

OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Goa for the year 2002-03 and five other chapters comprising five reviews and nine paragraphs (excluding general paragraphs) based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of the important findings contained in the report is presented in this overview.

1. Finances of the State Government

- Overall revenue receipts of the State increased from Rs.1147 crore in 1998-99 to Rs.1833 crore in 2002-03. However, in 2002-03 they decreased by Rs.40 crore over the previous year. In the Power sector, the State improved its revenue mainly due to sale of power and revision of tariff. On an average around 90 *per cent* of total revenue had come from State's own resources while Central tax transfer and grants in aid together contributed 10 *per cent*.
- Expenditure of the State increased from Rs.1422 crore in 1998-99 to Rs.2218 crore in 2002-03 at an average trend of 13.84 *per cent* per annum. However, in 2002-03 it decreased by Rs.74 crore over the previous year. Ninety *per cent* of the total expenditure was revenue expenditure. Interest payment, which increased steadily from Rs.144 crore in 1998-99 to Rs.292 crore in 2002-03, constituted 15 *per cent* of revenue expenditure.
- The ratio of development expenditure to total expenditure increased from 56.43 in 1998-99 to 58.02 in 2002-03. The State's revenue deficit increased from Rs.141 crore in 1998-99 to Rs.228 crore in 2001-02 but decreased to Rs.167 crore in 2002-03.
- Fiscal liabilities of the State increased from Rs.1854 crore in 1998-99 to Rs.3340 crore in 2002-03 at an average rate of 18.47 *per cent* during 1998-2003. The ratio of assets to liabilities of the State declined from 0.99 in 1998-99 to 0.74 in 2002-03 indicating that nearly one-fourth of the State's fiscal liabilities had ceased to have an asset back up.
- The trend growth of interest payments during the last five years was 20.37 *per cent*. The increase was primarily due to continued reliance on borrowings for financing the fiscal deficits.
- The amounts outstanding both under Ways and Means Advances (WMA) and Overdrafts (OD) also increased as compared to the previous year. Thus, management of cash requirement by the State for its day to day expenditure was poor.
- Government was successful in increasing the non-tax revenue receipts and curtailing the non-plan revenue expenditure during 2002-03. As a result, deficits were reduced. However, persistent revenue and fiscal deficits year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. There has also been a decline in

net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing.

The State has to generate more revenues out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The Balance of Current Revenue (BCR) plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of funds for additional infrastructure support and other revenue generating investment. The BCR of the State has also continued to be negative.

2. Allocative priorities and Appropriation

- Against the total budget provision of Rs.3216.53 crore (including supplementary provision of Rs.210.51 crore) the actual expenditure was Rs.3164.29 crore. The overall savings of Rs.52.24 crore were the result of savings of Rs.727.57 crore in 82 grants and appropriations offset by an excess of Rs.675.33 crore in one grant and appropriation each.
- Supplementary Grants other than Public Debt obtained during the year were Rs.165.47 crore while the ultimate savings were Rs.702.74 crore.
- Supplementary provision of Rs.19.45 crore made in 45 cases during the year proved unnecessary in view of aggregate savings of Rs.197.43 crore in these grants.
- Supplementary provision of Rs.55.75 crore proved excessive as against the requirement of only Rs.11.59 crore.

3. Performance Reviews

I. Functioning of Agriculture Department

With a view to increase production and productivity of food grains, cereal crops and horticultural crops; Government of Goa had initiated various crop development schemes for expansion, training and use of improved seeds, fertilizers, agricultural kits, strengthening of agricultural extension and promoting agricultural mechanization etc. Implementation of these schemes/programmes left much to be desired as the production of paddy, raggi, pulses, oilseeds, sugarcane cashew, coconut and vegetables significantly declined during 2000-2003. The area coverage also of food crops such as paddy, raggi and pulses declined during 1998-03. Achievements vis-à-vis targets for development of cashew, coconut and sugarcane were poor. Twenty per cent of the assistance received for Centrally sponsored schemes was not utilized. Utilisation of various infrastructural facilities such as agricultural machineries, laboratories and agricultural farms was sub-optimal. There was no effective mechanism for speedy repair of breaches to protective bunds of low lying Khazan lands, resulting in non-availability of land for paddy production.

- Central assistance of Rs.1.35 crore (20 *per cent*) remained unspent as of March 2003, due to non-implementation/delay in implementation of schemes.
- The share of the cost of bund works amounting to Rs.2.35 crore remained un-recovered from the beneficiaries.
- Thirty-nine *per cent* of the total area of 11 Agricultural farms remained unused, although an expenditure of Rs.5.35 crore was incurred on these farms.
- There was heavy shortfall ranging from 36 to 87 *per cent* in utilization of agricultural machinery. Despite lack of demand from the farmers department replaced seven tractors at a cost of Rs.24.45 lakh.
- Seed testing laboratory established in 1989 was under utilized due to non-posting of seed analysts by the State Government.

(Paragraph 3.1)

II. Prevention and Control of Fire

The Fire and Emergency Services were established in the State primarily to prevent and suppress unwanted fires, so as to keep loss of life and property to the minimum. There was shortage of operational staff, equipments such as pumping units and Extra Heavy Water Tenders, compared to the prescribed norms. Department did not have a mechanism to ensure that all the places and trades likely to cause risk of fire had taken adequate preventive measures.

- Against Department's proposal for 457 operational staff, Government sanctioned 406 posts. Actual manpower available was only 307. Even compared to the sanctioned strength shortfall was 24 *per cent*. Shortage in key posts is likely to affect the services rendered by the Department.
- There was shortfall in Extra Heavy Water Tenders and pumping units compared to the norms prescribed by SFAC.
- Out of 11 fire stations in the State as of March 2003, only 3 fire stations were housed in modern fire station buildings of the Department.
- Though Government notified the places and trades likely to have risk of fire and which required preventive measures, department did not have a mechanism to ensure that all such places and trades had taken the required preventive measures.

(Paragraph 3.2)

III. National AIDS Control Programme

The Centrally sponsored National AIDS Control Programme (NACP) was implemented with the aim to slow down the spread of HIV/ AIDS on a long term basis. The number of HIV positive AIDS cases were however on the rise in the State. The GSACS, however, had not implemented 'Intersectoral collaboration', a programme for sharing in work of generating awareness, advocacy etc. by various sectors of the society. "Low Cost AIDS Care Programme," to provide appropriate care and support to HIV/AIDS infected persons was also neglected.

Installation and commissioning of the programme equipments was not monitored by GSACS, resulting in their idling; besides STD clinics were not renovated.

- Upto September 2003, the number of HIV positive cases was 6212 and AIDS cases was 331. GSACS, however, did not take steps to ensure mandatory reporting of test results done by private/NGO institutions.
- The scheme funds of Rs.24.70 lakh were retained by the State Government for three years, before being released to GSACS.
- Under School AIDS Education Programme (SAEP) only 11 *per cent* schools were covered, and Central funds of Rs.23.39 lakh remained unutilized.
- Due to delay in preparation of plans and estimates, GSACS could not utilise Rs.13.75 lakh for renovation of District Hospitals and STD clinics.
- Blood Components Separation Unit (BCSU) costing Rs.10.64 lakh received in July 2001 could not be commissioned as of December 2003 initially due to delays in civil works and later due to non-receipt of requisite licence from the FDA.
- Only 11 *per cent* of patients were offered post test counselling. For follow up counselling response from patients was very poor due to lack of privacy.

(Paragraph 3.3)

IV. Internal Audit Arrangement in Government Departments

Internal Audit is an independent function to examine and evaluate the level of compliance to rules and procedures and provide assurance on adequacy of risk management and internal control framework.

*Internal Audit was virtually non-existent in the Government departments in Goa. Most of the mandays of Internal Audit Units were utilized for statutory audits of Municipal Councils and Village Panchayats, resulting in neglect of internal audit. Only 10 to 18 *per cent* of total auditee units were covered each year. In nine departments no internal audit was done since August 1996. In the absence of internal audit manual and standards the internal audit was directionless. Issue of Inspection Reports was badly delayed (upto 63 days). Internal audit lacked effectiveness as there was no pursuance of the Inspection Reports by the Internal Inspection Cell of the Directorate of Accounts.*

(Paragraph 5.1)

V. Goa Industrial Development Corporation

The Goa, Daman and Diu Industrial Development Corporation was established in 1966 under the Goa, Daman & Diu Industrial Development Act, 1965 with the main object of securing and assisting in rapid establishment and organisation of industries. The name of the Corporation was changed to Goa Industrial Development Corporation in 1997.

- Availing of overdraft from Centurion Bank despite comfortable funds position resulted in undue benefit of Rs.1.23 crore to the private bank.
- Ninety six *per cent* of the saleable area of land acquired (8.53 lakh sq.metres) during the five years ended March 2003 remained unallotted.
- Land valuing Rs.4.55 crore at Shiroda and Kakoda remained idle as the land acquired was unsuitable for industrial use.
- The land acquired for Thapar DuPont Limited (cost:Rs.1.01 crore) remained unutilised since acquisition in 1992. Besides excess refund of Rs.42.46 lakh was made due to irregular refund of interest and incorrect computation of surrender charges.
- Land acquired in April 2000 at Nagoa and Cortalim by invoking urgency clause remained unutilised. The excess payment of Rs.1.43 crore made by the Corporation due to improper assessment of the land compensation by the Land Acquisition Officer, remained unrecovered.
- Expenditure incurred on maintenance of industrial estates was not fully recovered resulting in short recovery of Rs.12.28 crore.
- The Corporation suffered heavy distribution loss of Rs.4.34 crore in water supply to the units in industrial estates during 1999-2003.

(Paragraph 7.2)

4. Infructuous expenditure

Change of interior design of a newly completed State owned building (Shrama Shakti Bhavan) resulted in nugatory expenditure of Rs.21.45 lakh . Loss of revenue on account of non-lease of commercial premises was Rs.25.49 lakh.

(Paragraph 4.3.2)

5. Idle investment/idle establishment

The Department of Tourism acquired land worth Rs.27.62 lakh in ‘No Development Zone’ at Miramar, for tourism purposes. The investment was lying idle since July 1996.

(Paragraph 4.4.2)

Chief Engineer, PWD shifted one Works Division from Margao to Ponda, but all work allotted to it was removed resulting in a wasteful expenditure of Rs.29.57 lakh on idle staff.

(Paragraph 4.4.3)

A full fledged TV broadcasting studio, earth station and downlink equipment at 25 colleges set up at a cost of Rs.2.03 crore by Goa University could not be utilized for over 18 months for want of editing equipment, depriving students of the benefits of distance education.

(Paragraph 4.4.1)

6. Avoidable expenditure

Executive Engineer, Electricity Division-XIII accepted an abnormally high rate quoted by contractor for an incomplete item of work. This resulted in avoidable extra expenditure of Rs.10.69 lakh.

(Paragraph 4.3.1)

7. Losses to Government

Failure of the Goa Housing Board to adopt the revised rate of land while fixing the cost of 24 duplex bungalows resulted in loss of Rs.22.44 lakh to the Board.

(Paragraph 4.1.1)

8. Loss of revenue

There was loss of revenue to the State Excise Department of Rs.13.50 lakh due to non-levy of additional licence fee for keeping the licenced premises open by the vendors, beyond 11 p.m.

(Paragraph 6.8)

Application of incorrect rate of Sales Tax by a dealer and its acceptance by the Sales Tax Department without assessment, resulted in a loss of revenue of Rs.6.28 lakh to the Government.

(Paragraph 6.9)

9. Commercial activities of State Corporations and Companies

Of the 14 Government Companies and one Statutory Corporation, in which the State Government had invested Rs.674.09 crore, only five companies and one statutory corporation had finalized their accounts for the year 2002-03 and accounts of nine companies were in arrears for periods ranging from one to four years as on 30 September 2003.

(Paragraph 7.1.2)

According to the latest finalized accounts of 14 Government Companies and one Statutory Corporation, 10 Companies and one Statutory corporation had incurred an aggregate loss of Rs.23.32 crore and Rs.2.89 crore respectively.

(Paragraph 7.1.7)

Lapses in disbursement and monitoring of the utilization of loan, and non-invoking personal guarantee by Goa Financial and Leasing Services Ltd., resulted in non-recovery of dues of Rs.56.73 lakh.

(Paragraph 7.3)