

CHAPTER – I

**Social, General and
Economic Sectors (Non-PSUs)**

CHAPTER-I

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

1.1 Trend of Expenditure

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

Table 1.1: Comparative position of expenditure

(₹ in crore)

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

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

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

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

1.2 Authority for Audit

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

1.3 Planning and conduct of Audit

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

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

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

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

1.4 Lack of responsiveness of Government to Audit

1.4.1 Inspection reports outstanding

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

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

1.4.2 Response of departments to the draft paragraphs

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

1.4.3 Follow up on Audit Reports

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

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

SOCIAL WELFARE DEPARTMENT AND WOMEN AND CHILD DEVELOPMENT DEPARTMENT

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

Executive Summary

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

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

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

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

1.5.1 Introduction

The Constitution of India enjoins upon the State a responsibility to secure social order for the promotion of welfare of the people. Article 41 directs the State to provide public assistance to the old-aged, the unemployed, the sick and the disabled within the limit of its economic capacity and development. In pursuance of these guiding principles, Government of Goa implements various Schemes for the welfare of different categories of its citizens. The three major social welfare Schemes (hereinafter collectively referred to as the Schemes) with the largest outlay¹, implemented in the State of Goa, are:

- **Dayanand Social Security Scheme:** The Scheme is being implemented from January 2002 for providing monthly financial assistance² to the most vulnerable section of the society, viz., senior citizens, single women, widows and differently-abled persons, whose annual *per capita* income was less than the annual financial assistance granted under the Scheme, i.e., ₹ 24,000. The Scheme is implemented by Directorate of Social Welfare (DSW).
- **Griha Aadhar Scheme:** The State Government notified (October 2012) the Scheme for granting monthly financial assistance³ to housewives/homemakers from middle, lower middle and poor sections of the society to address the problem of spiraling prices and to enable a reasonable standard of living for their families. Married women aged 18 years and above, who were residents of Goa and whose annual family income did not exceed ₹ three lakh, were eligible. In case of widows and divorced women, the annual family income was capped at ₹ 1.50 lakh. The Scheme is implemented by Directorate of Women and Child Development (DWCD).
- **Laadli Laxmi Scheme:** The Scheme was introduced (July 2012) with the objective of reducing the financial burden on a parent/guardian at the time of marriage of girl child to address the undesirable tendency of female foeticide and thereby help arrest the declining female sex ratio in the State. The Scheme implemented by the DWCD provides one-time financial assistance of ₹ one lakh in the form of fixed deposit to every girl beneficiary aged between 18 and 45 years (resident of Goa for the last 15 years) on her marriage or for starting business/profession or pursuing further studies. The fixed deposit gets renewed automatically every year along with the amount of interest accrued, till the date of claim by the beneficiary or until the age of 45 years, whichever is earlier.

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

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

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

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

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

1.5.2 Organisational set-up

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

1.5.3 Audit objectives

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

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

1.5.4 Audit criteria

Audit observations were framed with reference to the following:

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

1.5.5 Scope and methodology of audit

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

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

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

Audit findings

1.5.6 Identification of beneficiaries

1.5.6.1 Inadequacies in scrutiny of applications

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

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

- Data analysis revealed that 6,223 of 98,644 senior citizens; 3,327 of 32,141 single women; and 1,162 of 11,001 differently-abled beneficiaries availed of financial assistance aggregating ₹ 40.34 crore⁴ under DSSS during 2012-17, though they had an annual income of ₹ 24,000 or above and were, therefore, ineligible under the DSSS Rules, 2001⁵. Further, the Scheme benefits to senior citizens were to commence from the date of their attaining the age of 60 years. Audit, however, observed that 5,227 persons had applied for and availed of financial assistance under the Scheme even before they attained the qualifying age of 60 years. During 2012-17, these persons received ₹ 35.91 crore as financial assistance from the date of sanction of benefit till reaching the age of 60 years.

In the 66th Report laid (February 2011) on the table of the Goa Legislature, the Public Accounts Committee (2009-11) felt⁶ that applications under DSSS should be invited at the age of 58 years which would give the implementing department sufficient time for verification of the applications and also call for additional documents from the applicants, if necessary. However, the sanction of the financial assistance should be made on attaining the age of 60 years after obtaining life certificate from the respective applicants. The PAC, therefore, recommended that DSSS needs to be revised suitably. However, the recommendations of the PAC were not implemented by the State Government, which could have checked the instances of irregular sanction of financial assistance to ineligible applicants under the 'senior citizen' category.

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

⁵ Effective from 01 January 2002

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

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

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

1.5.6.2 Deficiencies in beneficiaries' survey

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

The DSSS Rules, 2001 mandated review of all beneficiaries at least once in every three years while *Griha Aadhar* Scheme and *Laadli Laxmi* Rules, 2012 did not specify the requirements of the survey. Audit observed that survey of DSSS beneficiaries was undertaken only twice since the launch of the Scheme in January 2002, by a Non-Governmental Organization⁷, and the evaluation reports submitted in 2004 and 2014. No survey was conducted for the beneficiaries under *Griha Aadhar* and *Laadli Laxmi* Schemes since their implementation in 2012.

The evaluation report of the second DSSS survey indicated 25,176 of 1.15 lakh beneficiaries (as of March 2013) as 'non-genuine'⁸. The DSW issued show cause notices (between 2014 and 2017) to 25,056 of 25,176 non-genuine beneficiaries, post-survey. On receipt of reply to notices issued, DSW identified 11,410 cases as genuine and 325 cases as ineligible. The status of remaining 13,321 beneficiaries could not be ascertained (March 2017) by DSW, as these beneficiaries did not reply to the notices or the notices were returned. The DSW stopped (March 2017) forthwith financial assistance to 11,147 of 13,646⁹ beneficiaries, leaving a balance of 2,499 cases to be acted upon as of March 2017. The disbursement to 2,619¹⁰ doubtful beneficiaries worked out to ₹ 18.86 crore¹¹ during the period 2014-17.

Audit further observed that a software system to capture fingerprints and issue smart cards for DSSS beneficiaries was procured¹² by GEL at an all-inclusive cost of ₹ 3.96 lakh in June 2004 but not implemented by DSW, for which no reasons were found on record. The DWCD also did not respond to a techno-commercial proposal submitted (October 2013) by GEL for carrying out biometric survey of *Griha Aadhar* beneficiaries over a period of three years

⁷ Rambhau Mhalgi Prabodhini Centre for Development Planning and Research (CDPR), Pune

⁸ Doubtful/migrated/bogus/expired/not found

⁹ Ineligible cases (325) plus non-responsive cases (13,321)

¹⁰ 120 beneficiaries who were not served show cause notices plus 2,499 cases to be acted upon

¹¹ 2,619 * ₹ 2,000 * 36 months

¹² Supplied by Smart Chip Limited, New Delhi

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

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

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

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

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

1.5.7 Operation and management of the Schemes

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

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

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

1.5.7.1 Development of application software system for DSSS

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

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

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

1.5.7.2 Input and validation controls

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

- As of March 2017, the DSSS database maintained by GEL showed 735 beneficiaries¹³ classified as 'unmapped' whose names, dates of birth, age, dates of sanction/disbursement of benefit, *Aadhar* card numbers, income particulars, category/sub-category, *etc.*, were unavailable. Of this number, 599 beneficiaries had invalid¹⁴ date of sanction/disbursement recorded in the database, apart from other 'unmapped' attributes indicated above. At the current rate of financial assistance, the amount disbursed to them worked out to an estimated ₹ 1.44 crore¹⁵ *per annum*. The remaining 136 beneficiaries availed of financial assistance of ₹ 1.15 crore during the period 2012-17, though they had valid date of sanction/disbursement recorded in the database but did not meet other attributes.
- Out of 1.46 lakh beneficiaries assisted under *Griha Aadhar* Scheme as of March 2017, *Aadhar* card numbers and election photo ID card numbers

¹³ 725 beneficiaries under 'single women' category and 10 other 'unmapped' beneficiaries

¹⁴ 01 January 1900

¹⁵ 599 * ₹ 2,000 * 12 months

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

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

1.5.7.3 Business process mapping

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

- As per the DSSS Rules, 2001, the annual *per capita* family income of an applicant, having a spouse and children aged 20 years at the time of applying for benefit, would undergo change in the following year when the children cease to be part of the family¹⁶. However, the software system developed by GEL does not flag such applicants for determining their eligibility *de novo* as and when required.
- The details of family members were not available in respect of 1.36 lakh of 1.42 lakh beneficiaries (96 *per cent*) in the DSSS database. Consequently, the software system could not identify all beneficiaries availing of overlapping benefits both under DSSS and *Griha Aadhar* Scheme simultaneously. It also rendered the process of verification of annual *per capita* income of the families of beneficiaries impossible.
- The date of sanction preceded the date of application in case of 10,114 of 1.42 lakh beneficiaries under DSSS and 149 of 48,630 beneficiaries under *Laadli Laxmi* Scheme, indicating inadequate controls over processing of data.
- The Rules governing the implementation of the DSSS were not ingrained in the software system. The application system accepts blank fields and also invalid data, which was not susceptible to validation and processing.

1.5.7.4 Output controls

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

- GEL furnished only routine monthly reports¹⁷ to the implementing departments for implementation of the Schemes. The MIS/exception reports for ascertaining: (i) ineligible and suspicious cases in Scheme databases, (ii) beneficiaries enrolled more than once under a Scheme, (iii) beneficiaries availing of multiple benefits under two or more welfare Schemes, and (iv) monthly payments due and actual payments made to beneficiaries, *etc.*, were neither sought for by the implementing

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

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

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

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

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

1.5.7.5 Internal audit

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

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

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

1.5.8 Implementation of the Schemes

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

1.5.8.1 Receipt of overlapping benefits

The DSSS Rules, 2001 stipulated that the beneficiaries should not be in receipt of financial assistance from any other source. Data analysis¹⁸, however, revealed that though 1,357 beneficiaries availed of financial assistance of ₹ 8.96 crore under DSSS during 2012-17, they also simultaneously received financial assistance under other Social Welfare/Pension Schemes (SWPS) of the State/Central Government during the same period. The details are summarised in **Table 1.2**.

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

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

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

The exact quantum of overlapping benefits availed of by DSSS beneficiaries could not be ascertained in audit as in 1,996 cases¹⁹, the dates of sanction were either not available or invalid under DSSS/SWPS. However, at the current rate, the annual outgo of financial assistance in 1,996 cases worked out to ₹ 4.79 crore²⁰.

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

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

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

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

²⁰ 1,996 * ₹ 2,000 * 12 months

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

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

1.5.8.2 Non-submission of life certificates

The DSSS Rules, 2001 mandated submission of life certificate by every beneficiary to the DSW once in a year in the month of April/May in the prescribed form issued by the competent authority²¹, failing which the financial assistance sanctioned would be discontinued. In its 66th Report, the PAC also impressed upon the need for sanctioning benefit under the DSSS only after obtaining life certificates from the beneficiaries.

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

The DSW informed (May 2017) Audit that 96,035 out of 1.42 lakh beneficiaries (68 *per cent*) submitted life certificates during 2016-17 and the decision to stop disbursement of financial assistance to beneficiaries who had not submitted life certificates (32 *per cent*) would be taken after obtaining due approval of the State Government. The details of defaulters were, however, not made available by the DSW to Audit. At the current rate of financial assistance, DSW disbursed ₹ 110.72 crore²² to 46,135 defaulting beneficiaries (32 *per cent*) during 2016-17 without obtaining life certificates.

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

1.5.8.3 Financial assistance to expired beneficiaries

In the absence of a robust system for obtaining life certificates from beneficiaries, Audit investigated the possibility of disbursement of benefits to persons no longer alive. For this purpose, Audit obtained information on all the deaths registered in the State during 2012-17 from the Chief Registrar of Births and Deaths, Government of Goa and mapped it to data²³ on

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

²² 46,135 * ₹ 2,000 * 12 months

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

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

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

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

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

1.5.8.4 Applicants enrolling more than once under DSSS

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

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

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

1.5.8.5 Improper application of the Rules

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

which resulted in availing of benefit by ineligible applicants, as mentioned below:

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

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

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

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

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

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

1.5.8.6 Assistance to persons of sound financial status

In order to ascertain whether benefits under the Schemes reached only to the beneficiaries with limited or no reasonable means of livelihood and standard of living, Audit mapped data²⁴ on registered owners of four-wheeled motor vehicles (including mining trucks) obtained from Directorate of Transport and Directorate of Mines and Geology, Government of Goa with the data on beneficiaries under DSSS and *Griha Aadhar* Scheme. Data analysis revealed that 123 beneficiaries under DSSS and 172 beneficiaries under *Griha Aadhar* Scheme though owned four-wheeled motor vehicles²⁵ also availed of financial assistance of ₹ 61.04 lakh and ₹ 80.05 lakh respectively during 2012-17. Of the 295 beneficiaries, 13 owned more than one motor vehicle. This indicated lack of proper verification and weak processing controls in the implementing departments that enabled persons of sound financial status to avail of financial assistance under the Schemes.

²⁴Names and addresses of beneficiaries were used as common/reference keys for mapping data

²⁵Cars/goods trailers/tourist taxis/mining trucks

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

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

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

1.5.8.7 Wrongful inclusion of beneficiaries

The efficacy of the Schemes hinged on the strength of income certification and verification processes. Therefore, it was incumbent on the implementing departments to verify the accuracy of income of the applicants. A random test-check of application forms²⁶ received in the implementing departments from 12 *talukas* in the State, which were processed for sanction of financial assistance under DSSS and *Griha Aadhar* Scheme during 2012-17, revealed the following weaknesses in income certification and verification processes:

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

In one case, DWCD received (May 2017) complaint of misrepresentation against a *Griha Aadhar* beneficiary²⁷, who had declared that her spouse was in private service and her annual family income was ₹ two lakh. Verification by DWCD with the spouse's employer subsequently revealed that the husband was employed as Assistant Foreman at Mormugao Port Trust and earned an annual income of ₹ 7.73 lakh during 2014-15. The DWCD cancelled (August 2017) the sanction, recovered the benefit of ₹ 33,000 availed of by the beneficiary and debarred her from availing of future benefits under any welfare Scheme of the State Government. Audit observed that the beneficiary did not submit any income certificate from her spouse's employer with the application (as required under the Scheme) and DWCD also failed to notice this omission while sanctioning benefit.

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

²⁶ 755 applications under DSSS and 2,035 applications under *Griha Aadhar* Scheme

²⁷ Sanction ID SOF015061015-124624/2015

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

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

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

1.5.8.8 Delay in sanctioning of financial assistance

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

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

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

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

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

(₹ in crore)

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

(Source: Information provided by Goa Electronics Limited)

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

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

The reply furnished by the State Government does not appear to be correct as Audit has only highlighted the cases of delay in sanction and disbursement of financial assistance to DSSS beneficiaries that came to notice during last five years from 2012-13 to 2016-17, when the implementing department (DSW) did not experience any funds constraint³². The DWCD's contention of shortage of staff is also not maintainable because, the first-level scrutiny of applications and data entry of all the beneficiaries under *Griha Aadhar* and

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

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

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

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

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

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

1.5.9 Conclusion

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

PUBLIC WORKS DEPARTMENT

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

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

According to paragraph 2.5.1 (h) of the CPWD Manual, the detailed estimates shall be prepared based on applicable schedule of rates. Further, as per paragraph 4.3 of the Manual, the schedule of rates of each kind of work

commonly executed should be maintained up-to-date. This helps the Department to evaluate offers keeping in view the rates prevailing in the market.

The work of “Water supply project for the Corporation of the City of Panaji” under JNNURM³³ was approved (January 2012) by the Ministry of Urban Development, Government of India and was administratively approved (February 2012) by Director of Municipal Administration for ₹ 71.22 crore. The project was divided into four parts for speedy execution and again the Part II of the project (Distribution Network) was split into five parts (zone-wise) and work orders were issued for three of five parts. The works were tendered in December 2013 and January 2014 and all the three works were awarded (May 2014) to a contractor at a total cost of ₹ 35.95 crore. The stipulated date of completion of all the three works was January 2016. The work was in progress (July 2017).

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

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

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

(Amount in ₹)

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

(Source: Information provided by the Department)

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

³³ Jawaharlal Nehru National Urban Renewal Mission

1.7 Avoidable extra liability

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

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

Case I

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

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

Audit observed that against the prescribed period of 45 days, the Department took 129 days³⁴ for finalisation of the initial tender. Of this period, 53 days were due to the defective evaluation reports submitted by the EE. He provided only part responses to the shortcomings communicated by the SE. While submitting the evaluation report, the Divisional Accountant and the EE did not certify the comparative statement. Abnormally high and low rates were not marked in the comparative statement and justifications for quoting abnormally high rates in certain items of work were not recorded. Further, the proposal for expenditure sanction, a pre-requisite for commencement of work, was not processed by the EE on time.

Thus, due to delays in acceptance of tender and failure to obtain the expenditure sanction on time, the Department incurred an avoidable extra liability of ₹ 1.79 crore³⁵. Further, even after re-tendering, the Department took 225 days to finalise the tender from the date of opening of the bid to issue of work order. Had the contractor not held his rates, the work would have gone for second re-tendering.

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

³⁵ ₹ 8.33 crore - ₹ 6.54 crore

Case II

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

In this case also, the Department took 117 days³⁶ to finalise the initial tender against the prescribed period of 35 days which led to an avoidable extra liability of ₹ 0.84 crore³⁷. Even after retendering, the Department took 14 months to award the work.

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

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

INDUSTRIES, TRADE AND COMMERCE DEPARTMENT

1.8 Idle investment

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

The Government of India (GoI) formulated a Scheme (September 2008) for setting up 15 tool rooms in the country to improve the competitiveness of the Micro, Small and Medium Enterprises (MSMEs) engaged in manufacturing activities (i) by creating capacities in the private sector for designing and manufacturing quality tools, (ii) to bridge the gap between the demand and the supply of trained manpower in the industry, and (iii) to encourage research and development and optimisation of cost and quality of delivery, leading to enhanced competitiveness of the manufacturing sector. The Scheme prescribed three models³⁸ of implementation with different collaborative structures and quantum of financial assistance.

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

³⁷ ₹ 5.06 crore - ₹ 4.22 crore

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

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

The GoI entrusted (July 2010) a quick review of the proposal to Indo German Tool Room, Aurangabad³⁹ (IGTR) to establish tooling and training needs by assessing the present status of tooling industry, demand forecasting, future potential for growth of tooling and training requirements of industry for promoting the industrial growth in Goa State. The GoI simultaneously informed the IGTR that the proposal of the Institution under Model II could only be resorted to in case Model I was not viable. The IGTR sought certain clarifications⁴⁰ on the proposal of the Institution from the GoI, which were communicated (June 2012) to the Directorate for further action. However, there was no further development in the matter as of September 2017.

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

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

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

³⁹ A Government of India Society under the Ministry of MSME

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

DEPARTMENT OF URBAN DEVELOPMENT

1.9 Wasteful expenditure

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

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

The State Government approved (November 2010) the proposal and released a grant of ₹ 55.75 lakh to the Council. The Council awarded (July 2011) the work to a contractor at a financial consideration of ₹ 55.70 lakh. The scope of work included beautification/landscaping of the site, including maintenance of site for six months post-beautification. The work commenced in July 2011 and completed in September 2011. The contractor upon completion of the maintenance period, handed-over⁴¹ (August 2012) the developed site to the Council containing lawns/shrubs/trees/plants/creepers *etc.* The Council made a total payment of ₹ 48.47 lakh (including maintenance) to the contractor in March 2013.

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



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

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

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

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

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

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

1.10 Undue favour to a Company

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

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

The Public Private Partnership (PPP) cell of Government of Goa examined the proposal of the Company and recommended (September 2013) inviting tenders under Swiss Challenge Mode⁴². Based on the detailed project report (DPR) submitted (November 2013) by the Company, the Urban Development Department (Department) invited (December 2013) counter proposals from eligible bidders (under Swiss Challenge) and in response thereto received no offers.

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

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

Scrutiny of records in the Department revealed the following:

- The case does not fit into the model of a Swiss Challenge bid where an unsolicited bid is received because the proposal was invited by the Government from the Company after visiting their plant.
- The DPR of November 2013, based on which the Department invited counter proposals, showed an outright capital grant⁴³ in the form of viable gap funding (VGF) and soft loan⁴⁴ aggregating ₹ 12.50 crore to the Company and a land parcel of about 8,000 sqm on long-term lease of 30 years. The Company's investment in the project was confined to ₹ 2.5 crore. This vital information was, however, not disclosed in the notice inviting counter proposals, thus, depriving level-playing field for the prospective bidders in the process of bidding and preventing competition and fair play. It is also pertinent to mention that royalty was the sole criterion for evaluation of bids. Had there been substantial disclosures regarding concessions being offered by the State Government in the notice inviting counter proposals, the Government could have got a better rate of royalty than only two *per cent* offered by the Company.
- The financial assistance of ₹ 12.50 crore translated to 83 *per cent* of the project cost which contravened the Government of India, Ministry of Finance guidelines of 2013 that stipulated a maximum cap of 40 *per cent* of the project cost for VGF as well as any assistance over and above the VGF.
- The project was to be completed within nine months (including three months for obtaining all statutory approvals/clearances) from the date of signing of the concession agreement *i.e.*, by August 2015. However, technical clearance by the Town and Country Planning Department was granted in April 2015 and construction license by Pernem municipal council was granted to the Company in June 2016. Thus, against three months, the statutory clearances were granted after a delay of 16⁴⁵ months. Even after grant of construction license in June 2016, the Company has not installed the plant and machinery, and civil works in respect of only two of five blocks were completed up to the plinth level as of November 2017. The project has been rescheduled to be completed by April 2018.
- Of the total capital grant of ₹ six crore, the Department released the first installment of ₹ two crore to the Company in November 2014 (upon signing the concession agreement) which remained blocked for 19 months till June 2016 (date of grant of construction license), without any tangible benefit to the State.

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

⁴³ ₹ six crore

⁴⁴ ₹ 6.50 crore at three *per cent per annum* repayable over a period of 15 years

⁴⁵ From March 2015 to June 2016

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

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

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