not be entered in time into the AMS during the period 2004-05 to 2008-09, for want of account references, misclassification. Manual records were being maintained for adjustment through transfer entries at a later date.
- DDO-wise reconciliation of expenditure could not be made due to non-availability of a DDO-wise Budget.

Apart from the above functions and processes, the Account Current and Deposit System and Pension System were under development and testing.

The department replied that the legacy systems were upgraded to web-based systems in 2003-04 and it was envisaged to integrate major systems under operation in the department. It was further stated that upgradation, development and implementation of the new system was carried out in a phased manner. The department agreed to computerise all the above mentioned functions (August 2009).

However, the absence of a planned approach resulted in systems not being stabilized and being developed without any time-bound programme. A review of the development of the system may be carried out on "as is" basis in order to ascertain development and necessary documentation of the system.

1.2.6.7 Data migration from legacy system

Results of data migration are subjected to data verification to determine whether data is accurately translated, is complete and supports processes in the new system.

The GPF System was installed in the year 2005, replacing the legacy system. On analyzing the data from the new GPF system, it was noticed that out of 49,465 subscribers

- dates of birth were not recorded in 6,998 cases.
- dates of joining were not recorded in 12,444 cases.
- nominations were not recorded in 43,663 cases.
- age of subscribers was indicated below 18 years (minimum age of entry in government service) in 70 cases, out of which future dates were indicated as the dates of birth in 49 cases.

- legacy opening balances of GPF account in respect of 163 subscribers continued as negative balances for two successive years i.e. 2007 and 2008 without rectification.

The redundant and incomplete information was observed, since automated and manual data cleaning was not performed during data migration to improve the data quality.

The department replied that the entries in system would be updated and negative balances migrated from the legacy system would be cleared (August 2009).

1.2.6.8 Implementation of the systems

The TAS-Stamp module and LMS, which were developed to address activities related to accounting of Stamps, Loans of Government of Goa and incidental transactions were yet to be implemented, though installed during October 2004 and July 2006 respectively and the activities continued to be maintained in manual system. Hence, efforts and resources employed to develop the systems remained unfruitful.

The department admitted the facts and agreed to implement the system (August 2009).

1.2.6.9 Non-adoption of BPR resulted in delayed recording of transactions

Business Process Re-engineering (BPR) is the radical re-design of an organisation's business processes.

The following instances were observed where non-adoption of BPR resulted in delayed completion of transactions.

- Schedules of deductions relating to GPF subscriptions and refund of advances were being entered in the GPF System and AM System after delays of three months. Possibility of avoiding these delays was not explored by re-arranging the function of updating individual accounts as soon as the bills were passed.
- The entry of bills in IBPS were delayed due to various stages of receiving, sorting and sending bills to the relevant sections for further processing of the bills. These delays could have been avoided by entering the bills in the system immediately on receipt. The automation of the process of issuing token numbers in respect of local bills using bar coding system could be explored to enable speedy processing of bills.
- Transfer entries to rectify mistakes in classification were still being processed manually and only the final outcome was being recorded in TE System. Possibility of automating the TE process was not explored to avoid manual intervention which is prone to error.

The department replied that a new system named 'Accounts-Online' had since been proposed to replace the existing system, which would take care of all the deficiencies pointed out (August 2009).

Information System Security

1.2.6.10 Logical access controls

Logical access controls are a system of measures and procedures aimed at protecting computer resources against unauthorised access attempts.

It was noticed that the organization was yet to formulate a password policy. In the absence of the same, it was noticed that three out of 71 users had not been assigned any password. There was no restriction on the length of passwords.

The department agreed to formulate a password policy (August 2009).

1.2.6.11 Authorisation levels

The management and personnel policy in respect of computerization activities was still to be prepared. Identification of duties and responsibilities of the staff were not detailed. Access to the system was also controlled and monitored in an *ad hoc* manner.

The rights of Data Base Administrator and System Administrator for all the applications and database were allotted to temporary programmers in the absence of any designated system administrator or database administrator.

In the absence of sufficient hardware, the bills passed by the internal auditors during pre-audit were entered by data entry clerks *en masse*, instead of by the bill auditors themselves. Thus the bill particulars were entered without leaving any audit trail.

It was also observed that the user entering data was seen carrying out the modifications also against incorrect entries due to sharing of passwords, thus compromising the logical access controls built in the system.

The department agreed to formulate user administration and also stated that bill auditors would also be provided access to the system (August 2009).

1.2.6.12 Anti-virus protection

Anti-virus software was purchased at a cost of Rs 1.18 lakh in May 2006. However, it was noticed that there was continued use of different anti-virus software other than the purchased one. It was also noticed that 19 out of 125 systems in office of DOA at Panaji could not use the purchased anti-virus since the systems did not meet the requirements for procured software.

The department admitted the facts and agreed to replace the old systems (August 2009).

Application Controls

1.2.6.13 Input controls

Input controls ensure completeness, correctness and accuracy of data entered into the system.

The following discrepancies were noticed in the enforcement of input controls in the GPF system.

i. GPF data contained 13 records in which the GPF number was recorded as zero.

ii. The trend of entry of records was not uniform. No contributions were recorded in the system in the month of May and June 2008. However, in March 2008 there were an unusually high number of entries i.e. 30.6 *per cent.*

iii. In 46,667 records, the dates of application for opening GPF accounts had not been entered and the system accepted zero values.

iv. In all records, the 'date of retirement' column was not entered, in the absence of which mandatory stoppage of GPF subscriptions three months prior to retirement could not be monitored through the system.

v. There was a system of generating diary numbers when applications for GPF withdrawal and advances were received. It was seen that there were 212 entries of advances which were processed without diary numbers indicating lack of input control in this regard.

The department replied that the details of subscribers would be updated and also stated that the shortcomings pointed out would be addressed (August 2009).

1.2.6.14 Validation checks

Data validation is the process of ensuring that a programme operates on clean, correct and useful data by use of routines called validation rules. The simplest validation verifies that the characters provided come from a valid set. The following discrepancies due to lack of validation checks were noticed.

GPFS

i. In 158 records, entry dates of GPF subscriptions preceded those of contribution months. One hundred fifty one entries were made on 1 January 2002 for the contribution for the month of June 2008.

ii. In four instances, the system permitted the entry date of application preceding the date of application.

iii. The advances from GPF are repayable on monthly basis. In 1,687 cases, the advance amounts did not match the repayable amounts. In 208 records, the amount repayable was less than the advance sanctioned. In 200 records, where the sanction was for an advance, zero instalments were recorded. In one instance, the system allowed 150 instalments of Rs 1,000 for repayment of GPF advance of Rs 15,000.

iv. In another case of GPF advance, the cheque date preceded the entry date.

The department replied that necessary constraints would be incorporated to address the shortcomings pointed out (August 2009).

BPS

i. As a general rule, in any financial year, cumulative surrenders of grants cannot exceed cumulative allocations and there cannot be two original allocations of grants. In the year 2007-08 in case of nine classifications, respective cumulative surrender of grants as recorded in BPS was in excess by Rs 15.49 lakh, than the total grants allocated in the year. In the test data entry, two original allocations of grants were accepted.

The department admitted the facts (August 2009).

ii. Budget heads available in the BPS for the year, 2009-10 were cross-checked with the list of classifications published by the Controller General of Accounts (CGA)[10]. It was noticed that allocations amounting to Rs 13.11 crore under four classifications using those sub-major heads which were not in the list published by CGA were made in the system, indicating absence of validation checks in this regard with respect to Heads of accounts as per CGA.

IBPS

According to the sequence followed in the processing of bills, the voucher date should be after or at least the same date as that of bill entry date. However, it was observed that in the case of 76 bills involving an amount of Rs 1.66 crore, voucher dates preceded entry dates of bills during the period 2007-09.

The department admitted the facts (August 2009).

1.2.6.15 Mapping of business rules

By arranging to follow business rules through computerised processes, a direct correlation between computerised systems and business activities is created, increasing the level of governance. Mapping business rules to process activities and decision points, ensures process integrity. The following instances of violation of business rules were noticed.

10 Computerised list of classifications published by Controller General of Accounts is available on website of CGA and updated on quarterly basis

GPFS

Rule 15(1) (C) of GPF rules permit withdrawal without stating any reason in the last 12 months before the date of superannuation. However, in 33 cases, withdrawal under Rule 15(1)(C) of GPF rules was allowed on more than one occasion. In 48 records, withdrawals were allowed without quoting any rule.

The following instances of violation of business rules were also noticed during analysis with test data.

- The system allowed increase in subscription more than two times in a year and reduction more than once. Subscriptions in excess of total emoluments were accepted by the system. The system also allowed nomination entries for more than 100 *per cent* of the accumulated balance.
- Withdrawals were allowed to the extent of 100 *per cent* of the total of the balance at credit and interest due upto the current month, whereas, the maximum withdrawal allowed under the rule was only 90 *per cent* of the balance at credit.

BPS

- While preparing the accounts of the expenditure from the Contingency Fund, the necessary allocation has to be first made to the respective head before recording such expenditure. The major headwise report of expenditure generated from BPS, revealed that the system allowed recording of expenditure of Rs 1.16 crore during the year 2008-09 to the respective heads even before allocations were made from the Contingency Fund.

Output Controls

Output controls ensure that the output is complete, accurate and timely and is correctly distributed.

1.2.6.16 Preparation of Classified payments Register and Volume X

Volume X is a monthly document prepared from classified payments based on which the Finance Account is prepared.

It was observed during scrutiny of Volume X and Classified Payments Register (CPR) for the month of March (P) 2009, that there was difference of Rs five lakh in the grand total of both. These errors crept in due to incomplete information about expenditure or deduction of expenditure, regarding categorising in Plan or Non Plan. The reconciliation of the same is done manually which was against good practices. The reliability of the system in giving accurate and correct reports for preparation of accounts thus remained doubtful.

The department agreed to carry out necessary modifications (August 2009).

1.2.6.17 Cancellation of time barred cheques

Rule 46 of the Government of Goa (Receipt and Payments) Rules,1997 stipulated that a cheque remaining unpaid for six months after the month of its issue should be cancelled and the amount should be written back in the accounts.

The report on uncashed cheques for the period 2005-06 to 2007-08 displayed that there were 4,125 cheques worth Rs 7.52 crore which were recorded as not encashed. Utilities available in the system were not used on time to update the data for complying with the provisions of rules.

The department agreed to review the cases and carry out necessary corrective action (August 2009).

1.2.7 Other topics of interest

1.2.7.1 System failure in adoption of date

The system is designed to adopt the system dates as voucher dates. However, it was noticed that to accommodate a bill amounting to Rs 13.57 lakh received after 31 March 2009 in the financial year 2008-09, the voucher date was changed to 31 March 2009, by changing the system date while passing the bill. The department admitted the facts (August 2009).

1.2.7.2 Budget allotment

At the beginning of the financial year, allocation and further adjustments of the original budget relating to the Margao Branch was carried out manually by the Panaji Branch of Directorate of Accounts.

On scrutiny of such transactions, it was noticed that Rs 2.68 crore allotted to the Margao branch, in separate instances, was recorded twice in 2008-09. The mistake was rectified after delays ranging from one day to 10 months. During this period, the allocation in one case was exceeded by Rs 1.12 lakh. Use of established Wide Area Network (WAN) connectivity available between two branches would have avoided such errors.

The department admitted the facts and agreed to utilise the WAN (August 2009).

1.2.7. 3 Passing of bills worth Rs 1.84 crore before allocation of grants to the treasury

At the beginning of the financial year, the department did not directly upload the budget allocations in respect of the Margao Branch to its servers but as per the requirements, the Pay and Audit sections of Panaji Branch channelled a portion of the total funds to the Margao Branch.

During the test check of records at Margao Branch for the year 2009-10, it was observed that there were 110 bills from three different demands, worth Rs 1.84

crore which were passed before allocation of grants. These bills pertained to various items of expenses including salaries, advances, office expenses, arrears, payments towards professional services etc. System controls were poorly designed to restrict irregular transactions by treasuries.

The department admitted (August 2009) that only the salary bills for the month of April every year were allowed to be passed without waiting for allocation of budget in the system. However, it was noticed that bills other than salary bills were also passed through the system without budget allocation.

1.2.8 Conclusion

The computerisation process was going on without settlement and stabilisation of the systems. During the development of systems, several functions and processes remained outside the purview of computerisation. Business Process Re-engineering was not carried out to achieve efficient processing of work. Appropriate controls and security mechanisms were not evolved, resulting in running of the systems, maintenance of the database and applications, in an unsecured environment. Due to inadequate application of business rules, scope for modification in data and other deficiencies in input, processing and output controls, reliability of applications in giving reasonably correct results was doubtful.

1.2.9 Recommendations

- Development of a comprehensive database of employees, DDOs and pensioners for utilisation across applications should be considered on a priority basis.
- Study of processes may be carried out to bring in efficient and effective processes to carry out BPR.
- Installed applications TAS-Stamps and LMS, should be put to use without any delay after assigning application based training to staff.
- Scope for automating more functions and processes needs to be identified and explored especially for functions performed in Book section where voluminous figure work is carried out physically.
- Perspective plan and strategic plan should be developed and implemented.
- A mechanism to oversee implementation of logical and physical access controls, and authorisation levels, should be put in place. There is need for reorganisation of the IT wing with clearly identified duties and responsibilities.
- The established WAN should be used for data transfer between branches rather than data transfer in the physical mode.

CHAPTER-II

AUDIT OF TRANSACTIONS

This chapter contains audit paragraphs on misappropriation, avoidable expenditure, idle investment, idle establishment, regulatory issues and other points of interest that came to notice during the audit of transactions of Government departments.

2.1 *Misappropriation*

URBAN DEVELOPMENT DEPARTMENT

2.1.1 Misappropriation of cash

Short remittance of revenue receipts into a bank account resulted in misappropriation of municipal revenue amounting to Rs 40.77 lakh.

According to Rule 37 of the Goa, Daman and Diu Municipal Account Code, 1972, the money received by the Municipal Council is to be deposited in the bank or treasury not later than the day following the receipt thereof. Further, under Rule 44(1), the cash book is to be closed daily and signed by the Chief Officer. At the end of each month, the receipts and expenditure entered in the cash book are to be compared item-wise with the pass book and the balances agreed. The differences, if any, are to be explained in a footnote in the cash book.

Audit scrutiny (January and February 2009) of the cash book and bank statements of the Ponda Municipal Council (PMC) revealed that the cash receipts towards municipal revenues such as rent, tax, fees etc. recorded in the cash book were not remitted fully into the bank account during the years 2006-08, which resulted in suspected embezzlement of Rs 40.77 lakh as detailed below:

The opening balance of cash as on 1 April 2006 was shown as ‘nil’ in the cash book. The total cash receipts during 2006-07 as per the cash book were Rs 52,51,241. Against this, the total cash deposits credited by the bank as per the bank statements (Union Bank of India – Current Account No. 26001) during the year (1 April 2006 to 31 March 2007) were Rs 30,27,253. Further, cash payments of Rs 4,08,170 were indicated (1 April 2006 to 31 March 2007) in the cash book. Audit analysis revealed that while the resultant closing balance should have been Rs 18,15,818, the closing cash balance recorded in the cash book was ‘nil’.

It was also observed that during the year 2007-08, the total receipts recorded in the cash book was Rs 61,05,950 while the total cash deposits into the bank as per bank statements was Rs 33,18,599 along with cash payment of Rs 5,17,181 (1 April 2007 to 31 March 2008). However, as against a balance of Rs 22,70,170, the closing balance as recorded in the cash book was

Rs 9,168. Therefore, there was a shortage of Rs 22,61,002. Thus an amount of Rs 40,76,820 remained unaccounted for during 2006-07 and 2007-08, indicating misappropriation of the said amount.

The Internal Auditors of PMC had also pointed out this discrepancy (September 2008) in their report along with the fact that the daily transactions in the cash book had not been attested by any official as a token of verification and no bank reconciliation statements had been prepared during the period. However, they did not bring out the misappropriation in their report as a result of such lapses. Hence, failure of the internal control mechanism and laxity on the part of the controlling authorities in observing the laid down procedures led to the misappropriation of public money of Rs 40.77 lakh.

The Chief Officer of the Municipal Council confirmed (February 2009) the facts and figures. When the matter was reported to the Government, an inquiry was ordered to be carried out in the matter. The Department stated (July 2009) that the inquiry was in progress. Further report is awaited (September 2009).

2.2 *Avoidable expenditure*

CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

2.2.1 Avoidable expenditure of Rs 55.50 lakh due to non-lifting of festival quota rice

Failure of the department to lift festival quota of 1,000 MT rice at the APL rate resulted in procurement of rice from the open market at a higher rate, incurring extra expenditure of Rs 55.50 lakh.

Prior to April 2007, the monthly quota for allocation of Above Poverty Line (APL) rice by Government of India (GOI) to the State was 6,664 MT, to be distributed to the families of APL beneficiaries at the rate of Rs 8.95 per kg. As this rate was higher than the open market rate, the department distributed the rice at a subsidized rate of Rs 6.50 per kg to APL card holders from December 2006 to December 2007. In April 2007, GOI reduced the monthly allocation of APL rice to the State from 6,664 MT to 500 MT per month. As the reduced allocation was not sufficient to cope with the demand, the department procured (between January and March 2008) 5,454 MT rice from the Goa Cooperative Marketing and Supply Federation Ltd (Federation) at the rate of Rs 14,500 per MT. This rice was distributed at the rate of Rs 8.95 per kg to the APL card holders.

Audit scrutiny (April 2008) revealed that prior to the issue of the supply order for procurement of rice from the Federation, GOI had allocated (14 December 2007) 1,000 MT rice at the APL rate as festival allocation to the State. The validity period of one month for lifting this additional festival allocation was upto 13 January 2008. However, the Department neither lifted this additional festival allocation within the validity period nor made any request for extension of the validity period to GOI.

Had the Department lifted the rice, it could have purchased a less amount of rice i.e. 4,454 MT from the open market, and saved expenditure of Rs 55.50 lakh.

The Department stated (April and September 2008) that the festival allocation of rice could not be lifted as there was no festival during January 2008. Also, by the time the Food Corporation of India could confirm the additional quota allocated to the State, the period for lifting had lapsed. The reply is not tenable as major festivals of the State such as Christmas and New Year were observed between 14 December 2007 and 13 January 2008. Besides, the Department also failed to seek extension of the validity period for lifting of the rice from GOI.

ART AND CULTURE DEPARTMENT

2.2.2 Avoidable interest and loan liability

Release of Central assistance as 100 *per cent* grant instead of 70 *per cent* loan and 30 *per cent* grant, resulted in an avoidable loan and interest liability of Rs 1.51 crore.

The International Centre of Goa (ICG), registered under the Societies Registration Act 1860 and established in the year 1987, was conceived as a forum to bring together thinkers, scholars, academic achievers, industrialists and creative personalities from India and abroad. The Government allotted eight acres of land and also released grants-in-aid totalling Rs 2.50 crore (between 1990-91 and 1997-98) for construction of the first phase of the Centre. This included Rs 1.50 crore sanctioned (September 1995 and March 1997) by Government of India (GOI) for ICG as 70 *per cent* loan and 30 *per cent* grant. Phase I of the construction was completed in 1996 and ICG started functioning (December 1996) as an autonomous institution, raising its own income through various national and international conferences, workshops, cultural events, etc.

In April 1998, GOI asked the State Government to make a provision of Rs 2.75 crore within the approved outlay of the Ninth Plan of the State for development of infrastructure in ICG. Additional Central assistance amounting to Rs one crore was released (March 1999) by GOI to the State Government in the form of 70 *per cent* loan and 30 *per cent* grant. The loan portion carried an interest of 12.5 *per cent* per annum. Fifty *per cent* of this loan was repayable in equal annual instalments for 20 years and the balance 50 *per cent* had a five-year initial grace period after which the instalments had to be paid within 15 years.

The proposal for development of Phase II was submitted by ICG in February 2007 and the State Government released (March 2007) Rs one crore to ICG. Since the Government had already made a budget provision of Rs 1.01 crore for the year 2006-07 in accordance with the budget speech of the Chief Minister, the amount was released as 100 *per cent* grant-in-aid.

As per the terms and conditions of assistance from GOI, the amount was to be released to ICG in the form of 70 *per cent* loan and 30 *per cent* grant. However, as the department released the assistance as 100 *per cent* grant-in-aid, the State had to bear the extra liability of interest of Rs 80.93 lakh on the said loan till full payment of loan. This was in addition to the repayment liability of the loan of Rs 70 lakh, which was avoidable and should have been passed on to ICG. As ICG had started generating substantial income and their excess income over expenditure during the three years 2004-07 was to the tune of Rs 62.48 lakh, the conversion of the loan into a grant by State Government and consequent non-levy of interest was unwarranted which resulted in loss of Rs 1.51 crore to the State exchequer.

The department stated (July 2009) that the Government had decided to offer the following options to ICG.

- The ownership of the assets created out of the loan component would be transferred to the Government, which could in turn, lease out the same to ICG on appropriate terms.
- ICG could refund the loan component to the Government.
- If the two options were not acceptable to ICG, the Government could initiate recovery proceedings for the loan amount.

The reply is not acceptable as the State Government has not explained why GOI terms were not adhered to and why the amount was not released in the form of 70 *per cent* loan and 30 *per cent* grant. Further report in the matter is awaited (September 2009).

PUBLIC WORKS DEPARTMENT

2.2.3 Avoidable extra expenditure of Rs 44.39 lakh

Delays in taking decisions on acceptance of tenders for road works and in communicating acceptance of offers resulted in avoidable extra expenditure of Rs 44.39 lakh.

As per para 18.4.1.1 of the CPWD Manual, top priority should be given to decide the award of works on receipt of tenders. The maximum period allowed for scrutiny and disposal of tenders to be accepted at the level of Chief Engineers is 30 days. As per para 18.4.1.2, if any officer is unable to follow the time schedule, he should give reasons while forwarding the tenders to the competent authorities for acceptance.

a) A work for providing a hot mix carpet from Maruti Temple to Karaswada junction, a length of three km in Mapusa at an estimated cost of Rs 81.78 lakh was tendered in December 2005. Two offers were received and the validity period of the offers was upto 3 May 2006. The lowest offer of M/s. Thasma Construction for Rs 81.51 lakh was not considered as the contractor had not quoted for one item. The second lowest offer of M/s. E.O.Thomas was for Rs 82.19 lakh (0.50

per cent above) and the Executive Engineer (EE) submitted the tender scrutiny report to the Superintending Engineer (SE) on 23 February 2006. The SE submitted the file to the Chief Engineer (CE) on 19 April 2006. As the rates quoted by the agency were not enclosed in the file, the CE returned the file on 10 May 2006 to the SE. In the meantime, the validity period expired on 3 May 2006. The EE then requested (17 July 2006) the contractor to extend the validity period of the offer upto 31 August 2006. The contractor expressed (19 July 2006) his inability to execute the work due to onset of the monsoon and increase in the rates of metal, diesel, asphalt etc. The department then decided (September 2006) to call for fresh tenders. Fresh tenders were invited in February 2007 and the single offer of M/s. Pallavi Construction for Rs 1.14 crore, which was 38.77 *per cent* above the second lowest offer of M/s. E.O.Thomas, was accepted and a work order was issued (March 2007). Payment of Rs 78.31 lakh had been made to the contractor till August 2008.

b) The work of improvement of road by providing a hot mix carpet for Nachinola road junction to Calvim Ferry in Thivim was put to tender during December 2005. Out of the three offers received (January 2006), the offer of M/s. Delcon Engineering for Rs 59.32 lakh was the lowest. The EE proposed (February 2006) the tender for acceptance, the SE brought down the offer to Rs 59.27 lakh (4.77 *per cent* above) after negotiation and accepted the revised offer on 31 March 2006.

The EE, instead of communicating the acceptance of the tender, asked (10 April 2006) the contractor to confirm his work programme, but no such confirmation was received. As the validity period expired on 20 April 2006, the contractor was requested (15 May 2006) to extend the validity period upto 31 May 2006. The contractor demanded (20 May 2006) an increase in rates by 25 *per cent* to extend the validity period. This was not accepted by the department. The work was retendered (February 2007) and the single offer of M/s. E.O Thomas for Rs 81.59 lakh which was 44.23 *per cent* above the estimated cost was accepted (March 2007). The work was physically completed to the extent of 98 *per cent* and a payment of Rs 62 lakh was made (February 2008).

Thus, due to delays in taking timely decisions for acceptance of tenders at various levels within the validity periods, the department had to incur avoidable extra expenditure of Rs 44.39 lakh on the two works.

The matter was referred to the Government (June 2009). Their reply is awaited (August 2009).

2.3 *Idle investment /idle establishment*

HOUSING DEPARTMENT

2.3.1 Idle investment of Rs 6.14 crore

Decision of the Government to transfer partly developed land for housing schemes to the Goa State Urban Development Agency for its urban infrastructure projects and later to the All India Football Federation resulted in idle investment of Rs 6.14 crore.

The Goa Housing Board (Board) acquired (October 2000) 1,26,785 sq.m of land at Panzorconi-Cuncolim in Salcete Taluka for implementation of its housing schemes and accordingly, developed a part of the land (47,717 sq.m) into 75 plots. The Board allotted (November 2004) 33 plots ranging between 240 and 530 sq.m to applicants and an amount of Rs 24.96 lakh was collected as advance. The land development work and laying of pipelines was completed at a cost of Rs 44.48 lakh in August 2005.

As local people opposed the construction of a housing colony in the locality, the Minister for Urban Development proposed (August 2005) to drop the housing scheme and decided to use the land for establishing educational institutions. The Goa State Urban Development Agency (GSUDA), a registered society, under the Chairmanship of the Minister of Urban Development made two proposals in January 2006 to the Housing Board to transfer either the balance undeveloped land (79,068 sq.m) or the entire land to them for taking up of infrastructural development projects. The Board decided (February 2006) to transfer the entire land at a cost of Rs 5.70 crore to GSUDA. GSUDA agreed to bear the claims and encumbrances of the existing allottees of the plots and any enhancement of land acquisition price pending before the High Court. Government's approval for the transfer of land was given in June 2006 and GSUDA paid Rs 5.70 crore to the Board in August 2006. However, the possession of the said land had not been given to GSUDA as of March 2009, pending execution of the agreement for transfer of land.

Audit scrutiny revealed the following:

- Though GSUDA proposed the transfer of the balance undeveloped land or the entire land for their projects, the Board decided to transfer the entire land. The Board could have continued with their project on the developed land. The Board replied (November 2007) that though they could have continued with the projects on developed land, due to a Cabinet decision they had no other alternative but to transfer the land.
- Government sanctioned (June 2006) Rs 5.70 crore to GSUDA for procurement of land from the Board under the Integrated Development of Major Town scheme. GSUDA, in turn, paid (August 2006) the sum to the Board as compensation for the land. While sanctioning the amount, the Government could not obtain any concrete proposal from GSUDA for

utilization of the land. This resulted in idling of an investment of Rs 6.14 crore for over three years.

- The conditions put forth by the Board and approved by the Government for transferring the land included allotment of GSUDA projects on the same land to the Board for execution as deposit works which was not agreed to by GSUDA. Subsequently, on a request from the All India Football Federation (AIFF), the Government decided (March 2008) to allot the land to them on a 99 year lease for establishing a Football Academy. Thus, GSUDA could not execute any projects on the land. The land had not been transferred to AIFF as of April 2009, pending execution of the agreement of transfer of land from the Housing Board to GSUDA.

The Government stated (August 2008) that the expenditure incurred was not infructuous as the Goa Housing Board got Rs 5.70 crore from GSUDA. However, the fact remains that the decision of the Government to transfer the land to GSUDA resulted in stopping of work of the on-going project of the Housing Board and idling of an investment of Rs 6.14 crore for over three years.

URBAN DEVELOPMENT DEPARTMENT

2.3.2 Underutilization of Tractor Towed Sweeping Machines

Injudicious decision of GSUDA to procure sweeping machines and tractors resulted in idle investment of Rs 44.85 lakh and underutilisation of machines and tractors valuing Rs 67.27 lakh for a period of over two years.

In order to ensure cleanliness of roads in the cities, the Chief Minister, in his budget speech on 22 March 2006, proposed to use road cleaning machines by outsourcing the operation. Accordingly, the Goa State Urban Development Agency (GSUDA), the implementing agency, called for (March 2006) tenders for procurement of five tractor towed sweeping machines for supply to the four[®] Municipal Councils and the City Corporation of Panaji. Two tenders were received but as one offer was found to be incomplete, it was rejected. The financial offer of the lone tenderer was processed, finalized and accepted at a cost of Rs 97.14 lakh on 12 May 2006. The contractor supplied the machines in September 2006 and a total payment of Rs 85.93 lakh was made to the contractor. As the machines could not be commissioned for want of tractors for towing the sweeping machines, GSUDA procured (October 2006) five tractors at a cost of Rs 26.19 lakh and delivered (November 2006) the same to the concerned municipal councils/corporation.

Audit scrutiny (January 2009) revealed that two Municipal Councils (Margao and Mormugao) did not use the machines at all and the other two (Panaji and Mapusa) used them sparingly in limited areas for short durations between November 2006 and May 2007. Subsequently, the sweeping machines and

[®] Curchorim, Mapusa, Margao and Mormugao.

tractors remained idle and could not be used for daily sweeping of municipal roads due to reasons such as (i) the front wheel of the tractor getting lifted while using the machines on sloppy roads, (ii) traffic on roads being stopped while using the machines (iii) machines not workable on narrow roads and (iv) machines producing a lot of noise during operation.

As the sweeping machine could not be put to use in their area, the Margao Municipal Council decided (July 2007) to return it to GSUDA. It was also observed that the other Municipal Councils were not using the machines though they were in working condition. As the Municipal Councils were reluctant to use the machines, GSUDA decided (June 2008) to outsource the operation and maintenance of these machines. The cost of operation and maintenance for two years as estimated by GSUDA was Rs 40 lakh.

GSUDA again invited (August 2008) tenders for sweeping operations using the allocated machines in Mapusa and Mormugao Municipal Councils and the City Corporation of Panaji for a period of two years. Only one tender was received.

The department replied (March 2009) that minor adjustments might be required to be made in the machines to adjust to the terrain factor which the municipal authorities were reluctant to resort to and that due to the poor response, it had been decided to retender the work during the next financial year. The department further stated (May 2009) that GSUDA had initiated the purchase based on the assurance made by the Chief Minister in the budget speech. However, as the machines were not put to use, the objective of the investment remained unrealised.

Thus, the injudicious decision of GSUDA to procure sweeping machines and tractors without conducting a cost-benefit analysis and ascertaining their feasibility resulted in non-utilization of the two sweeping machines and tractors for a period of more than two years, resulting in idle investment of Rs 44.85 lakh. Besides the remaining three sweeping machines and tractors on which an amount of Rs 67.27 lakh had been invested, remained underutilized for over two years.

ART AND CULTURE DEPARTMENT

2.3.3 Avoidable expenditure of Rs 22.69 lakh on salary of staff

Recruitment of 23 staff members 16 months prior to the completion of a cultural complex resulted in avoidable expenditure of Rs 22.69 lakh on salaries.

The State Government sanctioned (October 2002) the work of construction of Ravindra Bhavan, a cultural complex with a well-equipped modern auditorium at Margao at a cost of Rs 16.61 crore. The civil work was awarded to a contractor in February 2004. Works relating to the air-conditioning system, acoustic system, interior works, sound system and chairs etc., were awarded in

January 2007. All the works were completed and the complex was inaugurated in July 2008. In the meanwhile, the Government also sanctioned (October 2006) 25 posts (16 technical and nine ministerial staff) for the cultural complex. The posts were advertised in November 2006. Twenty-three of them were filled in March 2007 and one was filled in April 2008.

During the period from March 2007 to March 2008, the department appointed the staff and incurred an expenditure of Rs 22.69 lakh on their salaries and allowances. The appointment of technical and ministerial staff without taking into account the progress of the project, resulted in avoidable expenditure of Rs 22.69 lakh on payments to the staff for 13 months, after allowing a reasonable period of three months from April 2008 to June 2008 for completion of the appointment process, training etc.

The department stated (July 2009) that the tentative date for completion of the project was July 2007 and the staff were deployed for training for three months between March and July 2007. As the completion of the project was delayed by PWD, the department was forced to extend the training period till the project was completed and the complex was handed over by the PWD to the Art and Culture Department.

However, the fact remains that the appointment of staff without ensuring the completion of the complex resulted in avoidable expenditure on salaries for 13 months which could have been avoided if appointment letters were issued to the staff after the work was completed by PWD.

2.4 *Regulatory issues and other points of interest*

URBAN DEVELOPMENT DEPARTMENT

2.4.1 Avoidable burden of Rs 3.11 crore due to irregular tendering and planning procedures

Awarding the work for composting and land filling to a new agency resulted in failure of the project and consequent liability of Rs 2.43 crore, in addition to non-recovery of mobilisation advance of Rs 68.15 lakh.

Under the scheme of Integrated Development of Major Towns (IDMT), the Goa State Urban Development Agency (GSUDA) decided (August 2005) to implement the composting and land filling management system in all municipal towns. M/s. Mahabal Enviro Engineers Pvt Ltd, Pune was appointed (October 2005) from the empanelled consultants at a consultancy fee of Rs 16.85 lakh for a Solid Waste Treatment Plant at Margao. The consultant recommended (March 2006) closed vessel composting and land filling at an estimated cost of Rs 6.98 crore.

Tenders for a closed vessel composting and land filling were called on 23 June 2006 and three offers were received. Technical bids and financial bids were finalized in favour of M/s. Hyquip Projects Pvt. Ltd. for Rs 7.84 crore and the work order was issued on 11 August 2006. GSUDA released mobilization advance of Rs 68.15 lakh to the contractor on 23 August 2006 at 10 *per cent* simple interest.

Subsequently, the Chief Secretary called (September 2007) for scrapping of the project in the light of irregularities brought out by the Finance and Vigilance Department. The Advocate General, however, advised (January 2008) in favour of continuing the project. Considering his advice, it was decided to go ahead with the project by obtaining an enhanced performance guarantee[¥]. The services of the consultant were terminated in January 2007 due to his unprofessional conduct.

M/s. Hyquip, however, failed to furnish a performance guarantee as per the agreement. Hence, the Government finally terminated the agreement on 23 October 2008. For the interim period from August 2006 to April 2008, M/s. Hyquip claimed Rs 1.67 crore for reclamation work carried out at the site and Rs 76.21 lakh as expenses incurred for maintenance of the site for receiving garbage during September 2006 to November 2007. Since no payment was made to M/s. Hyquip till September 2008, they filed a civil suit for recovery of Rs 2.43 crore in the District Court, Panaji.

Audit scrutiny revealed that:

- While the pre-qualification tenders for closed vessel composting and land filling were called for in May 2006, the Minister (Urban Development) ordered for immediate tendering. The extension of time sought by other agencies was turned down. Had the extension been granted, the department may have received better competitive rates and technically viable offers.
- The offer of M/s. Hyquip, a firm labeled by the Vigilance Department as having no prior experience was accepted by GSUDA without processing the pre-qualification tender. Further, the consultant had already mentioned (4 August 2006) that the technology to be adopted was new and no plant in India was in possession of in-vessel technology. The Central Pollution Control Board stated that the technology was new in the country and no such plant with this technology was operational there.
- GSUDA showed undue haste in issuing the work order without ensuring statutory clearances for the technology proposed by the consultant. GSUDA did not ascertain the genuineness of the documents produced by M/s. Hyquip.
- The agreement was signed (9 April 2008) after a delay of one year from the date (14 April 2007) stipulated for completion of the work. This agreement was finally terminated in October 2008. After terminating the agreement with M/s. Hyquip, GSUDA handed over

[¥] Guarantee provided by the contractor for due execution of the contract or supply.

responsibility for execution of the work to the Margao Municipal Council in October 2008 and released (January 2009) an amount of Rs 3.23 crore to the Municipal Council. The work of the Solid Waste Treatment Plant had not yet been started by the Municipal Council (June 2009).

On the ground of urgency, GSUDA processed the tenders in haste, thus depriving itself of better and technically competent offers. It also deviated from the procedure of processing pre-qualification tenders and awarded the work to an inexperienced agency which opted for a new technology for the first time in the country. This resulted in failure of the project despite the Government incurring an expenditure of Rs 68.15 lakh. A liability of Rs 2.43 crore towards the claim preferred by M/s. Hyquip has been incurred by the Government on account of the case filed by the firm.

FORESTS DEPARTMENT

2.4.2 Loss of interest of Rs 2.18 crore due to delay in recovery of net present value of forest land

Net present value of forest land amounting to Rs 21.61 crore for extension of mining leases granted to 11 companies was recovered after a delay of 22 months.

The Supreme Court, vide its order dated 30 October 2002, directed the GOI (Ministry of Environment and Forests) to recover the net present value (NPV) of forest land diverted for non-forest purposes from user agencies at the rate of Rs 5.80 lakh per hectare to Rs 9.20 lakh per hectare, depending upon the quantity and density of the forest land diverted.

In compliance with the Supreme Court order, the Government of India notified (April 2004) the Compensatory Afforestation Fund Management and Planning Authority (CAMPA). Receipts of all monies from user agencies towards NPV, were to be credited to the CAMPA fund. The unspent funds already realized by the State/Union Territories were also to be transferred to the CAMPA fund.

The NPV was to be charged in all cases where final approval was given after the date of the Supreme Court order. GOI further clarified (November 2005) that NPV was also to be charged in all such cases which were originally approved by the Ministry prior to the Supreme Court order but which subsequently got their lease period extended by the Ministry after the date of the Supreme Court order.

Audit scrutiny (November 2007) revealed that the department delayed the issue of demand notices by 22 months and collected (October 2007) Rs 21.61 crore towards NPV on 11 mining leases extended between June and December 2004. They deposited (October 2007) the said amount to the CAMPA fund.

Thus due to the delay in issue of demand notices, the department could collect the NPV only after 22 months in all 11 cases which resulted in loss of interest

(**Appendix 2.1**) to the extent of Rs 2.18 crore, calculated at the rate of 5.50 *per cent* earned on the term deposits made out of the CAMPA fund.

The department stated (April 2009) that the concept of NPV was new and due to absence of prescribed norms for collection and depositing of the amount, there was a procedural delay. The reply of the department is not acceptable as the clarification issued by GOI in November 2005 stipulated that NPV was to be charged in all such cases which were originally approved by the Ministry prior to the Supreme Court order but which subsequently got their lease period extended by the Ministry after the date of the Supreme Court order.

2.5 General Paragraphs

2.5.1 Lack of response to audit findings

Accountant General, Goa conducts periodical inspections of Government Departments as per audit plan to test-check the transactions and to verify the maintenance of accounting and other records as per the prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are issued to the heads of offices and the next higher authorities to comply with the audit observations and to report compliance to the Accountant General. Half-yearly reports of pending IRs are sent to the Secretaries of each Department to facilitate monitoring of the audit observations and their compliance by the departments.

A review of the IRs issued upto December 2008 pertaining to 37 departments showed that 1,174 paragraphs relating to 331 IRs were outstanding at the end of June 2009. Failure to comply with the issues raised by Audit facilitated the continuation of financial irregularities and losses to the Government.

Year-wise position of the outstanding IRs and paragraphs is given in **Appendix 2.2**. Even the initial replies which were required to be received from the heads of offices within six weeks from the date of issue of the IRs, were not received upto June 2009 in respect of 326 paragraphs of 47 IRs.

It is recommended that Government should take appropriate steps to revamp the system of proper response to audit observations in the departments and ensure that a procedure exists for (a) action against the officials who fail to send replies to IRs/paragraphs as per the prescribed time schedule, and (b) action to recover loss/outstanding advances/overpayments pointed out in audit, in a time-bound manner.

2.5.2 Follow up on Audit Reports

As per the provisions contained in the Internal Working Rules of the Public Accounts Committee of the Goa Legislative Assembly, Administrative Departments were required to furnish Explanatory Memoranda (EM) duly vetted by the Office of the Accountant General, Goa within three months from the date of tabling of Audit Reports to the State Legislature in respect of the paragraphs included in the Audit Reports. In spite of this, there were 22 paragraphs/reviews in respect of which the EMs were not received as of August 2009 from the Administrative Departments, as shown below.

Audit Report	Date of tabling the Report	Number of Paragraphs & Reviews	Number of EMs received	Balance
2004-05	12 July 2006	11	8	3
2005-06	30 July 2007	11	8	3
2006-07	19 August 2008	14	8	6
2007-08	24 March 2009	10	--	10
Total		**46**	**24**	**22**

Department-wise details are given in **Appendix 2.3**.

CHAPTER-III

INTEGRATED AUDIT

FISHERIES DEPARTMENT

3.1 Integrated Audit of Fisheries Department

Highlights

The Fisheries Department implements various developmental as well as welfare schemes for the upliftment of fishermen in order to increase the number of fish products for the consumers in the State. Though financial assistance for construction/purchase of new crafts and fishing requisites were provided to fishermen, implementation of the scheme suffered due to various deficiencies such as underutilisation of funds, non-production of fish seeds, non-functioning of fish farms, lack of training to fishermen, poor performance of a departmental fishing vessel, inadequate systems of registration, non-renewal and non-accounting of licence fees for trawlers and canoes and non-existence of any internal control mechanism in the department.

- There were delays in utilization of funds and submission of utilization certificates under the Fishermen Development Rebate scheme.

(Paragraph 3.1.6.1 (b))

- The number of trainings held to train the fish farmers in prawns, mussel and oyster culture was insufficient, resulting in unproductive expenditure of Rs 1.01 crore incurred on the staff of the farm at Ela, Dhauji during 2004-09.

(Paragraph 3.1.10.1)

- Despite non-production of prawn seeds and negligible revenue, the department continued to finance the Pilot Prawn Hatchery during 2004-09, incurring infructuous expenditure of Rs 2.14 crore on salaries and office expenditure during the period.

(Paragraph 3.1.11.2)

- The system of registration, renewal and accounting of licence fees of trawlers and canoes was deficient.

(Paragraph 3.1.13.2)

- Underutilisation of a departmental fishing vessel during 2004-09 resulted in negligible revenue of Rs 1.50 lakh against expenditure of Rs 66.50 lakh on the salaries of staff and Rs 8.06 lakh on diesel, repair of vessels etc. during the above period.

(Paragraph 3.1.14.3)

3.1.1 Introduction

Fish is a major component in the diet of 95 *per cent* of the population of Goa. Goa has a large coastline area of 104 km and a significant area of brackish water, which provides tremendous scope for development of fisheries in the State. Fishing and its allied activities are important sources of livelihood of the fishermen living in the State. Over the years, the State has experienced rapid mechanization in fishing. There are 1,150 fishing vessels and 1,500 country crafts and canoes with outboard motors, exploiting the rich fish resources of the inshore and offshore waters along the sea coast. The Directorate of Fisheries deals with the registration of fishing vessels, fishing canoes/crafts and fishing nets, besides providing infrastructural facilities. It also implements various developmental as well as welfare schemes for the upliftment of the fishing industry and fishermen.

3.1.2 Organisational set-up

The Secretary (Fisheries) is the administrative head of the department. The Directorate of Fisheries is headed by a Director. There are two Deputy Directors and two Technical Officers. The Directorate has a Fisheries Extension wing, consisting of Fisheries Officers and Fisheries Surveyors attached to the Community Development Block of six talukas. The Directorate runs a Fishermen Training Centre and one Estuarine Fish Farm, both at Ela, Dhauji. Besides there is a Fresh Water Fish Farm at Anjunem, a Sub-office at Colva and a Pilot Prawn Hatchery at Benaulim operated by the Brackish Water Fish Farmers Development Agency. The organizational chart is given in **Appendix 3.1.**

3.1.3 Audit Objectives

The overall audit objective was to appraise the functioning of the department and to assess whether:

- the fisheries schemes were implemented economically and efficiently;
- the manpower of the department conformed to norms;
- the welfare of the fishermen's community was taken into account while formulating the schemes, and
- an internal control system existed to safeguard against operational and financial irregularities.

3.1.4 Scope and methodology of audit

Audit of the Fisheries Department for the period 2004-09 was carried out during March to May 2009 through test-check of records maintained by the Directorate of Fisheries at Panaji and sub-ordinate offices at the Fishermen Training Centre and the Estuarine Fish Farm both at Ela, Dhauji, the Fresh Water Fish Farm at Anjunem, the Brackish Water Fish Farmers Development Agency at Benaulim, the sub-office at Colva, and the offices of three Fisheries

Officers. All the five sub-ordinate offices of the Directorate of Fisheries and three[1] fisheries officers out of six (50 *per cent*) constituted the sample for the review.

The audit objectives were discussed during the entry conference held in March 2009 with the senior officers of the department. The audit process included discussions with the officers of the department, collection of data, examination of records and their analysis. An exit conference was held in June 2009 with the Secretary (Fisheries) to discuss the audit findings.

Audit findings

3.1.5 Financial Management

3.1.5.1 Budget performance

The budget provisions and expenditure incurred by the department during 2004-09 were as given in **Table-1**.

Table-1: Statement showing Budget Allotment and Expenditure

(Rupees in crore)

Year	Budget Allotment	Expenditure	Savings	Percentage of Savings
2004-05	6.09	4.45	1.64	27.00
2005-06	18.27	18.19	0.08	0.44
2006-07	16.04	14.79	1.25	8.00
2007-08	17.11	16.41	0.70	4.00
2008-09	18.66	16.74	1.92	10.00
TOTAL	**76.17**	**70.58**	**5.59**	

(Source: Appropriation Accounts 2004-09)

There were savings of 27 *per cent* during 2004-05, which were mainly due to less receipt of claims from beneficiaries under the schemes.

In the absence of scheme-wise details of provision and expenditure, Audit could not verify the expenditure under each scheme. The department also could not furnish the exact figures in respect of budget provisions and expenditure made under each scheme. The absence of such scheme-wise details was indicative of poor financial planning and monitoring.

Programmes and schemes

The Fisheries Department is implementing 18 schemes for the welfare/upliftment of the fishermen community. Under the scheme of Mechanisation and Motorisation of Fishing Crafts, financial assistance for purchase of outboard motors, payment of rebate on purchase of diesel, reimbursement of Value Added Tax (VAT), subsidy for purchase of kerosene is given to the fishermen. Assistance to purchase fishing requisites is also

[1] Bardez, Mormugao and Tiswadi

given to the fishermen. Under welfare schemes, the fishermen are insured under Group Accident Insurance Scheme and General Insurance Scheme. Storage and marketing infrastructure is provided to the fishermen by way of supply of insulated boxes and construction of fish markets. Education and training programmes for fishermen take care of their needs for training in production of various types of fish by adopting new methods. Financial assistance is also provided to fishermen willing to take up brackish water fishing.

3.1.6 Mechanisation and Motorisation of Fishing Crafts

3.1.6.1 Fishermen Development Rebate

(a) Irregular payment of Rs 39.91 lakh towards Fishermen Development Rebate (FDR)

Government of India (GOI) through the Ministry of Agriculture, is implementing a 100 *per cent* Centrally Sponsored Scheme, viz 'Development of Marine Fisheries, Infrastructure and Post Harvest Operations'. The Fishermen Development Rebate (FDR) is one of the components of this scheme, whereby rebate of Rs 1.50 per litre of High Speed Diesel (HSD) consumed by mechanized fishing vessels below 20 metres length is paid. Based on the guidelines, the rebate is admissible only to registered boats, not violating the fishing ban[2]. New boats added to the fleet after the end of the Ninth Plan (31 March 2002) are not eligible for the subsidy.

Fishermen Development Rebate of Rs 39.91 lakh paid to ineligible fishermen

Scrutiny of records pertaining to payment of rebate revealed that 36 boats registered from 1 April 2002 were also paid rebate to the tune of Rs 39.91 lakh, which was irregular.

The Government replied (September 2009) that these vessels were constructed as replacement of old vessels after cancellation of their old registration and hence were eligible for grant of subsidy. The reply was not acceptable as GOI guidelines stipulated that new vessels added to the fleet were not eligible for the subsidy and no mention was made regarding replacement of old vessels for whom rebate had been sanctioned.

(b) Non-utilization of funds and delays in furnishing utilisation certificates

The Fishermen Development Rebate was a 100 *per cent* Centrally sponsored scheme. Against the requirement of Rs 10.56 crore of the department, GOI had released Rs 8.13 crore during 2004-09, out of which an expenditure of Rs 7.21 crore was incurred, leaving an unspent balance of Rs 91.65 lakh. Further, utilisation certificates (UCs) for only Rs 5.54 crore were furnished, details of which are given in **Appendix 3.2.**

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[2] The period of fishing ban is from 15 June to 31 July

It was observed that there were delays in utilization of funds released by GOI and submission of UCs by the department.

The Government stated (September 2009) that the funds released by GOI were provided in the State budget in the subsequent year after which the expenditure was incurred and that the delay in submission of UCs was procedural in nature. However, the reply was silent about non-submission of UCs for Rs 1.67 crore.

3.1.6.2 Financial assistance for construction/purchase of new wooden/fibre crafts

The scheme of financial assistance for construction/purchase of new wooden/fibre crafts is a State sponsored scheme introduced in the year 2000. Under this scheme, the department is providing financial assistance in the form of subsidy to fishermen for the construction of fishing crafts (wooden/fibre/ plastic) of 26 to 36 feet which are financed by nationalized banks or are self-financed. The amount of subsidy payable is 40 *per cent* of the actual cost of the crafts limited to Rs 40,000 per craft, whichever is less. During the period 2004-09, the department provided financial assistance of Rs 1.18 crore under this scheme to 305 fishermen. The targets and achievements of the scheme are given in **Table–2**.

Table-2: Targets and achievements for construction/purchase of new wooden/fibre crafts

(In numbers)

Year	Target	Achievement	Excess (+) Shortfall (-)	Percentage of achievement
2004-05	30	19	(-) 11	63
2005-06	70	49	(-) 21	70
2006-07	100	96	(-) 4	96
2007-08	80	73	(-) 7	91
2008-09	80	68	(-) 12	85

(Source : Directorate of Fisheries, Goa)

It was noticed from the above table that during 2006-07 and 2007-08, the targets were almost achieved. The achievement dropped to 85 *per cent* in 2008-09.

3.1.6.3 Assistance to fishermen for purchase of fishing requisites

The scheme of assistance to fishermen for purchase of fishing requisites is a State sponsored scheme, implemented since 1998. Under this scheme, fishermen get a 50 *per cent* subsidy on purchase of fishing requisites such as floats, sinkers, nets, etc., through loans amounting to a maximum of Rs 16,000 taken from nationalised banks or through self financing.

During the period 2004-09, the department provided subsidy of Rs 15.92 lakh to 195 beneficiaries. The targets and achievement during 2004-09 are given in **Table-3**.

Table-3: Targets and achievements for assistance to fishermen for fishing requisites

(In numbers)

Year	Target	Achievement	Excess (+) Shortfall (-)	Percentage of achievement
2004-05	60	40	(-) 20	67
2005-06	50	58	(+) 8	116
2006-07	50	35	(-) 15	70
2007-08	50	20	(-) 30	40
2008-09	50	42	(-) 8	84

(Source: Directorate of Fisheries, Goa)

It may be seen from the above table that the target vis-a-vis achievement was lowest during 2007-08 at 40 *per cent*. During the other years, the achievements ranged between 67 and 84 *per cent,* except during 2005-06, when it was 116 *per cent.* The Government replied (September 2009) that the variations in achievement and the given targets was very small. While the scheme had shown a good response during 2005-06, the performance dropped during 2007-08. The shortfall was on account of poor response from the beneficiaries.

3.1.7 National Scheme of Welfare of Fishermen

The National Scheme of Welfare of Fishermen is a Centrally Sponsored Scheme, being implemented in the State since April 2002. The scheme has three components, viz:-

(a) Development of Model Fishermen Village

(b) Group Accident Insurance for Active Fishermen

(c) Saving-cum-Relief.

3.1.7.1 Development of Model Fishermen Village

Under the scheme of Development of Model Fishermen Village, GOI provides basic civic amenities like houses, drinking water and common places for recreation to active fishermen. The land for provision of these amenities is to be provided by the State.

Centrally sponsored scheme not implemented due to inaction of the Department

Block Development Officer (BDO) Canacona identified 91 fishermen during September 2003 to August 2005 as beneficiaries under the scheme after taking into consideration the condition of the houses in which they lived, based on the applications received from the fishermen. On the request (October 2003) of the department, the Public Works Department furnished (November 2004) an ideal house plan as per the GOI budget having a plinth area of 35 sqm costing Rs 40,000. The department took no action on either the applications or the housing plan. An annual expenditure of Rs 10 lakh was proposed to be incurred on the scheme during 2003-04 to 2006-07 with GOI contributing Rs five lakh (50 *per cent*). The department did not ask for funds from GOI. During 2007-08, the department requested (August 2007) GOI to release Rs 16 lakh, which was not pursued. As such, no funds could be received from GOI during 2007-08. During 2008-09, Rs eight lakh was released by GOI. However, the amount was not utilized as of September 2009.

Thus the State did not avail of the entire amount of GOI funds, i.e. Rs 36 lakh, during the period 2003-07 and also deprived the needy fishermen of the benefits of the housing scheme.

The Government stated (September 2009) that applications had been received prior to approval of the scheme in February 2004 but they were not complete in all respects. The reply is not acceptable as 38 applications were received after February 2004 from BDO Canacona but the records did not show why no action had been taken regarding the same.

3.1.7.2 Savings-cum-Relief Scheme

The Savings-cum-Relief Scheme for marine fishermen was launched in the State during 2004-05. As per the scheme, monthly contribution of Rs 75 was to be collected from each marine fisherman for eight months starting from October. The total amount of Rs 600 collected from each fisherman was to be matched with a contribution of Rs 300 from GOI and Rs 300 from the State Government. The total sum of Rs 1,200 thus collected was to be disbursed to the beneficiaries in two instalments in July and August, along with the interest accrued on the same.

Amount of savings-cum-relief scheme not disbursed during lean season

Audit scrutiny revealed (March 2009) that the total amount collected during 2004-08 from 1,380 fishermen was Rs 8,24,600. The State Government and GOI were to contribute Rs 4,12,300 each. Against the GOI share of Rs 4,12,300, only Rs 3,20,400 were released and Rs 91,900 for the year 2006-07 was not disbursed by GOI because the department had failed to furnish the utilisation certificate for 2005-06 which was sent only in June 2008. Though the scheme provided for disbursement of the amount in two instalments in the lean months of July and August, the amount was disbursed in one instalment of Rs 1,200 between August and December. The scheme envisaged that the amount collected from the fishermen should be deposited in a nationalized bank in the name of the Director of Fisheries and that interest earned on this amount was to be paid in the second instalment. However, audit scrutiny (March 2009) revealed that the amounts collected from the fishermen were deposited in the Government Treasury and as such, the interest earned on the amounts could not be arrived at and paid to the fishermen.

The Government replied (September 2009) that the department had deposited the amounts in the Government Treasury and hence, interest could not be paid as per the guidelines and that it is now proposed to modify the pattern of assistance in order to implement the scheme as per the guidelines.

3.1.7.3 General Insurance Scheme for Active Fishermen

Shortfall in coverage of General Insurance Scheme

A General Insurance Scheme for active fishermen in the age group of 18 to 60 years, engaged in regular fishing activities and deriving their livelihood from fishing was being implemented since October 2004. The annual premium payable was Rs 200 per member, out of which 50 *per cent* i.e Rs 100 was to be contributed by the State Government. The balance 50 *per cent* i.e Rs 100 per member was to be provided under the Janashree Scheme by the Life Insurance

Corporation. The scheme envisaged providing benefit of Rs 50,000 on account of death or permanent/total disability due to accident, Rs 25,000 due to partial disability and Rs 20,000 in the event of natural death. The assistance was revised to Rs 75,000, Rs 37,500 and Rs 30,000 respectively with effect from 15 August 2006.

The targets and achievements under this scheme are given in **Table-4.**

Table-4: Targets and Achievements under General Insurance Scheme for active Fishermen

(In numbers)

Year	Target*	Achievement*	Excess (+) Shortfall (-)	Percentage of achievement
2004-05	3000	2829	(-) 171	94
2005-06	3000	3169	(+) 169	106
2006-07	3500	3113	(-) 387	89
2007-08	4500	3154	(-)1346	70
2008-09	5000	3320	(-)1680	66

(Source: Directorate of Fisheries, Goa)

The percentage of achievement as depicted above, shows a gradual decline from 2006-07 onwards. In spite of the fact that there were only three insurance policies covering 3,320 fishermen, the department failed to renew the policies on time, and had to pay late fee of Rs 10,000 on renewal of the policies.

The Government stated (September 2009) that the percentage of achievement was maintained, which was not correct as the performance had deteriorated during 2007-09.

3.1.8 Development of Marine Fisheries, Infrastructure and Operations

3.1.8.1 Delay in completion of a project

Under the Centrally sponsored scheme "Development of Marine Fisheries, Infrastructure and Post Harvest operations", GOI had sanctioned a project called "Construction of 300 metre Jetty and Widening of Jetty Road" at Cutbona, Salcette, Goa at a cost of Rs 4.10 crore in March 2007, the cost of which was to be shared equally by GOI and the State Government.

Inordinate delay in construction of fishing jetty and widening of jetty road

As per GOI guidelines, the project was to be completed within 20 months from the date of approval (March 2007) i.e by 9 November 2008. The main components of the project were:

- Construction of a jetty
- Widening of the Jetty Road

* Targets and achievements include renewal of existing policies of surviving fishermen plus new additions during the year.

The State Government proposed to complete the project in six phases of 50 metres each. In anticipation of GOI approval, the first phase of 50 metres was started in February 2005 prior to GOI approval and completed in March 2006 at a cost of Rs 59.84 lakh. The second phase of 50 metres was started in March 2008 and completed in February 2009 at a cost of Rs 62.82 lakh. The third phase of 50 metres was awarded to a contractor in August 2007 for Rs 74.15 lakh and the work was still in progress. Thus despite the fact that the project work was taken up prior to approval by GOI, only two phases of the project costing Rs 1.28 crore had been completed till date and work on three phases out of six were still to be taken up (June 2009).

Similarly, the work of widening of the Jetty Road at Cutbona was awarded (April 2008) to another contractor for Rs 69.99 lakh. This was to be completed by 25 January 2009. However, this road was not completed as of April 2009. The physical progress of the work was 60 *per cent* with an expenditure of Rs 41.48 lakh.

While accepting the delays, the Government replied (September 2009) that the work was carried out on a fish landing centre which was utilized throughout the year. The reply is not acceptable as this fact should have been taken into consideration while fixing completion targets and cannot be cited to justify the delay.

3.1.8.2 Non-release of Central grants

Out of the GOI share of Rs 2.05 crore in the above project, GOI sanctioned an amount of Rs 75 lakh in March 2007. The balance grant of Rs 1.30 crore had not been sanctioned (May 2009). In reply, the Government stated (September 2009) that the matter was being pursued vigorously to obtain the balance funds.

3.1.9 Providing storage and marketing infrastructure

3.1.9.1 Construction of fish markets through Municipalities/Village Panchayats

The construction of fish markets through municipalities/village panchayats (VPs), a State sponsored scheme, came into force with effect from 28 February 2005. The main objective of the scheme was to construct fish markets in the municipalities/village panchayats, for which financial assistance/subsidy was to be paid to them. Municipalities/village panchayats whose annual income was less than Rs two lakh were given subsidy to the extent of 100 *per cent* and cases with annual income of more than Rs two lakh were given subsidy of 75 *per cent* of the actual cost of the construction. However, the subsidy in all the cases was limited to Rs five lakh. The details of the subsidy sanctioned and released during 2005-09 are given in **Table-5.**

Table-5: Subsidy sanctioned to Village Panchayats

(Rupees in lakh)

Sr. No.	Year	Name of the Village Panchayat	Amount sanctioned
1.	2005-06	Chandor in Salcette Taluka	4.73
2.	2006-07	Priol-Cuncole in Ponda Taluka	5.00*
3.	2007-08	Mandrem in Pernem Taluka	3.72
4.	2008-09	Goltim-Navelim in Bicholim Taluka	5.00
TOTAL			**18.45**

(Source: Directorate of Fisheries, Goa)

* Rs 3.84 lakh paid in 2006-07 and Rs 1.16 lakh in 2007-08.

It was noticed that Chandor and Cuncole VPs completed the construction of markets in July 2006 and April 2007 respectively. However, Mandrem and Navelim VPs were still to take up the construction work. The Government replied (September 2009) that tenders for the work at Mandrem and Navelim were called for only in February 2009. The work at Mandrem was in progress while approval from the BDO for the work at Navelim was awaited.

3.1.10 Education and Training

3.1.10.1 Unproductive expenditure on Estuarine Fish Farm at Ela, Dhauji

Non-achievement of fish seed production and fish farming training

Under the Scheme of 'Development of Brackish Water Fisheries' the department had a 'demonstration-cum-training' fish farm at Ela, Dhauji. The objective of the scheme was to survey new areas for brackish water fisheries, locate and collect fish seed and maintain and operate the five hectare size farm by application of new technology in prawn and fish farming so as to get optimum output.

The farm had 11 ponds in which seeds of fish namely polyculture of mellets, etropha, tilapoa, gholse lates and prawn were grown and the produce was sold in the market. During the period 2004-09, no fish seeds were grown in these ponds. The sale of fish earned a revenue of Rs 0.95 lakh.

The training centre at Ela, Dhauji conducted four trainings of five days duration on prawn farming in 2004-05 during which 93 fish-farmers were trained. Five training courses of one day each on mussel culture were held during 2006-09 when 79 fish-farmers were trained. No targets were fixed for the number of training courses to be held in a year to the fish-farmers. The staff strength for the scheme was 13[3] and the department incurred an expenditure of Rs 1.01 crore towards pay and allowances of these staff during 2004-09, which was infructuous.

The Government stated (September 2009) that the staff of the farm were not idle but were engaged in feeding, monitoring the water quality, taking in water when required and going for seed collection. The reply is not tenable as there

[3] 9 - Fieldman, 2-Junior Deckhand, 1 –Technician and 1 - Driver

was no production of fish. Feeding and monitoring of water quality, therefore, had no relevance. Further, if proper repairs to the ponds were carried out, the ponds would be in operational condition and viable for production of fish.

3.1.11 Schemes implemented through Brackish Water Fish Farmers Development Agency

3.1.11.1 Non-achievement of objectives of Brackish Water Fish Farmers Development Agency

The Brackish Water Fish Farmers Development Agency (BFDA) was constituted in November 1990 to help in identification of brackish water areas for fish production; identification of beneficiaries; preparation of projects on behalf of the beneficiaries to obtain loans and liaison with banks; arranging training in fish farming and other inputs like seeds and feed; arranging for Government subsidy and providing market information and operating and looking after the functioning of the Pilot Prawn Hatchery at Benaulim.

As against the target of 100 hectares for development of brackish water area for 2004-09 (20 hectares each year), the achievement was only 9.52 hectare (15 *per cent)* for which subsidy of Rs 3.66 lakh was paid to nine beneficiaries. During 2007-08, only three[4] training programmes were held, while only one[5] training course was conducted during 2008-09. The department replied (May 2009) that during the previous years, training in brackish water fish farming was being carried out in association with the Directorate of Fisheries and that funds for training during 2008-09 had not been received. Details of training conducted during 2004-07 were not furnished.

The Rules and Regulations of BFDA stipulate that the Managing Committee can hold its meeting as often as necessary but should do so at least once in two months. It was observed that during the period 2004-09, the Managing Committee met only three times during 2006-07. The Rules also provide that the accounts of the agency should be audited annually by a Chartered Accountant appointed by the Managing Committee. The accounts from 2004-05 onwards were not audited as the cash book and vouchers for 2004-05 were missing and the annual reports from 2004-05 onwards were yet to be prepared and placed before the Managing Committee. The department filed (May 2007) an FIR in the matter with the Police Department. Despite this lapse, the Government continued to finance the agency. Such discrepancies in the functioning of the agency resulted in non-achievement of the objectives.

The Government replied (September 2009) that the accounts for 2004-05 were still to be audited and hence, the subsequent statements of accounts for the years 2005-09 could not be audited.

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[4] Mapusa (21st to 23rd February 2008), Navelim (25th and 26th February 2008) and Panaji (27th March 2008).

[5] at Cuncolim on 27th September 2008.

3.1.11.2 Infructuous expenditure on funding of Pilot Prawn Hatchery at Benaulim

A Pilot Prawn Hatchery (PPH) being managed by BFDA was set up at Benaulim during 1990-91. Grant-in-aid of Rs 2.14 crore was received by BFDA during the years 2004-09 and expenditure of Rs 1.95 crore, Rs 20.57 lakh and Rs 19.28 lakh on salaries, office expenses and production respectively was incurred. The production of prawn seeds was negligible during 2004-05, fetching a revenue of Rs 18.49 lakh. Thereafter, during 2005-07, the PPH did not produce any seeds as the transformer supplying power was out of order and was recommissioned only in January 2007. The delay of one and half years in recommissioning the transformer resulted in non-production of prawn seeds during this period. Even after commissioning of the transformer in January 2007, the PPH did not produce any seed. Instead, it bought nauplii prawn seeds from other States and sold the same to fish farmers, earning revenue of Rs 12.12 lakh. Therefore, against a target of 10 million fish seeds (Prawns PL-20) per year, fixed for the years 2004-09, the achievement was only 4.2 million during 2004-05 and nil during 2005-09.

Prawn seed production stopped due to delay in repair of electric transformer

A consultant was appointed (March 2007) by the Government, to conduct a study of the PPH during April – May 2007. The consultant, in his report dated June 2007 stated that after having had a two-year lay-off period, the staff were certainly not in a mood for production. The Government was still to take any action on this report. It was also noticed by Audit that PPH had 30 staff members (technical-13 and non-technical-17). Due to non-production of prawn seeds during 2004-09, the staff remained idle resulting in infructuous expenditure of Rs 2.14 crore. Besides, the department continued to finance the PPH during the above period.

The Government, while admitting (September 2009) the lapses, cited break-down of the transformer, performance of staff, break-out of a virus infection and non-availability of brooders for the non-performance of the hatchery. However, no corrective action was taken by the Government to improve the working of the hatchery, leading to infructuous expenditure of Rs 2.14 crore on funding of this project.

3.1.12 Inland Fisheries

3.1.12.1 Centrally Sponsored Scheme of 'Strengthening of database and information networking for the fisheries sector'

Central assistance not received due to non-submission of utilization certificates and progress reports

Reliable, accurate and timely availability of statistics on fish resources and production is an essential pre-requisite for formulation of the policies and programmes of the Fisheries Department. For this purpose, the scheme, 'Strengthening of database and information networking for the fisheries sector' is being implemented by GOI through the Ministry of Agriculture since 2001-02. Under this scheme, 100 *per cent* Central assistance is provided to the State Government towards salaries of staff, travelling expenses for conducting surveys, and office expenses. The grants received from GOI, expenditure incurred and the balance available with the department is given in **Table-6.**

Table-6: Amount received and expenditure incurred

(Rupees in lakh)

Year	Opening balance	Amount received	Expenditure	Savings
2004-05	1.61	1.39	0.75	2.25
2005-06	2.25	4.55	4.09	2.71
2006-07	2.71	4.00	4.62	2.09
2007-08	2.09	6.41	3.43	5.07
2008-09	5.07	Nil	4.50	0.57
TOTAL		**16.35**	**17.39**	

(Source: Directorate of Fisheries, Goa)

Scrutiny revealed that though the department requested (April 2008) GOI to provide Rs 5.23 lakh during 2008-09 in addition to the unspent balance of Rs 5.07 lakh available, no amount was released by GOI as the utilization certificates along with component-wise physical and financial progress were not furnished by the department to GOI. Though the scheme envisaged appointment of staff, the post of Assistant Director was not filled up during 2004-09 while the post of Technical/Computer Assistant was vacant during 2008-09, resulting in non-utilisation of funds released towards salary of staff besides travelling expenses for conducting survey and consequent non-release of funds of Rs 5.23 lakh during 2008-09.

The Government replied (September 2009) that the post of Assistant Director had been filled in August 2009 and the post of the Technical/Computer Assistant would be filled up shortly.

3.1.12.2 Stake licences

There were 192 fishing stakes[©] in Goa, out of which, 173 were run by the Akhil Gomantak Harkari Sahakari Saunsta Goa Limited (Society) while the remaining were run by private parties. These licences were renewed every three years with 15 *per cent* increase over the previous years.

Stake rent of Rs 2, 99,153 for 2005, 2007 and 2008 not paid

(i) As per Rule 8 (1) of the Goa, Daman and Diu Fisheries Rules 1981 (Rules), when the annual rent is less than Rs 100, the same is to be paid by the Society in a single instalment. The rent for the first year is payable on the date of execution of lease and the subsequent annual rent has to be paid before 30 January of every year. Where the annual rent exceeds Rs 100, the same should be paid in three equal instalments on or before the last working days of January, June and November of the respective years. It was seen that stake rent for 2005, 2007 and 2008 amounting to Rs 16,111, Rs 1,30,635 and Rs 1,52,407 respectively had not been paid by the Society.

[©] Stakes are put up in small narrow creeks of rivers which are freed from navigation by erecting wooden poles on which fishing nets are tied.

143 stake licences cancelled for non-payment of lease rent not auctioned

(ii) Rule 8(2) of the above Rules stipulates that if any instalment is not paid within the prescribed period, the defaulter is liable to pay penalty in addition to the rent, a sum equal to five *per cent* of the instalment due per month or part thereof, for the delay in payment. It was seen that stake rent for 143 stakes for the years 2005 and 2006 were paid in April 2007. However, delayed payment charges amounting to Rs 0.08 lakh were not paid to the department and the department also did not claim the same from the Society.

(iii) Rules 8(3) stipulates that when a person's rent is in arrears for two consecutive instalments, the lease for the fishing rights should be cancelled and the amount of arrears adjusted from the deposit made by him or recovered as arrears of revenue. The Director should then auction the fishing rights allotted to such defaulters. Though the department temporarily cancelled (April 2007) the fishing rights in respect of 143 stakes due to non-payment of lease rent for the years 2005 and 2006 in time, no action was taken to auction the rights for 2007. The rights were renewed in March 2008 for the period 1 January 2007 to 31 December 2009 without payment of delayed payment charges.

(iv) Systemic defects in maintenance of records such as not mentioning the receipt numbers for the payments made between 2004-06, absence of agreements with stakeholders and details of names of persons to whom the stakes were leased were noticed in audit.

While accepting the discrepancies, the Government agreed (September 2009) to set right the deficiencies noticed in audit.

3.1.13 Internal control

3.1.13.1 Internal Audit

It was noticed that there was no adequate internal control mechanism in the department. The department stated (May 2009) that efforts would be made to appoint a Committee under the administrative control of the Deputy Director of Fisheries for evolving an internal control mechanism in respect of accounts and technical activities.

Though internal audit of the five sub-offices was conducted by the department, the audit of records of Fisheries Surveyors at the Block Development Office (BDO) level was not conducted in spite of the fact that these officers were responsible for renewal of licences of all types as well as collection of fees. The Government replied (September 2009) that inspections of all the BDO offices would be conducted in due course.

3.1.13.2 Deficiencies in the system of maintaining registration books of trawlers/canoes

No records with Department to check renewal of registrations of all trawlers/canoes

Registration books of trawlers/canoes were not complete in all respects with details such as particulars of vessels, details of engines, dates of registration and signatures of registering authorities. The periods for which the licences were issued, details of renewal, fees paid for renewals etc., were also not entered.

While the department issued licences for registration of trawlers/canoes, the renewal was done at the Block level. The department did not have any records to check whether all the licences were renewed, nor did the Block level office have any records in this respect. As such, they had to rely on details/documents furnished by the trawler/canoe owners.

The Government stated (September 2009) that the observation had been noted and necessary action would be initiated.

3.1.14 Other points of interest

3.1.14.1 Idle expenditure of Rs 36.42 lakh on setting up a shore station at Saligao

The work of construction of a Very High Frequency (VHF) tower for a shore station at Saligao was entrusted (November 1996) by GOI to M/s. Punjab Wireless Systems Limited (PUNWIRE) at a cost of Rs 31.33 lakh. The equipment was received between April 1997 and January 1998. The building to house the control room was completed in March 1998. From 1998, the building, along with the material to erect the tower was kept unattended due to cancellation of the contract with M/s. PUNWIRE by GOI and the same deteriorated. After six years, GOI decided to (January 2004) erect a tower and carry out minor repairs to the control room building, which had deteriorated due to passage of time. The scope of work included repairs to doors/windows and hardware fittings along with painting of the building. The work was got done through the Public Works Department, Panaji in January 2006 at a cost of Rs 5.09 lakh. However, even after spending an amount of Rs 36.42 lakh, the shore station which was repaired in 2006 and ready for installation could not be put to use as the equipment/walkie talkies were found to be defective and outdated and could not be provided to the beneficiaries. This resulted in idling of expenditure of Rs 31.33 lakh for more than 10 years on construction of the building and equipment and Rs 5.09 lakh for three years on repairs to the building. The fishermen were, therefore, deprived of the intended benefits of the project.

The Government stated (September 2009) that the work of the VHF tower had been completed and that GOI had informed that the communication machinery/equipment would be installed shortly.

3.1.14.2 Idle cold storage plant at Chapora

No action taken in respect of cold storage plant lying idle since 1998

A cold storage plant constructed (1988) at Chapora along with staff quarters, at a cost of Rs 36.36 lakh, with machinery worth Rs 19.39 lakh was lying idle since 1998. In June 2006, the department proposed to dispose off the machinery as the same had deteriorated. Approval for disposal of the machinery as well as demolition of the building to use the land (10,130 square metres) for creation of infrastructure like an ice plant, net mending shed, workshop and other shore amenities for the benefit of the fishermen was issued in March 2007. The value of machinery in 1998 was assessed at Rs 8.45 lakh which had reduced to Rs 5.33 lakh in 2007. The Xapora Boat Owners Fisheries Co-operative Society requested (August 2006) the department to hand over the land to them on lease rent basis for construction of the ice plant, net mending shed etc. The department was yet (June 2009) to auction the machinery, resulting in its further deterioration and decrease in value.

The Government stated (September 2009) that auction for the disposal of the cold storage machinery/equipment was held in July 2009 and the matter was under consideration.

3.1.14.3 Underutilization of a departmental fishing-vessel

Underutilisation of fishing vessel owned by the Department

M.V. Mastyavardhini, a fishing vessel, was procured in November 2005 at a cost of Rs 36.80 lakh to operate every alternate day with one Bosun,[£] an Engine Driver and eight Junior Deckmen. As against the stipulated 180 days operation in a year, the vessel operated for 72 days, 84 days, 120 days and 108 days in 2005-06, 2006-07, 2007-08 and 2008-09 respectively. The number of operating hours for vessel ranged from 30 to 35 hours in a month. Thus there was gross underutilisation of the craft, on which there was expenditure of Rs 66.50 lakh on salary of staff and Rs 8.06 lakh on maintenance during the period. In comparison, the revenue earned was very little, amounting to Rs 1.50 lakh only.

Government replied (September 2009) that the vessel was not meant for commercial purposes and was used for running 10 months training courses for young fishermen. The reply of the Government was not acceptable as the orders issued by the department to the Bosun of the vessel was that it should be used for fishing purposes only and no mention had been made in these orders about the training courses during the above period. Besides it was found that there were no trainees during the years 2004-05, 2005-06 and 2008-09.

3.1.15 Conclusion

The implementation of the schemes by the department to promote the welfare of fishermen and provide a boost and impetus to the industry was ineffective. The management of fish farms, training centres and the prawn hatchery was tardy. The benefits from these steps did not accrue and expenditure incurred on their upkeep proved infructuous. System deficiencies such as incomplete registrations, poor internal control and idling of investments further contributed to failure in the whole implementation process. Serious efforts and steps need to be devised for the development of the fishing industry.

[£] In-charge of the Vessel

3.1.16 Recommendations

- Timely use of Central funds should be made in order to avoid non-receipt of future grants.
- Unproductive expenditure on fish farms should be curtailed.
- The departmental fishing vessel should be utilized optimally.
- Government should take early action on the deteriorating situation of the Pilot Prawn Hatchery to avoid further infructuous expenditure.
- Proper procedure for registration, renewal and accounting of licence fees on trawlers, canoes should be followed.
- An internal control mechanism may be set up in the department as early as possible.

CHAPTER-IV

REVENUE RECEIPTS

4.1 Trend of revenue receipts

The tax and non-tax revenue raised by Government of Goa during the year 2008-09, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
I. Revenue raised by the State Government					
• Tax revenue	856.53	1,096.49	1,291.54	1,358.91	1693.55
• Non-tax revenue	729.26	761.16	917.62	1,042.82	1236.16
Total	**1,585.79**	**1,857.65**	**2,209.16**	**2,401.73**	**2,929.71**
II. Receipts from the Government of India					
• State's share of divisible Union taxes	162.07	244.70	312.11	393.72	415.44
• Grants-in-aid	72.16	66.52	88.49	148.45	183.12
Total	**234.23**	**311.22**	**400.60**	**542.17**	**598.56**
III. Total receipts of the State	**1,820.02**	**2,168.87**	**2,609.76**	**2,943.90**	**3,528.27**
IV. Percentage of I to III	**87**	**86**	**85**	**82**	**83**

The above table indicates that during the year 2008-09, the revenue raised by the State Government was 83 *per cent* of the total revenue receipts (Rs 3,528.27 crore) against 82 *per cent* in the preceding year. The balance 17 *per cent* of receipts during 2008-09 was from the Government of India.

4.1.1 The following table presents the details of tax revenue raised during the period from 2004-05 to 2008-09:

(Rupees in crore)

Sr. No.	Head of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage of increase (+) or decrease (-) in 2008-09 over 2007-08
1.	• Sales tax/VAT	502.70	671.83	783.28	819.66	1072.15	(+) 30.80
	• Central sales tax	64.49	71.48	61.54	59.62	59.49	(-) 0.22
2.	State excise	55.34	55.35	57.23	75.94	88.70	(+) 16.80
3.	Stamps and registration fees	35.69	60.49	115.92	117.59	115.37	(-) 1.89
4.	Taxes on vehicles	58.78	63.84	74.56	81.96	90.15	(+) 9.99
5.	Taxes on goods and passengers	103.10	130.80	138.02	112.72	157.45	(+) 39.68
6.	Luxury tax	27.01	29.92	42.73	66.94	66.32	(-) 0.93
7.	Entertainment tax	2.48	5.18	5.09	11.17	19.65	(+) 75.92
8.	Other taxes and duties on commodities and services	1.79	2.52	6.94	6.12	14.88	(+) 143.14
9.	Land revenue	5.15	5.08	6.23	7.19	9.39	(+) 30.60
	Total	**856.53**	**1,096.49**	**1,291.54**	**1,358.91**	**1,693.55**	**(+) 24.63**

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

Sales tax: The increase was mainly due to more receipts under Value Added Tax (VAT) and State Sales Tax.

State excise: The increase was mainly due to more receipts under malt liquor and foreign liquors and spirits.

Taxes on vehicles: The increase was mainly due to more receipts under the State Motor Vehicles Taxation Acts.

Taxes on goods and passengers: The increase was mainly due to more receipts under tax on entry of goods into local areas and collection under Passenger Tax Act.

4.1.2 The following table presents the details of the major non-tax revenue raised during the period 2004-05 to 2008-09:

(Rupees in crore)

Sr. No.	Head of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage of increase (+) or decrease (-) in 2008-09 over 2007-08
1.	Interest receipts	3.73	12.95	15.60	16.70	20.45	(+) 22.46
2.	Dairy development	0.20	0.20	0.35	0.64	0.69	(+) 7.81
3.	Forestry and wild life	2.08	1.91	1.99	2.49	2.89	(+) 16.06
4.	Non-ferrous mining and metallurgical industries	23.66	27.15	34.30	36.40	36.35	(-) 0.14
5.	Power	584.66	594.91	681.67	796.26	986.70	(+) 23.92
6.	Major and medium irrigation	3.49	10.32	2.93	3.56	8.51	(+) 139.04
7.	Medical and public health	8.82	12.67	9.06	8.33	8.30	(-) 0.36
8.	Public works	1.37	1.67	1.79	1.67	2.82	(+) 68.86
9.	Other Administrative services	10.26	5.52	62.68	22.16	37.46	(+) 69.04
10.	Water Supply and Sanitation	--	--	58.09	61.23	65.76	(+) 7.40
11.	Other non-tax receipts	90.99	93.86	49.16	93.38	66.23	(-) 29.07
Total		**729.26**	**761.16**	**917.62**	**1,042.82**	**1,236.16**	**(+) 18.54**

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

Interest receipts: The increase was mainly due to more receipts under interest realised on investment of cash balances.

Power: The increase was mainly due to more sale of power.

Major and Medium irrigation: The increase was due to more receipt under Salaulim and Anjunem Projects.

Other Administrative Services: The increase is mainly due to more receipts under other receipts.

4.1.3 Variations between the budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2008-09 in respect of the principal heads of tax and non-tax revenue are mentioned below:

(Rupees in crore)

Sr. No.	Head of revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
Tax revenue					
1.	Sales tax/VAT	1026.35	1131.64	(+) 105.29	(+) 10.26
2.	State excise	77.04	88.70	(+) 11.66	(+) 15.13
3.	Land revenue	3.84	9.39	(+) 5.55	(+) 144.53
4.	Stamps & registration fee	84.47	115.37	(+) 30.90	(+) 36.58
5.	Taxes on goods & passengers	110.01	157.45	(+) 47.44	(+) 43.12
6.	Taxes on vehicles	97.14	90.15	(-) 6.99	(-) 7.20
7.	Luxury tax	67.00	66.32	**(-)** 0.68	**(-)** 1.01
Non-tax revenue					
8.	Interest receipts	10.34	20.45	(+) 10.11	(+) 97.78
9.	Non-ferrous mining & metallurgical industries	40.00	36.35	(-) 3.65	(-) 9.13
10.	Power	929.60	986.70	(+) 57.10	(+) 6.14
11.	Other administrative services	8.12	37.46	(+) 29.34	(+) 361.33
12.	Water supply and sanitation	83.96	65.76	(-) 18.20	(-) 21.68
13.	Roads and bridges	6.71	9.90	(+) 3.19	(+) 47.54

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

Transport Department: The reason for decrease in passenger tax and taxes on vehicles was due to recession effect.

Reasons for variation is awaited from other Departments (September 2009).

4.1.4 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and percentage of such expenditure to gross collection during the years 2006-07, 2007-08 and 2008-09 along with the relevant all India average percentage for 2006-07 are as follows:

(Rupees in crore)

Sr. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2006-07
1.	Sales tax/VAT	2006-07	844.82	3.68	0.44	0.82
		2007-08	879.28	4.63	0.53	
		2008-09	1131.64	5.82	0.51	
2.	Taxes on vehicles	2006-07	74.56	0.99	1.33	2.47
		2007-08	81.96	1.30	1.59	
		2008-09	90.15	1.75	1.94	
3.	State excise	2006-07	57.23	2.89	5.05	3.30
		2007-08	75.94	3.76	4.95	
		2008-09	88.70	5.85	6.60	
4.	Stamp duty and registration fees	2006-07	115.92	2.17	1.87	2.33
		2007-08	117.59	3.34	2.84	
		2008-09	115.37	3.51	3.04	

Thus, the percentage of expenditure on collection in respect of sales tax/VAT, taxes on vehicles was lower than the all India average percentage while in case of state excise and stamps and registration fees, it was higher except during 2006-07 in respect of stamp and registration fees.

4.1.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue amounted to Rs 396.18 crore of which Rs 102.67 crore were outstanding for more than three years as detailed below.

(Rupees in crore)

Head of revenue	Amount of arrears as on 31 March 2009	Arrears more than three years old	Remarks
Finance Department			
Commercial tax	174.67	75.17	Out of Rs 174.67 crore, cases worth Rs 16.40 crore only were referred to RRC.
Excise	0.66	0.11	Out of Rs 0.66 crore, only Rs 0.06 crore in respect of 1 case were referred to RRC.
Transport			
Taxes on vehicles	7.59	3.81	No cases were referred to RRC.
Public Works Department			
Chief Engineer			
• Rent of building/ shops	0.34	0.19	--
• Water charges, meter rent and sewerage charges	15.68	6.37	Out of Rs 15.68 crore, only Rs 4.73 crore in respect of 1,916 cases were referred to RRC.
Power			
Chief Electrical Engineer Energy charges	149.27	Not available	Out of Rs 149.27 crore, only Rs 40.92 crore in respect of 5,114 cases were referred to RRC.
Water Resources Department			
Chief Engineer			
• Water tax	1.02	0.74	Out of Rs 1.02 crore only Rs 0.03 crore in respect of 147 cases were referred to RRC.
• Water charges	38.55	11.50	--
• Rent on building/shops	2.08	0.90	Out of Rs 2.08 crore only Rs 0.01 crore in respect of 3 cases were referred to RRC.
• Hire charges of machinery	0.35	0.35	--
Agriculture Department			
Hire charges of agriculture machinery, paddy field arrears etc.	3.15	2.99	Out of Rs 3.15 crore only Rs 0.16 crore in respect of 4 cases were referred to RRC.
River Navigation Department			
Ferry toll collection	0.56	0.50	Out of Rs 0.56 crore only Rs 0.07 crore in respect of 5 cases were referred to RRC.
Printing and Stationery			
Supply of stationery	1.74	--	--
Tourism Department			
Lease rent	0.52	0.04	Out of Rs 0.52 crore only Rs 0.04 crore in respect of 10 cases were referred to RRC.
Total	**396.18**	**102.67**	

4.1.6 Arrears in assessments

There were no arrears in sales tax assessments at the end of 2008-09 as informed by the Commercial Taxes Department.

4.1.7 Arrears in appeals

According to the information furnished by the Commercial Taxes Department, the number of pending appeals at the beginning of the year 2008-09, number of appeals filed and disposed of and number of cases pending with appellate authorities as on 31 March 2009 are as mentioned below:

Opening balance	No. of appeals filed during 2008-09	Total	No. of appeals disposed of during the year	Balance as on 31 March 2009	Percentage of cases disposed of to total number of cases
821	137	958	128	830	13

Thus the percentage of appeal cases disposed of is only 13 *per cent* when compared to the total pending appeal cases as on 31 March 2009.

4.1.8 Frauds and evasions

The Commissionerate of Commercial Taxes reported that there were no cases of frauds and evasions detected by the Commercial Taxes Department during the year.

The number of cases booked for the year 2008-09, cases finalised and additional tax raised during the year as reported by the Commissionerate of Excise are as follows :

(Rupees in crore)

	Number of cases	Additional demand raised (Rs)
A. **(i)** Cases pending as on 1 April 2008	147	-
(ii) Cases detected during the year 2008-09	249	0.04
B. Cases in which investigations/assessments were completed during the year	378	0.04
C. Cases pending as on 31 March 2009	18	-

4.1.9 Internal audit

Internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives; the financial and administrative systems and control procedures are functioning effectively.

Internal audit of all the departments and offices in the State is the responsibility of the internal inspection cell (IIC) under the administrative control of Director of Accounts. The Government, in August 1996, decided that major departments, having a post of Senior Accounts Officer/Accounts Officer would be responsible for internal inspection of their subordinate offices.

The details of the number of offices due for audit and number of offices audited during the year 2008-09 are as mentioned below:

Department	No. of offices due for audit	No. of offices audited	Shortfall	Reasons for shortfall
Transport	7 Offices & 4 Check posts	7 Offices & 3 Check posts	1 Check post	Due to shortage of manpower
Registration	11	--	11	Shortage of time

The details of observations made by internal audit and their clearance upto the end of 2008-09 are as follows:

(Rupees in lakh)

Department	Observat-ions relating to the year	Observations pending settlement/made during the year		Observations settled during 2008-09		Observations pending at the end of 2008-09	
		Number	Amount	Number	Amount	Number	Amount
Registration	Upto 2007-08	24	--	--	--	--	--
	2008-09	--	--	10	--	14	--
	Total	**24**	**--**	**10**	**--**	**14**	**--**
Excise	Upto 2007-08	1	1.5	--	--	1	1.5
	2008-09	--	--	--	--	--	--
	Total	**1**	**1.5**	**--**	**--**	**1**	**1.5**

The Commissionerate of Commercial Taxes have stated that no internal audits were conducted by the department. No observations were pending in respect of Transport Department.

4.1.10 Results of audit

Test check of the records of sales tax, VAT, land revenue, state excise, motor vehicles tax, stamps and registration fees conducted during the year 2008-09 revealed underassessment/short levy/loss of revenue amounting to Rs 10.98 crore in 164 cases. The department accepted underassessment/short assessment of Rs 20.30 lakh in 26 cases pointed out in earlier years and short assessment of Rs six lakh in seven cases pointed out during the year and recovered Rs 26.30 lakh as of June 2009 in 33 cases. No replies have been received in respect of the remaining cases.

This chapter contains a review of "Receipts of Transport Department", and four paragraphs involving an amount of Rs 92.92 crore.

4.1.11 Outstanding inspection reports and audit observations

The Accountant General, Goa conducts periodical inspections of various offices of Government departments to test check the transactions of tax receipts and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by inspection reports (IRs) issued to the heads of offices with a copy to next higher authority. The Government of Goa issued (January 1992) instructions to the executive for response within one month to the IRs issued by

Accountant General, Goa after ensuring action in compliance with the prescribed Acts, rules and procedures. A yearly report is sent to the Secretary of the department in respect of pending IRs to facilitate monitoring of audit observations by the Government.

The time schedule prescribed by the Government has seldom been adhered to, with the result that 90 IRs issued upto the end of December 2008, containing 274 audit observations involving Rs 30.20 crore were to be settled at the end of June 2009, as indicated below, alongwith the corresponding figures for preceding two years.

	June 2007	June 2008	June 2009
Number of outstanding IRs	106	69	90
Number of outstanding Audit observations	360	184	274
Amount involved (Rs in crore)	12.25	28.30	30.20

Out of 90 IRs pending settlement, even first replies have not been received (June 2009) for 34 IRs containing 173 observations. Pendency of these reports was reported to the Government (August 2009). The department-wise details of IRs and audit observations outstanding as on 30 June 2009 and the amount involved are indicated below:

(Rupees in crore)

Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
Revenue	Land tax	6	11	1.19
	Stamp duty & registration fee	16	27	8.24
Finance	State excise	27	55	1.38
	Entertainment tax	6	15	6.71
	Motor vehicles tax	8	29	1.12
	Sales tax/VAT	27	137	11.56
Total		**90**	**274**	**30.20**

Since the outstanding amount represents unrealised revenue, the Government needs to take speedy and effective action on the issues raised in the IRs.

4.1.12 Response of the departments to draft audit paragraphs

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

Six paragraphs and one review proposed for inclusion in the Report of the Comptroller and Auditor General of India (Revenue Receipts Chapter) for the year ended 31 March 2009 were forwarded to the concerned Secretaries during

March-June 2009. Their replies were due latest by the end of July-August 2009.

Replies to five draft paragraphs have been received and considered while finalising the Report (September 2009). The remaining cases have been included in this Report without the reply of the Government.

4.1.13 Follow up on Audit Reports

According to the instruction issued by the Goa Legislature Secretariat in July 2004, administrative departments are required to furnish explanatory memoranda (EMs), vetted by the Office of the Accountant General, Goa, within three months from the date of tabling of the Audit Report in the State Legislature in respect of the paragraphs included in the Audit Reports. EMs were not received as of August 2009 in respect of nine paragraphs from the administrative departments, as shown below:

Department	Year of Audit Report	Date of presentation to the Legislature	Last date by which departmental notes were due	Number of paragraphs for which departmental notes were due	Delay (months)
Public health	2006-07	August 2008	October 2008	1	10
Public Works Department	2006-07	August 2008	October 2008	1	10
Finance	2007-08	March 2009	July 2009	5	1
Transport	2007-08	March 2009	July 2009	1	1
Revenue	2007-08	March 2009	July 2009	1	1

4.1.14 Compliance with the earlier Audit Reports

In the Audit Reports 2003-04 to 2007-08, 199 cases of non-assessments, non/ short levy of taxes etc., were included involving Rs 64.84 crore. Of these, as of June 2009, the departments concerned have accepted eight cases involving Rs 22.29 crore and recovered Rs 56.34 lakh in four cases. Audit Report wise details of cases accepted and amounts recovered are as under:

(Rupees in lakh)

Audit Report	Included in the Audit Report		Accepted by the Department		Recovered	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2003-04	1	2.17	1	2.17	1	1.18
2004-05	1	111.96	-	-	-	-
2005-06	5	469.30	3	55.16	3	55.16
2006-07	8	3,391.63	3	37.69	-	-
2007-08	184	2,509.11	1	2,134.00	-	-
Total	**199**	**6,484.17**	**8**	**2,229.02**	**4**	**56.34**

4.1.15 Audit Committee Meetings

During the year 2008-09, four audit committee meetings were held in which 102 paragraphs were discussed. Of these, 66 paragraphs were settled.

TRANSPORT DEPARTMENT

4.2 Receipts of Transport Department

Highlights

- Non-assessment of imported mineral ore and non-invitation of tenders/non-outsourcing of collection of cess, resulted in a loss of revenue of Rs 45.54 crore.

(Paragraph 4.2.8)

- Non-implementation of GRIWC Act on revision (May 2008) of rates on mineral ore where royalty was paid to Goa Government, resulted in revenue loss of Rs 45.83 crore during 2008-09.

(Paragraph 4.2.9)

- Delay in implementing notification on enhanced rates to companies/institutions/corporations etc., resulted in non-recovery of Rs 25.69 lakh.

(Paragraphs 4.2.11 and 4.2.12)

4.2.1 Introduction

The Goa Motor Vehicles Tax Act (GMVTA), 1974 and the Goa Motor Vehicles Rules (GMVR), 1975 regulate the levy and collection of taxes on Motor Vehicles in Goa. The Goa, Daman and Diu Motor Vehicles (Taxation on Passengers and Goods) (GDD (TPG)), Act, 1974 governs levy and collection of passenger tax. The goods tax on goods carriage was abolished with effect from 1 April 1998. The Central Motor Vehicles Act (CMVA), 1988 and Rules, 1989 govern the levy and collection of fees towards licence, registration, fitness certificate and matters regarding the issue of Trade Certificate to dealers of Motor Vehicles, National Permits to Goods Carriages, permits for Contract/Stage Carriages/ Tourist Taxis etc., and compounding of offences under CMVA/CMVR. The Goa Rural Improvement Welfare Cess (GRIWC), Act 2000 enforced GRIWC Rules 2006 from 1 February 2006 which govern the collection of cess on carriers transporting mineral ore. The number of vehicles registered as of March 2009 was 6,72,664.

4.2.2 Organizational Set-up

At State level, the transport department functions under the over-all charge of the Secretary (Transport). The Director of Transport administers and monitors the registration/levy and collection of taxes/fees/penalties/fines on vehicles with the assistance of 11 Assistant Directors of Transports (ADTs), of which two ADTs look after the administrative/enforcement functions at Head Office, two ADTs (Panaji and Margao) function as enforcement officers and seven* ADTs as registering and tax collection officers at taluka level, for the Regional Transport Offices (RTOs). There is a State Transport Authority (STA) and seven Regional Transport Authorities (RTA) at the Registering talukas for

* Bicholim, Mapusa, Margao, Panaji, Ponda, Quepem and Vasco

issue of interstate/All India Permits (STA) and permits within the State (RTA). The Department has 15 gazetted and 253 non-gazetted staff against a sanctioned strength of 15 and 270 respectively as of March 2009.

There are four[ɜ] check posts in Goa to detect entry of vehicles from other States plying without payment of tax and enforce penal provision as per CMVA, GMVTA, GDD (TPG).

4.2.3 Trend of Revenue

The department has not laid down any regulations by way of codal provisions/instructions for preparation of budget estimates, either by submission by subordinate offices or assessment by Head office. The latter computes the ensuing year's budget estimates by adding a minimum percentage to the previous year's estimates.

The variations between budget estimates and actual along with percentage growth in revenue during 2004-2009 were as under:

Year	Budget estimates (Rs in crore)	Actual collection (Rs in crore)	Excess (+)/ Shortfall (-)	Percentage variation	Percentage growth over previous year
2004-05	64.47	65.57	(+) 1.10	1.71	15.73[*]
2005-06	70.92	71.15	(+) 0.23	0.32	8.51
2006-07	80.47	83.19	(+) 2.72	3.38	16.92[*]
2007-08	94.41	90.46	(-) 3.95	4.18	8.74
2008-09	107.00	99.95	(-) 7.05	6.59	10.49

4.2.4 Audit Objectives

The Performance Audit seeks to determine

- efficiency and effectiveness of administration of CMVA, GMVTA, GDD (TPG) and GRIW Cess;
- the effectiveness of the enforcement mechanism, i.e. administration of penal provision of law; and
- adequacy of internal control mechanism and internal audit system.

4.2.5 Scope of audit and methodology

The Performance Audit covers the period from 2004-05 to 2008-09. The records maintained at the office of the Directorate of Transport and four,[©] out of seven Regional Transport Offices (State Transport Authority and four Regional Transport Authorities) were test checked, as these four RTOs have substantial business activity. The audit objectives were discussed in the entry

ɜ Dhargal, Dodamarg, Mollem and Pollem

* The increase in percentage growth in 2004-05 & 2006-07 was due to increase in road tax/new registrations as compared to previous year.

© Bicholim, Margao, Panaji, Vasco.

conference with the Secretary (Transport) and senior officers of the department held on 9 January 2009. The exit conference was held in May 2009 with the Secretary (Transport) to discuss the audit findings.

The audit methodology comprises of discussion with department officials, collection of data through examination of records and its analysis.

4.2.6 Audit Criteria

The audit criteria used for conducting the performance audit were:

- Acts/rules/directives relating to CMVA, GMVA, GDD (TPG) Act and GRIWC Act for timely levy and collection of revenue.
- State Government policies/notifications.
- Adequacy of internal control mechanism.

4.2.7 Audit Findings

Audit findings are grouped under compliance issues and system issues, internal controls in the department, which are brought out below.

Compliance Issues

4.2.8 Loss of revenue due to non-invitation of tenders for collection of cess on imported ore – The Goa Rural Improvement Welfare Cess (GRIWC)

Government of Goa notified (16 October 2000), the GRIWC Act 2000, to provide additional resources for improvement of infrastructure and health, with a view to provide for the welfare of the people residing in rural areas affected by the use of plastics, dumping of garbage and spillage of materials. GRIWC Rules, 2006 in force from 1 February 2006 were amended by Government w.e.f. 16 October 2008. Rule 3 of GRIWC Rules 2006 ibid states that the cess payable under the Act shall be assessed and collected, in the case of materials/items extracted or generated within the State, at the point of its extraction/generation/starting, as the case may be, for transportation. In any other case, the cess shall be assessed and collected at the entry point in the State or such other point as may be notified by the Government.

An interim arrangement for collection of cess by departmental staff was approved by Chief Minister only on 27 February 2006, the date from which the implementation actually started at the check posts.

The following are the figures of collection reported by department and booked by Directorate of Accounts in respect of Iron Ore, Coke/Coal.

(Amount in rupees)

Year	Departmental receipts	Finance Accounts figures
2005-06	Nil	Nil
2006-07	4,38,35,386	2,44,52,837
2007-08	3,41,15,523	3,41,45,623
2008-09	9,66,42,440	11,77,59,454
Total	**17,45,93,349**	**17,63,57,914**

Note: Difference of Rs 17.65 lakh not reconciled by the Department.

Government constituted a committee (March 2006) which recommended that collection of cess to be outsourced by inviting tenders. Based on the information furnished by the Director of Transport, that approximately 120 lakh metric tones iron ore/coke/coal are imported to the state through road, rail and ship, the committee fixed on upset price of rupees six crore (@ Rs five per metric tone). The rate was further revised to Rs 50 per metric tone in May 2008. Despite the Committee's recommendations, the department did not resort to tendering. The collection was carried out through the departmental machinery.

Audit scrutiny revealed that the actual cess collected by the department was far less than the upset price fixed by the Committee.

Year	**Quantity of mineral as per Advisory Committee statistics** ***(in M.Ts)***	**Cess levied** ***(in rupees)***	**Rate of cess leviable per M.T** ***(in rupees)***	**Quantity of ore based on cess collected by the State (Col. (3) ÷ (4))** ***(in M.Ts)***	**Short levy♣** ***(in rupees)***
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2006-07	120,00,000	4,38,35,386	5	87,67,077	1,61,64,614
2007-08	120,00,000	3,41,15,523	5	68,23,105	2,58,84,477
April 2008 to May 2008	20,00,000	58,99,003	5	11,79,798	41,00,997
June 2008 to March 2009	100,00,000	9,07,43,437	50	18,14,869	40,92,56,563
TOTAL		**17,45,93,349**			**45,54,06,651**

Had the department outsourced the levy and collection of the cess, the upset price of rupees six crore would have accrued to the Government. The departmental machinery was able to collect a total of Rs 17.46 crore only. Thus, the Government incurred a loss of Rs 45.54 crore due to the inaction of the department. Audit also observed that systems to record the quantity of ore entering the state was deficient. The department was unable to certify the amount of ore transported into the state. This has been commented further in the audit at para-4.2.16.2. Reply from the Government/department is awaited (August 2009).

♣ Rs six crore per annum minus cess levied (2006-07 to May 2008)
Rs 60 crore per annum minus cess levied from June 2008 to March 2009.

4.2.9 Non-assessment and non-collection of cess on ore extracted in Goa

As per the Schedule-I appended to the GRIWC Act 2000, the levy and collection of cess was Rs two per M.T on Iron/manganese/bauxite ores where royalty is paid to the Government. The GRIWC Rules notified (January 2006) and effective from 1 February 2006, that the cess payable under the Act shall be assessed and collected at entry points as may be specified and notified by the Government from time to time. Government vide notification dated 13 May 2008, enhanced the rates for ore, where royalty is paid to Government from Rs two to Rs 20 per M.T. An amendment to Rules notified (October 2008) stipulated that cess payable under the Act would be assessed/collected in case of material extracted or generated within the State at the point of its extraction/generation/starting, as case may be, for transportation. Despite the latter amendment, GRIW Cess was not levied/collected in respect of iron/manganese/bauxite ores.

Based on the statistics obtained from the Directorate of Mines, the loss of revenue due to delay in notifying the assessment and collection points from May 2008 to October 2008, resulted in a loss of Rs 8.79[Σ] crore for five months from June[♦] 2008 to October 2008.

Further, non-implementation of GRIW Cess even after notifying the Rules in October 2008 on quantities generated in Goa, resulted in a loss of Rs 37.04[∇] crore for five months from November 2008 to March 2009. Thus while a delay in notifying the assessment and collection points caused a loss of revenue to the State, this was further exacerbated by non-collection of revenue. Reply from the Government/department is awaited (August 2009).

4.2.10 Short levy of tax due to non-inclusion of customs duty in the cost of vehicle in respect of imported vehicles

As per schedule of taxation appended to the Goa Motor Vehicles Tax Act, 1974, as amended from time to time, the rate of one time tax for private vehicles was five *per cent* of the cost of the vehicle for vehicles costing upto Rs six lakh and six *per cent* of the cost of the vehicle for vehicles costing more than Rs six lakh w.e.f. 24 August 2004. With effect from 7 May 2008, the rates were enhanced by prescribing graded rates from seven to 15 *per cent* based on the cost of the vehicle for the category of company/ corporation/institution etc.

[Σ] Ore generated in Goa from June to October 2008 = 43,93,959 M.Ts @ Rs 20 per M.T = Rs 8.79 crore.

[♦] Directorate of Mines has only month wise figures.

[∇] Ore generated in Goa from November 2008 to March 2009 = 1,85,17,520 M.Ts @ Rs 20 per M.T = Rs 37.04 crore.

Scrutiny of records relating to registration of three[◊] imported vehicles registered at ADT (S), Margao, revealed that while levying tax on these vehicles, the customs duty paid was not included in the cost of the vehicle and the enhanced rates were not applied though two vehicles were purchased by a partner/firm in the capacity of director and the third vehicle was construction/earth moving machinery, thus indicating that it also pertained to commercial enterprise, though registered in individual name, while arriving at the cost of the vehicle for the purpose of levy of tax. This resulted in short levy of tax to the extent of Rs 39.03 lakh. The department stated (June 2009) that the cases would be reviewed and any short collection of taxes would be recovered.

4.2.11 Short levy of motor vehicle tax on Companies/Corporations/ Institutions etc. due to delay in implementation of revised rates

The Goa Motor Vehicles Tax (Amendment) Act, 2008 which came into force with effect from 7 May 2008, notified enhanced rates of motor vehicle tax on motor vehicles belonging to company/corporation/institution etc., in respect of goods vehicle (annual tax) and non transport vehicles (one time tax).

Test check of records of three RTOs, revealed that in respect of registrations after 7 May 2008, there was a short levy of Rs 1.87 lakh (2008-09) on 19 cases, due to non implementation of the said notification, and in non inclusion of entry tax in the cost of vehicle, for the levy of motor vehicle tax on non-transport vehicles. The department accepted the observation and stated (May 2009) that demand notices for recovery would be sent.

4.2.12 Short levy of motor vehicle tax on goods vehicles carrying mineral ore

According to the rules in force since 2005-06, the levy and collection of motor vehicle tax in respect of goods vehicles (GVs) is effected on annual basis in advance, i.e. in March of the preceding financial year.

Government notified in May 2003, that goods vehicles carrying mineral ore (GVMO) would be levied an additional 20 *per cent* of the rates prescribed for GVs other than those carrying mineral ore. In May 2008, Government amended the MV Act, 1974, to provide for separate rates of tax in respect of motor vehicles belonging to individuals, and enhanced rates on motor vehicles belonging to companies/corporations/institutions etc. respectively, both in respect of GVs and non-transport MVs.

◊ *(Amount in rupees)*

Sr. No.	Vehicle No.	Invoice amount	Customs duty	Entry Tax	Total cost of the vehicle	Tax leviable @ 15% w.e.f. 7.5.2008	Tax levied	Short levied
1	GA-08-F-2211	58,18,571	68,75,369	6,03,325	1,32,97,265	19,94,590	3,69,559	16,25,031
2	GA-08-F-2311	60,09,135	70,99,852	6,23,080	1,37,32,067	20,59,810	3,81,592	16,78,218
3	GA-08-E-6520	63,00,000	1,43,684	1,26,000	65,69,684	9,85,453	3,85,919	5,99,534
							TOTAL	**39,02,783**

Audit scrutiny of records of three[♠] RTOs, revealed that in respect of 385 GVMO (Tippers/Dumpers), belonging to mining companies, though the motor vehicle tax as per pre-revised rates had been paid in March 2008, no demand was raised for the difference on account of the enhanced rates applicable for 2008-09. This resulted in a short levy of Rs 23.82 lakh on 385 GVMO. On this being pointed out, an amount of Rs 7.42 lakh in 236 cases has been recovered. In remaining 149 cases, the department stated (June 2009) that the recovery was in process.

System Issues

4.2.13 Non-preparation of Departmental Manual/Non-availability of statutory returns

The department does not have any departmental manual setting out the functions and responsibilities of staff of all categories in accordance with the provisions of Acts/Rules and instructions issued by Government/department, which could act as a key document for prospective planning, reference and internal control. Also, circulars and executive instructions issued from time to time were not serialized or centralized. Also there were no returns prescribed for STA/RTA/RTOs to watch revenue collection in respect of permits issued, arrears collection, periodical quantum of permits issued particularly against fixed quota. The department stated (June 2009) that instructions would be issued to all concerned.

4.2.14 Evasion of motor vehicle tax due to lacuna in GMVT Act (Amendment), 2008

Clauses IIA/3A were introduced in the GMVT Act (Amendment) 2008, prescribing enhanced rates of MV tax, motor vehicles belonging to company/corporation/Institutionetc. The category ‘etc.’ was left unspecified.

Tipper trucks used for carrying mineral ores of mining companies were registered in RTO, Bicholim in individual names. These tippers were hired out to mineral ore companies. The failure by the Government to specify such vehicles as in the category of “deemed company/institution/corporation”, resulted in leakage of revenue of Rs 13.95[▽] lakh on 620 tippers.

In response to the audit objection, ADT, Bicholim stated (May 2009) that the registered owners of the goods vehicles had declared in their applications that they would be carrying general goods and therefore the additional 20 *per cent* in respect of vehicles carrying mineral ore was not applicable. The fact however remains that the tippers are used[♣] for carrying ore in mining companies. Reply from the Government/department is awaitd (August 2009).

♠ Bicholim, Margao and Panaji

▽ GVMO tax = 11,250 – 9,000 = 2250 x 620 = Rs 13.95 lakh

♣ Example: Motor vehicle No. GA-04-T-1046 dated 17-10-2008

4.2.15 Evasion of tax due to ineffective monitoring of motor vehicles at entry points

North Goa has two check posts, viz. at Dodamarg and Dhargal-Pernem. The latter lies about 20 kms away from the Maharashtra-Goa border and beyond Pernem's industrial area. It handles the bulk of motor vehicles entering Goa through North via Dodamarg check post. Audit noted at Dhargal that motor vehicles can enter Goa through another seven[∉] diversion routes, by passing the check posts and evading payment of tax. Besides, the Keri-Sanquelim check post was functional only for two months (February/March 2006). Reasons for its closure were not furnished.

Audit scrutiny of composite tax in pursuance of Reciprocal Agreements also revealed that Karnataka and Maharashtra goods vehicles entering Goa travel 30 to 80 kms before paying the composite tax which is to be paid only at RTO (N), Panaji. Chances of tax evasion are possible. There is a requirement for the department to attempt to plug these loopholes. Reply from the Government/department is awaited (August 2009).

4.2.16 Non maintenance of basic records

4.2.16.1 National Permit Scheme: Basic information for determination of arrears of composite tax not maintained

As per the provisions of the Central Motor Vehicles Rules, 1989, the intending National Permit (NP) holder is required to pay to the home state (where the motor vehicle is registered), the prescribed authorization fee along with the bank drafts in respect of composite tax payable to the States in which permission to operate is granted. The rules also stipulate that the registering State shall furnish full details of motor vehicle, permit number/period of authorization through quarterly returns. Audit observed that the basic information was neither given by the concerned States, nor was it called for, either through quarterly returns or at the time of receipt of demand drafts (DDs) of composite tax from other States. The State Transport Authority, Goa maintained record of only the authorizations granted in Goa to motor vehicles to ply in other states and no record of permits granted by other states for their motor vehicles to operate in Goa. Further, the register of receipt of DDs maintained at Directorate of Transport/Head office, revealed that the office maintained a common register to record receipt and remittance of all DDs, without indicating particulars of each DD amount, date and scheme, etc. Due to non maintenance of record of permits granted by other states, the composite tax due from other States in respect of NPs was not verifiable in audit. ADT (Enf)/North, Panaji replied (June 2009) only with reference to NPs issued by Goa state and not by other states.

4.2.16.2 System not prescribed for maintenance of proper records for collection of Goa Rural Improvement Welfare Cess (GRIWC)

Weighment slip of mining company available with registration records.

[∉] Devso, Kiranpani, Parcem , Patradevi, Sansuli, Satardev and Terekhol

The implementation of the GRIWC Act, 2000, commenced with effect from 1 February 2006, on publication of corresponding rules. Most of the Iron/Manganese/Bauxite Ores brought into Goa by road, enters the State through Mollem check post which is under the control of ADT, South (Enforcement), Arlem. Audit scrutiny of records at the Mollem checkpost, revealed that 'daily cash collection' of cess commenced from 20 June 2008 and receipt of demand drafts (DDs) from 17 September 2008. As per the procedure followed, the person engaged in transporting the ore produces a copy of challan showing the quantity (Metric Tonnes) and amount payable. The challan is stamped at the check post with ADT, South (Enforcement) facsimile signature, one copy of the challan and the DD deposited by carrier of ore at SBI, Panaji, forwarded to ADT, South (Enforcement), Arlem for onward transmission to Directorate of Transport/Head Office. Most of the challan copies for the period from 17 September 2008 to 29 January 2009, totaling Rs 4.88 crore were not available at the check post. Copies of weighment slips were also not kept on record, at all. The register where the DDs/ challans/quantities were being recorded, did not show in most of the cases the date/number/bank of DD, nor the quantities of ore to which the DD related. Such details were not also maintained at the Directorate/ADT (Enforcement), Arlem.

Thus verification of the correctness of cess levied as per the quantities transported and rates in force, was not conducted nor was it verifiable in the absence of details.

4.2.16.3 Composite tax on countersignature permits: manual tax ledgers not posted/computerized ledger not provided – quantum of arrears vehicle wise not determined/incorrect accounting of receipts

Transport vehicles pay the taxes (motor vehicle/passenger/goods composite tax) annually/periodically. At RTO (S), Margao, the registrations are to be made at one place (A) and the posting of tax registers is done, four kms from the office of registration (B). The posting is done when the applicant/owner of vehicle reports at (B). This resulted in the tax payments of new registrations not being recorded at all in the tax registers. A test check showed that out of 3,140 registrations as on 3 February 2009, 657 registrations in the series GA-08-U, had not been reflected in the tax registers, as the postings were being carried out only if the applicant/owner of vehicle reported for posting at (B). RTO (N), Panaji, which receives all the tax payments in respect of countersignatures on goods vehicles of all Goa bound goods carriages in pursuance of reciprocal agreements with Karnataka and Maharashtra had also not posted the initial tax payments pertaining to permits issued by STA for the year 2008-09. Out of 236 countersignature permits issued between 3 April 2008 and 16 February 2009 by STA/Goa, the Regional Transport Authority (North), Panaji had not maintained tax ledgers for 220 countersignatures on which composite tax of Rs 11 lakh per annum @ Rs 5,000 per goods vehicle was recoverable. In respect of prior permits, tax payments♦ of initial year had

♦ Tax payment (February 2009) in respect of countersignature permit No.2132 issued by STA on 31 March 2008, was recorded only (February 2009) for the second year from March 2009 to February 2010 only.

not also been found recorded. The computer software did not also provide for an 'automatic' record of the motor vehicle tax payment in the form of a computerized ledger. ADT (S), Margao stated (May 2009) that non-availability of records at Arlem, after registration at Margao is being looked into and outcome would be communicated. Reply from the Government/ Department is awaited (August 2009).

(ii) Incorrect accounting of receipts

At ADT (S), Margao, the total amount collected under manual receipts[∇] issued at ADT, South (Enforcement), Arlem in respect of taxes, fines and fees, as well the revenue collection of the two check posts at Pollem and Mollem under ADT, South (Enforcement), Arlem was not incorporated in the daily summary reports of cash collection sent to the DDO (ADT (S), Margao). Thus, these amounts were not reflected in the main cash book of ADT (S), Margao.

The cash collection in respect of taxes, fees, forms, etc. at the Regional Transport Offices[ϒ] is handled by the staff of Mapusa Urban Co-operative Bank to which the job of collection of revenue receipts was outsourced with effect from February/March 2005 (RTO, Panaji/Margao). At the Directorate of Transport (Head office) and two other RTOs test checked, the department's cashier operate the computerized collection system for collection of permit fees by STA/RTA, fines levied on offences by prosecution/enforcement cell and motor vehicle taxes/fees at registering offices.

Test check of receipt numbers 1202 to 1372 issued by ADT (Enf), Arlem during the period from 3 March 2008 to 11 March 2008, revealed that 29 receipt numbers were missing. ADT (S), Margao stated (May 2009) that the missing serial numbers were due to cancellation of faulty receipts and that the software was not programmed to reflect the same, adding that as soon as computer functioning is rectified, the manual receipts are fed into the computer. Thus, non recording of manual receipts into the computer, there is a risk of manual receipts going unaccounted.

4.2.17 Arrears of revenue

As per the provision of the Goa, Daman and Diu Motor Vehicles Tax (Amendment) Act, 2004, the tax shall be paid in advance for a year, by every registered owner of the vehicle in respect of transport vehicles. In case of private vehicles the tax is paid on one time basis at the time of registration of the vehicle.

Under six RTOs[β] there was arrears of revenue to the tune of Rs 6.87 crore (March 2008). Of the total arrears of Rs 6.87 crore above, an amount of Rs 3.14 crore pertained to the period prior to 2004-05.

Audit scrutiny revealed that though the Goa, Daman and Diu Motor Vehicles Tax Rules, 1974 provides for recovery of tax as arrears of land revenue, none

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[∇] Manual receipts dated 12 March 2008, totaling Rs 1.36 lakh, issued at ADT (S), Arlem.

[ϒ] RTO (N), Panaji and RTO (S), Arlem-Margao.

[β] RTO, Mapusa did not furnish the figures of arrears of revenue.

of the RTOs referred any of the cases to Revenue Recovery Court. A test check of RTO (S), Margao indicated that in 17 cases, tax payments were made for a year during the period 2006-07 to 2008-09, but the dues of Rs 0.45 lakh pertaining to earlier year/s were not recovered in each case. Reply from the Government/department is awaited (August 2009).

4.2.18 Reconciliation

As per Rule 9 of the General Financial Rules, 2005, it is the responsibility of the department to ensure that all sums due to Government are realised and duly credited to Government. No records were maintained by the RTOs and the head office showing the reconciliation of levy and collection of taxes, fines, fees and cess, with the remittances to Government treasury, both in respect of computerized receipts as well as manual receipts issued on break down of computerized system. Test check of Directorate of Transport records in respect of GRIW Cess, showed a short credit of Rs 0.50 lakh relating to DDs produced by one[θ] carrier under one challan recorded by accounts section in their register and the challan acknowledged by Government Treasury.

The receipts/issues/balance of motor vehicle receipt books and 60 types of forms supplied unnumbered in bulk by Directorate of Transport/Head office, to ADT (S), Margao during 2004-09, which in turn issued them to Mapusa Urban Bank for collection of revenue, were not reconciled and the correctness of the stock was not attested by the head office. Reply from the Government/department is awaited (August 2009).

4.2.19 Inadequate mechanism for compounding of offences by enforcement and recovery of related penal amounts

It was seen in audit that the offences booked by Enforcement (North and South) as per checking report of enforcement (North and South), were pending for compounding for over 10 years. No reconciliation was effected between offences[Σ] compounded by Enforcement (North and South) and revenue realized in respect of these cases, to ascertain correctness of collection/ remittance and maintain office wise clearance of cases. The department stated (May 2009) that reconciliation is impracticable as the software remains to be upgraded.

4.2.20 Internal controls and Internal audit

Internal audit is defined as control of all controls to assess whether various prescribed systems were functioning reasonably well in the organization. The department's internal inspection wing constituted and manned with independent accounts staff with effect from October 1996, conducted revenue internal audits in respect of RTOs, on quarterly basis during 2004-09 for verification of collection and remittance of revenue receipts to Government Treasury. The correctness of levy of taxes was not verified and Inspection

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θ M/s Deccan Mining Syndicate Pvt. Ltd., Bellary – Rs 102.13 lakh (Directorate of Transport A/cs register) less Rs 101.63 lakh (Challan stamped by the Treasury) = 0.50 lakh.

Σ e.g. Manual receipts dated 12 March 2008, totaling Rs 1.36 lakh, issued at ADT (S), Arlem.

Reports for the period 2004-08[∝] had not been prepared. Periodicity/guidelines for conducting audit had not also been set up. The correctness of levy of taxes and receipts/demand drafts of All India Tourist Taxis/Buses and fees in cash in respect of taxi stands handled by STA/RTA were not verified. The department stated (May 2009) that correctness of levy of taxes was not verified due to shortage of staff. Thus, minimum checks required were not carried out.

4.2.21 Conclusion

The review revealed that the department does not have a proper system to implement the various notifications issued by Government, nor any department manual for the guidance of subordinate staff. Government did not monitor the implementation of reciprocal agreements, assessment/ collection/remittance of cess on mineral ore and the deficient growth in revenue. Internal audit was ineffective as it failed to address the major issues of levy of taxes and realization/computation of arrears.

4.2.22 Recommendations

- Returns should be prescribed for State/Regional Transport Authorities (STA/RTAs) and Registering/Taxation offices (RTOs) to co-relate receipt of composite taxes and fees at RTOs with the issue of permits by STA/RTAs. These returns should also be made available to enforcement wings (North and South), to ensure prompt detection of unauthorized vehicles from other States plying in Goa.
- Installation of weigh bridges/monitoring of loading of carriers of Iron/Manganese/Bauxite ores whether entering Goa by land/rail/sea or in respect of royalty paid ore, auction of the job work of collection of the Goa Rural Improvement Welfare Cess, may be considered, so as to evolve a proper mechanism for the assessment and collection and cess.
- Revised rates of taxes/fees/fines notified by Government should be computerized with reference to effective date of implementation, to avoid loss of revenue due to delay in implementation.
- To avoid evasion on payment of taxes by motor vehicles entering in Goa, through nine unauthorized entry points in North Goa, Government may consider setting up of monitoring units and check posts at important entry points including shifting the Dhargal-Pernem check post to the Goa-Maharashtra border, as it lies 20 kms inside Goa from the entry point.

[∝] Issue of Inspection Reports commenced w.e.f. 3 February 2009.

FINANCE DEPARTMENT

4.3 Non/short levy of penalty

Failure of the Department to levy penalty as per provisions of the Act, resulted in non-realisation of revenue of Rs 15.14 lakh.

Under Section 18 of the Goa Tax on Entry of Goods (GTEG) Act, 2000, every registered dealer shall send every month to the Assessing Authority (AA), a statement containing details of the value of scheduled goods dealt during the month and tax payable and shall pay in advance the full amount of tax payable by him on the basis of goods brought by him during the preceding month into the local area within 30 days after the close of the preceding month to which such tax relates. If default is committed in payment of tax, the dealer shall pay by way of penalty a sum equal to two *per cent* of the tax payable for every such month. No penalty shall be imposed unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.

Further after the final assessment by the AA, the dealer shall pay the balance tax, if any, within 30 days from the date of service of notice of demand, failing which penalty as provided in Section 19(2) of the GTEG Act is leviable.

Scrutiny of assessments made between March 2004 and June 2007 for the years 2000-01 to 2005-06, revealed that in two cases the Commercial Tax Officer levied a penalty of Rs 2,000 only against Rs 12.96 lakh leviable for non payment of tax and non filing of returns under Section 18 of GTEG Act. However, no reasons were recorded for reduction in levy of penalty. Further, the department did not levy the penalty under Section 19 of GTEG Act, for delay in payment of tax after assessment amounting to Rs 2.18 lakh.

The Department (August 2009) stated that penalties were recovered under section 14(5) of GTEG Act and a dealer cannot be penalized under multiple sections for the same offence and hence no other penalty is leviable in these cases. The fact, however, remains that the penalties under section 14(5), 18(2) and 19(2) are for different types of offences.

4.4 Non-levy of penalty

Non-levy of penalty of Rs 3.09 lakh.

As per Section 3 of Goa Tax on Entry of Goods (GTEG) Act 2000, tax shall be levied and collected at the rates notified on entry of specified goods into a local area for consumption, use or sale therein. Further as per Section 18 of the Act, every registered dealer shall send every month to the Assessing Authority (AA) a statement containing details of the value of scheduled goods dealt during the month and shall pay in advance the full amount of tax payable by him on the basis of goods brought by him during the preceding month into the local area within 30 days after the close of the preceding month to which such tax relates. If default is committed in payment of tax, the dealer shall pay by way of penalty a sum equal to two *per cent* of the tax payable for every such month under Section 18(2) of the GTEG Act.

Scrutiny of assessment records of a dealer at Margao ward revealed that the AA did not pay entry tax of Rs 8.55 lakh and Rs 7.68 lakh on the entry of machinery into the State worth Rs 8.17 crore during 2001-02 and 2002-03, which attracted penalty of Rs 3.09 lakh. The AA while finalising the assessment in September 2004 and December 2004 also failed to raise the demands resulting in non levy of entry tax of Rs 16.23 lakh and penalty of Rs 3.09 lakh.

The department (March 2009) stated that the entry tax was not paid because of technical difficulties and the capital goods were accounted in books of accounts during 2002-03 and the dealer has sold the same during 2002-03 and if the entry tax was to be paid, it would be refundable against sales tax payment. Further the Government (July 2009) stated that as per GTEG, no tax shall be levied and collected from a dealer who brings or causes to be brought into local area any goods, in respect of which tax has been paid or has become payable. The fact, however, remains that the issue involved is non payment of Entry Tax in time which attracted penalty and not just refund of entry tax on the sale of machinery.

4.5 Irregular allowance of exemption

Incorrect classification of a trader as manufacturer resulted in irregular allowance of exemption of Rs 53.84 lakh.

The goods manufactured by Small Scale Industrial (SSI) units were exempted from sales tax for 15 years from the date of first sale within the State of Goa of the goods manufactured with the implementation of Value Added Tax (VAT) from 1 April 2005. Government of Goa introduced Goa Value Added Tax Deferment-cum-Net Present Value Compulsory Payment scheme, 2005. The benefit of this scheme was available for balance unexpired exemption period from 1 April 2005. Under this scheme eligible SSI units were given two options. First option was to charge applicable rate of tax on sale of manufactured goods under Goa VAT Act and Central Sales Tax Act (CST) and pay to Government 25 *per cent* of the tax payable and retain balance amount of 75 *per cent*. Second option was to exercise option only for local tax under Goa VAT Act and continue to claim exemption from central sales tax under CST Act, 1956. To avail benefits under the scheme, the SSI unit has to be registered with the Directorate of Industries, Government of Goa.

Scrutiny of assessment files (November 2008) for the years 2005-06 and 2006-07 of Mahalaxmi Industries, Vasco revealed that the dealer was not a manufacturer but merely a trader of marble tiles. The marble tiles were purchased from other States and sold in Goa as it is or with minor resizing by cutting in some cases. Thus the dealer's activity cannot be categorized as "manufacture". Further in the instant case the dealer was given SSI status by the Directorate of Industries for manufacture of aluminum grills, repair of equipments and cutting and polishing of natural stones, whereas the dealer was engaged in trading of marble tiles. Since the exemption and benefits were available only to the manufacturer for items as given in SSI certificate, the exemptions claimed by the dealer under Goa Sales Tax Act amounting to Rs 27.25 lakh for the years 2003-04 and 2004-05 and benefits availed under value added tax deferment scheme amounting to Rs 26.59 lakh for the years 2005-06 and 2006-07, as a SSI manufacturer, were irregular.

The Department (May 2009) stated that the definition of manufacture in Goa Sales Tax Act, 1964 allows processing as manufacture. The fact, however, remains that the conversion of marble blocks into marble slabs/tiles is not manufacture as no new product emerges and the SSI certificate did not cover this activity.

REVENUE DEPARTMENT

4.6 Non-levy of conversion fees

Failure of the Department to notify the coastal villages under Goa Land Revenue Code resulted in short levy of conversion fees.

As per section 32(6) of Goa Land Revenue Code (Code) when the land is permitted to be used for a non-agricultural purpose a fee at the prescribed rate is to be recovered from the holder of the land, such fee for any construction in coastal villages falling within 500 meters from High Tide Line (HTL) is Rs 50 per sq.mtr. and beyond 500 meters from HTL it is Rs 25 per sq. mtr. As notified (March 2001) under Goa Sales Tax Act, 1964, villages including Arpora, Assagao, Benaulim, Betalbatim, Colva, Majorda, Varca, and Velim were declared as coastal villages. However no villages were declared as coastal villages under the Land Revenue Code.

Scrutiny of the records (June and July 2008) at Sub-Division offices at Mapusa and Margao revealed that the Department was levying conversion fees @ Rs 25 in respect of four coastal villages[♣] only and in remaining coastal villages the fees were recovered at the rate of Rs 10 per sq. mtr.

The inaction on the part of the Revenue Department to notify the coastal villages has resulted in short levy of the conversion fee of Rs 4.09 lakh during

[♣] Anjuna, Calangute, Candolim and Reis Magos.

2003-04 to 2007-08. While the Goa Sales Tax Act has plugged the lacunae, there has been a lapse by the revenue department to notify the coastal villages.

The Department stated that as per the Code the conversion fee leviable in respect of personal housing was Rs 10 per sq. mtr. and no villages were notified as coastal. The fact, however, remains that the failure of the Department to notify the coastal villages, in spite of enabling provision, continued in short levy of government revenue.

The matter was reported to the Government (April 2009). Their reply is awaited (September 2009).

CHAPTER-V

Government Commercial and Trading Activities

5.1 Overview of State Public Sector Undertakings

Introduction

5.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Goa, the State PSUs occupy a moderate place in the state economy. The State PSUs registered a turnover of Rs.459.33 crore for 2008-09 as *per* their latest finalised accounts as of July 2009. This turnover was equal to 2.42 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Goa State PSUs are concentrated in Infrastructure development sector. The State PSUs earned a profit of Rs.92.98 crore in the aggregate for 2008-09 as *per* their latest finalized accounts. They had employed 3,324 employees[♣] as of 31 March 2009. The State PSUs do not include two prominent Departmental Undertakings (DUs) which carry out commercial operations but are a part of Government departments. Audit findings of these DUs have also been incorporated in this Chapter.

5.1.2 As on 31 March 2009, there were 17 PSUs as *per* the details given below. None of the companies included in these PSUs was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs[Ψ]	Total
Government Companies	15	NIL	15
Statutory Corporations	2	NIL	2
Total	**17**	**NIL**	**17**

5.1.3 During the year 2008-09, no PSUs were established or closed down.

Audit Mandate

5.1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act. However, the State had no 619-B Company.

[♣] As per the details provided by 17 PSUs.

[Ψ] Non-working PSUs are those which have ceased to carry on their operations.

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

5.1.6 Audit of statutory corporations is governed by their respective legislations. CAG is the sole auditor for both the statutory corporations viz. Goa Industrial Development Corporation and Goa Information Technology Development Corporation.

Investment in State PSUs

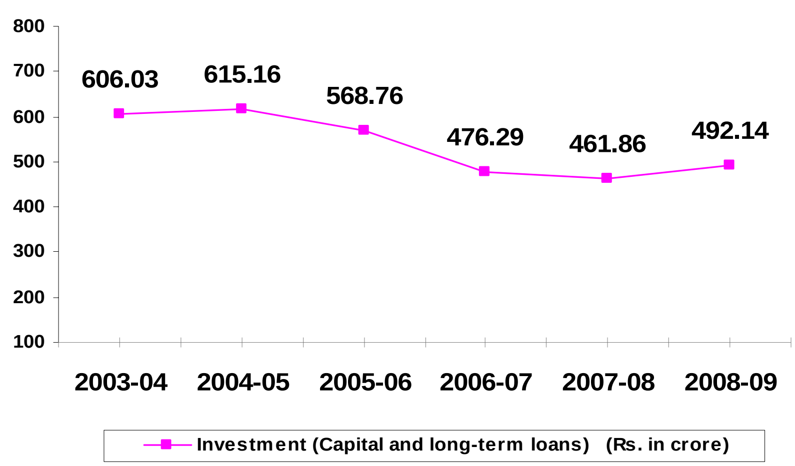
5.1.7 As on 31 March 2009, the investment (capital and long-term loans) in 17 PSUs was Rs.492.14 crore as *per* details given below.

(Amount Rs. in crore)

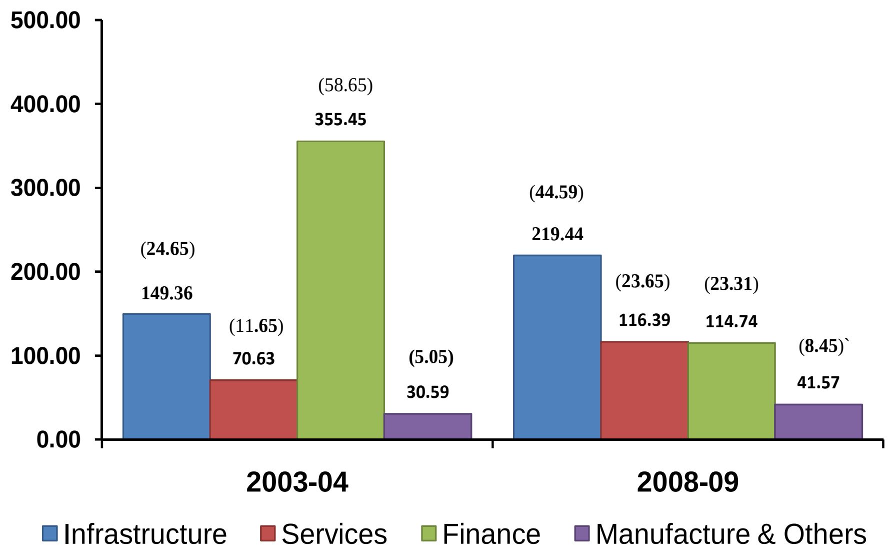
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	239.14	224.73	463.87	28.27	NIL	28.27	492.14
Non-working PSUs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total	**239.14**	**224.73**	**463.87**	**28.27**	**NIL**	**28.27**	**492.14**

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

5.1.8 As on 31 March 2009, the 100 *per cent* investment was in State working PSUs. This total investment consisted of 54.34 *per cent* towards capital and 45.66 *per cent* in long-term loans. The investment has dropped by 18.79 *per cent* from Rs.606.03 crore in 2003-04 to Rs.492.14 crore in 2008-09 as shown in the graph below, mainly due to repayment of loans of Rs.295.33 crore during the period by one PSU (viz. EDC Limited).



5.1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart. The major investment by State Government shifted from Finance Sector to Infrastructure Sector. The investment in Infrastructure grew by 46.92 *per cent* in 2008-09 compared to 2003-04 whereas the investment in Finance sector declined by 67.72 *per cent*.



(Investment:Rs. in Crore and Figures in brackets show the percentage of total investment)

Budgetary outgo, grants/subsidies, guarantees and loans

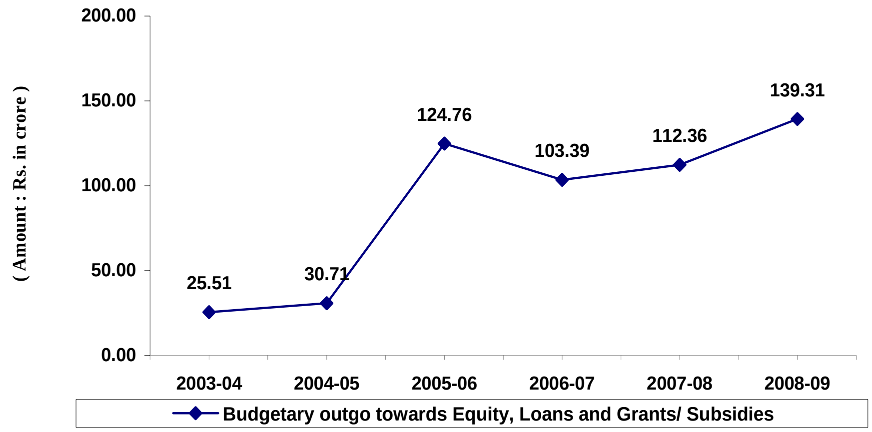
5.1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued in respect of State PSUs are given in ***Appendix 5.3***. The summarised details are given below for three years ended 2008-09.

(Amount Rs. in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	6	28.23	7	26.04	3	4.45
2.	Loans given from budget	1	1.00	-	NIL	2	6.55
3.	Grants/Subsidy received	5	74.16	5	86.32	6	128.31
4.	Total Outgo (1+2+3)[‡]	9	103.39	10	112.36	9	139.31
5.	Guarantee Commitment	3	286.91	3	87.35	4	86.60

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

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



The rising trend of budgetary outgo of the State Government towards Equity contribution, Loans, Grants and Subsidies can be seen up to 2005-06 when the budgetary outgo increased to Rs.124.76 crore as compared to 2003-04 (Rs.25.51 crore) and 2004-05 (Rs.30.71 crore). After marginal decrease of Rs.21.37 crore in 2006-07, the budgetary outgo again showed increasing trend and stood at Rs.139.31 crore during 2008-09.

5.1.12 The guarantee commitment by the State Government against the borrowings of State PSUs was showing a declining trend. Guarantees for Rs.286.91 crore were outstanding as at the end of 2006-07 which came down to Rs.86.60 crore at the end of 2008-09. The State Government is usually levying a one time guarantee fee of 0.5 *per cent* of the amount guaranteed. This, however, was not levied in some cases.

Reconciliation with Finance Accounts

5.1.13 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 2009 is stated below.

(Rs. in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	188.99	210.62	21.63
Loans	*	8.88	*
Guarantees	134.61	86.60	48.01

* State Government's loan to State PSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different PSUs. Hence, PSU wise figures of State Government loans are not available in the Finance Accounts.

5.1.14 Audit observed that the differences occurred in respect of 11 PSUs and some of the differences were pending reconciliation since 1998-99. Though the Director of Accounts, Government of Goa as well as the PSUs concerned were apprised by Audit about the differences stressing upon the need for reconciliation, no significant progress was noticed. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

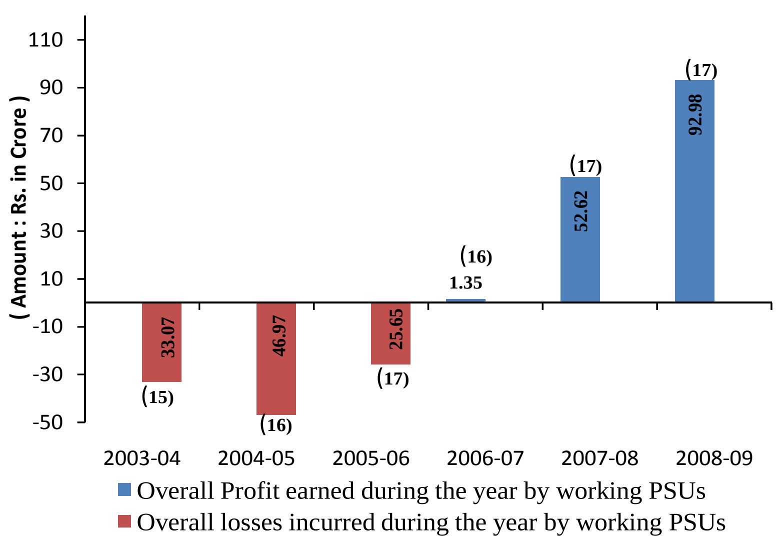
5.1.15 The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in ***Appendix 5.2, 5.5*** and ***5.6*** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs turnover and State GDP for the period 2003-04 to 2008-09.

(Rs. in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover§	156.71	210.20	303.74	221.11	350.86	459.33*
State GDP	9301	11482	13354	15023	16901	19014
Percentage of Turnover to State GDP	1.68	1.83	2.27	1.47	2.08	2.42

It can be seen from the above that the extent of PSU activities in the State economy is showing a rising trend.

5.1.16 Profit (losses) earned (incurred) by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.



(Figures in brackets show the number of working PSUs in respective years)

§ Turnover as per the latest finalized accounts as of 30 September.
* Turnover for 2008-09 as per latest finalized accounts as of 31 July 2009.

During the year 2008-09, out of 17 working PSUs, five working PSUs earned a profit of Rs.109.71 crore and 10 PSUs incurred loss of Rs.16.73 crore. One working PSU did not prepare the profit and loss account while the other one working PSU had not finalised its first accounts. The major contributors to profit were EDC Limited (Rs.83.65 crore) and Goa Industrial Development Corporation (Rs.23.34 crore). The heavy losses were incurred by Kadamba Transport Corporation Limited (Rs.12.71 crore) and Goa Antibiotics Private Limited (Rs.1.70 crore).

5.1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs.225.91 crore and infructuous investment of Rs.0.28 crore which were controllable with better management. Year wise details from Audit Reports are stated below.

(Rs. in crore)

Particulars	2006-07	2007-08	2008-09	Total
Net Profit	1.35	52.62	92.98	146.95
Controllable losses as per CAG's Audit Report*	27.14	158.52	40.25	225.91
Infructuous Investment	0.28	Nil	Nil	0.28

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

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

(Rs. in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)**	4.83	1.17	3.74	8.49	15.23	21.64
Debt	448.67	442.66	374.30	256.01	216.54	224.73
Turnover	156.71	210.20	307.74	221.11	350.86	459.33
Debt/Turnover Ratio	2.86:1	2.11:1	1.22:1	1.16:1	0.62:1	0.49:1
Interest Payments	57.28	49.84	40.96	34.15	27.63	27.67
Accumulated Profits (losses)	(145.06)	(189.11)	(222.65)	(222.53)	(171.70)	(82.46)

(All PSUs are working PSUs – Figures pertain to all PSUs).

5.1.20 The percentage of return on Capital Employed showed a rising trend from 1.17 *per cent* in 2004-05 to 21.64 *per cent* in 2008-09. The total debt position also showed improvement as total debts declined from Rs.448.67 crore in 2003-04 to Rs.224.73 crore in 2008-09. The outgo of PSUs towards

* Excluding the controllable losses relating to Departmental Undertakings (DUs) pointed out in CAG's Audit Reports for 2006-07 to 2008-09.

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

payment of Interest has also showed declining trend upto 2007-08, which stood at Rs.27.67 crore as on 31 March 2009 with marginal increase during 2008-09. The turnover position also showed an improving trend except for 2006-07 and thus the debt-turnover ratio improved from 2.86:1 in 2003-04 to 0.49:1 in 2008-09. The shortfall in turnover during 2006-07 was mainly due to low turnover achieved by one PSU (viz. Goa State Infrastructure Development Corporation Limited) during 2006-07 (Rs.62.37 crore) as compared to 2005-06 (Rs.133.76 crore). The position of accumulated losses has improved gradually after 2005-06.

5.1.21 The State Government had not formulated any dividend policy for payment of any minimum return by PSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, five PSUs earned an aggregate profit of Rs.109.71 crore and three PSUs declared a dividend of Rs.82.94 lakh.

Performance of major PSUs

5.1.22 The investment in working PSUs and their turnover together aggregated to Rs.951.47 crore during 2008-09. Out of 17 working PSUs, the following four PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These four PSUs together accounted for 77.69 *per cent* of aggregate investment *plus* turnover.

(Rs. in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover
(1)	**(2)**	**(3)**	**(4)**	**(5)**
EDC Limited	95.92	108.10	204.02	21.44
Goa State Infrastructure Development Corporation Limited	169.53	169.17	338.70	35.60
Kadamba Transport Corporation Limited	74.67	57.28	131.95	13.87
Goa Industrial Development Corporation	28.02	36.46	64.48	6.78
Total	**368.14**	**371.01**	**739.15**	**77.69**

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

5.1.23 ***EDC Limited***

- Defective appraisal of credit worthiness, inadequacy of securities and indiscrete extension granted to a loanee resulted in non recovery of Rs.6.98 crore. (paragraph no. 7.2.2 of Audit Report 2003-04)
- Disbursal of loans to two units owned by the same promoters, absence of post sanction monitoring and inordinate delay in taking over the

units/assets resulted in non-recovery of Rs.5.04 crore. (paragraph no. 7.4 of Audit Report 2004-05)

- Disbursal of loans to two software development companies set up by the same group of promoters, without ensuring viability of the projects, and acceptance of software as security resulted in loss of principal and interest amounting to Rs.10.27 crore. (paragraph no. 7.5 of Audit Report 2006-07)
- Release of loan without fulfillment of conditions and subsequent irregular sanction of further loans resulted in non-recovery of Rs.8.60 crore for over eight years and loss of interest of Rs.10.12 crore. (paragraph no. 7.6 of Audit Report 2006-07).

5.1.24 G*oa State Infrastructure Development Corporation Limited*

- Agreement for development and implementation of projects with private participation without adequate feasibility studies resulted in unproductive expenditure of Rs.66.41 lakh. (paragraph no. 7.2.3 of Audit Report 2003-04)
- The Company incurred extra expenditure of Rs.3.11 crore due to change in design of the multiplex and to match the concept of the lead consultant. The road works were awarded at 19.9 *per cent* above estimates which was much higher than the rates for similar works executed by the State Public Works Department. The Company also approved 19.9 *per cent* tender excess for some items which were estimated at market rates resulting in avoidable extra cost of Rs.1.34 crore. (paragraphs no. 7.2.7 & 7.2.16 of Audit Report 2004-05)
- Consultant's fee of Rs.1.67 crore for restoration and facility upgradation of existing Kala Academy without any structural/design change was not justified. The Company also incurred wasteful expenditure of Rs.58.65 lakh towards consultancy fee for projects which did not take off. (paragraphs no. 7.2.26 & 7.2.28 of Audit Report 2004-05)
- Payment of interest free mobilization advance to the contractors of 13 works awarded during 2002-05 resulted in loss of Rs.85.51 lakh towards interest. (paragraph no. 7.3.6 of Audit Report 2007-08)
- Procurement of Sewage Treatment Plant through Contractors instead of direct procurement from the supplier, resulted in extra expenditure of Rs.1.17 crore. (paragraph no. 7.4 of Audit Report 2007-08)

5.1.25 *Kadamba Transport Corporation Limited*

- The mileage obtained from tyres was very low compared to the All India Average during the period 2001-06 resulting in excess consumption/expenditure of Rs.33.90 lakh on tyres. Due to over-aged fleet, the maintenance and repair expenditure increased from Rs.1.51 crore to Rs.2.28 crore during the period. Further, delays in repairs and maintenance of buses at workshops/depots resulted in loss of contribution of Rs.57.93 lakh during the period. (paragraphs no. 7.2.15 to 7.2.18 of Audit Report 2005-06)

5.1.26 *Goa Industrial Development Corporation*

- The Corporation deviated from its mandated role of acquiring and allotting land for industrial units, by acquiring and allotting land to developer companies for development and further allotment by them. (paragraphs no. 7.2.9 & 7.2.13 of Audit Report 2007-08)
- Allotment of plots at tentative rates at Verna Phase IV resulted in loss of Rs.36.89 crore. (paragraph no. 7.2.14 of Audit Report 2007-08)
- The Corporation executed lease deeds with four SEZ allottees for more area than approved by the Board which was rectified by allotting the area at lesser rates resulting in loss of Rs.39.47 crore. (paragraph no. 7.2.15 of Audit Report 2007-08)
- The Corporation extended undue favour to 41 allottees by allotting land at lesser rates resulting in loss of Rs.26.28 crore. (paragraphs no. 7.2.16 to 7.2.20 of Audit Report 2007-08)
- The Corporation has not adopted a policy to periodically revise the lease premium rate for plots. Delay in implementation of its own decision to revise premium rates resulted in loss of Rs.7.07 crore. (paragraphs no. 7.2.27 & 7.2.28 of Audit Report 2007-08)

5.1.27 The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. The State Government should introduce a performance based system of accountability for PSUs.

Arrears in finalisation of accounts

5.1.28 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by July 2009.

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of Working PSUs	16	17	16	17	17
2.	Number of accounts finalised during the year	8	21	15	14	16
3.	Number of accounts in arrears	26	21	24	28	16
4.	Average arrears *per* PSU (3/1)	1.63	1.24	1.50	1.65	0.94
5.	Number of Working PSUs with arrears in accounts	16	14	14	14	5
6.	Extent of arrears	1 to 5 years	1 to 5 years	1 to 6 years	1 to 7 years	2 to 6 years

5.1.29 It can be seen from the above that the quantum of arrears in accounts was on the rise during previous two years (viz. 2006-07 and 2007-08) and the average stood at more than one account per PSU during previous four years upto 2007-08. During 2008-09, slight improvement has been noticed in average arrears of PSUs accounts.

5.1.30 The State Government had invested Rs.4.08 crore (Equity: Rs.3.62 crore, loans: Rs.0.42 crore and grants: Rs.0.04 crore) in four PSUs during the years for which accounts have not been finalized, as detailed in ***Appendix 5.4***. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

5.1.31 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by the Audit, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also addressed in the Accountant General's meeting held in September 2009 with the Chief Secretary of the State emphasising upon the need for expediting the backlog of arrears of accounts in a time bound manner.

5.1.32 In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Accounts Comments and Internal Audit

5.1.33 Fourteen working companies forwarded their audited 14 accounts to AG during the year 2008-09. Of these, 12 accounts of 12 companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount Rs. in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	2	3.89	2	0.32
2.	Increase in loss	5	0.63	4	0.39	5	5.10
3.	Non-disclosure of material facts	4	46.10	7	41.18	6	61.85
4.	Errors of classification	6	155.18	3	21.30	3	24.79

5.1.34 During the year, the statutory auditors had given unqualified certificates for four accounts, qualified certificates for 10 accounts. None of the PSUs were given adverse comments or disclaimer certificates for their accounts by CAG or statutory auditors. The compliance of companies with the Accounting Standards remained poor as there were 14 instances of non-compliance in six accounts during the year.

5.1.35 Some of the important comments in respect of accounts of companies are stated below.

Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (2007-08)

- The details of 'shares issued for consideration other than cash' was not disclosed as required in schedule VI, part I of the companies act, 1956.
- Audit Committee as required under section 292 A of the Companies Act, 1956 was not constituted, though the paid up capital was Rs.7.50 crore.

Goa Tourism Development Corporation Limited (2007-08)

- Cash in bank included Rs.0.69 lakh representing value of three cheques bounced but not adjusted resulting in understatement of debtors and corresponding overstatement of 'cash at bank'.
- Non-provision of liability towards service tax and interest resulted in understatement of loss for the year by Rs.18.25 lakh.
- The Authorised Share Capital was enhanced from Rs.20.50 crore to Rs.21.50 crore in the 25th Adjourned Annual General Meeting held on 31.03.2008 and hence, exhibition of authorised share capital as Rs.20.50 crore was factually wrong.

Kadamba Transport Corporation Limited (2007-08)

- The Company's liability for payment of Gratuity to its employees is funded through the scheme administered by Life Insurance Corporation of India. Provision was made in the accounts for Rs.12.25 crore only as against the required provision of Rs.16.01 crore resulting in understatement of provision for gratuity expenditure as well as loss for the year by Rs.3.76 crore.
- Non provision for bad and doubtful debts resulted in understatement of loss by Rs.82.96 lakh.

Goa Antibiotics and Pharmaceuticals Limited (2007-08)

- Confirmation of the balance receivable was not available nor the financial ability of the debtor was known for the dues of Rs.8.50 crore.

5.1.36 Similarly, one working statutory corporation forwarded its two accounts to AG during the year 2008-09 and these were subjected to sole audit by CAG. The Audit Reports of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of CAG are given below.

(Amount Rs. in crore)

No.	Particulars	2006-07		2007-08*		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	NIL	NIL	NIL	NIL	2	1.21
2.	Increase in loss	2	0.78	NIL	NIL	NIL	NIL
3.	Non-disclosure of material facts	2	4.16	NIL	NIL	2	4.06
4.	Errors of classification	2	11.47	NIL	NIL	2	437.36

It can be seen from the above that the average impact of comments causing 'decrease in profits' increased from 'nil' (2006-07) to Rs.0.61 crore (2008-09) per account. Average money value of the classification errors also increased from Rs.5.74 crore (2006-07) to Rs.218.68 crore (2008-09) *per* audited account.

5.1.37 During the year, both the accounts of the statutory corporation received qualified certificates from Comptroller and Auditor General of India.

5.1.38 Some of the important comments in respect of accounts of Statutory Corporation are stated below.

Goa Industrial Development Corporation (2005-06)

- The Corporation has not accounted for Rs.9.79 crore being the unutilised portion of grants (received from the Government of Goa for implementation of various centrally aided schemes for development of industrial infrastructure for which the Corporation was the nodal agency) as on 31 March 2006 in the accounts and the accounts of the Scheme have been kept separately. This resulted in understatement of Sundry Creditors as well as Cash at Bank by Rs.9.79 crore.
- Liabilities included Rs.137.55 crore being premium amount received/receivable from allottees of land. In the absence of specific conditions in the allotment order/lease agreement for refund of premium collected, accounting the same under liability lacked justification.
- Income and Expenditure Account included Rs.2.83 crore being lease rent collected in the year as well as lease rent receivable for the current year.

* No Separate Audit Report was issued by CAG during 2007-08 on the accounts of statutory corporations.

However, lease rent pending receipt for the previous years was not included and lease rent received in advance was not excluded. Details of such amount were also not available with the Corporation.

Goa Industrial Development Corporation (2006-07)

- Cash at Bank was understated by Rs.30.19 lakh, as 'stale cheques' (cheques issued but not cashed) as on 31 March 2007 have not been written back.
- Accounting of the amount paid to LIC towards Group Gratuity Scheme as 'Investments' instead of as expenditure resulted in overstatement of investments, understatement of expenditure and overstatement of surplus for the year by Rs.45.25 lakh.

5.1.39 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 14 companies[£] for the year 2007-08 and 11 companies[µ] for the year 2008-09 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	2007-08		2008-09	
		Number of companies where recommendations were made	Reference to serial number of the companies as *per Appendix 5.2*	Number of companies where recommendations were made	Reference to serial number of the companies as *per Appendix 5.2*
1.	Auditors Report & Comments/Draft paras/Mini Reviews not discussed in Audit Committee	2	A-4, 15	4	A-4, 11, 12, 15
2.	No system of making a business plan/ short/long term plan	6	A-1, 8, 9, 11,13,14	8	A-1, 2, 4, 6, 11, 13, 14, 15
3.	Non prescribing of Maximum/Minimum level of stock	6	A-1, 2, 3,10, 11, 12	4	A-1, 2, 13, 15
4.	No ABC analysis adopted to control the inventory.	5	A-1, 2, 3, 11,12	2	A-1, 11
5.	Inadequate scope of Internal Audit	3	A-5, 6, 13	4	A-1, 6, 9, 13
6.	Absence of proper maintenance of Fixed Asset Register	2	A-4, 15	4	A-4, 6, 9, 15

[£] Sr. No. 1 to 15 (except sl. no.7) in ***Appendix*** **–** 5.2

[µ] Sr. No. 1 to 15 (except sl. no. 3, 5, 7 and 8) in ***Appendix*** **–** 5.2.

Recoveries at the instance of audit

5.1.40 During the course of audit in 2008-09, recoveries of Rs.1.91 crore were pointed out to the Divisional Officers of Goa Electricity Department, which were admitted by the Department. An amount of Rs.0.36 crore was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

5.1.41 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Goa Industrial Development Corporation	2005-06	2006-07	02-02-2009	Delay in printing the Report

Disinvestment, Privatisation and Restructuring of PSUs

5.1.42 During the year 2008-09 no exercise was undertaken by the Government of Goa for the Disinvestment, Privatisation and Restructuring of PSUs.

Reforms in Power Sector

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

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

Sl. No.	Milestone	Achievement as of March 2009
1.	Government of Goa will Corporatise its electricity Department by 31 March 2002	Studies were carried out and final report obtained. Decision awaited from Government.
2.	Government of Goa will set up SERC by 31 December 2001 and file tariff petitions.	Has joined Joint Electricity Regulatory Commission (JERC) set up.

3.	The State Government would provide full support to the SERC to enable it to discharge its statutory responsibilities. The tariff orders issued by SERC will be implemented fully unless stayed or set aside by a court order.	Full support being provided
4.	Government of Goa will ensure timely payment of subsidies required in pursuance of State Government's orders on the tariff determined by the SERC.	Not applicable as yet.
5.	Government of Goa will undertake Energy audit and Energy Accounting at all levels to promote accountability and reduce transmission and distribution losses and bring them to the level of 18 *per cent* and achieve break even in current distribution operations in two years and positive returns thereafter. This will be achieved by taking following measures:	Losses reduced to below 18 *per cent*. The Department is achieving substantial operating surplus.
	- Install meters on all 11 KV feeders by 31 December 2001.	Achieved
	- 100 *per cent* metering of all consumers by 31 December 2001.	Achieved
	- Computerised billing at towns by December, 2002.	In process in some towns and balance under implementation.
	- Development of distribution Management Information System.	Will be implemented under Re-structured APDRP during XI Plan.
6.	Goa would achieve 100% electrification of villages by 2002.	Achieved.
7.	Government of Goa will securitise outstanding dues of CPSUs as per scheme approved by Government of India. After the securitisation Government of Goa will ensure that CPSU outstanding does not cross the limit of two months billing.	Achieved
8.	Goa will maintain grid discipline, comply with grid code and carry out the directions of Regional Load Despatch Centre	Maintains Grid discipline

9.	Goa will constitute district level committees to undertake resource planning, monitoring of distribution reforms and rural electrification	DRC was constituted.
10.	Government of Goa will follow the guidelines on captive power policy as issued by Government of India on 11 July 2001.	Following Ministry guidelines.

Discussion of Audit Reports by COPU

5.1.45 The status as on 31 July 2009 of reviews and paragraphs that appeared in Audit Reports (Commercial) and discussed by the Committee on Public Undertakings (COPU) is as under.

Period of Audit Report	**Number of reviews/ paragraphs**			
	Appeared in Audit Report		**Paras discussed**	
	Reviews	**Paragraphs**	**Reviews**	**Paragraphs**
2003-04	-	4	NIL	NIL
2004-05	2	2	NIL	NIL
2005-06	1	7	NIL	NIL
2006-07	1	8	NIL	NIL
2007-08	1	10	NIL	NIL
Total	**5**	**31**	**NIL**	**NIL**

5.1.46 The matter relating to clearance of backlog of discussion of reviews/paragraphs was taken up by Accountant General demi-officially (December 2008) with the Chairperson of COPU requesting to clear the backlog in discussion of Audit Reports.

Departmentally managed Government commercial/quasi commercial undertakings

5.1.47 There were two departmentally managed Government commercial/ quasi commercial undertakings *viz*., the Electricity Department and the River Navigation Department in the State as on 31 March 2009.

The *pro forma* accounts of the River Navigation Department were in arrears for the years from 2004-05 to 2007-08 and that of the Electricity Department for the year 2006-07 and 2007-08 (July 2009).

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

SECTION A – PERFORMANCE REVIEW

5.2 KADAMBA TRANSPORT CORPORATION LIMITED

Executive summary

The Kadamba Transport Corporation Limited (Company) provides public transport in the State through its four depots. The Company had fleet strength of 390 buses as on 31 March 2009 and carried an average of 0.77 lakh passengers per day. It accounted for a share of five per cent in public transport with rest coming from private operators. The performance audit of the Company for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Company suffered a loss of Rs.17.75 crore in 2008-09. Its accumulated losses and borrowings stood at Rs.105.72 crore and Rs.42.78 crore as at 31 March 2009, respectively. The Company earned Rs.21.70 per kilometre and expended Rs.27.95 per kilometre in 2008-09. Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase revenue and reduce costs, so as to earn profit and serve its cause better.

Declining Share

Of 7615 buses licensed for public transport as on 31 March 2009, the percentage share of the Company declined from 8.22 per cent in 2004-05 to 5.12 per cent in 2008-09. The decline in share was mainly due to its operational inefficiency (leading to non-availability of adequate funds to replace/add new buses).

Vehicle profile and utilisation

Company's fleet of 390 buses consisted of 42 per cent overage buses i.e., more than eight years old due to non replacement of overage buses in time for want of sufficient funds. Company's fleet utilisation at 77.89 per cent in 2008-09 was below All India Average (AIA) of 92 per cent. The Company could not achieve even its own targets of vehicle productivity and load factor though the same were fixed after taking into consideration the local factors and constraints. 78 per cent of its routes were unprofitable due to high cost of operations and non-reimbursement of cost of free/concessional passes/social obligatory trips by the Government.

Economy in operations

Manpower and fuel constitute 76.73 per cent of total cost. Interest, depreciation and taxes account for 11 per cent and are not controllable in the short term. Thus, the expenditure control has to come from manpower and fuel. The expenditure on repairs and maintenance was Rs.9.29 crore (Rs.2.38 lakh per bus) in 2008-09, of which approximately 60 per cent was on manpower. The Company did not attain AIA for consumption of fuel resulting in excess consumption of fuel valued at Rs.9.71 crore.

Revenue Maximisation

The Company incurred a loss of Rs.17.88 crore during 2004-09 due to non-reimbursement of free/concessional passes and cost of operations of obligatory trips, by the Government. Further, the Company has about 1.56 lakh Square metres of land at prime localities. As it mainly utilises ground floor/ land for its operations, the space above can be developed on public private partnership basis to earn steady income which can be used to cross-subsidise its operations. The Company has not framed any policy in this regard.

Need for a regulator

The Company has not formed norms for providing services on uneconomical *schedules. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.*

Inadequate monitoring

The fixation of targets for various operational parameters and an effective Management Information System (MIS) for obtaining feed back on achievement thereof are essential for monitoring by the top management. The shortfall in operations is required to be deliberated upon in the Board of Directors with suitable remedial actions to be taken by the depots. However, the Company lacked in these aspects and could not control the cost and increase the revenue.

Conclusion and Recommendations

Though the Company is incurring losses, it is mainly due to its high cost of operations and not due to low fare structure. The Company can control the losses by increasing operational efficiency and also tapping non-conventional sources of revenue. This review contains five recommendations to improve the Corporation's performance. Finalising routes in view of number of buses held, creating a regulator to regulate fares and services and tapping non-conventional sources of revenue by undertaking PPP projects are some of these recommendations.

Introduction

5.2.1 In Goa, the public road transport is provided by Kadamba Transport Corporation Limited (Company), which is mandated to provide an efficient, adequate, economical and properly co-ordinated road transport. The State also allows private operators to provide public transport. The State has reserved certain routes exclusively for the Company while allowed both Company and private operators to operate on some other routes. There are also some routes where only private operators provide the services exclusively. The fare structure is controlled and decided by the Government. This structure is same for both the Company as well as the private operators

The Company was incorporated under the Companies Act, 1956 on 15 October 1980 as a wholly owned Company of the Government of erstwhile Union Territory of Goa, Daman and Diu. On formation of the State of Goa, the Company became a State Government Company in 1987. The Company is under the administrative control of the Transport Department of the Government of Goa. The Management of the Company is vested with a Board of Directors comprising Chairman, Managing Director and 10 other Directors appointed by the Government of Goa. The day-to-day operations are carried out by the Managing Director, who is the Chief Executive of the Company, with the assistance of Deputy General Managers and Depot Managers. The Company has four[♣] Depots and one Central Workshop. The bus body building and tyre retreading operations are carried out through external agencies.

The Company had a fleet strength of 390 buses as on 31 March 2009. The Company carried an average of 0.77 lakh passengers *per* day during 2004-05 to 2008-09. The Company's share in the passenger transport operations in the State was five *per cent* only and the remaining 95 *per cent* was accounted for by private operators. The turnover of the Company was Rs.61.70 crore in 2008-09, which was equal to 0.32 *per cent* of the State Gross Domestic Product. The Company employed 1,907 employees as at 31 March 2009.

A review on the working of the Company was included in the Report of the Comptroller and Auditor General of India for the year 2005-06 (Civil), Government of Goa. The report has not been discussed by COPU till date (August 2009).

Scope of Audit and Audit Methodology

5.2.2 The present review conducted during February 2009 to May 2009 covers the performance of the Company during the period from 2004-05 to 2008-09. The review mainly deals with operational efficiency, financial management, fare policy, fulfillment of social obligations and monitoring by top management of the Company. The audit examination involved scrutiny of records at the Head Office, Central Workshop and all four depots.

[♣] Depots at Porvorim, Panaji, Margao and Vasco

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, Scrutiny of records at Head Office, Central Workshop and all four depots, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Management and issue of draft review to the Management for comments.

Audit Objectives

5.2.3 The objectives of the performance audit were to assess:

Operational Performance

- the extent to which the Company was able to keep pace with the growing demand for public transport;
- whether the Company succeeded in recovering the cost of operations;
- the extent to which the Company was running its operations efficiently;
- whether adequate maintenance was undertaken to keep the vehicles roadworthy; and
- the extent to which economy was ensured in cost of operations.

Financial Management

- whether the Company was able to raise claims and recover its dues efficiently; and
- the possibility of realigning the business model of the Company to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

Fare Policy and Fulfillment of Social Obligations

- the existence and adequacy of fare policy; and
- whether the Company operated adequately on uneconomical routes.

Monitoring by Top Management

- whether the monitoring by Company's top management was effective.

Audit Criteria

5.2.4 The audit criteria adopted for assessing the achievement of the audit objectives were:

- all India averages as well as best performance on various performance parameters;
- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;

- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms, etc.;
- instructions of the Government of India (GOI) and Government of State and other relevant rules and regulations; and
- procedures laid down by the Company.

Financial Position and Working Results

5.2.5 The financial position of the Company for the five years upto 2008-09 is given below.

(Rs. in crore)

PARTICULARS	2004-05	2005-06	2006-07	2007-08	2008-09*
A. Liabilities					
Paid up capital	25.91	28.91	36.59	42.59	45.59
Reserve & surplus (including capital grants but excluding depreciation reserve)	4.61	5.48	5.17	4.91	4.61
Borrowings (loan funds)	29.68	32.44	33.95	37.97	42.78
Current liabilities & provisions	20.56	24.27	25.89	28.53	38.77
Total	80.76	91.10	101.60	114.00	131.75
B. Assets					
Gross block	49.10	51.36	55.19	55.57	56.04
Less: depreciation	27.05	31.30	33.98	34.58	38.00
Net fixed assets	22.05	20.06	21.21	20.99	18.04
Capital works-in-progress (including cost of chassis)	0.05	0.81	0.56	0.00	1.71
Investments	1.35	0.21	0.28	0.40	0.41
Current assets, loans and advances	4.38	5.17	8.08	8.36	5.81
Accumulated losses	52.93	64.85	71.47	84.25	105.72
Total	80.76	91.10	101.60	114.00	131.75

***(Figures for 2008-09 are provisional)**

The details of working results like operating revenue and expenditure, total revenue and expenditure, net surplus/loss and earnings and cost *per* kilometre of operation are given below.

(Rs. in crore)

No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	49.07	56.10	61.58	57.28	61.70
2.	Operating Revenue[ϕ]	41.28	46.50	47.59	45.41	47.87
3.	Total Expenditure	55.16	62.95	67.35	69.98	79.45
4.	Operating Expenditure[ψ]	52.41	60.62	64.75	66.36	70.87
5.	Operating Profit/ Loss	(-)11.13	(-)14.12	(-)17.16	(-)20.95	(-)23.00
6.	Profit/ Loss for the year	(-)6.09	(-)6.85	(-)5.77	(-)12.70	(-)17.75
7.	Accumulated Profit/ Loss[♣]	(-)52.93	(-)64.85	(-)71.47	(-)84.25	(-)105.72
8.	Fixed Costs					
	(i) Personnel Costs	23.44	25.00	27.43	30.26	35.05
	(ii) Depreciation	4.23	3.44	3.07	3.46	3.74
	(iii) Interest	2.72	2.81	3.09	4.04	4.84
	(iv) Other Fixed Costs	0.92	0.98	1.01	1.22	2.13
	Total Fixed Costs	31.31	32.23	34.60	38.98	45.76
9.	Variable Costs					
	(i) Fuel & Lubricants	18.17	24.32	24.98	23.32	24.90
	(ii) Tyres & Tubes	1.42	1.83	2.11	1.89	2.21
	(iii) Other Items/ spares	1.57	1.55	1.83	2.29	2.40
	(iv) Taxes (MV Tax, Passenger Tax, etc.)	1.13	1.27	1.37	1.30	1.48
	(v) Other Variable Costs	1.56	1.75	2.46	2.20	2.70
	Total Variable Costs	23.85	30.72	32.75	31.00	33.69
10.	Effective KMs operated (in Lakh)	310.49	322.26	306.32	289.39	284.28
11.	Earnings *per* KM (Rs.) (1/10)	15.80	17.41	20.10	19.79	21.70
12.	Fixed Cost *per* KM (Rs.) (8/10)	10.08	10.00	11.30	13.47	16.10
13.	Variable Cost *per* KM (Rs.) (9/10)	7.68	9.53	10.69	10.71	11.85
14.	Cost *per* KM (Rs.) (3/10)	17.77	19.53	21.99	24.18	27.95
15.	Net Earnings *per* KM (Rs.) (11-14)	(-)1.97	(-)2.12	(-)1.89	(-)4.39	(-)6.25
16.	Traffic Revenue[§]	41.28	46.50	47.59	45.41	47.87
17.	Traffic Revenue *per* KM (Rs.) (16/10)	13.30	14.43	15.54	15.69	16.84

ϕ Operating revenue includes traffic earnings, passes and season tickets, re-imbursement against concessional passes, etc.

ψ Operating expenditure include expenses relating to traffic, depreciation on fleet, repair and maintenance, electricity, welfare and remuneration, licences and taxes and general administration expenses.

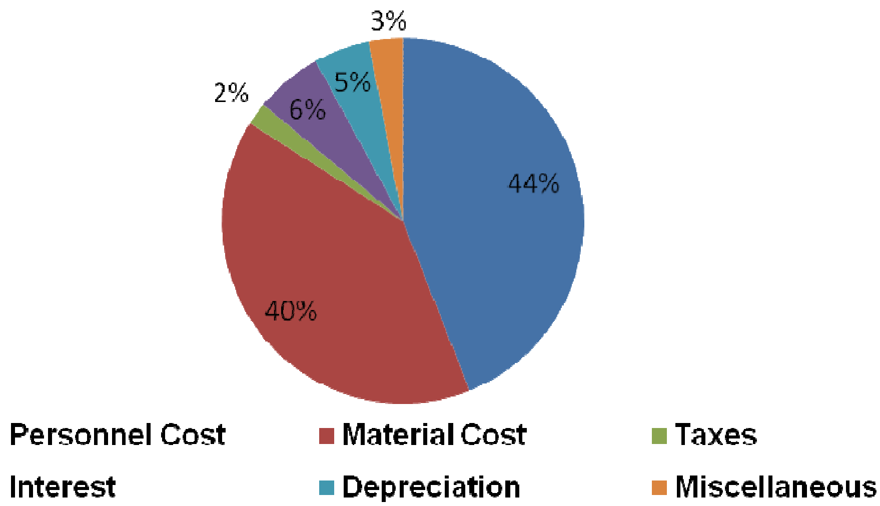
♣ Accumulated loss includes net prior period expenses accounted each year (2004-05 – Rs 2.96 crore, 2005-06 – Rs 5.07 crore, 2006-07 – Rs 0.85 crore, 2007-08 – Rs 0.08 crore and 2008-09 – Rs 3.72 crore)

§ Traffic revenue represents sale of tickets including revenue from passes/luggage/parcel, advance booking, reservation charges and contract services earnings.

Elements of Cost

Personnel cost and material cost constitute the major elements of cost. The percentage break-up of costs for 2008-09 is given below in the pie-chart.

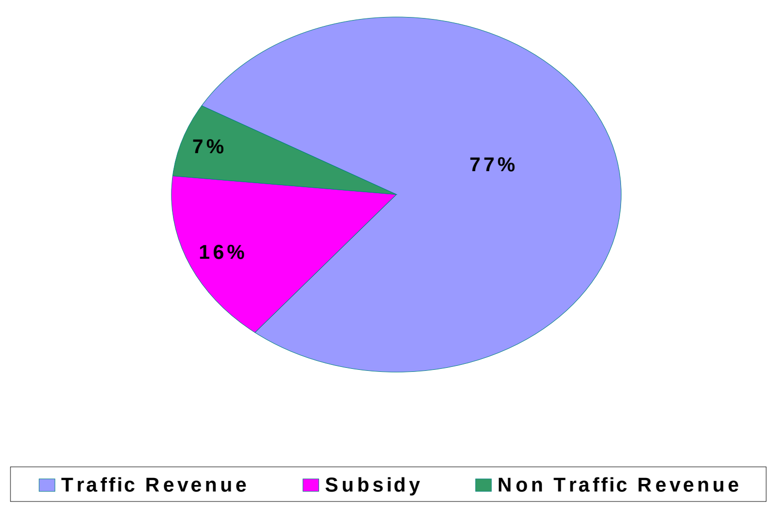
Components of various elements of cost



Elements of revenue

Traffic revenue, subsidy/grant and non-traffic revenue constitute the major elements of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart.

Components of various elements of revenue



Audit Findings

5.2.6 Audit explained the audit objectives to the Company during an 'entry conference' held on 11 February 2009. Subsequently, audit findings were reported (July 2009) to the Company and discussed in an 'exit conference' held on 17 June 2009, which was attended by Managing Director and Deputy General Manager (Traffic). The Company also replied to audit findings in August 2009. The views expressed by them have been considered while finalising this review. The audit findings are discussed below.

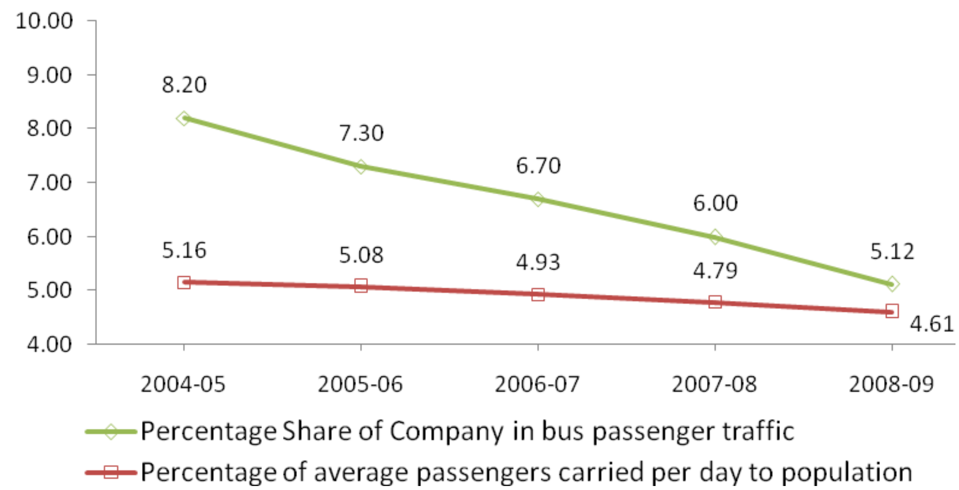
Operational Performance

5.2.7 The operational performance of the Company for the five years ending 2008-09 is given in ***Appendix 5.8***. The operational performance of the Company was evaluated on various operational parameters as described below. It was also seen whether the Company was able to maintain pace with the growing demand of public transport and recover the cost of operations. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

Share of Company in public transport

5.2.8 The State Government does not have a transport policy. However, an ideal transport policy may seek to achieve a balanced model mix of public transport and to discourage personalized transport. The focus will be on increasing mass transport options by providing adequate, accessible and affordable modes like buses, mini-buses, etc.

Line-graphs depicting the percentage share of the Company in the bus passenger traffic of the State and percentage of average passengers carried *per* day by the Company to the population of the State during five years ending 2008-09 are given below:



The table below depicts the growth of public transport in the state:

No.	Particular	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Company's buses	433	414	428	412	390
2.	Private stage carriages	4,834	5,275	5,948	6,495	7,225
3.	Total buses for public transport	5,267	5,689	6,376	6,907	7,615
4.	Percentage share of Corporation	8.22	7.28	6.71	5.97	5.12
5.	Percentage share of private operators	91.80	92.70	93.30	94.00	94.88
6.	Estimated population (lakh)	14.93	15.36	15.81	16.28	16.77
7.	Vehicle density *per* one lakh population	353	370	403	424	454

** Source: Data with Directorate of Transport Goa*

The Company, however, has not been able to keep pace with the growing demand for public transport as its share decreased from 8.22 *per cent* in 2004-05 to 5.12 *per cent* in 2008-09. There has been a continuous decline in the share of passenger traffic. Reasons for such trend were ***(i)*** inefficient planning of the number of schedules, ***(ii)*** cancellation of scheduled kilometers ***(iii)*** increase in the number of private bus operators and ***(iv)*** reduction in number of buses. These have been discussed in detail in the succeeding paragraphs.

The effective *per* capita KM operated *per* year is given below.

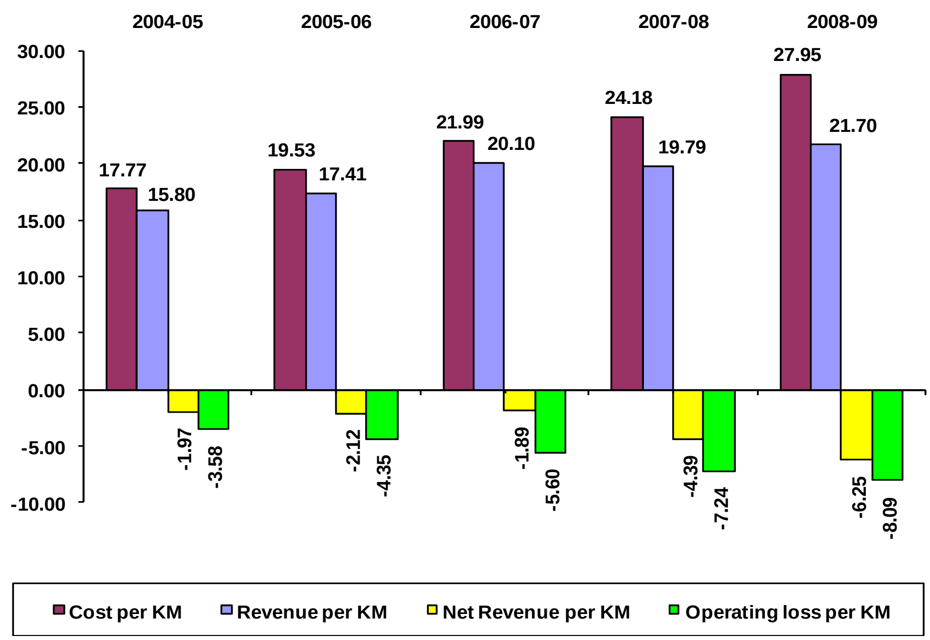
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective KM operated (lakh)	310.49	322.26	306.32	289.39	284.28
Estimated Population (lakh)	14.93	15.36	15.81	16.28	16.77
Per Capita KM *per* year	20.80	20.98	19.38	17.78	16.95

The above table shows the decline in service by the Company as while estimated population was on increase, effective kilometres operated decreased.

Thereby, the Company could not maintain its share. However, the public transport services available to people increased as the vehicle density increased from 353 in 2004-05 to 454 in 2008-09.

Recovery of cost of operations

5.2.9 The Company was not able to recover its cost of operations. During the last five years ending 2008-09, the net revenue showed a negative trend as given in the graph♣ below:



Above graph indicates the deteriorating performance of the Company over the period. The operating loss too has been increasing. The Company was not able to achieve the All India Averages for cost (Rs.19.94) during 2006-07 to 2008-09. The All India Average for revenue (Rs.18.22) *per* KM was achieved since 2006-07. The deteriorating performance has been impacting the ability of the Company to provide public transport services adequately as it is not able to replace its fleet on time or increase the fleet strength to meet growing demand.

Orissa, Uttar Pradesh and Karnataka registered best net earnings *per* KM at Rs. 0.49, Rs. 0.47 and Rs. 0.34 respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

♣ Cost *per* KM represents total expenditure divided by effective KM operated.
Revenue *per* KM is arrived at by dividing total revenue with effective KM operated.
Net Revenue *per* KM is revenue *per* KM reduced by cost *per* KM.
Operating loss *per* KM would be operating expenditure per KM reduced by operating income *per* KM.

The Management stated (August 2009) that the Company could not absorb the increase in cost of operation due to increase in personnel cost and fuel cost as it was not free to revise fare to match with increase in operational cost.

The Company however, had not resorted to effective cost control measures to balance the operating cost and revenue.

Efficiency and Economy in operations

Fleet strength and utilisation

Fleet Strength and its Age Profile

5.2.10 The Association of State Road Transport Undertaking (ASRTU) had prescribed (September 1997) the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. The table below shows the age-profile of the buses held by the Company for the period of five years ending 2008-09.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses at the beginning of the year	374	433	414	428	412
2	Additions during the year	82	4	45	25	10
3	Buses scrapped during the year	23	23	31	41	32
4	Buses held at the end of the year (1+2-3)	433	414	428	412	390
5	Of (4), No. of buses more than 8 years old	84	93	102	148	163
6	Percentage of overage buses to total buses (5/4)	19	22	24	36	42

The above table shows that the Company was not able to achieve the norm of right age buses. During 2004-09, the Company added 166 new buses at a cost of Rs.19.66 crore. The expenditure was entirely funded by the State Government. To achieve the norm of right age buses, the Company was required to buy 149 new buses additionally which would cost Rs.28.31* crore approximately. However, the Company did not generate adequate resources through its operations to finance the replacement of buses. It incurred loss of Rs.31.22 crore before charging of depreciation during 2004-09. Thus, the Company's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant.

The overage fleet requires high maintenance and results in extra cost and less availability of vehicles compared to right age fleet, other things being equal.

* Calculated at the rate of the procurement cost of Rs 19 lakh per bus incurred during March 2009.

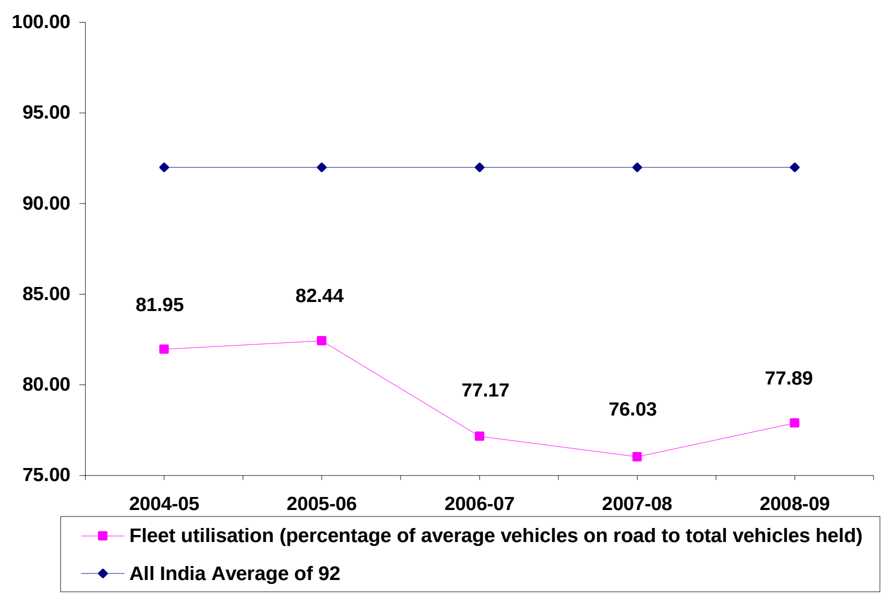
This only goes on to increase operational inefficiency and causes losses which, in turn, affects the ability of the Company to replace its fleet on a timely basis.

The Management stated (August 2009) that the Company has been withdrawing the buses only after 12 years as Government of Goa prescribed norms for disposal of buses on completion of 12 years. It would be eligible for subsidy from Government for replacement of 12 year old buses only. However, even after taking into consideration the norm of 12 years, the Company was having 39 buses exceeding 12 years of age.

Fleet Utilisation

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and Rs. 98.3 *per cent* respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Fleet utilisation represents the percentage of buses held by the Company to the buses on road. The Company had not fixed any norms for fleet utilisation. The fleet utilisation of the Company varied from 81.95 *per cent* in 2004-05 to 77.89 *per cent* in 2008-09 as compared to the All India Average[∝] of 92 *per cent*, as indicated in the graph given below.



The percentage of fleet utilisation of the Company deteriorated from 81.95 *per cent* in 2004-05 to 77.89 *per cent* in 2008-09. The main reasons which contributed to low fleet utilisation as analysed by audit were as follows:

- Deficient schedule planning leading to under utilisation of buses (**Paragraph 5.2.12**)

[∝] All India Average is for the year 2006-07 which has been used for comparison for the period under review.

- Cancellation of scheduled kilometres to the extent of 166.93 lakh kilometre due to shortage of crew/buses (**Paragraph 5.2.12**).
- Docking of buses for repairs over 10 days (**Paragraph 5.2.13**).

From the above, it can be concluded that the Company was not able to achieve an optimum utilization of its fleet strength, which in turn impacted its operational performance adversely.

The Management stated (August 2009) that it has planned to implement schedule docking activity by adding fleet aggregates, special tools, etc., with a view to increase fleet utilisation to 92 *per cent* by 2009-10.

Vehicle productivity

5.2.11 Vehicle productivity refers to the average Kilometres run by each bus *per* day in a year. The vehicle productivity of the Company vis-à-vis the overage fleet for the five years ending 2008-09 is shown in the table below.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (KMs run *per* day *per* bus)	213	207	192	191	195
2.	Overage fleet (percentage)	19	22	24	36	42

Tamil Nadu (Villupuram), Tamil Nadu (Salem) and Tamil Nadu (Kumbakonam) registered best vehicle productivity at 474, 469 and 462.8 KMs per day respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Compared to the All India Average of 313 KMs *per* day, the vehicle productivity of the Company has been on lower side for all the years under review. The decline in vehicle productivity over the years was due to deficient schedule planning, and high incidence of repairs and resultant cancellation of scheduled trips. On an average 18 *per cent* of the vehicles held remained docked for repairs at any point of time. The schedules operated during the period under Audit do not reflect any noticeable effort by the Company to improve vehicle productivity with reference to available vehicles and effective deployment.

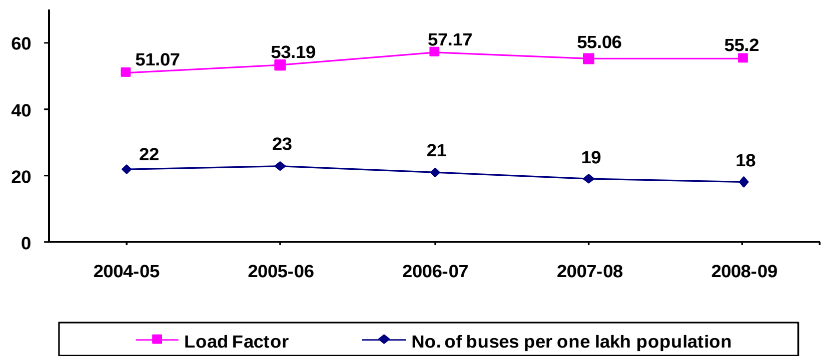
The Management stated (August 2009) that low productivity was attributable to low passenger travel trend (14 kilometres) due to the small size of the State.

The reply is not convincing since the Company could not achieve the scheduled kilometres which had been fixed with due consideration to the constraints.

Capacity Utilisation

Load Factor

5.2.12 Capacity utilisation of a transport undertaking is measured in terms of Load Factor, which represents the percentage of passengers carried to seating capacity. The schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. Even though the load factor of the Company increased marginally from 51.07 *per cent* in 2004-05 to 55.20 *per cent* in 2008-09, it remained lower than the All India Average of 63 *per cent*. A graph depicting the Load factor vis-à-vis number of buses *per* one lakh population is given below.



The Company does not have any policy of fixing route wise receipt targets or offer incentives for achieving better load factor. The decrease in number of buses per one lakh population was attributable to keeping the buses off road on account of repairs, maintenance, scrapping of buses etc. The low load factor despite decrease in number of buses per one lakh population indicated that the Company's buses do not have an influential share in the public transport sector.

The Management stated (August 2009) that decrease in number of buses per one lakh population from 2005-06 onwards and low load factor was due to induction of more private buses in the State and operating on more routes by neighbouring States in these sectors.

The reply is not convincing as the Company had not taken any effective action to tactfully compete with the private operators through efficient fleet operations.

The table below provides the details for break-even load factor (BELF) for traffic revenue as well as total revenue. Audit worked out this BELF at the given level of vehicle productivity and total cost *per* KM.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM (Rupees)	17.77	19.53	21.99	24.18	27.95
2.	Earning *per* KM at 100 *per cent* Load Factor	26.04	27.13	27.18	28.50	30.51
3.	Break – even Load Factor considering only traffic revenue	68.24	71.99	80.91	84.84	91.61

The break-even load factor is quite high and is not likely to be achieved given the present load factor and the fact that the Corporation is also required to operate uneconomical routes. Thus, while the scope to improve upon the load factor remains limited, there is tremendous scope to cut down costs of operations as explained later.

Route Planning

Appropriate route planning to tap demand leads to higher load factor. The Company however does not have a system to ascertain cost effectiveness of the routes operated nor had ever conducted any survey to ascertain the reasons for low load factor. Many routes are operated as per requests of MLA or demand from local people irrespective of whether or not the operation would be cost effective. Some routes are profitable while others are not. The position in this regard is given in the Table below.

Year	Total No. of routes	No. of routes Making profit	No. of routes not meeting total cost
2004-05	218 (100)	59 (27)	159 (73)
2005-06	218 (100)	59 (27)	159 (73)
2006-07	220 (100)	56 (25)	164 (75)
2007-08	220 (100)	52 (24)	168 (76)
2008-09	220 (100)	48 (22)	172 (78)

(Figures in bracket represent percentage of routes under each head above to total number of routes)

The Company has to deal with increased competition from private operators as well as paucity of funds for expansion and modernisation of its fleet. Though some of the routes now appearing unprofitable would become profitable once the Company improves its efficiency, there would still be some uneconomical routes. Given the scenario of mixed routes, competition from private operators and obligation to serve uneconomical routes, an organisation should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. An analysis of the number of buses held vis-a-vis schedules operated by the Company revealed that based on the norms of holding 10 *per cent* of total buses as spare buses prescribed by ASRTU the Company did not finalise the scheduled kilometres taking into consideration the number of buses held by it. Had the Company decided its schedules properly, it would have run 210.50 lakh kilometre over and above the schedules during review period and earned contribution of Rs.10.67 crore after reducing variable cost. However, the Company has not been able to expand its share of operations by operating more schedules to compete with the private operators.

The Management stated (August 2009) that the Company faced stiff competition from private services who collect less charges as compared to approved fare and also do not adhere to time schedules. The reply is not convincing as the Company had not formulated strategies to compete with private operators and scientifically plan its routes/schedules.

Cancellation of Scheduled Kilometres

A test check of the daily operation records for the months December 2005, April 2006, September 2006, May 2007 and May 2008 of all the depots revealed that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses in running condition, shortage of crew and other factors. The details of scheduled kilometres, effective kilometres, cancelled kilometres, calculated as difference between the scheduled kilometres and effective kilometres along with cause-wise analysis for cancellation are furnished in the table below :-

(in lakh KM)

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled Kilometres	343.31	362.29	371.80	354.51	353.86
2.	Effective Kilometres	310.49	322.26	306.32	289.39	284.28
3.	Kilometres Cancelled[§]	26.86	31.37	57.08	59.88	63.17
4.	Percentage of cancellation	7.82	8.65	15.35	16.89	17.85
	Cause-wise analysis for cancellations					
5.	Want of buses	5.39	8.93	21.40	24.72	26.28
6.	Want of crew	12.17	11.46	17.11	17.38	22.09
7.	Others	9.30	10.98	18.57	17.78	14.80
8.	Contribution per km (in Rs)	5.62	4.90	4.85	4.98	4.99
9.	Avoidable cancellation (for want of buses and crew) (5+6)	17.56	20.39	38.51	42.10	48.37
10.	Loss of contribution (8 x 9) (Rs. in lakh)	98.68	99.91	186.77	209.66	241.37

(Contribution per KM is the traffic revenue minus total variable cost divided by effective KMs)

It can be seen from the above table that the percentage of cancellation of scheduled kilometres increased from 7.82 in 2004-05 to 17.85 during 2008-09. It remained very high as compared to best performers. It was further observed that cancellation of schedules for want of buses ranged from 20 to 42 *per cent* of the total cancellation whereas cancellation for want of crew ranged from 29 to 45 *per cent* during the same period. As such about 68 *per cent* of the total cancellations were for want of crew and

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled KMs at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

[§] KM cancelled has been worked out by the company after reducing the dead KM buses, which were controllable by the Company. Due to cancellation of scheduled kilometers for want of buses and crew, the Company was deprived of contribution of Rs.8.36 crore during the period under review. The night services for intra-state requirements are being operated only with reference to particular demand and load factor considering the poor financial situation of the Company.

The Management while accepting the Audit findings stated (August 2009) that the Company could not operate the entire scheduled kilometres due to operational constraints such as absenteeism of crew and dependence on overage fleet which were off road. The attempt of the Company to reduce the crew through Voluntary Retirement Scheme was also not fruitful.

Maintenance of vehicles

Preventive Maintenance

5.2.13 Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Company had Tata and Leyland make buses, for which the following schedule of maintenance has been prescribed by the Original Equipment Manufacturers (OEMs).

- On completion of 16,000/18,000 kilometers for Leyland/Tata buses respectively there should be change of oil, wheel alignment, cleaning of fuel injection pump, engine tuning, brake adjustment etc.
- On completion of 40,000 kilometers there should be overhauling of engine, spring leaves, wheels, brakes, fuel injection pump, cooling system, etc., and change of gear oil, body works, etc.

Audit observed that except for free maintenance services provided by OEM during the warranty period of the vehicle, the Company was not observing preventive maintenance as per schedules prescribed by OEMs. The vehicles were being attended to as and when any problem was reported except daily inspection of engine oil level for top up and greasing. Non adherence to preventive maintenance schedule led to continuous increase in breakdown rate per 10,000 effective kilometers from 0.17 in 2004-05 to 0.20 in 2008-09.

The Management stated (August 2009) that the Company was planning to implement schedule docking.

Repairs & Maintenance

A summarised position of fleet holding, over-aged buses, repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is given below.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total buses (No.)	433	414	428	412	390
2.	Over-age buses (more than 8 years old)	84	93	102	148	163
3.	Percentage of over age buses	19	22	24	36	42
4.	R&M Expenses (Rs. in crore)	5.92	6.28	7.29	7.86	9.29
5.	R&M Expenses per bus (Rupees in lakh) (4/1)	1.37	1.52	1.70	1.91	2.38

The above table reveals that the repair and maintenance expenditure *per* bus increased from Rs. 1.37 lakh in 2004-05 to Rs. 2.38 lakh in 2008-09 and has been increasing with the increase in overage buses. It was also observed that share of manpower cost in repair and maintenance expenses *per* bus was high and ranged from 64 to 60 *per cent* during review period.

The Management stated (August 2009) that disposal of 54 over-aged buses by 2009-10 has been planned.

Docking of vehicles for fitness Certificates and repairs

The buses are required to be repaired and made fit before sending the same to Regional Transport Office (RTO) for renewal of fitness certificate under Section 62 of the Central Motor Vehicle Rules 1989. As the date of expiry of the old fitness certificate is known in advance, Management should plan accordingly to get the buses repaired in time so that bus days are not lost due to delay in renewal. It was observed in Audit that the Company did not have any system to monitor and ensure timely repairs.

Test-check in audit of 'Daily Vehicle Position Report' for the year 2004-05 (Margao, Panaji and Vasco depots) and 2007-08 (Porvorim depot) revealed absence of proper monitoring of timely release of buses after repair for fitness certificate or other routine repairs and that there was delay in releasing buses after repairs up to 220 days. In respect of delay involving more than 10 days, the revenue loss was Rs. 70.15 lakh.

The Management stated (August 2009) that monthly fitness certificate plans were given in advance to all depots with details of buses to be docked. Despite the advance intimation of fitness certificate plans, timely completion of repairs and release of buses was not monitored to avoid delays.

Manpower Cost

5.2.14 The cost structure of the organisation shows that manpower and fuel constitute 76.73 *per cent* of total cost. Interest, depreciation and taxes – the costs which are not controllable in the short term account for 11 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10, Rs 6.13 and Rs 6.21 cost *per* effective KMs respectively during 2006-07.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

Manpower is an important element of cost which constituted 44 *per cent* of total expenditure of the Company in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The table below provides details of manpower, its cost and productivity.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	1983	2050	2026	1972	1925
2.	Manpower cost (Rs in crore)	23.44	25.00	27.43	30.26	35.05
3.	Effective KMs (in lakh)	310.49	322.26	306.32	289.39	284.28
4.	Cost *per* effective KM (Rs)	7.55	7.76	8.95	10.46	12.33
5.	Productivity *per* day *per* person (KMs)	42.90	43.07	41.42	40.10	40.46
6.	Total buses (Average) (No.)♣	399	427	438	413	398
7.	Manpower *per* bus	4.97	4.80	4.62	4.77	4.84

As seen from the above table, manpower per bus was lower as compared to other State Transport Undertakings. As already discussed in **paragraph 5.2.12**, the buses operated were much less than buses held. Taking this into consideration, manpower per bus on road would be 6.06, 5.82, 5.49, 6.28 and 6.20 respectively. Moreover, the manpower cost *per* effective km increased continuously during the period under review and remained above the All India Average of Rs.7.50 *per* km (2006-07).

Productivity per day *per* person declined over the period under review except 2005-06 and is also considerably less than the All India Average of 52 Kms per day obtained in 2006-07.

The low productivity and higher manpower cost *per* effective kilometre was mainly attributable to non operation of the scheduled distance at its optimum level which also indicated that the available manpower was not gainfully employed.

The Management stated (August 2009) that the increase in staff cost was due to implementation of all Government pay scales to its staff and therefore was not comparable with All India Average. It further stated that the Company has taken efforts to reduce staff cost by outsourcing technical jobs and maintenance activity.

♣ Annual average of monthly data of vehicles held.

The following table provides the details of manpower.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total No. of buses at the end of the year	433	414	428	412	390
3.	No. of Drivers	796	783	777	732	712
4.	No. of drivers per bus	1.84	1.89	1.82	1.78	1.83
5.	No. of Conductors	622	628	626	616	613
6.	No. of Conductors *per* bus	1.44	1.52	1.46	1.50	1.57
7.	Other Staff	625	624	611	602	582
8.	No. of other staff *per* bus	1.44	1.51	1.43	1.46	1.49
9.	Pay[♣] of Drivers and conductors (Rupees in crore)	11.55	12.21	13.11	14.42	15.76
10.	Other staff's pay (Rupees in crore)	11.90	12.29	14.32	15.84	19.29

Other staff (non-traffic) constituted 31 *per cent* of the total staff strength. However, staff cost amounted to 55 *per cent* of the total employee cost. The Company has not fixed norm for bus-staff ratio prescribing requirement of crew per bus and other non-traffic staff per bus. The bus-driver and bus-conductor ratio during the period under review remained 1.83 and 1.50 respectively. For traffic staff (conductors and drivers), the Company prescribed eight hours steering duty within a spreadover time of 12 hours. Test check of records in Vasco and Margao depots revealed that certain intra-state schedules have been planned without ensuring optimum utilisation of duty time prescribed for operating crew. The under utilisation of duty hours ranged between 30 minutes to one and half hours.

The Management stated that the state being small, the schedule distance in respect of certain intra-state routes can not be increased beyond a limit necessitating planning of such schedules without fully achieving the prescribed duty time. Further, it was stated that such schedules are planned with less duty hours to avoid operational losses due to poor load factor during lean hours and also to minimise overtime wages.

Fuel Cost

5.2.15 Fuel is a major cost element which constituted 31.34 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The Company maintained bus-wise data of fuel consumption. The Table below gives the targets fixed by the Company for fuel consumption, actual consumption, mileage obtained *per* litre (Kilometre *per* litre i.e. KMPL), All India Average and estimated extra expenditure.

[♣] The breakup of pay among drivers and conductors is not available.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres (lakh)	316.45	330.93	314.72	294.63	290.70
2.	Target of KMPL fixed by Company	4.70	5.00	4.62	4.70	4.50
3.	Kilometer obtained per litre (KMPL)	4.60	4.47	4.56	4.43	4.36
4.	All India Average in the category[∝]	4.94	4.94	4.94	4.94	4.94
5.	Actual Consumption (lakh litres)	68.75	74.03	69.01	66.44	66.73
6.	Consumption as per All India Average (lakh litres) (1/4)	64.06	66.99	63.71	59.64	58.85
7.	Excess Consumption (in lakh litres)(5-6)	4.69	7.04	5.30	6.80	7.88
8.	Average cost per litre (Rs.)	25.81	27.50	33.13	32.63	32.82
9.	Extra expenditure (Rs. in lakh) (7X8)	121.05	193.60	175.59	221.88	258.62

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL.
(Source : STUs profile and performance 2006-07 by CIRT, Pune)

It can be seen from the above table that the mileage obtained *per* litre has continuously shown a declining trend over the period under review. The Company consumed 31.71 lakh litres of fuel in excess during the period under review as compared to All India Average in 2006-07 resulting in extra expenditure of Rs 9.71 crore. The Company could not achieve the targets fixed by it in any of the five years, even when the targets fixed were lower than All India Average (except during 2005-06 when target was higher than All India Average). The high fuel consumption was mainly due to overage of buses, lack of proper maintenance, bad driving habits etc.

The Management stated (August 2009) that fuel efficiency would be improved on disposal of overage buses and on implementation of docking activity by 2009-10. Trainings also were imparted to crew to improve driving habits.

Body Building

5.2.16 The Company does not have its own Body Building unit. The Company got 166 buses fabricated during 2004-05 to 2008-09 through outsourcing. The average cost of fabrication per bus was Rs.5.15 lakh. The Company awarded the work of fabrication by inviting competitive tenders. Participation in tenders however, has been restricted to Goan firms only as per conditions of the State Government for release of subsidy to the Company. This outsourcing arrangement however, helps as the Company is not saddled with huge overheads as in case of repairs and maintenance.

[∝] All India Average of 4.94 KMPL for the year 2006-07 has been taken for all the years for the purpose of comparison.

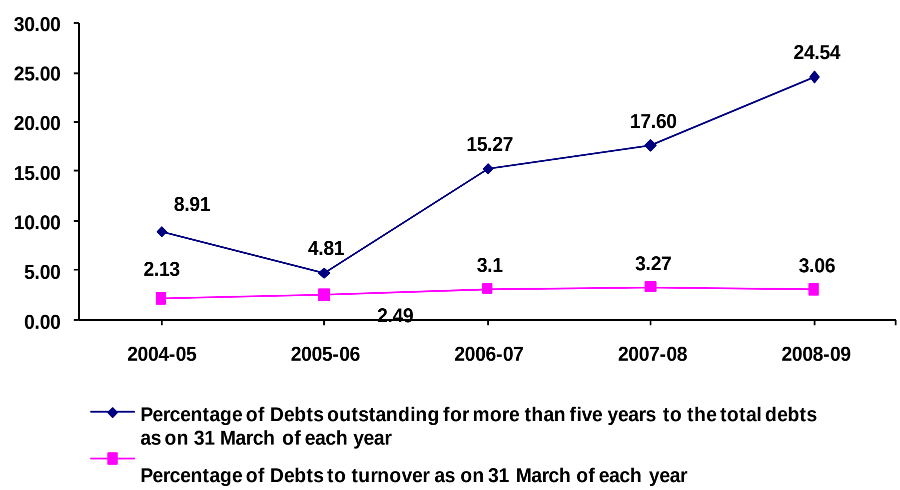
Financial Management

5.2.17 Raising of funds for capital expenditure, i.e., for replacement/ addition of buses happens to be the major challenge in financial management of Company's affairs. This issue has been covered in **Paragraph 5.2.10**. The section below deals with the Company's efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

Claims and Dues

The Company gives its buses on hire for which parties were required to pay in advance the charges at prescribed rates *per* kilometre basis at the time of booking. It was, however, noticed during Audit that the destination of the journeys performed was not recorded. Speedometers were not working due to which, the actual charges due could not be worked out. Further, the charges due were also not promptly recovered from the parties. An amount of Rs.1.45 crore was due as on 31 March 2009 from various private agencies out of which Rs.29.17 lakh was pending for more than five years, which indicates ineffective follow up action. Further, the hire charges were fixed in September 2005 at Rs.25 per kilometre subject to a minimum of Rs.2500 for Mini AC Luxury Bus and Rs.60 per kilometre subject to a minimum of Rs.4500 for AC Volvo bus. Despite the continuous increase in operational cost per kilometre the Company did not take any steps to effect periodical increase in hire charges.

An analysis in Audit of the debts outstanding as a percentage of turnover and the percentage of outstanding debts for more than five years to the total debts for the five years ending March 2009 are depicted in the graph below.



From the above, it can be seen that the outstanding dues are continuously increasing as compared to the turnover since 2004-05. Likewise dues of more than five years also went on increasing from 2005-06 onwards and for the last two years it represented about 15 to 25 *per cent* of the total dues. The increase in dues over the years reflects lack of effective pursuance on the part of the Company which needs to be improved.

The Management stated (August 2009) that the recovery of dues was being pursued.

The Company operates a number of social/obligatory trips as per Government directives and has been extending concessions to students, senior citizens, freedom fighters etc. The cost on account of such trips or concessions during 2004-05 to 2008-09 was estimated by the Company at Rs. 48.13 crore against which the Company received Rs. 30.25 crore only from the Government. The Company however, has not formally claimed this amount with supporting data from the Government; nor has maintained records in support of the loss estimated by it. Audit observed that the Company had not properly apprised the Government with convincing documents of the loss incurred by it on account of operating obligatory trips and providing concessions with the result that the cost was only partially reimbursed. The cost estimated but not reimbursed by the Government during 2004-09 was Rs. 17.88 crore

The Management stated (August 2009) that the amount claimed by the Company was only partly sanctioned by Government. The Company however, had not made any attempts to get the balance amount reimbursed by the Government with support of documents.

The Management acknowledged (August 2009) the findings.

Realignment of business model

5.2.18 The Company is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Company cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Company to tap non-traffic revenue sources to cross-subsidize its operations. However, the share of non-traffic revenues (other than interest on investments) was nominal at 0.11 *per cent* of total revenue during 2004-09. This revenue of Rs.0.24 crore during 2004-09 mainly came from advertisements, stand fees, parking fees and restaurant/shop rentals. Audit observed that the Company has scope for tapping non-traffic revenue sources which it has not tapped as yet.

Over a period of time the Company has come to acquire sites at prime locations in cities and district headquarters. The Company generally uses the ground floor/land for its operations, leaving ample scope to construct and utilise space above. Audit observed that the Company has land (owned/leased by Government) at important location admeasuring 1.56 lakh square metres as shown below:

Particulars	Cities (Municipal areas)	District HQrs	Tehsil HQrs.	Total
Number of sites	1	2	4	7
Occupied Land (sq. Mtrs.)	35,000	72,000	48,836	1,55,836

It is, thus, possible for the Company to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, etc. above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Company. Such projects can yield substantial revenue for the Company which can only increase year after year.

Audit observed that the Company has not studied this aspect to assess the likely benefits from such activities. Since substantial non-traffic revenue will help the Company cross-subsidize its operations and fulfil its mandate effectively, the Company may like to study realigning its business model and frame a policy in this regard.

The Management stated (August 2009) that the land in possession of the Company has been either acquired for specific purpose or taken on lease from Government and any proposal to commercially exploit the properties depends on the decision of the Government. It further stated that proposal to construct buildings with a view to commercially exploit the prime sites is under consideration subject to approval of Government.

The Company has not been effectively managing the already built stalls/shops in various bus stands. A test check of utilisation of such stalls/shops at Panaji and Canacona revealed that 26 shops/stalls (16 at Panaji and 10 at Canacona) out of total number of 54 and 34 respectively had remained vacant for varying periods. Based on the lowest rent of Rs. 500 per month being received for other stalls the potential loss of revenue due to non utilisation of 26 stalls/shops was Rs 1.63 crore.

Management stated (August 2009) that three vacant shops at Panaji had been tendered multiple times but was not allotted either due to no response or the rent offered was not sufficient. The remaining shops had not been tendered as the Company expected no response considering location of the shops.

The reply is not convincing as the Company had the option to fix rent for such shops with due regard to the location and tender and allot the same rather than keeping idle.

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

5.2.19 The Company does not have a fare policy of its own. Section 67 of the Motor Vehicles Act 1988, provide for fixation of fare in respect of the stage carriers operating in the State and revision thereof by the State Government. The fare is uniform for the Company as well as for private operators. During the period under review the fare was revised on three occasions viz., August 2004, April 2006 and October 2008. The details are as follows:

Fare table for ordinary buses

Stages	2004-05	2005-06	2006-07	2007-08	2008-09
First 5 KMs	4.35	4.35	5.00	5.00	5.00
First 10 KMs	6.10	6.10	7.00	7.00	7.00
25 KMs	11.35	11.35	13	13	13
100 KMs	37.60	37.60	43.40	43.40	43.40

There is no scientific basis for fixation of fare as it does not take into consideration the normative cost. Thus, there is a risk of commuters paying for inefficiency of the Company.

The table below shows how the Company could have curtailed cost and increased revenue with better operational efficiency.

No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Cost *per* KM	17.77	19.53	21.99	24.18	27.95
2.	Revenue *per* KM	15.80	17.41	20.10	19.79	21.70
3.	Loss of revenue due to less vehicle productivity (*per* KM) **	3.69	3.21	2.05	2.85	3.07
4.	Excess cost due to low man-power productivity (*per* KM)††	0.72	0.86	1.57	1.92	2.42
5.	Excess cost due to excess consumption of fuel (*per* KM)	0.38	0.58	0.56	0.75	0.89
6.	Ideal revenue *per* KM (2+3)	19.49	20.62	22.15	22.64	24.77
7.	Ideal cost *per* KM [1-(4+5)]	16.67	18.09	19.86	21.51	24.64
8.	Net revenue *per* KM (2-1)	(-)1.97	(-)2.12	(-)1.89	(-)4.39	(-)6.25
9.	Net ideal revenue *per* KM (6-7)	2.82	2.53	2.29	1.13	0.13
10.	Effective KM (in lakh)	310.49	322.26	306.32	289.39	284.28
11.	Avoidable loss (in Rs crore) [(8-9)x10]	14.87	14.99	12.80	15.97	18.14

** Worked out on the basis of difference of revenue at 63 *per cent* (AIA) load factor vis-à-vis actual revenue earned per km. AIA has been adopted in the absence of target fixed by the Company.

†† Difference of manpower cost per kilometre on the basis of scheduled kilometres and actual kilometres run.

It is evident from the above table that had the Company achieved even its own targets, the operating loss would have turned into operating profit in all the years under review. Moreover, the above Table does not take into account other inefficiencies such as low fleet utilisation, excess tyre cost, defective route planning, etc. Nonetheless, it shows that the net loss could be lower, if the operations are properly planned and efficiently managed, than what they actually are.

The above facts lead to conclude that it is necessary to regulate the fares on the basis of normative cost and it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specially operations on uneconomic routes and address the grievances of commuters.

The Management stated (August 2009) that the fare policy is governed by Government of Goa as 95 *per cent* of operations are by private operators and that the ideal level of productivity could not be achieved due to the peculiar topography and geographical feature of the State and the travel behavior of the commuters. The reply in regard to low level productivity is not convincing as the productivity targets would be fixed with due consideration to all factors specific to the State. Further, above table shows that with the present fare structure, the Company can earn profit if it manages its operations efficiently.

Adequacy of services on uneconomical routes

The Company had about 22 *per cent* profit making routes as of March 2009 as shown in Table under ***paragraph 5.2.12.*** However, the position would change if the Company improves its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Company is required to cater to these routes, the Company has not formulated norms for providing services on such routes. However, the Company follows a procedure of accepting requests from Village Panchayats or political representatives of areas to operate buses. On receipt of such requests surveys are carried out to ascertain the timings and route demands. Also, after starting the route as per request, the economic viability is assessed and reported to the top management which takes the decisions for continuation/cancellation of the route. In the absence of any norms, the adequacy of services on uneconomical routes cannot be ascertained in Audit. Further, the Company does not have any system of obtaining proper approval from the State Government so as to enforce eligibility of claim or streamline reimbursement process of excess cost of operation on uneconomical routes. In view of the above, the desirability to have an independent regulatory body to specify the quantum of service on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

The Management stated (August 2009) that the operation and addition of routes was mostly as per demands of Panchayats, MLAs, schools. It is, however, desirable to have an independent body to decide the quantum of services of such demands.

Monitoring by top management

MIS data and monitoring of service parameters

5.2.20 For an organisation like a Road Transport Company to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. The Company has a statistical cell headed by a statistical officer which compiles monthly information received from depots for various performance indicators and communicates it monthly to the Managing Director. The Depot wise monthly or yearly targets for various performance parameters are set by the concerned HOD i.e. Dy. General Manager (Technical), Dy. General Manager (Traffic), Assistant Engineer (Civil) and Assistant Financial Controller (Accounts). Audit found the system deficient as the Board of Directors of the Company did not monitor operational performance for corrective action, if any. The performance reported to the HODs was also not effectively monitored as proper record showing analysis of variances and corrective action proposed were not maintained.

The Management stated (August 2009) that though MIS was introduced in 2004 it was not successful in generating reports. Further, it is now planning to introduce a new system for MIS and also to computerise the remaining area.

Conclusion

Operational performance

- The Company could not keep pace with the growing demand for public transport as its share declined from 8.2 *per cent* in 2004-05 to 5.12 *per cent* in 2008-09.

- It could not recover the cost of operations in any of the five years under review. This was mainly due to operational inefficiencies, weak financial management and inadequate/ ineffective monitoring by top management.

- The Company has scope to improve its operations as its performance on important operational parameters such as fleet utilisation, vehicle productivity and load factor was not up to its internal targets and performance of best STU in respective categories.

- The Company did not ensure the economy in operations as its manpower cost and fuel cost were higher than the all India average.

Financial management

- The Company does not have a policy in place to exploit non-conventional sources of revenue.

Fare policy and fulfilment of social obligations

- The Company does not have any fare policy and fares are not based on any scientific norm.
- The Company does not have any yardstick for adequacy of operation of uneconomical routes.

Monitoring by top management

- The Board of Directors did not periodically review the operational performance of the Company for corrective measures, if any.

Though the Company has been incurring losses, it is mainly due to its high cost of operations. On the whole, there is immense scope to improve the performance of the Company. The Company can control the losses by tapping non-conventional sources of revenue. Effective monitoring of key parameters, coupled with certain policy measures can see improvement in performance.

Recommendations

The Company may:

- increase fleet utilization and improve load factor by planning the routes keeping into consideration the number of buses held.
- consider devising a policy for tapping non-conventional sources of revenue on a large scale by undertaking PPP (Public Private Partnership) projects.
- maintain proper records of cost of free or concessional travel facility/social obligatory trips provided and lodge a claim with the Government with supporting documents.
- monitor the important operational parameters to take remedial measures for improvements at top management level.

The Government may:

- consider creating a regulator to regulate fares and also services on uneconomical routes.

SECTION B –TRANSACTION AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

Goa Information Technology Development Corporation

5.3 Wasteful expenditure on formation of the Corporation

Formation of a new corporation and non-execution of any work by it resulted in wasteful expenditure of Rs.28.98 lakh by way of salaries and establishment expenses.

The Corporation was established (Nov. 2006) by the Government of Goa for the purpose of securing and assisting in the rapid and orderly establishment of integrated Info Tech Township/IT park. The Government also constituted (January 2007) the Board of Directors of the Corporation consisting of eight Directors (including the Managing Director), Vice Chairman and Chairman.

Audit scrutiny revealed that, though the Corporation was incorporated with the objectives of executing works related to establishment and organisation of IT park, no such work was taken up by it so far (March 2009). Meanwhile it was observed that such works were being carried out by another Government Company (Info Tech Corporation of Goa Ltd) incorporated by the Government in April 1990. The Corporation had to spend Rs.28.98 lakh on salaries and establishment during 2006-09, even though no work was carried out by it. Thus, the action of the Government in setting up a Corporation and non-entrustment of any work to it resulted in wasteful expenditure of Rs.28.98 lakh. The Management stated (March 2009) that they have been pursuing with the Government for allocating resources for executing the projects. The fact, however, remains that the Corporation has not identified and initiated action for executing any project so far.

The matter was referred to the Government in April 2009; their reply has not been received (August 2009).

Info Tech Corporation of Goa Limited

5.4 Irregular payment of interest free mobilisation advance

Payment of mobilisation advance to contractors violating the manual provisions resulted in loss of Rs.39.61 lakh by way of interest.

Section 31.6 of the CPWD Manual 2003 stipulates that in respect of certain specialised and capital intensive works costing not less than rupees two crore, mobilization advance limited to a maximum of 10 *per cent* of the estimated cost put to tender or rupees one crore whichever is less, shall be sanctioned to the contractors at 10 *per cent* simple interest on specific request and as per the terms of the agreement. The guidelines issued by Central Vigilance Commission and endorsed (June 2006) by Government of Goa also stipulate that mobilisation advances should be interest bearing.

The Company, as per conditions incorporated in the tenders, but in violation of the laid down procedure paid interest free mobilisation advances aggregating to Rs.5.23 crore to the contractors of four works valuing Rs.28.95 crore, awarded during 2006-08. As no interest was recovered on these advances, the Company suffered a loss of Rs.39.61 lakh. Moreover, in respect of three works, mobilisation advance was extended in excess of the limit by Rs.3.56 crore. Management stated (April 2009) that interest free advance was offered to contractors for getting competitive rates. This is not tenable as payment of interest free advance was against the codal provisions and resulted in undue benefit to contractors. Management further assured that the practice of extending interest free advance would be avoided in future.

The matter was referred to the Government in April 2009; their reply has not been received (August 2009).

Goa State Infrastructure Development Corporation Limited

5.5 Extra expenditure on loan processing fee

Payment of processing fee for term loan at abnormally higher rate resulted in extra expenditure of Rs.1.28 crore.

The Company approached (March 2007) EDC Ltd (EDCL), a state Government undertaking, for availing credit facilities for financing its infrastructure development projects. Accordingly a term loan of Rs.115 crore at 10.5 *per cent* interest per annum, repayable in quarterly installments within a period of seven years, was sanctioned (October 2007). The entire loan was to be availed within six months from the date of sanction. The Company had drawn (January 2008 – July 2009) Rs.105 crore as against the sanctioned loan of Rs.115 crore.

Audit scrutiny indicated that EDCL had been collecting usually a processing fee of one *per cent* of loan amount subject to a maximum of rupees one lakh. Accordingly in the instant case initially EDCL demanded (March 2007) rupees one lakh as processing fee. Incidentally, it is pointed out that for the loan availed in an earlier period (October 2006) also EDCL had collected processing fee of rupees one lakh only. In the instant case, however, deviating from its standard policy, EDCL recovered (January 2008) unduly high processing fee of Rs.1.29 crore[‡‡], being one *per cent* on the entire loan amount sanctioned. In the light of the terms and conditions on which credit facility was availed in the earlier year by the Company from EDCL (both being state PSUs) effective negotiation should have been conducted in the instant case to ensure that processing fee was restricted to a maximum of rupees one lakh. Failure to do so resulted in extra expenditure of Rs.1.28 crore. Management stated (August 2009) that its request for reduction of processing fee was not accepted by EDCL.

[‡‡] Including service tax, Rs 14.61 lakh

Government needs to frame a policy to ensure that one PSU is not unduly benefited at the cost of the other as it is an unfair practice causing significant increase in the financial costs of the borrowing PSU.

The matter was referred to the Government in June 2009; their reply has not been received (August 2009).

DEPARTMENTAL COMMERCIAL UNDERTAKINGS

Goa Electricity Department

5.6 Loss of revenue due to erroneous computation of rebate

Erroneous computation of rebate for power factor improvement in respect of HT/EHT consumers resulted in loss of revenue of Rs.4.53 crore.

Clause 13 of the Electricity supply tariff notification issued by the Government of Goa in April 2002 stipulates that *all High Tension and Extra High Tension installation where the power factor is maintained above 0.95 lagging, shall be eligible for a rebate at the rate of one per cent of the energy charges only for every one per cent improvement in the Power Factor*[§§] *above 0.95 lagging*.

Audit scrutiny of the computerised billing records of all HT/EHT consumers of the Department revealed that the rebate for Power Factor was being computed erroneously. As per the Government notification, rebate of one per cent of the energy charges was allowable only when one per cent improvement of power factor was achieved in full and not in part. The Department, however, allowed rebate by rounding off fraction of power factor to the upper stage and thus without achieving the one per cent power factor in full. For instance, the power factor of 0.9761 was being rounded off to 0.98 and rebate of three per cent was allowed, whereas the actual achievement of power factor improvement was less than three and hence eligible rebate was two per cent only.

On being pointed out by Audit (September 2008), the Chief Electrical Engineer stated (January 2009) that necessary changes in the billing software would be made in future for lower rounding off and recovery, wherever applicable, was under process. The loss incurred by the Department due to incorrect computation of power factor and consequent excess granting of rebate in respect of 8076 bills raised during the period from April 2003 to March 2008 worked out to Rs.4.53 crore. The Department has not taken any further action till date.

The matter was referred to the Government in May 2009; their reply has not been received (August 2009).

[§§] Power Factor is computed by dividing Kilo Watts Hour (KWH) by Kilo volt ampere Hour (KVAH).

5.7 Loss of revenue due to non-demanding of interest on arrears

Non-levy of interest on arrears of electricity charges referred to Revenue Recovery Court resulted in loss of Rs.87.52 lakh.

Clause 31 (c) (ii) of the 'Conditions of Supply of Electrical Energy' issued (January 1990) by Government of Goa, stipulates that if a service connection remains under temporary disconnection for a period of six months for non-payment of electricity charges, the connection should be dismantled and the case should be referred to Revenue Recovery Court (RRC) to recover the arrears. It is also stipulated that interest at 18 *per cent* per annum is to be charged to outstanding amount from the date of referring the case to RRC till the arrears are recovered.

Audit scrutiny indicated that while referring the arrear cases to RRC, the Divisions/ Sub-Divisions of the Department were not insisting on the recovery of interest on arrears. As a result, on recovery of arrears effected through RRC, only the original dues were recovered. In short, the amount outstanding and the amount recovered through RRC were the same. It was also noticed, in those cases which were referred to RRC, whenever the Department received payment directly from the consumers, no interest was collected. However, in the cases of delayed payment which are not referred to RRC, the Department collects interest at the rate of 24 *per cent* per annum.

Test check of 14 Sub-divisions of five Electrical Divisions, out of the total 27 subdivisions of seven divisions, of the Department showed that out of 2068 cases referred to RR during the period from April 2004 to March 2008, recovery could be effected in 319 cases only (Principal: Rs.40.35 lakh) and the amount of interest not even demanded in these cases was Rs.9.19 lakh. In 1749 cases (Principal: Rs.166.48 lakh), recovery was pending and the loss of interest on such cases till 31 March 2009 due to non-levy of interest was Rs.78.33 lakh.

The Department should ensure that:

- While raising demand for the pending dues, the notice should include the interest element.
- In cases referred to the RRC, the interest amount should be added, to ensure recovery of the original dues and interest thereon.
- Responsibility for the lapse is fixed.

The matter was referred to the Government in June 2009; their reply has not been received (August 2009).

5.8 Extra Expenditure due to non-acceptance of lowest offer

Rejection of lowest offer for the supply of XLPE cable, on account of minor technical irregularity resulted in extra expenditure of Rs.37.11 lakh.

Electrical Division XI of the Department invited (November 2005) tenders for the work of "Supply, erection, testing and commissioning of 33 KV Under Ground Double Circuit XLPE cable line of 3.2 kms length from Kadamba sub-station to Harbour sub-station at Vasco" at an estimated cost of Rs.3.47 crore. While opening the Techno commercial bids of all the three tenderers who responded to the tender invitation, it was found that one of the tenderer (Nanu Engineers Pvt. Ltd.) had not signed some pages of the tender documents. It was, however, decided to accept their offer also for ensuring better competition. When financial bids were opened (February 2006), the offer of Rs.3.23 crore (7.04 *per cent* below estimate) from K.K. Vidhyut, Ahmednagar (KKV) was found the lowest and the offer of Rs.3.60 crore (3.69 *per cent* above estimate) from Nanu Engineers Pvt. Ltd. (NEPL) was found as the second lowest.

Against one of the items of work (9(a) – cable trench work for 2550 metres), KKV had quoted the rate as Rs.3000 per metre (both in figures and in words) however, the total amount for the item was written as Rs.7,65,000 (Rs.300 x 2550 metres) only. The tenderer (KKV) clarified (February 2006) that the rate of one item was wrongly written as Rs.3000 instead of Rs.300 and thus, the total quoted amount for the work (Rs.3.23 crore) remained unchanged. Accordingly, the Division as well as the Circle Office recommended the acceptance of the lowest offer of KKV. The Technical Advisory Committee (TAC), however, quoting CPWD manual (section 18, clause 3.15.43) opined (April 2006) that the rate (Rs.3000) quoted by the contractor should be taken as correct and not the amount (Rs.7,65,000). Accordingly the amount of the item in the offer of KKV was reworked out by the Department as Rs.76,50,000 (Rs.3000 x 2550 metres) and thus the total amount had risen to Rs.3.92 crore thereby placing KKV to the third lowest position. The Goa State Works Board (GSWB) also approved (May 2006) the proposal of the TAC to accept the second lowest offer (Rs.3.60 crore) of NEPL and accordingly the work was executed through them during 2006-2007. Thus the non-acceptance of lowest offer of KKV resulted in extra expenditure of Rs.37.11 lakh[•].

Audit observed that ignoring the L-1 tenderer (KKV) on minor technical irregularity and placing orders on the second lowest tenderer (NEPL) despite not matching L-1 rate, was not justifiable. The Department should have protected its financial interest and avoided the extra expenditure either by waiving the minor technical irregularity in the offer of the L-1 tenderer or by conducting effective negotiations with the second lowest tenderer, to bring down their quoted amount at par with that of L-1 tenderer.

The matter was referred to the Government in June 2009; their reply has not been received (August 2009).

[•] Rs.359.92 lakh minus Rs.322.81 lakh

5.9 Loss due to non-availment of concessional rate of Central Sales Tax

Failure of the department in availing concessional rate of central sales tax on inter-state purchase of materials resulted in loss of Rs.34.63 lakh.

The Department had been procuring materials from Suppliers within the state for which Value Added Tax (VAT) at the applicable rate was being paid. For inter state purchases, the Department had been paying Central Sales Tax (CST) at the concessional rate of four *per cent* against production of Form D.

As per the amendment made (March 2007) by the Government of India to the Central sales Tax Act, the facility of issuing Form D by Government departments for availing concessional CST was withdrawn. It was also stipulated that the rate of CST on inter-state sale to Government Departments should be at the rate of VAT/State sales tax applicable in the state of the selling dealer. In view of this amendment, the Department had to pay C.S.T. at the full rate on all interstate purchases. Meanwhile, for inter-state sale to registered dealers the rate of CST (against Form-C) was reduced from four *per cent* to three *per cent* with effect from 1 April 2007 and again to two *per cent* with effect from 1 June 2008.

As per the provisions (section 2(k) and explanation (b) thereunder) contained in the Goa VAT Act 2005, Government department whether or not in the course of business sells unserviceable or old stores shall be deemed to be a dealer. Audit scrutiny indicated that, since the department is undertaking sale of unserviceable/old stores, it could have registered with the Commercial Taxes Department as a dealer and continued to avail the concessional rate of CST on interstate purchases by issuing ‘Form C’.

The Stores & Workshop Division of the Department made inter-state purchase[♣] of 5995 ‘Three phase electronic meters’ (basic value: Rs.209.83 lakh, at the rate of Rs.3500 per meter), in April-May 2008 paying full rate of CST of 12.5 *per cent* as against the concessional rate of three *per cent* and 4000 meters in June 2008 (basic value: Rs.140 lakh, at the rate of Rs.3500 per meter) paying full rate of CST of 12.5 *per cent* as against the concessional rate of two *per cent*. Thus, failure of the Department in availing the concessional rate of CST by becoming a registered dealer, resulted in extra expenditure of Rs.34.63 lakh[***]

The matter was referred to the Government in June 2009; their reply has not been received (August 2009).

[♣] Tender No 20/07-08
[***] @ 9.5 per cent of Rs 209.83 lakh and @ of 10.5 per cent of Rs 140 lakh

5.10 Loss of revenue due to non-levy of minimum guaranteed amount

Failure to bill the consumer from the deemed date of commencement of power supply resulted in loss of revenue of Rs.12.38 lakh

Electrical Division VI, of the Department received (November 2001) an application from Alpha Impex Pvt Ltd (AIPL) for power supply of 33 KV H.T. with a connected load of 800 KVA for their proposed factory. While approving (July 2002) the application, the Department directed the consumer to execute an agreement which, *inter alia*, stipulated that the consumer shall commence power consumption within a period of three months from the date of intimation of line being ready for charging. The date of commencement of supply shall be deemed as the date of expiry of the three months period from the date of intimation or the date of actual supply whichever is earlier. From the said date of commencement of supply, the consumer shall become liable to pay the Department, the "minimum guaranteed" (MG) amount or the minimum charges viz. 75 per cent of contract demand (800 KVA) as per prevailing tariff, whichever is higher. The MG amount per annum was prescribed as 15 *percent* of the total capital cost[⊗] of arranging power supply to consumer's premise.

The Division completed (October 2003) the required line extension works at a cost of Rs.26.45 lakh and the fact of completion of work / readiness for charging the line was intimated to AIPL on 22 October 2003. The consumer executed the agreement in October 2005 and availed power supply in November 2005 only.

Audit observed that as the prescribed period of three months for availing the power supply was over, AIPL was required to be billed for the M.G. amount (Rs.33,000 per month) or for the minimum charges for the contract demand (Rs.90,000 per month) whichever was higher from January 2004 onwards. The Division, however, billed the consumer from March 2005 onwards only. The loss of revenue due to non-billing for the period from 23 January 2004 to 14 March 2005 amounted to Rs.12.38 lakh[*]. The Department could not claim this revenue due to its failure to insist upon AIPL for the compliance of pre-requisite conditions regarding execution of agreement in time and furnishing of the Bank Guarantee towards Security Deposit.

The Department admitted (March 2009) that commencement of billing was delayed due to non execution of agreement in time and assured that such lapses would be avoided in future. The department also replied that efforts would be made to recover the M.G. amount from the consumer. The fact however remained that the required billing for the period upto March 2005 was omitted.

[⊗] To be recovered in seven years

[*] For Minimum Charges at the rate of 75 *per cent* of contract demand of 800 KVA for 13.75 months@ Rs 150 per KVA

The Department should :

- devise a suitable internal control mechanism to ensure that before taking up any power supply work, all the pre-requisite conditions for power supply have been complied with by the consumers and billing is commenced from the stipulated time; and

- fix responsibility for the lapse on the part of department officials.

  The matter was referred to the Government in May 2009; their reply has not been received (August 2009).

Panaji **(DEVIKA)**
The **Accountant General, Goa**

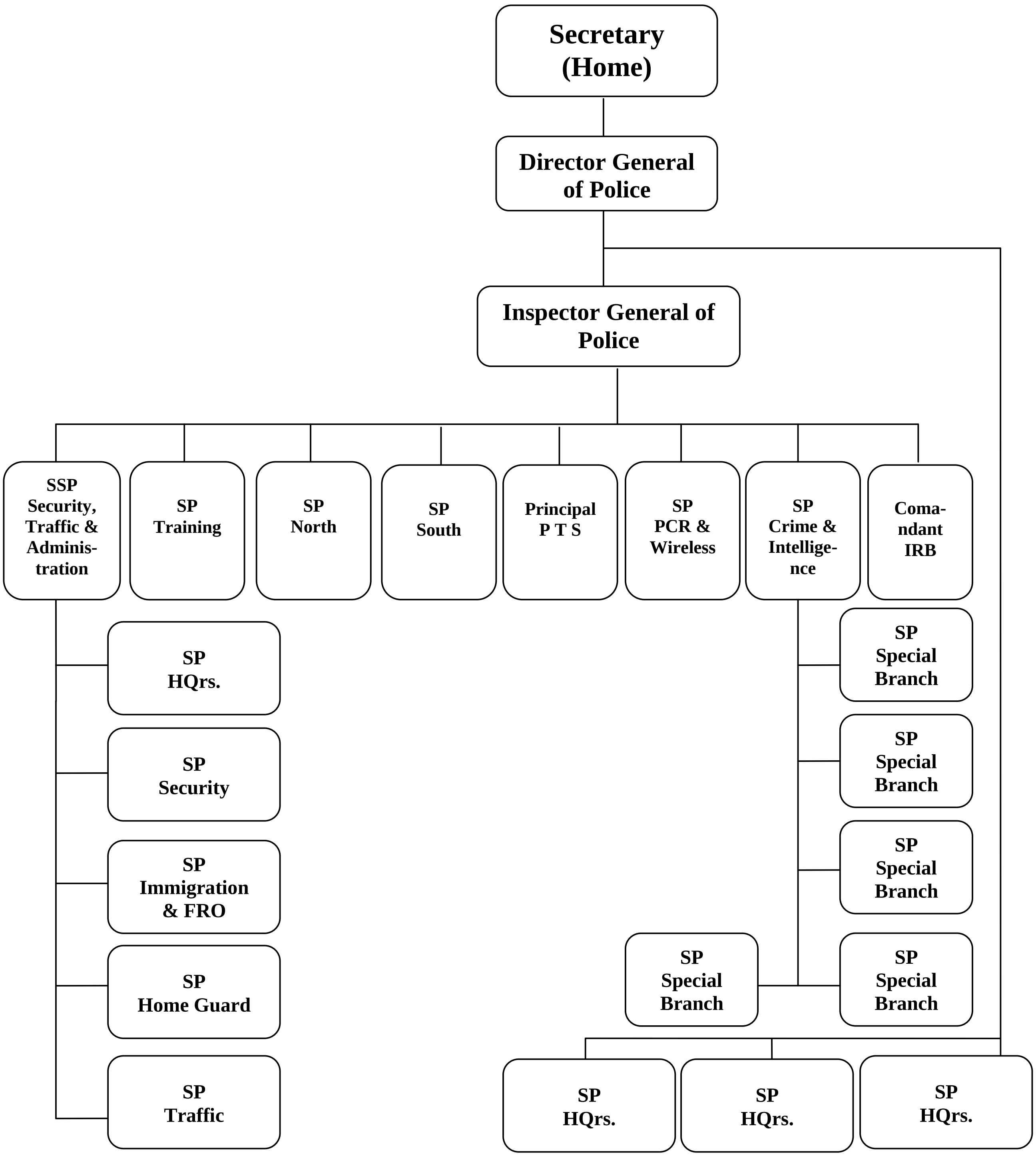
Countersigned

New Delhi **(VINOD RAI)**
The **Comptroller and Auditor General of India**

APPENDIX - 1.1

(Referred to in paragraph 1.1.2)

Organisational Chart



APPENDIX - 1.2

(Referred to in paragraph 1.1.18.2)

List of items projected by PTS, Valpoi for annual plan for year 2005-06, which have not been received till date

(In rupees)

Sr. No.	Name of item	Quantity	Projected cost
1	Firing simulator	1	12,00,000
2	Computer system	10	11,37,000
3	Cots	150	2,25,000
4	Wooden platform	8	32,000
5	Steel tables	8	32,000
6	Steel cupboards	10	40,000
7	Cupboards with glass	2	30,000
8	Steel Reading tables	4	16,000
9	A/C (split 6 tons)	1	50,000
10	Oval shape wooden table (30 seats)	1	50,000
11	Chairs with cushions	30	45,000
12	Decorative fall ceiling (POP)	Not quoted	Not quoted
13	Shade lamps	9	Not quoted
14	Wall mounted fans	6	2,00,000
15	Re-painting of wall	Not quoted	Not quoted
16	Ceramic tiles for flooring	Not quoted	Not quoted
17	Curtains with fixtures for windows	4 units	Not quoted
18	Jute mats	12	Not quoted
19	Flag poles	2	Not quoted
20	Line ropes	2	1,000
21	Kanaths	25	Not quoted
22	Pandals	2	Not quoted
23	Tents	2	Not quoted
24	Range umbrella	4	Not quoted
25	Scramble net	1	Not quoted
26	Steel plates	150	13,500
27	Steel glass	150	3,000
28	Water cooler with filter	4	48,000

APPENDIX - 2.1

(Referred to in paragraph 2.4.2)

Statement showing loss of interest due to delay in recovery of NPV

Sr. No.	Name of the user and Mining Lease No.	Date of final approval	NPV (amount in rupees)	Date of payment	Delay in months from December 2005	Interest due @ 5.50 per cent (amount in rupees)
1.	M/s. Talauliker & Sons Pvt. Ltd. No.2/51	18.12.1995	23272900	17.10.2007	22	2346684
2.	M/s. Sociedade De Fomento Industries Ltd. No. 88/52	15.12.1995	48580000	17.10.2007	22	4898483
3.	M/s. V.S. Dempo & Co. No. 7/50	07.11.1994	8785420	17.10.2007	22	885863
4.	M/s. V.S. Dempo & Co. No. 21/54	15.05.1995	10792250	17.10.2007	22	1088219
5.	M/s. V.M. Salgaonkar & Bros Ltd. No. 44/56	10.05.1995	11529000	17.10.2007	22	1162507
6.	M/s. V.M. Salgaonkar & Bros Ltd. No. 83/52	18.08.1994	37940000	17.10.2007	22	3825617
7.	M/s. V.M. Salgaonkar & Bros Ltd. No. 29/54	10.05.1995	7918750	17.10.2007	22	798474
8.	M/s. V.M. Salgaonkar & Bros Ltd. No. 19/52	23.06.1995	13790000	17.10.2007	22	1390492
9.	M/s. V.M. Salgaonkar & Bros Ltd. No. 39/56	30.10.1998	9495500	17.10.2007	22	957463
10.	M/s. Emco Goa Pvt Ltd. No. 23/53	02.04.1997	36019200	17.10.2007	22	3631936
11.	M/s. Chowgule & Co. No. 26/57	28.05.1997	7931000	29.10.2007	22	799709
	Total					**2,17,85,447**

APPENDIX - 2.2

(Referred to in paragraph 2.5.1)

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

Sr. No.	Name of the Department	Up to 2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1.	Agriculture	--	--	--	--	1	2	--	--	4	7	7	15	12	24
2.	Animal Husbandry & Veterinary Services	--	--	--	--	--	--	--	--	1	2	1	1	2	3
3.	Archives, Archaeology & Museum	--	--	--	--	--	--	--	--	1	2	2	5	3	7
4.	Art & Culture	--	--	--	--	1	1	1	3	3	6	2	9	7	19
5.	Civil Supplies	--	--	--	--	--	--	--	--	1	1	1	5	2	6
6.	Co-operation	--	--	--	--	--	--	--	--	--	--	3	15	3	15
7.	Education	--	--	--	--	--	--	1	9	5	9	14	38	20	56
8.	Finance	1	4	--	--	--	--	--	--	--	--	6	7	7	11
9.	Fisheries	1	2	--	--	--	--	--	--	1	3	1	7	3	12
10.	Forests	--	--	--	--	--	--	2	2	3	5	2	2	7	9
11.	General Administration	--	--	--	--	1	2	1	3	2	8	--	--	4	13
12.	Housing	--	--	1	2	--	--	1	5	--	--	--	--	2	7
13.	Health	1	1	--	--	1	2	5	12	4	12	12	32	23	59
14.	Higher Education	1	1	1	1	1	1	1	1	2	2	1	4	7	10
15.	Home	--	--	2	3	--	--	2	2	5	7	2	10	11	22
16.	Industries	--	--	--	--	--	--	--	--	3	7	1	2	4	9
17.	Information & Publicity	--	--	--	--	--	--	--	--	3	10	1	4	4	14
18.	Inland Water Transport	--	--	--	--	--	--	1	2	2	2	1	2	4	6

19.	Irrigation	---	--	1	1	2	4	3	5	5	11	1	2	12	23
20.	Labour	--	--	1	1	--	--	1	1	4	9	3	10	9	21
21.	Law	--	--	1	1	--	--	4	7	3	3	3	4	11	15
22.	Mines	--	--	--	--	--	--	--	--	1	4	--	--	1	4
23.	Panchayati Raj	--	--	3	6	4	18	8	44	2	9	--	--	17	77
24.	Printing & Stationary	--	--	--	--	--	--	--	--	1	3	--	--	1	3
25.	Provedoria	--	--	--	--	--	--	--	--	1	7	--	--	1	7
26.	Public Works	6	9	3	3	7	17	10	42	11	41	8	19	45	131
27.	Revenue	1	1	2	3	6	16	3	11	12	79	14	105	38	215
28.	Rural Development	--	--	--	--	2	3	1	2	1	3	1	4	5	12
29.	Science Technology & Environment	1	2	1	1	--	--	--	--	--	--	1	3	3	6
30.	Social Welfare	--	--	--	--	--	--	--	--	3	7	--	--	3	7
31.	Sports & Youth Affairs	1	4	--	--	--	--	2	2	1	3	--	--	4	9
32.	Technical Education	--	--	1	3	2	2	--	--	2	9	3	6	8	20
33.	Town & Country Planning	1	1	--	--	1	1	1	6	2	2	1	6	6	16
34.	Transport	-	--	1	1	--	--	1	1	1	5	--	--	3	7
35.	Tourism	1	1	1	2	1	1	--	--	--	--	1	6	4	10
36.	Urban Development	1	1	1	4	3	6	4	31	11	113	8	117	28	272
37.	Women & Child Development	--	--	--	--	--	--	3	6	1	2	3	9	7	17
Total		**16**	**27**	**20**	**32**	**33**	**76**	**56**	**197**	**102**	**393**	**104**	**449**	**331**	**1174**

APPENDIX - 2.3

(Referred to in paragraph 2.5.2)

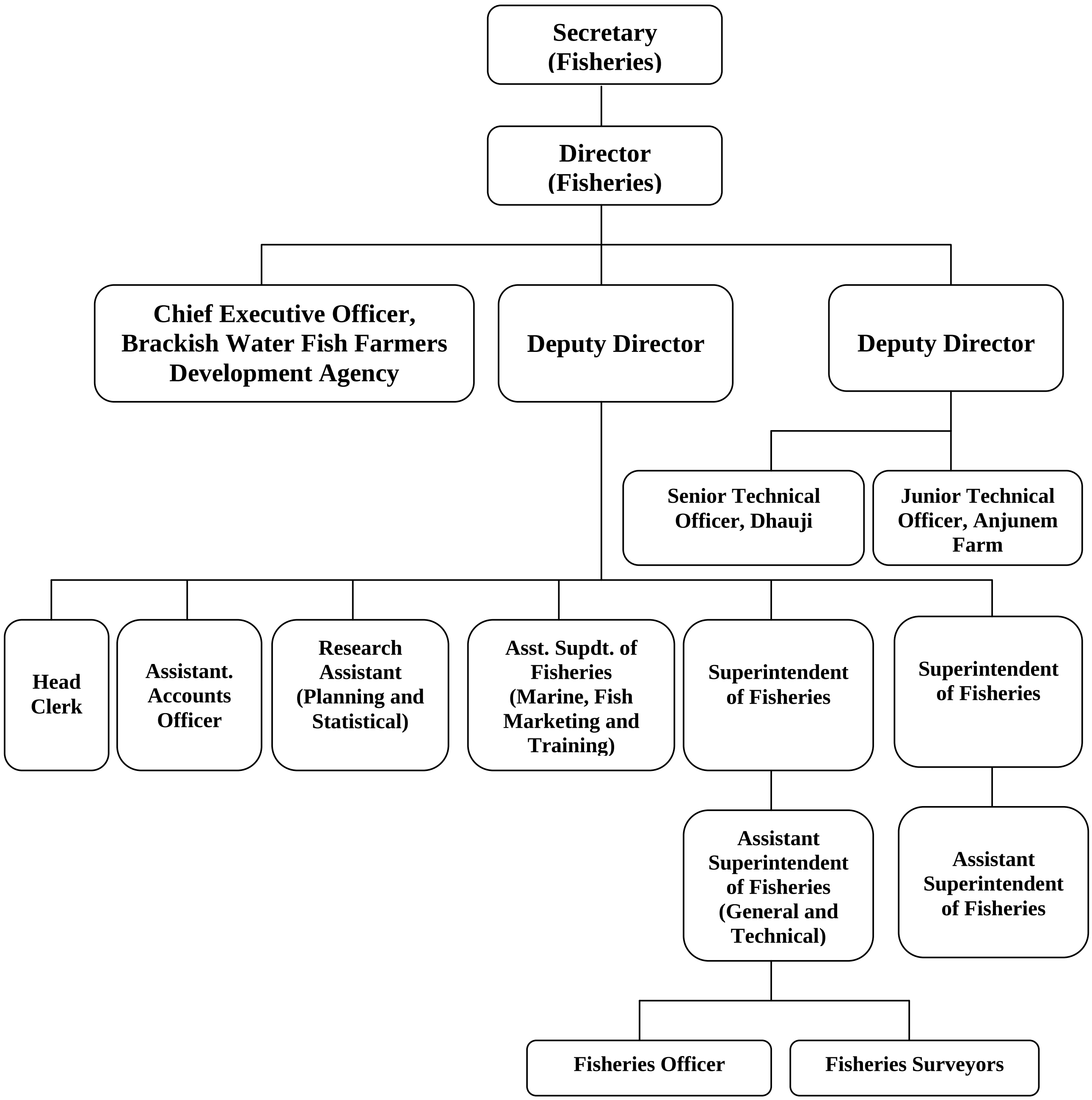
Statement showing number of paragraphs/reviews in respect of which Government explanatory memoranda had not been received

Sr. No.	Name of Department	2004-05	2005-06	2006-07	2007-08	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Water Resources	1	1	1	3	6
2	Home	1	1	-	-	2
3	Public Works	1	-	1	3	5
4	Rural Development	-	1	-	-	1
5	Social Welfare	-	-	1	1	2
6	Finance	-	-	1	-	1
7	Education	-	-	1	-	1
8	Revenue	-	-	1	1	2
9	Labour and Employment	-	-	-	1	1
10	Panchayat Raj and Community Development	-	-	-	1	1
	Total	**3**	**3**	**6**	**10**	**22**

APPENDIX - 3.1

(Referred to in paragraph 3.1.2)

Organisational Chart



APPENDIX - 3.2

(Referred to in paragraph 3.1.6.1 (b))

Statement showing details of grants received/utilized and utilization certificates sent

Year	Unspent balance as on 1st April of the year	Amount asked /received for the year	Amount utilized (in rupees)	Date of utilization	Quarter	Date of sending Utilisation Certificate
2004-05	Rs 5.66 lakh	Requested Rs 64.34 lakh on 23.4.2004 Received Rs 64.34 lakh on 6.7.2004	8,38,568	13.9.2004	1st Quarter	Rs 60 lakh on 17.6.2005
			19,125	13.10.2004	1st Quarter	
			6,08,073	19.11.2004	1st Quarter	
			7,80,671	19.11.2004	2nd Quarter	
			5,69,596	18.1.2005	2nd Quarter	
			10,87,496	1.2.2005	3rd Quarter	
			5,08,530	4.3.2005	3rd Quarter	
			4,29,806	15.3.2005	4th Quarter	
			14,87,947	15.3.2005	4th Quarter	
2005-06	Rs 10 lakh	Requested Rs 2.6 crore on 5.8.2005 Received Rs 60 lakh on 29.8.2005 and Rs 2 crore on 30.12.2005	5,18,000	14.10.2005	1st Quarter	Rs 2.2 crore on 1.6.2006
			54,12,490	18.10.2005	1st Quarter	
			57,223	1.12.2005	1st Quarter	
			42,73,289	16.2.2006	2nd Quarter	
			67,75,735	16.2.2006	3rd Quarter	
			25,440	1.3.2006	3rd Quarter	
			33,424	1.3.2006	2nd Quarter	
			22,795	7.3.2006	3rd Quarter	
			33,510	7.3.2006	3rd Quarter	
			6,116	7.3.2006	3rd Quarter	
			14,190	10.3.2006	4th Quarter	
			13,647	10.3.2006	4th Quarter	
			5,348	22.3.2006	3rd Quarter	
			48,98,039	10.3.2006	4th Quarter	
2006-07	Rs 50 lakh	Requested Rs 2 crore on 1.6.2006 Received Rs 1 crore on 14.7.2006 and Rs 28.35 lakh on 30.3.2007	52,40,065	20.9.2006	1st Quarter	Rs 1.04 crore on 7.3.2007 and Rs 45.83 lakh on 23.3.07
			5,57,292	3.10.2006	1st Quarter	
			4,133	24.10.2006	1st Quarter	
			3,22,669	6.11.2006	2nd Quarter	
			2,59,330	26.10.2006	1st Quarter	
			1,59,367	20.11.2006	1st Quarter	
			34,10,955	5.2.2007	2nd Quarter	
			5,09,704	30.11.2006	2nd Quarter	
			45,46,358	13.3.2007	3rd Quarter	
2007-08	Rs 28.35 lakh	Requested Rs 2.97 crore on 4.6.2007 Received Rs 1 crore on 5.7.2007 and Rs 1.6 crore on 26.3.2007	28,16,827	6.6.2007	3rd Quarter of 2006-07	Rs 1.23 crore on 14.7.2008
			29,72,314	21.8.2007	1st Quarter	
			20,74,050	20.2.2008	1st Quarter	
			44,76,959	20.2.2008	2nd Quarter	
			14,94,564	7.3.2008	3rd Quarter	
2008-09	Rs 1.5 crore	Requested Rs 2.35 crore on 23.4.2008 Received Rs 1 crore on 29.5.2008	60,19,742	15.6.2008	3rd Quarter of 2007-08	UC not sent
			45,04,713	25.9.2008	4th Quarter of 2007-08	
			57,89,839	17.3.2009	1st Quarter	

APPENDIX - 5.1

(Referred to in paragraph 5.1.7)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government Companies and Statutory Corporations

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

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
A. Working Government Companies													
	AGRICULTURE & ALLIED												
1.	Goa Forest Development Corporation Limited (GFDCL)	Forest	April 1997	268.91	-	-	268.91	-	-	-	-	-	91
2.	Goa Meat Complex Limited (GMCL)	Animal Husbandry	March 1971	25.00	23.96	12.86	61.82	-	-	-	-	-	72
3.	Goa State Horticultural Corporation Limited (GSHCL)	Agriculture	August 1993	499.50	-	-	499.50	124.00	-	-	124.00	0.25:1 (0.25:1)	35
	Sector wise total			**793.41**	**23.96**	**12.86**	**830.23**	**124.00**	**-**	**-**	**124.00**	**0.15:1**	**198**
	FINANCE												
4	EDC Limited (EDCL)	Finance	March 1975	8120.26	-	1472.22	9592.48	-	-	-	-	- (0.43:1)	92
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	Industries and Labour	November 1980	733.01	17.00	-	750.01	-	-	-	-	-	64
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	Social Welfare	April 1990	189.67	158.21	-	347.88	-	-	245.50	245.50	0.71:1 (0.71:1)	13
7	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	Social Welfare	March 2004	455.00	-	-	455.00	25.00	-	57.66	82.66	0.18:1 (0.07:1)	7
	Sector wise total			**9497.94**	**175.21**	**1472.22**	**11145.37**	**25.00**	**-**	**303.16**	**328.16**	**0.03:1**	**176**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
	INFRASTRUCTURE												
8.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	Finance	February 2001	305.00	-	5.00	310.00	-	-	16643.49	16643.49	53.69:1 (42.00:1)	59
9.	Info Tech Corporation Limited (ITCGL)	Information Technology	April 1990	1314.56	-	318.90	1633.46	-	-	-	-	-	44
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	Public Works	February 2001	525.00	-	5.00	530.00	-	-	-	-	-	13
	Sector wise total			**2144.56**	**-**	**328.90**	**2473.46**	**-**	**-**	**16643.49**	**16643.49**	**6.73:1**	**116**
	MANUFACTURING												
11	Goa Auto Accessories Limited (GAAL)	Finance	September 1976	-	-	559.00	559.00	-	-	42.42	42.42	0.08:1 (0.08:1)	82
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	Finance	December 1980	-	-	1902.00	1902.00	-	-	700.00	700.00	0.37:1 (0.37:1)	221
	Sector wise total			**-**	**-**	**2461.00**	**2461.00**	**-**	**-**	**742.42**	**742.42**	**0.30:1**	**303**
	SERVICES												
13.	Goa Electronic Limited (GEL)	Finance	March 1976	-	-	180.00	180.00	-	-	987.46	987.46	5.49:1 (5.59:1)	9
14.	Goa Tourism Development Corporation Limited (GTDCL)	Tourism	March 1982	2264.69	-	-	2264.69	739.17	-	-	739.17	0.33:1 (0.05:1)	366
15.	Kadamba Transport Corporation Limited (KTCL)	Transport	October 1980	4559.33	-	-	4559.33	-	-	2908.09	2908.09	0.64:1 (0.68:1)	1907
	Sector wise total			**6824.02**	**-**	**180.00**	**7004.02**	**739.17**	**-**	**3895.55**	**4634.72**	**0.66:1**	**2282**
	Total A (All sector wise working Government companies)			**19259.93**	**199.17**	**4454.98**	**23914.08**	**888.17**	**-**	**21584.62**	**22472.79**	**0.94:1**	**3075**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	(7)	(8)
B. Working Statutory corporations													
	INFRASTRUCTURE												
1.	Goa Industrial Development Corporation (GIDC)	Industrial	1966	1802.18	1000.00	-	2802.18	-	-	-	-	-	247
2.	Goa Information Technology Development Corporation (GITDC)	Information Technology	November 2006	-	-	25.00	25.00	-	-	-	-	-	2
	Sector wise total			**1802.18**	**1000.00**	**25.00**	**2827.18**	**-**	**-**	**-**	**-**	**-**	**249**
	Total B (All sector wise working Statutory corporations)			**1802.18**	**1000.00**	**25.00**	**2827.18**	**-**	**-**	**-**	**-**	**-**	**249**
	C. Non Working Government Companies	**NIL**											
	D. Non Working Statutory Corporations	**NIL**											
	Grand Total (A + B + C + D)			**21062.11**	**1199.17**	**4479.98**	**26741.26**	**888.17**	**-**	**21584.62**	**22472.79**	**0.84:1**	**3324**

$ Paid up capital includes share application money.
** Loans outstanding at the close of 2008-09 represent long term loans only.

APPENDIX - 5.2

(Referred to in paragraphs 5.1.15 and 5.1.39)

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

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ LossΦ							
(1)	**(2)**	**(3)**	**(4)**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
A.	**Working Government Companies**													
	AGRICULTURE & ALLIED													
1.	Goa Forest Development Corporation Limited (GFDCL)	2007-08	2008-09	(-) 22.30	-	4.86	(-)27.16	187.28	(-)12.28	268.91	356.86	715.53	(-)27.16	-
2.	Goa Meat Complex Limited (GMCL)	2007-08	2008-09	(-) 29.57	-	21.73	(-)51.30	165.65	(-)20.74	61.82	166.38	476.32	(-)51.30	-
3.	Goa State Horticultural Corporation Limited (GSHCL)	2005-06	2009-10	(-) 3.02	-	2.97	(-)5.99	236.45	NIL	499.50	(-)134.53	755.84	(-)5.99	-
	Sector wise total			**(-) 54.89**	**-**	**29.56**	**(-)84.45**	**589.38**		**830.23**	**388.71**	**1947.69**	**(-)84.45**	**-**
	FINANCE													
4.	EDCL (EDCL)	2007-08	2008-09	9271.50	882.41	23.71	8365.38	10809.85	(-)29.00	7092.48	1177.34	23610.95	9247.79	39.17
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2007-08	2008-09	55.28	0.27	6.47	48.54	3342.94	(-)3.01	750.01	26.41	1011.21	48.81	4.83
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2001-02	2008-09	6.97	10.52	3.93	(-)7.48	25.04	NIL	231.76	(-)23.09	435.13	3.04	0.70
7.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2007-08	2008-09	(-)2.64	-	1.74	(-)4.38	13.41	NIL	350.00	(-)59.06	275.00	(-)4.38	-
	Sector wise total			**9331.11**	**893.20**	**35.85**	**8402.06**	**14191.24**		**8424.25**	**1121.60**	**25332.29**	**9295.26**	**36.69**

Φ Net profit/loss is net profit/loss before tax.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ LossΦ							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Sl. No.	**Sector & Name of the Company**	**Period of Accounts**	**Year in which finalised**	**Net Profit (+)/ Loss (-)**				**Turnover**	**Impact of Accounts Comments#**	**Paid up Capital**	**Accumulated Profit (+)/ Loss (-)**	**Capital employed@**	**Return on capital employed$**	**Percentage return on capital employed**
				Net Profit/ Loss before Interest & Depreciation	**Interest**	**Depre-ciation**	**Net Profit/ LossΦ**							
(1)	**(2)**	**(3)**	**(4)**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**
	INFRASTRUCTURE													
8.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2007-08	2008-09	1548.52	1332.88	16.12	199.52	16916.58	3.72	310.00	346.08	17581.23	1532.40	8.72
9.	Info Tech Corporation Limited (ITCGL)	2005-06	2007-08	(-)30.71	0.11	7.55	(-)38.37	946.99	(-)2.69	1633.46	(-)195.56	1449.19	(-)38.26	-
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2003-04	2008-09	- - - - - - No P&L A/c prepared - - - - - - - -					NIL	205.00	-	-	-	
	Sector wise total			**1517.81**	**1332.99**	**23.67**	**161.15**	**17863.57**		**2148.46**	**150.52**	**19030.42**	**1494.14**	**7.85**
	MANUFACTURING													
11.	Goa Auto Accessories Limited (GAAL)	2008-09	2009-10	(-) 40.33	11.64	9.92	(-)61.89	696.69	NIL	559.00	(-)524.01	123.31	(-)50.25	-
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	2007-08	2009-10	(-) 30.89	108.96	30.64	(-)170.49	1078.02	(-)15.05	192.00	(-)2851.84	522.65	(-)61.53	-
	Sector wise total			**(-)71.22**	**120.60**	**40.56**	**(-)232.38**	**1774.71**		**751.00**	**(-)3375.85**	**645.96**	**(-)111.78**	**-**
	SERVICES													
13.	Goa Electronic Limited (GEL)	2007-08	2008-09	(-) 15.84	16.20	3.33	(-)35.37	404.00	NIL	180.00	(-)1977.63	(-)810.15	(-)19.17	-
14.	Goa Tourism Development Corporation Limited (GTDCL)	2007-08	2008-09	218.61	-	195.08	23.53	1736.75	(-)24.14	2035.39	81.52	2355.70	23.53	1.00
15.	Kadamba Transport Corporation Limited (KTCL)	2007-08	2008-09	(-) 521.19	403.78	345.62	(-)1270.59	5727.99	(-)458.96	2890.96	(-)8424.62	1307.24	(-)866.81	-
	Sector wise total			**(-)318.42**	**419.98**	**544.03**	**(-)1282.43**	**7868.74**		**5106.35**	**(-)10320.73**	**2852.79**	**(-)862.45**	**-**
	Total A (All sector wise working Government Companies)			**10404.39**	**2766.77**	**673.67**	**6963.95**	**42287.64**		**17260.29**	**(-)12035.75**	**49809.15**	**9730.72**	**19.54**

Φ Net profit/loss is net profit/loss before tax.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depre-ciation	Net Profit/ LossΦ							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B.	**Working Statutory Corporations**													
	INFRASTRUCTURE													
1.	Goa Industrial Development Corporation (GIDC)	2007-08	2008-09	2788.62	-	454.46	2334.16	3645.52	(-)192.00	2802.18	3789.63	5936.57	2334.16	39.32
2.	Goa Information Technology Development Corporation (GITDC)	First accounts awaited		-	-	-	-	-	-	-	-	-	-	-
	Sector wise total			**2788.62**	**-**	**454.46**	**2334.16**	**3645.52**		**2802.18**	**3789.63**	**5936.57**	**2334.16**	**39.32**
	Total B (All sector wise working Statutory corporations)			**2788.62**	**-**	**454.46**	**2334.16**	**3645.52**		**2802.18**	**3789.63**	**5936.57**	**2334.16**	**39.32**
C. Non Working Government Companies		**NIL**												
D. Non Working Statutory Corporations		**NIL**												
	Grand Total (A + B+C+D)			**13193.01**	**2766.77**	**1128.13**	**9298.11**	**45933.16**	**-**	**20062.47**	**(-)8246.12**	**55745.72**	**12064.88**	**21.64**

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

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

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

Φ Net profit/loss is net profit/loss before tax.

APPENDIX - 5.3

(Referred to in paragraph 5.1.10)

Statement showing Equity, loans, grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

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

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year[Φ]				Guarantees received during the year and commitment at the end of the year[@]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment o/s	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A.	**Working Government Companies**												
	AGRICULTURE & ALLIED												
1.	Goa Forest Development Corporation Limited (GFDCL)	-	-	-	-	-	-	-	-	-	-	-	-
2.	Goa Meat Complex Limited (GMCL)	-	-	-	141.67	-	141.67	-	-	-	-	-	-
3.	Goa State Horticultural Corporation Limited (GSHCL)	-	-	-	99.45	-	99.45	-	-	-	-	-	-
	Sector wise total	-	-	-	**241.12**	-	**241.12**	-	-	-	-	-	-
	FINANCE												
4.	EDCL (EDCL)	-	-	-	-	-	-	-	5400.00	-	-	-	-
5.	Goa Handicraft Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	-	-	-	-	-	-	-	-	-	-	-	-
6.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	-	5.00	-	25.00	-	25.00	-	-	-	-	-	-
7.	Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	105.00	-	-	-	-	-	-	200.00	-	-	-	-
	Sector wise total	**105.00**	**5.00**	-	**25.00**	-	**25.00**	-	**5600.00**	-	-	-	-

[Φ] Figure in market indicate subsidy.

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
	INFRASTRUCTURE												
8.	Goa State Infrastructure Development Corporation Limited (GSIDCL)	-	-	-	10700.00	-	10700.00	-	60.48	-	-	-	-
9.	Info Tech Corporation Limited (ITCGL)	-	-	-	-	-	-	-	-	-	-	-	-
10.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	40.00	-	-	1864.00	-	1864.00	-	-	-	-	-	-
	Sector wise total	**40.00**	**-**	**-**	**12564.00**	**-**	**12564.00**	**-**	**60.48**	**-**	**-**	**-**	**-**
	MANUFACTURING												
11.	Goa Auto Accessories Limited (GAAL)	-	-	-	0.56	-	0.56	-	-	-	-	-	-
12.	Goa Antibiotics and Pharmaceuticals Limited (GAPL)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	-	-	-	**0.56**	-	**0.56**	-	-	-	-	-	-
	SERVICES												
13.	Goa Electronic Limited (GEL)	-	-	-	-	-	-	-	-	-	-	-	-
14.	Goa Tourism Development Corporation Limited (GTDCL)	-	650.00	-	-	-	-	-	-	-	-	-	-
15.	Kadamba Transport Corporation Limited (KTCL)	300.00	-	-	-	-	-	-	3000.00	-	-	-	-
	Sector wise total	**300.00**	**650.00**	**-**	**-**	**-**	**-**	**-**	**3000.00**	**-**	**-**	**-**	**-**
	Total A (All sector wise working Government companies)	**445.00**	**655.00**	**-**	**12830.68**	**-**	**12830.68**	**-**	**8660.48**	**-**	**-**	**-**	**-**

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B.	**Working Statutory corporations**												
	INFRASTRUCTURE												
1.	Goa Industrial Development Corporation (GIDC)	-	-	-	-	-	-	-	-	-	-	-	-
2.	Goa Information Technology Development Corporation (GITDC)	-	-	-	-	-	-	-	-	-	-	-	-
	Sector wise total	-	-	-	-	-	-	-	-	-	-	-	-
Total B (All sector wise working Statutory corporations)		-	-	-	-	-	-	-	-	-	-	-	-
C. Non Working Government Companies		-	-	-	-	-	-	-	-	-	-	-	-
D. Non working Statutory Corporations		-	-	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C + D)		**445.00**	**655.00**	**-**	**12830.68**	**-**	**12830.68**	**-**	**8660.48**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year.

APPENDIX - 5.4

(Referred to in paragraph 5.1.30)

Statement showing investments made by State Government in PSUs whose accounts are in arrears as on 30 June 2009

(Amount: Rs. in Lakh)

Sl. No	Name of PSU	Year upto which Accounts finalised	Paid up capital as per latest finalized accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1.	2.	3.	4.	5.	6.	7.	8.	9.
A.	Working Companies							
1.	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2001-02	231.76	2002-03	31.67	-	-	-
				2003-04	5.00	-	-	-
				2004-05	5.00	-	-	0.29
				2005-06	5.00	-	-	0.26
				2006-07	5.00	-	-	-
				2007-08	5.00	-	-	-
2.	Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2003-04	205.00	2007-08	280.00	-	-	-
3.	Goa State Horticultural Corporation Limited (GSHCL)	2005-06	499.50	2006-07	-	-	6.51	-
				2007-08	-	-	35.00	3.60
	Total A	**-**	**936.26**	**-**	**336.67**	**-**	**41.51**	**4.15**
B	Working Statutory Corporations							
1.	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited	-	2008-09	25.00	-	-	-
	Total B				**25.00**	**-**	**-**	**-**
	Grand Total (A + B)				**361.67**	**-**	**41.51**	**4.15**

APPENDIX - 5.5

(Referred to in paragraph 5.1.15)

Statement showing financial position of Statutory Corporations

Goa Industrial Development Corporation

(Rupees in crore)

Financial Position				
	Particulars	**2005-06**	**2006-07**	**2007-08**
LIABILITIES				
A	Amount payable to Government	28.02	28.02	28.02
B	Reserves and Surplus	3.89	14.66	37.90
C	Deposits			
i	From Govt. for Schemes undertaken and/or on behalf of Govt. and others	0.01	0.01	0.01
ii	From private parties (for lease of plots etc.)	6.75	8.80	8.94
D	Current Liabilities, provisions and refunds	157.76	318.87	335.37
	TOTAL	**196.43**	**370.36**	**410.24**
ASSETS				
A	Fixed Assets	5.51	5.76	7.22
	Less : Depreciation (Cumulative)	3.96	4.37	4.76
	Net Fixed Assets	1.55	1.39	2.46
B	Work in progress	12.35	7.28	11.09
C	Development of Industrial areas / Estates	104.54	114.02	136.53
	Less : Depreciation	26.84	30.65	34.80
	Net development of Industrial areas/ Estates	77.70	83.37	101.73
D	Investments	4.24	4.71	6.55
E	Cash at Bank / in hand	73.07	150.26	196.63
F	Other current assets, loans and advances	27.52	123.35	91.78
	TOTAL	**196.43**	**370.36**	**410.24**
	Capital employed*	**27.67**	**37.96**	**59.37**

* Capital employed represents Net Fixed Assets plus capital work-in progress plus working capital.

APPENDIX - 5.6

(Referred to in paragraph 5.1.15)

Statement showing working results of Statutory Corporations

Goa Industrial Development Corporation

(Rupees in crore)

B.WORKING RESULTS				
		2005-06	**2006-07**	**2007-08**
A	**Income**			
	a. Rent	3.06	4.59	4.40
	b. Interest	4.66	15.98	29.74
	c. Other charges	1.75	2.59	2.31
	Total	**9.47**	**23.16**	**36.45**
B	**Expenditure**			
	a. Executive / Administrative	5.25	6.52	6.60
	b. Depreciation	3.68	4.22	4.54
	c. Maintenance and repairs	1.63	1.62	1.97
	Total	**10.56**	**12.36**	**13.11**
	Surplus (+) /Deficit (-)	(-) 1.09	(+)10.80	(+)23.34
	Prior period Adjustments (Dr.)	--	(-) 0.03	(-) 0.10
	Net surplus (+) / Deficit (-) after prior period adjustment.	(-) 1.09	(+)10.77	(+)23.24
	Total interest charged to Income and Expenditure account.	--	--	-
	Accumulated surplus	3.89	14.66	(+)37.90
	Return on capital employed[@]	(-) 1.09	10.77	23.24
	Percentage of return on capital employed	–	28.36	39.14

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

APPENDIX - 5.7

(Referred to in Paragraph 5.1.47)

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

I. Electricity Department

Sl. No.	Particulars	Year of commencement: 1962-63		
		Period of accounts		
		2003-04	2004-05	2005-06
		(Rupees in lakh)		
1	Government capital	34788.65	43569.24	53696.88
2	Block assets at depreciated cost	16397.92	16136.00	17263.90
3	Cumulative depreciation	5403.60	6323.11	7456.21
4	Net loss (-) / Net profit (+)	(+)18706.55	(+)15580.80	(+)9442.55
5	Interest on capital	685.09	–	–
6	Total returns (5 + 4)	19391.64	(+)15580.80	(+)9442.55
7	Percentage of returns on mean capital	60.13	39.77	19.41

II. River Navigation Department

Sl. No.	Particulars	Year of commencement: 1965-66		
		Period of accounts		
		2001-02	2002-03	2003-04
		(Rupees in lakh)		
1	Government capital	7452.44	8343.55	9257.46
2	Block assets at depreciated cost	775.13	827.75	879.61
3	Depreciation	87.75	92.84	98.36
4	Net loss (-) / Net profit (+)	(-) 1004.10	(-) 905.71	(-) 937.00
5	Interest on capital	37.26	38.83	39.91
6	Total returns (5 + 4)	(-) 966.84	(-) 866.88	(-) 897.09
7	Percentage of returns on mean capital	Nil	Nil	Nil

APPENDIX - 5.8

(Referred to in paragraph No.5.2.7)

Statement showing operational performance of Kadamba Transport Corporation Limited

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average number of vehicles held	399	427	438	413	398
Average number of vehicles on road	327	352	338	314	310
Percentage of utilization of vehicles	81.95	82.24	77.17	76.03	77.89
Number of employees	1983	2050	2026	1972	1925
Employee vehicle ratio	4.97	4.81	4.62	4.77	4.84
Number of routes operated at the end of the year	218	218	220	220	220
Route kilometers	21159	21159	21354	21354	21351
Kilometers operated					
(In lakh) Gross	316.45	330.93	314.72	294.63	290.70
Effective	310.49	322.26	306.32	289.39	284.28
Dead	5.96	8.67	8.40	5.24	6.42
Percentage of dead kilometers to gross kilometers	1.88	2.62	2.67	1.78	2.20
Average kilometers covered per bus per day	64.71	60.11	63.18	68.01	68.87
Average revenue per kilometer (Rs.)	13.30	14.43	15.54	15.69	16.84
Average expenditure per kilometre (Rs.)	16.88	18.81	21.14	22.93	24.93
Loss (-)/profit (+) per kilometre (Rs.)	(-)4.18	(-)5.41	(-)5.27	(-)6.68	(-)3.23
Number of operating depots	4	4	4	4	4
Average number of breakdown per lakh kilometers	0.17	0.18	0.22	0.26	0.20
Average number of accidents per lakh kilometers	0.36	0.36	0.44	0.32	0.39
Passenger kilometre operated (in crore)	8970.71	9931.86	9047.54	8606.16	8413.28
Occupancy ratio (load factor)	51.07	53.19	57.17	55.06	55.20
Kilometres obtained per litre of diesel oil	4.60	4.47	4.56	4.43	4.36