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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2018

GOVERNMENT OF GOA

Report No. 2 of the year 2019

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2018 has been prepared for submission to the Governor of State of Goa. This Report contains three Chapters. Chapter I and II are to be submitted to State Legislature under Article 151(2) of the Constitution of India. Chapter III is to be submitted to State Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

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

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

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

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2017-18. The Report also include those instances which came to notice in earlier years, but could not be dealt with in previous Audit Reports. The instances relating to the period subsequent to 2017-18 but pertaining to the year 2017-18 have also been included, wherever necessary.

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

Overview

OVERVIEW

This Report comprises three chapters containing 11 paragraphs and two Performance Audits. Chapter I contains the audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings-Non-PSUs) and a Performance Audit on **"**Management of Solid Waste in Goa". Chapter II contains audit findings pertaining to Revenue Sector including an audit of "Collection and Accounting of Cash Receipts in Revenue, Registration and Transport departments". Chapter III contains the audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities and a Performance Audit on "Implementation of e-Tendering System in Goa".

The total expenditure of the State increased from ₹ 10,484 crore in 2015-16 to ₹ 13,461 crore in 2017-18 (28 *per cent*). The revenue expenditure of the State Government increased by 25 *per cent* from ₹ 8,420 crore in 2015-16 to ₹ 10,543 crore in 2017-18. The revenue expenditure constituted 81 *per cent* of total expenditure during last two years (2015-17). However, it was reduced to 78 *per cent* during 2017-18. There was corresponding increase in capital expenditure to 22 *per cent* during 2017-18 compared to 19 *per cent* during 2015-17.

PERFORMANCE AUDITS

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

Performance Audit on Management of Solid Waste in Goa

Solid Waste Management (SWM) in Goa is an important challenge due to rising population–both residential and floating. Health, hygiene, environment and aesthetics are all impacted by SWM. In Goa, the prime responsibility of managing solid waste is vested with the local bodies.

A performance audit of "Management of Solid Waste in Goa" for the period 2013-14 to 2017-18 was conducted in 2018 to assess whether planning for waste management in the State was effective, and efficient waste management systems and monitoring mechanisms were put into place.

The audit findings revealed that while the State Government had initiated steps for policy formulation, identification of regional waste processing sites, development of infrastructure, rehabilitation of legacy dumps *etc.*, concerted efforts were needed to step up the initiatives already taken.

The policy notified by the State Government in October 2018 was deficient to the extent that it assigned roles and responsibilities of solid waste management to bodies which already stood defunct. The average waste generation (219.26 TPD) and collection (210.50 TPD) reported by 14 urban local bodies (ULBs) during 2013-18 appeared to be unrealistic as (i) the methodologies adopted for estimating waste generation were neither uniform nor conformed to the procedures prescribed in the Municipal Solid Waste Management Manual, 2016 and (ii) beneficiary survey, media reports, visit to ULBs and complaints received from local residents indicated problems in waste collection. Incidentally, none of the 191 Village *Panchayats* (VPs) furnished reports on waste management to any State Government agency during the last five years. Despite an expenditure of ₹ 53.91 crore, the contracts for beach and highway cleaning could not be implemented effectively.

Solid waste was being transported in an environmentally unsound manner. Only nine of the 14 ULBs had waste processing facilities which were under-utilised to the extent of 103.40 TPD. The Saligao waste treatment plant commissioned in August 2016 to cater to the needs of VPs of North Goa had been operating beyond its installed capacity almost since the beginning, leading to high downtime. The State Government's plan for capacity addition of 450 TPD through establishment of new waste treatment plants also did not materialise due to change in scope of work, delay in land acquisition, site encroachment *etc*.

While the landfill sites available with six of 14 ULBs were not in use either due to poor maintenance or dumping of mixed waste, 145 of the 191 VPs had not even identified such sites. Rehabilitation of 2.14 lakh tonnes of accumulated waste – 1.14 lakh tonnes at six exhausted dumpsites under ULBs and the legacy dump of one lakh tonne at Saligao was yet to be taken up. Whereas, rehabilitation works carried out in four dumpsites at Patto, Campal, Saligao (in North Goa) and Sada (in South Goa) between May 2016 and May 2018 at a cost of ₹ 12.29 crore remained ineffective due to failure to plan for disposal of refuse derived fuel and inerts, post-rehabilitation. During past six years (up to November 2018), 230 incidents of bird hit had been reported around Dabolim international airport due to its proximity to the Sada dumpsite.

The waste processing and disposal sites were neither fenced nor equipped with firefighting equipment; waste was being handled manually without protective gears; leachate was not handled scientifically thus, posing threat to surface and ground water *etc.* There were no waste management plans in place as yet for bio-medical, hazardous and electronic wastes. The monitoring of the solid waste management activities by the stakeholders, especially Goa State Pollution Control Board was weak.

(Paragraph 1.5)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Performance Audit on Implementation of e-Tendering System in Goa

Government of Goa (GoG) implemented an e-Tendering solution named TenderWizard with the objective of improving transparency and efficiency in procurement process across all departments, offices, autonomous bodies and public sector companies/corporations in the State. The Performance Audit on implementation of the e-Tendering system was conducted for the five-year period from 2013-14 to 2017-18 to assess the achievement of transparency and efficiency in procurement after implementation of the TenderWizard.

The implementation of the TenderWizard was not supported by adequate training and awareness amongst users and many relied on help desk staff of the private technology partner for tendering activities. The role and responsibility of ITG as the implementing agency was not spelt out. As key modules were not implemented, many activities were performed manually thereby delaying finalisation/opening of tenders, awarding of contracts and refund of earnest money deposit. Manual intervention in releasing tender documents to bidders after receipt of tender form fees and the users' reliance on help desk for uploading bids and opening tenders compromised transparency and secrecy. Government rules/guidelines on minimum time for submission of bids and collection of tender processing fees and earnest money deposit were not built into the system. Inadequate validation controls over data and absence of separation of duties enabled users to perform multiple e-Tendering roles, affecting the integrity of action done.

(Paragraph 3.2)

COMPLIANCE AUDIT

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

PUBLIC WORKS DEPARTMENT

Due to lack of co-ordination between two Divisions of Public Works Department, distribution pipelines laid by one Division under a water supply project were partially damaged by the contractor engaged by another Division for road widening works in the same area, resulting in loss of Government property valuing ₹ 2.40 crore.

(Paragraph 1.6)

WATER RESOURCES DEPARTMENT

The Water Resources Department awarded contracts for canal distributary works without conducting survey and soil investigations leading to changes in the scope of works and foreclosure of contracts. As a result, canal works executed at a cost of ₹ 30.67 crore remained unutilised for more than six years, of which, ₹ 10.94 crore had been rendered wasteful.

(Paragraph 1.7)

FINANCE DEPARTMENT

The Memorandum of Understanding (MoU) with the Bank of India (BoI) for providing house building advance to the State Government employees expired in September 2015. The State Government neither renewed the MoU nor accepted the lowest rate offered by the State Bank of India but, continued to pay interest at 10.20 *per cent* to BoI against its lower prevailing interest rates, resulting in excess payment of interest of ₹ 1.88 crore during October 2015 to September 2017.

(Paragraph 1.8)

GENERAL ADMINISTRATION DEPARTMENT

Failure of the State Government to hire ready to move in premises for office use led to an expenditure of ₹ 5.89 crore post-hiring on internal modifications. Pending internal modifications, the offices could not shift to the hired premises for periods ranging from 5 months to 35 months. However, the State Government paid rent for the vacant period, thus, rendering an expenditure of ₹ 11.17 crore nugatory.

(Paragraph 1.9)

REVENUE SECTOR

COLLECTION AND ACCOUNTING OF CASH RECEIPTS IN REVENUE, REGISTRATION AND TRANSPORT DEPARTMENTS

An audit of collection, accounting and remittance (into treasury) of cash receipts collected in 13 offices of the Revenue, Registration and Transport departments highlighted several areas of concerns. In seven offices instances of misappropriation/suspected misappropriation of government funds were detected. The total sum involved was ₹ 11.60 lakh. In two offices, funds were irregularly retained in the custody of office staff for periods ranging from 3 days to 247 days instead of being deposited in the treasury the next day. Further, in eight offices cash books had not been written for part of the period under audit. Audit showed that the supervisory officers did not exercise the necessary due diligence in checking and certifying cash book entries which allowed the irregularities to remain undetected. The internal audit wing of the State Government did not conduct any audit of seven offices and in two cases where it did conduct an internal audit it failed to detect misappropriation of funds.

(Paragraph 2.2)

COMMERCIAL TAXES DEPARTMENT

A dealer short-declared turnover totaling ₹ 1.19 crore for the years 2012-13 and 2013-14 resulting in short-levy of tax. Even in re-assessment the Assessing Authority short-levied the interest and penalty under Sections 25 and 59 of the Goa Value Added Tax Act, 2005. This resulted in short-recovery of tax amounting to ₹ 42.11 lakh.

(Paragraph 2.3)

The Assistant Commercial Tax Officer, Mapusa did not consider the turnover as per VAT audit report while assessing the dealer, resulting in short-levy of VAT to the extent of ₹ 19.15 lakh.

(Paragraph 2.4)

The Assistant Commercial Tax Officer levied tax at the rate of five *per cent* instead of eight *per cent* applicable under the Act, resulting in short recovery of tax of ₹ 17.89 lakh.

(Paragraph 2.5)

EXCISE DEPARTMENT

The Excise Stations of Bardez, Salcete and Tiswadi short-levied license fee of ₹ 78.06 lakh from hoteliers at applicable rates for sale of liquor.

(Paragraph 2.6)

The Excise Inspectors at Margao and Quepem short-levied excise duty of ₹ 59.28 lakh due on IMFL and beer.

(Paragraph 2.7)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

GOA INDUSTRIAL DEVELOPMENT CORPORATION

GIDC acquired and allotted 2.42 lakh square metre land to a company (on request) for manufacturing Copper strips and alloys. The company utilised only 27,682 square metre for a period of 17 years. However, they used the entire land as collateral to raise loan of ₹ 117.60 crore, on which they defaulted leading to the lenders taking over the land. The balance land remained unutilised for over 15 years and was transferred to another party for non-industrial use as an exception without following full due process. While executing the transfer deed the GIDC short-recovered transfer fee by ₹ 26.61 crore.

(Paragraph 3.3)

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 2017-18 and in the preceding two years is given below in **Table 1.1**.

Table 1.1: Comparative position of expenditure

(₹ *in crore*)

Disbursements	2015-16	2016-17	2017-18
Revenue expenditure			
General services	**2560.08**	**2872.43**	**3516.93**
Social services	**2190.58**	**2265.44**	**2732.11**
Economic services	**2472.32**	**2402.80**	**2658.63**
Grants-in-aid and contributions	**1196.58**	**1325.31**	**1635.23**
Total	**8419.56**	**8865.98**	**10542.90**
Percentage of increase of Revenue expenditure from year 2015-16		**5.30**	**25.22**
Capital Expenditure			
Capital outlay	**1622.27**	**1638.73**	**2094.07**
Loans and advances disbursed	**2.69**	**3.41**	**33.93**
Repayment of public debts	**439.22**	**467.75**	**790.09**
Total	**2064.18**	**2109.89**	**2918.09**
Grand total	**10483.74**	**10975.87**	**13460.99**
Percentage of increase of total expenditure from year 2015-16		**4.69**	**28.39**

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

The total expenditure of the State increased by 28 *per cent* from ₹ 10,484 crore in 2015-16 to ₹ 13,461 crore in 2017-18. The revenue expenditure of the State increased by 25 *per cent* from ₹ 8,420 crore in 2015-16 to ₹ 10,543 crore in 2017-18.

The share of revenue expenditure to total expenditure stood at 81 *per cent* during the last two years (2015-17). However, it was reduced to 78 *per cent* during 2017-18. There was corresponding increase in capital expenditure to 22 *per cent* during 2017-18, when compared to 19 *per cent* during 2015-17.

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 13 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 13 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, media reports 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 four weeks of receipt of the IRs. Whenever replies are received, audit observations are either settled or further action for compliance is advised. The important audit observations arising out of these IRs 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 2017-18, in the Social and General Sector Audit Wings, 810 party-days were used to carry out audit of 144 units. The Economic Sector-I Audit Wing conducted audit of 18 units utilising 345 party days and the Economic Sector-II Audit Wing audited 102 units utilising 468 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 verifies 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 will facilitate monitoring of the action taken on the audit observations included in these IRs.

As of June 2018, 477 IRs (1,781 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

Five draft paragraphs and one performance audit report were forwarded (July and October 2018) to the Principal Secretaries/Secretaries of the concerned departments. The Government's replies to these draft paragraphs and performance audit report were required to be received within six weeks. But replies to all draft paragraphs and performance audit report have not been received (March 2019).

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.

Three departments as detailed in **Appendix 1.2** had not submitted EM for six paragraphs pertaining to Audit Reports for the years 2013-14 to 2016-17 (March 2019).

URBAN DEVELOPMENT, RURAL DEVELOPMENT AND SCIENCE, TECHNOLOGY AND ENVIRONMENT DEPARTMENTS

1.5 Performance Audit on Management of Solid Waste in Goa

Executive Summary

Solid Waste Management (SWM) in Goa is an important challenge due to rising population – both residential and floating. Health, hygiene, environment and aesthetics are all impacted by SWM. In Goa, the prime responsibility of managing solid waste is vested with the local bodies.

A performance audit of 'Management of Solid Waste in Goa' for the period 2013-14 to 2017-18 was conducted in 2018 to assess whether planning for waste management in the State was adequate, and efficient waste management systems and monitoring mechanisms were put into place.

The audit findings revealed that while the State Government had initiated steps for policy formulation, identification of regional waste processing sites, development of infrastructure, rehabilitation of legacy dumps *etc.*, concerted efforts were needed to step up the initiatives already taken.

The policy notified by the State Government in October 2018 was deficient to the extent that it assigned roles and responsibilities of solid waste management to bodies which already stood defunct. The average waste generation (219.26 TPD) and collection (210.50 TPD) reported by 14 urban local bodies (ULBs) during 2013-18 appeared to be unrealistic as (i) the methodologies adopted for estimating waste generation were neither uniform nor conformed to the procedures prescribed in the Municipal Solid Waste Management Manual, 2016 and (ii) beneficiary survey, media reports, visit to ULBs and complaints received from local residents indicated problems in waste collection. Incidentally, none of the 191 Village *Panchayats* (VPs) furnished reports on waste management to any State Government agency during the last five years. Despite an expenditure of ₹ 53.91 crore, the contracts for beach and highway cleaning could not be implemented effectively.

Solid waste was being transported in an environmentally unsound manner. Only nine of the 14 ULBs had waste processing facilities which were under-utilised to the extent of 103.40 TPD. The Saligao waste treatment plant commissioned in August 2016 to cater to the needs of VPs

of North Goa had been operating beyond its installed capacity almost since the beginning, leading to high downtime. The State Government's plan for capacity addition of 450 TPD through establishment of new waste treatment plants also did not materialise due to change in scope of work, delay in land acquisition, site encroachment *etc*.

While the landfill sites available with six of 14 ULBs were not in use either due to poor maintenance or dumping of mixed waste, 145 of the 191 VPs had not even identified such sites. Rehabilitation of 2.14 lakh tonnes of accumulated waste – 1.14 lakh tonnes at six exhausted dumpsites under ULBs and the legacy dump of one lakh tonne at Saligao – was yet to be taken up. Whereas, rehabilitation works carried out in four dumpsites at Patto, Campal, Saligao (in North Goa) and Sada (in South Goa) between May 2016 and May 2018 at a cost of ₹ 12.29 crore remained ineffective due to failure to plan for disposal of refuse derived fuel and inerts, post-rehabilitation. During past six years (up to November 2018), 230 incidents of bird hit had been reported around Dabolim international airport due to its proximity to the Sada dumpsite.

The waste processing and disposal sites were neither fenced nor equipped with firefighting equipment; waste was being handled manually without protective gears; leachate was not handled scientifically thus, posing threat to surface and ground water *etc.* There were no waste management plans in place as yet for bio-medical, hazardous and electronic wastes. The monitoring of the solid waste management activities by the stakeholders, especially Goa State Pollution Control Board was weak.

1.5.1 Introduction

Solid Waste Management (SWM) is a challenging issue for Goa given its small size, high population density and large tourist influx. Health, hygiene, environment and aesthetics are all impacted by SWM policy and strategy.

Successful SWM strategy requires that all the waste that is generated should be properly and fully collected at source. Thereafter, all of it should be transported and safely processed in accordance with the principles of reduce, reuse and recycle. The inert material remaining after processing has to be safely disposed. The process of SWM is depicted diagrammatically below:

Solid Waste Management Rules, 2016 issued by the Ministry of Environment, Forests and Climate Change provide the framework for managing SWM activities. In Goa, urban and rural local bodies have the responsibility of solid waste management within their jurisdictions while the Goa Waste Management Corporation (GWMC) looks after creation of processing facilities in the State as well as State Level SWM policy matters. Besides, the Goa State Urban Development Agency (GSUDA) undertakes waste disposal activities (rehabilitation of old dumpsites) for the Urban Local Bodies (ULBs).

The work of waste collection from beaches is managed by the Tourism Department while cleaning along highways was managed by Goa State Infrastructure Development Corporation (GSIDC) which was subsequently transferred to GWMC from November 2017. The Goa State Pollution Control Board (GSPCB) has the responsibility to enforce implementation of various waste management Rules in the State.

During 2013-18, Government of Goa incurred an expenditure of ₹ 299.52 crore[1] on SWM.

1.5.2 Organisational set-up

The management of solid waste at the apex level is overseen by four Secretaries[2] of Government of Goa who are assisted by the executive heads of the various agencies[3]. These agencies are in turn assisted by the Municipal Commissioner/Chief Officers at the ULB level and Deputy Directors/Block Development Officers/Village *Panchayat* Secretaries at the *Panchayat* level for implementation of various activities related to waste management. The responsibilities allocated to the Tourism Department, GWMC and GSPCB are implemented through the Deputy/Assistant Directors, the Assistant Managers and the Environmental Engineers respectively.

1.5.3 Audit Objectives

The broad audit objectives of the performance audit were to assess whether:

- Planning for management of solid waste was adequate;
- Level of compliance to laws regulating SWM (collection, segregation, storage, transportation, processing and disposal) was effective; and
- Monitoring of compliance to SWM Rules was effective.

1.5.4 Audit Criteria

The major audit criteria were drawn from the provisions of:

- The Municipal Solid Wastes (Management and Handling) Rules, 2000;
- The Solid Waste Management Rules, 2016;

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[1] State funds: ₹ 162.17 crore; local bodies' own funds: ₹ 119.78 crore; *Swachh Bharat* Mission funds: ₹ 8.95 crore; and Finance Commissions' funds: ₹ 8.62 crore

[2] Departments of Urban Development/Municipal Administration (DMA); *Panchayats* (DoP); Tourism; and Science, Technology and Environment (DSTE)

[3] Directors of Municipal Administration, *Panchayats* and Tourism Department; Managing Director of GWMC; Member Secretaries of GSUDA and GSPCB

- Municipal Solid Waste Management Manual, 2016 prepared by Central Public Health and Environmental Engineering Organisation (CPHEEO), Ministry of Urban Development;
- The E-waste (Management) Rules, 2016;
- The Bio-Medical Waste Management Rules, 2016; and
- The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.

1.5.5 Audit Scope and Methodology

The State has two *Zilla Panchayats*[4] (ZPs) and 12 *talukas* (five in North Goa and seven in South Goa). There is one Municipal Corporation[5], 13 Municipal Councils (MCs) and 191 Village *Panchayats* (VPs).

The performance audit was conducted between April 2018 and September 2018 covering a period of five years from 2013-14 to 2017-18. For this purpose, Audit visited and examined the records in the offices of the GWMC, DMA, DSTE, DoP, GSUDA, GSPCB, Tourism Department, GSIDC including three[6] of 14 ULBs and 12[7] of the 191 VPs selected through random sampling. Besides, the response of 302 households[8] (comprising 1,135 individuals) was also obtained through questionnaire to assess the adequacy of waste management in 15 selected local bodies.

The audit objectives, criteria, scope and methodology were explained in an entry conference held (April 2018) with the Chief Secretary and the concerned Secretaries. The audit findings were communicated to the State Government in October 2018 and these were also discussed in the exit conference held (January 2019) with the Secretaries of Urban Development, *Panchayats* and STE. The reply of the State Government was awaited as of August 2019. However, replies received from the heads of audit units have been incorporated in the report at appropriate places.

1.5.6 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the State Government and its implementing agencies in conducting the performance audit.

Audit Findings

1.5.7 Policy for Solid Waste Management

A well-defined waste management policy facilitates development and implementation of proper mechanisms to effectively manage solid waste on a sustainable basis. Rule 11(a) of SWM Rules, 2016 stipulates that State

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[4] North Goa and South Goa districts
[5] Corporation of the City of Panaji (CCP)
[6] CCP, Mapusa and Quepem
[7] Arambol, Taleigao, Naqueri-Betul, Agonda, Calangute, Chicolna-Bogmalo, Navelim, Molem, Sanvordem, Usgao-Ganjem, Cana-Benaulim and Pissurlem. One VP in each *taluka* of Goa was covered. The VPs covered represented both the coastal region and the hinterland
[8] 102 households in ULBs and 200 households in VPs

Governments shall prepare a state policy and strategy on SWM within one year of coming into force of the SWM Rules, 2016 *i.e.* by March 2017[9].

1.5.7.1 Formulation of State Policy

The State Government undertook several initiatives during the last decade for SWM such as identification of regional waste processing sites at Bainguinim in North Goa, Cacora and Verna in South Goa and establishment of solid waste treatment plant of 100 tonnes per day (TPD) capacity at Saligao (North Goa), formation of Monitoring-cum-Working-Committee (McWC)[10] in March 2011 and High Level Task Force (HLTF)[11] in November 2012 for effective enforcement/implementation of the Goa Non-biodegradable Garbage (Control) Act, 1996 and Rules 1997 and the Plastic Waste (Management and Handling) Rules, 2011.

The State Government formed (October 2016) the GWMC through an Act of the Legislature to frame policies and to establish and develop facilities for effective management of all wastes at places selected by the Government.

In terms of Rule 15 of SWM Rules, 2016, the GWMC prepared (January 2017) an action plan for SWM and engaged (April 2018) Infrastructure Development Corporation (Karnataka) Limited as consultant for preparation of a comprehensive and holistic municipal solid waste management policy for the State of Goa in compliance to Rule 11 of the SWM Rules, 2016. Further, in terms of Rule 23 of SWM Rules, 2016, the State Government formed (March 2017) a State Level Advisory Body to review the matters related to implementation of SWM Rules, 2016, State policy and strategy on SWM and give advice to the State Government for taking measures that were necessary for expeditious and appropriate implementation of SWM Rules.

As per consultancy services contract of 02 April 2018 signed between GWMC and the consultant, the consultant was required to submit the solid waste management policy documents in five stages *viz*. submission of (i) inception report by 16 April 2018, (ii) waste characterisation survey report by 30 April 2018, (iii) system and technology strategy report by 30 May 2018, (iv) preliminary policy document by 30 June 2018, and (v) final policy document by 30 October 2018.

Audit observed that the State Government approved the inception report (first stage) and waste characterisation survey report (second stage) while the third stage was pending approval with the State Government as of August 2019. The preliminary policy document and final policy document (fourth and fifth stages) were not submitted to the State Government as of August 2019. The submission of solid waste management policy document of the State has, therefore, been delayed by 10 months (November 2018 to August 2019).

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9 The SWM Rules, 2016 came into force from April 2016

10 The Committee was chaired by the Minister of Environment and the Chairman, GSPCB; Secretary, Environment; Collectors of North and South Goa; Director, DoP; Director, DSTE *etc.* were co-opted as members

11 The Task Force was chaired by the Chief Minister and the Minister for Urban Development was the Vice Chairman. The Ministers for Panchayat and Environment; Chief Secretary of the State; Chairman, GSPCB; Principal Secretaries, Environment and Urban Development; Secretary, Panchayati Raj; Commissioner, Corporation of the City of Panaji and Member Secretary, GSPCB were co-opted as members

However, the State Government filed (July 2018) an affidavit before the Hon'ble Supreme Court declaring that the action plan initially prepared by GWMC in January 2017 was the State's holistic policy on SWM, and a notification to this effect was issued in October 2018.

Incidentally, the policy of October 2018 designated the HLTF as the apex body for taking all decisions pertaining to SWM including setting up of SWM facilities in the State. It also made the McWC responsible for implementing provisions of various Acts and Rules pertaining to SWM in the State. However, this action of the State Government lacked rationale as both HLTF and McWC had been defunct[12] since July 2017 and their powers, roles and responsibilities transferred to GWMC.

Thus, the policy notified by the State Government in October 2018 was deficient to the extent that it assigned roles and responsibilities of solid waste management to bodies which already stood defunct. Moreover, the action plan (which was hastily converted into policy of the State in October 2018) lacked credibility because, it considered a historical figure of 400 to 450 TPD of waste in the State as estimated by GSPCB as early as 2014-15 while in the waste characterisation survey report (second stage) submitted in January 2019, the consultant has estimated a total solid waste generation of 766 TPD in the State for the year 2018. Since the quantity of waste generated helps in estimating the staffing, vehicles and equipment required for primary collection, transportation, processing and disposal options that could be adopted, an understatement of 316 TPD in the notified policy raises doubts over the reliability and robustness of planning for effective management of solid waste in the State.

1.5.8 Generation of waste

Section 1.4.3.3.1 of CPHEEO Municipal Solid Waste Management (MSWM) Manual, 2016 prescribes that for long term planning, the average amount of waste disposed by a specific class of generators should be estimated by averaging data from several samples collected continuously for seven days at multiple representative locations during each of the three main seasons (summer, winter, and rainy). Waste quantities should be aggregated over the seven-day period, weighed, and averaged. These quantities can then be extrapolated to the entire population and per capita generation assessed.

Scrutiny of records revealed that GSPCB maintained yearly data on waste generation reported by the 14 ULBs. However, no reports on waste management had been submitted by the 191 VPs to GSPCB during last five years, though mandatory under the Municipal Solid Wastes (Management and Handling) Rules, 2000[13] and Solid Waste Management Rules, 2016. As a result, the State Government does not have data on the quantum of waste generated, collected and disposed of by the VPs during the last five years.

As per reports submitted by the 14 ULBs to GSPCB, the average waste generation during 2013-18 was 219.26 TPD. In order to check the level of compliance to Manual provisions, Audit enquired the methodology/procedures

[12] The State Government dissolved both the bodies on 21 July 2017

[13] The Special Secretary (Law), Government of Goa interpreted (March 2009) that Municipal Solid Wastes (Management and Handling) Rules, 2000 was also applicable to the VPs of Goa, apart from ULBs

adopted by these 14 ULBs in estimating waste generated within their jurisdictions.

It was observed that while Corporation of the City of Panaji (CCP) had estimated waste generation on the basis of field surveys conducted in waste management zones, four MCs[14] reported the figures based on visual estimation. The remaining nine MCs[15] reported the quantities transported for processing/disposal as waste generated. This indicated that the methodology/procedures adopted by the ULBs were neither uniform nor did they conform to the procedures prescribed in the CPHEEO Manual mentioned above.

Even the quantity of waste estimated by the consultant in January 2019 (766 TPD for the State) was based on a survey over three consecutive days during the months of June 2018 to October 2018, which is the minimum requirement for short term planning, and may not be adequate to estimate the logistical and technological requirements for long term planning horizon of 20 to 25 years, as prescribed in the MSWM Manual, 2016.

Recommendation 1: The State Government may expedite promulgation of a comprehensive and holistic policy for management of solid waste. The policy should be prepared as per MSWM Manual, 2016 of the CPHEEO.

1.5.9 Collection of waste

Waste collection system is necessary to ensure that waste stored at source is collected regularly and it is not disposed of on the streets, drains, water bodies, *etc.* Inefficient waste collection has an impact on public health and aesthetics. Section 1.4.5.10 of MSWM Manual, 2016, provides for mandatory door-to-door collection of segregated waste. The collection service should be regular and reliable.

1.5.9.1 Collection of waste by Local Bodies

Collection of waste in Urban Local Bodies

The reports submitted by the 14 ULBs to GSPCB indicated that average waste collection in ULBs during 2013-18 was 210.50 TPD which was 96 *per cent* of the average waste generated (219.26 TPD). The reports also indicated that while nine[16] of 14 ULBs had collected 100 *per cent* waste, the remaining five[17] had collected waste to the extent of 85 *per cent* during 2013-18. In quantitative terms, these five ULBs logged a collective shortfall of 15,991 tonnes between generation (1,08,788 tonnes) and collection (92,797 tonnes) of waste, with CCP registering the highest shortfall of 14,235 tonnes.

Despite the ULBs claim of waste collection to the extent of 96 *per cent,* Audit observed dumping/littering at 19 spots[18] during random visits to six ULBs

[14] Pernem, Canacona, Bicholim and Mormugao

[15] Sanquelim, Cuncolim, Curchorem-Cacora, Sanguem, Valpoi, Margao, Mapusa, Quepem and Ponda

[16] Bicholim MC, Valpoi MC, Mapusa MC, Ponda MC, Mormugao MC, Margao MC, Curchorem-Cacora MC, Cuncolim MC and Canacona MC

[17] CCP, Sanquelim MC, Pernem MC, Quepem MC and Sanguem MC

[18] 08 in CCP; 02 each in Mapusa, Quepem, Mormugao and Pernem MCs; and 03 in Curchorem-Cacora MC

between May and July 2018. Audit even noticed sanitation workers at Economic Development Corporation (EDC) complex within CCP jurisdiction dumping waste in nearby vegetations as shown in the photographs below.

Sanitation workers at EDC complex dumping collected waste in vegetations (18 May 2018)

Survey of 102 households in three selected ULBs further revealed non-collection of wet and dry waste from nine households[19] (nine *per cent*) and 12 households[20] (12 *per cent*) respectively. Consequently, household waste was either being burnt or thrown in open.

In order to check the monitoring mechanism established by the ULBs for sustainable collection of waste, Audit called for monitoring reports from all the 14 ULBs for the period 2013-18. Though the ULBs claimed that their Municipal Supervisors were monitoring collection of waste, none of the ULBs could produce any supporting documents.

CCP along with 10 MCs[21] received 2,645 complaints on *Swachh* City App of the Ministry of Housing and Urban Development, GoI during 2016-19 regarding non-collection of garbage, dumping and lack of sweeping. Besides, there was a flurry of complaints[22] in the 24×7 helpline introduced by CCP in August 2018 on non-collection of waste/garbage and dumping of garbage. This indicated that the ULBs did not have a sustainable waste collection mechanism. It also undermines the claim of the nine[16] MCs having achieved 100 *per cent* waste collection efficiency during 2013-18.

Good Practice

During 2018-19, Mapusa MC adopted a unique method to stop littering/dumping at black spots (where garbage is thrown regularly by public at large) by turning 14 such spots into beauty spots

'Before' and 'After' status of black spot near Government Primary School, Xelpem, Mapusa

Collection of waste in Village Panchayats

As already mentioned in **paragraph 1.5.8**, none of the 191 VPs had submitted annual reports to GSPCB on waste management during the last five years.

[19] 01 household in CCP, 03 households in Mapusa MC and 05 in Quepem MC

[20] 02 households in CCP, 05 households in Mapusa MC and 05 in Quepem MC

[21] Except 03 MCs (Quepem, Mormugao and Sanguem) where user registration was 'Nil'

[22] 286 complaints were lodged between August 2018 and February 2019

However, information provided (October 2018) by DoP to GWMC revealed that while four of 191 VPs (two *per cent*) collected no waste, only 45 VPs (24 *per cent*) collected both wet and dry waste. The remaining 142 VPs (74 *per cent*) collected only dry waste. Survey of 200 households in 12 selected VPs further revealed non-collection of dry and wet waste from 70 households (35 *per cent*) and 159 households (80 *per cent*) respectively. The respondents also accepted that household waste was being burnt, thrown in open/water bodies or buried. Audit also observed dumping/littering at 49 spots during random visits to 11 of the 12 selected VPs in July 2018.

During 2018, four leading English dailies[23] reported 223 instances of dumping in 11 of the 12 Talukas of the State which only reinforces the observations of Audit about the deficiencies in the system of collection of waste across the State.

Section 1.4.5.13 of the MSWM Manual, 2016 further stipulates that an efficient waste management, regardless of strategy, requires co-operation and support from the community. Inducing behaviour change in people and seeking their co-operation in managing their waste is key to successful SWM. For this purpose, sustained public outreach is essential to convince the people to become a part of the SWM process. However, in response to questionnaire, 228 of 302 households (75 *per cent*) in 15 selected local bodies acknowledged that they had never been approached by any State Government agency through an awareness campaign.

1.5.9.2 Collection of waste from beaches and highways

Cleaning of beaches

The Tourism Department is responsible for collection of waste from beaches. The contracts for cleaning of 36 beach stretches in the State were awarded (August 2014) to two contractors[24] for an initial period of 15 months (August 2014 to November 2015). Both the contracts were extended for a further period of 13 months up to December 2016. The Tourism Department paid ₹ 16.33 crore to both the contractors against payments due up to July 2016. Scrutiny of documents in Tourism Department and GSPCB relating to beach cleaning contracts revealed the following:

- As per conditions of the contracts, the Tourism Department constituted (September 2014) a State Level Monitoring Committee for conducting quarterly inspection of beaches and award grades[25] to the contractors from 'A' to 'D' with attendant financial penalties for default. Award of two grade 'C' or below in a year were liable to terminate the contracts. The Monitoring Committee, however, conducted only three inspections (11 June 2015, 14 August 2015 and 09 January 2016) against the mandatory nine and gave satisfactory reports in favour of the contractors, without awarding any grades.
- However, during inspection of 36 beach stretches conducted in July and August 2015, GSPCB observed that (i) the collection of waste along

[23] The Times of India, The Navhind Times, The Goan and The Herald

[24] Bhumika Transport, Mumbai (for North Goa beaches) and Ram Engineering and Construction Company, Mumbai (for South Goa beaches)

[25] Grade 'A'- no deduction; Grade 'B'- 5 *per cent* deduction; Grade 'C'- 20 *per cent* deduction; and Grade 'D'- more than 20 *per cent* deduction

the beach shores was not in a segregated form, (ii) the contractors were either burning the collected waste on the beaches or waste was being strewn in the vegetation/buried in the sand, (iii) the contractors were not maintaining any kind of log books or records regarding quantity of waste collected, transported and disposed of and (iv) the contractors did not construct segregation sheds and composting pits to recycle the biodegradable component into manure. Consequently, 4,000 sq. meter of land allotted temporarily to the contractors at Saligao dumpsite in North Goa for scientific segregation and disposal of beach waste had been indiscriminately used to dump mixed beach waste in a haphazard manner.

- Though the scope of work included mechanised cleaning of beaches in eight[26] of 36 stretches, the contractors carried out manual cleaning, as neither of them could successfully demonstrate the beach cleaning machines bought to site after one year of commencement of contract (August 2015). The Tourism Department, however, took cognizance of this major violation of contract condition together with other deviations such as, non-installation of porta cabins[27], constructions of segregation sheds and composting pits *etc.* only in September 2016 *i.e.* 25 months after the award of contracts. The contracts were terminated on account of these violations/deviations in December 2016.
- The beach cleaning contract was subsequently awarded (December 2016) to another contractor[28] without competitive bidding. Between December 2016 and May 2019, a payment of ₹ 22.26 crore had been made to the agency for manual cleaning of beaches. Even the performance of this contractor was far from satisfactory, as four leading English dailies[23] reported 57 cases of beach dumping/littering during 2018.

Thus, the Tourism Department failed not only to monitor beach cleaning contracts but also ignored transparency and competition while awarding the second beach cleaning contract.

Cleaning of highways

In the second meeting of HLTF (February 2013) chaired by the Chief Minister, it was decided to assign the responsibility of collection, segregation and transportation of solid waste along the National and State highways to GSIDC. The GSIDC executed the works through various contractors between March 2013 and October 2018 for which a payment of ₹ 15.32 crore had been made to the contractors till August 2019.

In order to seek an assurance whether highway cleaning works were done effectively and efficiently by the contractors, Audit covered seven stretches of highways spread over a distance of 172 km in three zones (North, Central and South) along with the officials of GSIDC and the contractors on 10 and 11 July 2018 and found solid waste dumped at 52 locations. Two of such instances are depicted in the photographs below.

[26] Four stretches in North Goa were awarded to Bhumika Transport, Mumbai and the remaining four stretches in South Goa were awarded to Ram Engineering and Construction Company, Mumbai

[27] These are the portable cabins to be used as site offices

[28] Drishti Lifesaving Private Limited, Mumbai

Karaswada to Sanquelim road stretch (10 July 2018)

Waste along Panaji to Margao NH (11 July 2018)

Four leading English dailies[23] also reported 12 cases of dumping on the highways during 2018.

Though the original contracts came to an end in October 2018, no fresh contract(s) had been concluded as of August 2019. In the meantime, the works of highway cleaning were awarded (May-June 2019) to the earlier appointed contractors for the North, Central and South zones, after a gap of six to seven months, as a stop-gap arrangement.

The observations of Audit, responses to the survey, results of joint inspections/site visits, news reports and online complaints were pointer to deficient waste collection system in the State.

1.5.10 Transportation of waste

Once collected, the solid waste has to be safely transported for treatment and disposal. The SWM Rules, 2016 provide for transportation of waste in an environmentally sound manner through specially designed and covered transport system so as to prevent the foul odour, littering and unsightly conditions. As per the time frame prescribed in the Rules, the local bodies were to ensure transportation of waste in covered vehicles up to processing or disposal facilities within two years of the enforcement of the Rules *i.e.* by March 2018.

Information provided by 15 selected local bodies revealed that out of total 53 vehicles available for waste transportation, 20[29] were being deployed without protective covers while 47[30] did not have leachate[31] collection tanks. Besides, none of the nine vehicles deployed by the beach cleaning contractor (Drishti Lifesaving Private Limited, Mumbai) for transporting waste from the beaches had leachate collection tanks.

During site visits of four[32] dumping sites and Solid Waste Treatment Plant (SWTP) at Saligao, Audit observed that the garbage was being transported to dumpsites in open vehicles while leachate was leaking profusely from the trucks carrying garbage to SWTP, as depicted in the photographs below.

[29] 12 in CCP, 06 in Mapusa MC and 02 in Taleigao VP
[30] 15 in CCP, 11 in Mapusa MC, 06 in Quepem MC and 15 in all the 12 selected VPs
[31] Water that has percolated through a solid and leached out some of the constituents
[32] Sada (Mormugao MC), Sonsoddo (Margao MC), Curchorem-Cacora MC and Assagao (Mapusa MC)

Open vehicle at the dumpsites of Mormugao (31 May 2018)

Leakage from truck at SWTP, Saligao (24 August 2018)

The GSPCB issued a show cause notice (December 2018) to the concessionaire running the SWTP at Saligao for ferrying garbage to the plant without protective covers and leachate collection tanks. The concessionaire, however, contested that as per the scope of work, they were required to only treat the waste as received at the plant from various locations through collection and transportation agencies authorised/directed by GWMC/DSTE/GSIDC *etc*.

The GSPCB issued repeated directives (December 2018, March 2019 and May 2019) to DoP to ensure that VPs transport waste in covered vehicles having leachate collection system. However, no action was taken by DoP in this regard.

Thus, the State Government failed to ensure transportation of waste in an environmentally sound manner as prescribed in the Rules.

Recommendation 2: The State Government may strengthen its waste collection system in order to ensure that all waste generated is fully collected at source. It may also ensure that waste is transported in an environmentally sound manner as prescribed in the Solid Waste Management Rules, 2016. The highway and beach cleaning contracts may be awarded after exercising due diligence.

1.5.11 Processing and disposal of waste

1.5.11.1 Processing of waste

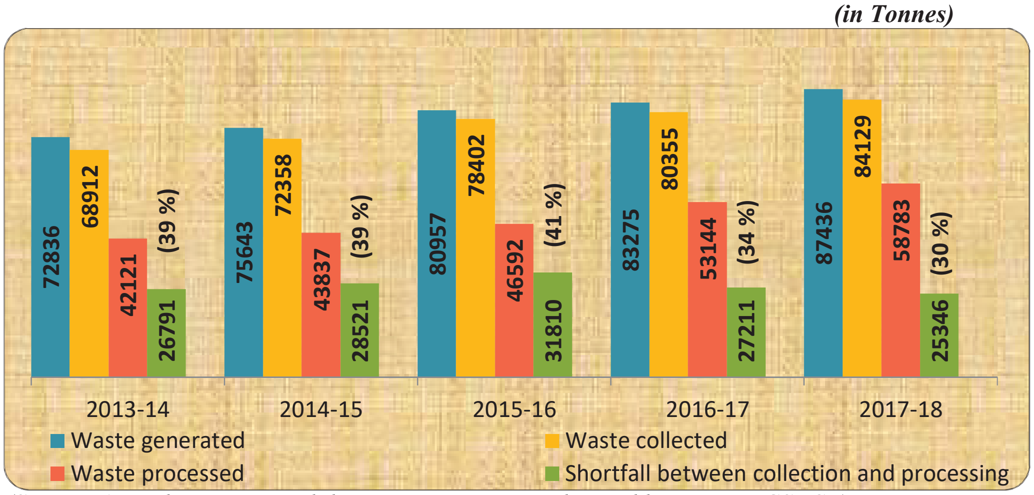
Processing means conversion/transformation of waste into useful fractions/products. The biodegradable waste should be processed by composting, vermi-composting, aerobic digestion or any other appropriate biological processing so as to minimise the burden on landfill. Similarly, the non-biodegradable waste should be processed by recycling or co-processing[33].

As per the annual reports submitted by ULBs to GSPCB, the quantum of waste generated, collected and processed in 14 ULBs during 2013-18 was as given in **Chart 1**.

[33] Co-processing means use of non-biodegradable and non-recyclable solid waste as raw material or as a source of energy to replace or supplement the natural mineral resources in industrial processes

Chart 1: Generation, collection and processing of waste by ULBs and shortfall between collection and processing

(in Tonnes)



(Source: Annual reports on solid waste management submitted by ULBs to GSPCB)

It may be seen from the **Chart 1** above that around 64 *per cent* of the waste collected had been processed during 2013-18. Low rate of processing in the ULBs was due to non-availability of adequate processing infrastructure such as, composting facilities, bio-methanation plants *etc.* and under-utilisation of the available processing infrastructure.

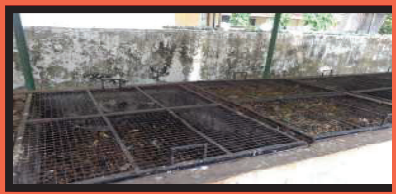
Audit observed that three[34] of the 14 ULBs did not have processing plants. The processing plants in two[35] ULBs having a combined installed capacity of 45 TPD were non-functional since 2013 and 2015 due to (i) non-supply of electricity on account of mounting electricity bill arrears, and (ii) break-down of sub-assembly[36] of the processing plant. The remaining nine[37] ULBs, where composting facilities was available, had under-utilised the installed capacities to the extent of 103.40 TPD[38].

So far as the VPs were concerned, 189[39] of 191 VPs (99 *per cent*) did not have waste processing facilities. The waste (wet and dry) was either being sent to SWTP at Saligao or disposed of on their own or through private contractors.

In order to address the issue of management of garbage/solid waste in the VPs of North Goa, the State Government commissioned a SWTP at Saligao in August 2016 on design, build, finance, own and transfer basis at a cost of ₹ 146 crore for a concession period of 10 years through GSIDC.

Good Practice

For more than a decade, Corporation of the City of Panaji had been composting residential wet waste (currently 1.5 TPD) in decentralised composting stations established in residential societies.



Composting station at Kamat Tower Housing Society, Tonca (CCP)

After successful trials in February 2019, Calangute VP has also decided to replicate this practice.

[34] Curchorem-Cacora MC, Sanguem MC and Canacona MC
[35] Pernem MC (5 TPD) and Mormugao MC (25 to 40 TPD)
[36] Sieving machines
[37] CCP, Bicholim MC, Sanquelim MC, Valpoi MC, Mapusa MC, Ponda MC, Margao MC, Quepem MC and Cuncolim MC
[38] Against combined installed capacity of 222.50 TPD, waste processed was 119.10 TPD
[39] Nuvem and Navelim VPs under Sattari Taluka have composting machines

As per authorisation, the plant was to cater to the needs of 25 of 191 VPs as well as handle waste collected from beaches and highways. However, during the last 25 of 30 months of its operation till January 2019, the plant had been operating beyond its installed capacity (140 TPD *vis-à-vis* 100 TPD) and thus, over-stressed. The situation has arisen because, the local bodies, other than the 27 authorised entities[40], were also disposing of waste at the SWTP on daily basis, over which the State Government had no control. Due to processing of surplus waste, the plant, as admitted by the concessionaire in November 2018, was not getting timely preventive maintenance, leading to increased downtime of the plant, thus, affecting its operational life and efficiency as well. The State Government belatedly decided (March 2019) to augment the capacity of the plant from100 TPD to 250 TPD.

In addition to the SWTP at Saligao, the State Government had also planned capacity addition of 450 TPD for processing/treatment of waste through three projects[41] over a period of five years (2012-17). Audit observed that none of these projects took off as of August 2019 due to the following reasons:

- The project at Bainguinim for CCP which was to commence in July 2014 and planned to be completed by October 2015, suffered on account of (a) change in the mandate of JnNURM resulting in the project becoming ineligible for funding under the Mission[42] (b) change in scope of work from localised plant to handle segregated waste to a centralised facility for handling mixed waste, (c) capacity enhancement from 100 TPD to 250 TPD midway, and (d) encroachment on the land earmarked for installation of SWTP. The project cost shot up from ₹ 96.64 crore in August 2013 to ₹ 248.50 crore in August 2018.
- The Cacora SWTP of 100 TPD capacity in South Goa was planned (August 2013) simultaneously with the Saligao SWTP to be executed through GSIDC. The work orders for both the projects were issued in March 2014. While, the SWTP at Saligao was commissioned in August 2016, the SWTP at Cacora remained a non-starter due to delay in conducting public hearing for the project, change in financial model[43] of the project and delay in transfer of land from GSIDC to GWMC. The project has been rescheduled for completion by March 2021. The project cost has also increased from ₹ 146 crore in March 2014 to ₹ 189.99 crore in March 2019**.**
- The project for 250 TPD plant at Verna approved in July 2017 was in land acquisition stage as of August 2019.

[40] 25 VPs, beaches and highways

[41] Bainguinim (100 TPD), Cacora (100 TPD) and Verna (250 TPD)

[42] Land was acquired in 2008 and CCP took possession in 2009. However, the Detailed Project Report (DPR) was submitted to GoI only in July 2013 by which time, the initial JnNURM period (2005-2012) was over

[43] From 100 *per cent* finance by concessionaire to 75 *per cent* finance by State Government and 25 *per cent* by concessionaire

1.5.11.2 Disposal of waste

Disposal of waste at landfills

Post-processed residual waste includes waste and rejects from the solid waste processing facilities which are not suitable for recycling or further processing. Such wastes should be disposed of in the sanitary landfill[44] and not merely dumped.

As per the annual report for the year 2017-18 submitted (December 2018) by GSPCB to Central Pollution Control Board (CPCB), only six[45] of 14 ULBs had landfill sites and the remaining eight ULBs were either in the process of acquiring land to establish landfills or the landfills were under construction. Audit, however, observed that none of the landfills in six ULBs was in use, as discussed below.

- The landfill at Bicholim was not in use, as the inert waste generated was being baled and sent to a cement factory in Karnataka for co-processing.
- The landfill at Quepem was not in use as of August 2019 due to filling of rain water and non-working of leachate pipeline.
- The composting plant at Pernem was non-functional since 2013 and therefore, no residual waste was being generated, and the landfill remained unutilised.
- The landfill at Canacona was not in use as it had reached its full capacity due to dumping of mixed waste.
- In 2014, the landfill site/pit at Sanquelim was gutted in fire and the seepage-proof lining/geo-lining of the landfill was burnt. Therefore, the landfill was not in use.
- The landfill site at Cuncolim was not in use since 2013-14 due to maintenance works.

As regards VPs, only 46 of 191 VPs (24 *per cent)* including five[46] of the 12 selected VPs have identified landfill sites as of August 2019.

Disposal of waste at dumpsites

Open solid waste dumpsites having no engineered liner system, leachate collection system or an appropriately designed cover system pose a threat to the environment and human health. As per SWM Rules, 2016, such dumpsites were to be closed within five years of the date of notification of the Rules *i.e.* by March 2021.

There are 25 dumpsites in the State – nine[47] of the 14 ULBs own 13 dumpsites while 12 of 191 VPs own one dumpsite each. Of the 13 dumpsites in ULBs, eight[48] had reached their full capacity while five[49] were still receiving waste

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[44] A landfill is an excavated piece of land, scientifically designed and constructed with protective measures for safe disposal of residual solid waste and inert wastes to safeguard against pollution of ground water, surface water and air

[45] Bicholim MC, Canacona MC, Cuncolim MC, Pernem MC, Quepem MC and Sanquelim MC

[46] Agonda VP, Molem VP, Chicolna-Bogmalo VP, Arambol VP and Taleigao VP

[47] CCP (04), Margao MC (01), Mormugao MC (01), Mapusa MC (01), Bicholim MC (01), Pernem MC (02), Canacona MC (01), Curchorem-Cacora MC (01) and Cuncolim MC (01)

[48] CCP (04), Mapusa MC (01), Pernem MC (01), Canacona MC (01) and Cuncolim MC (01)

[49] Margao MC, Mormugao MC, Pernem MC, Bicholim MC and Curchorem-Cacora MC

(live). As regards VPs, all 12 dumpsites were live. All the eight exhausted dumpsites in the ULBs were to undergo a process of rehabilitation[50]. In addition, there was a legacy dump of 1,45,674 tonnes[51] at Saligao in North Goa which was also to be rehabilitated.

The State Government carried out rehabilitation works at four dumpsites (two[52] of eight exhausted, one[53] of five live in ULBs and one at Saligao) between May 2016 and May 2018 using remediation/bio-remediation[54] method. However, the State Government was yet to take up rehabilitation of six exhausted dumpsites having an accumulated waste of 1.14 lakh tonnes. Even, the four dumpsites which were taken up for rehabilitation did not achieve the intended objectives, as discussed below:

- The rehabilitation works at the two exhausted dumpsites at Campal and Patto within CCP jurisdiction having 34,669 tonnes and the legacy waste of 45,674 tonnes at Saligao (totalling 80,343 tonnes) was completed between May 2016 and December 2016 at a total cost of ₹ 8.26 crore. During site visits, Audit, however, noticed that the rehabilitated waste (in the form of refuse derived fuel[55] and inerts) of approximately 35,250 tonnes was lying at these sites since 2016. Non-disposal of the rehabilitated waste for long period may lead to further degradation[56] of waste already rehabilitated due to continuous exposure to sunlight and mechanical erosion. This may also render the exercise of rehabilitation carried out at a cost of ₹ 8.26 crore unfruitful. The remaining legacy dump of 1,00,000 tonnes at Saligao was not rehabilitated as of April 2019.
- The rehabilitation of the live dumpsite at Sada under Mormugao MC having 36,250 tonnes of waste (estimated in November 2015) was undertaken (September 2016) on the directives of National Green Tribunal at a cost of ₹ 4.20 crore to be completed by May 2018. However, failure of the MC to provide alternative site to accommodate inert residual/rehabilitated waste led to stoppage of work in May 2018 after rehabilitation of 34,199 tonnes and payment of ₹ 4.03 crore. During the intervening period (November 2015 to March 2018), there was an average daily addition of around 28 tonnes of waste. As of November 2018, the dump stood at a height of 10 metres with 40,324 tonnes.

It is pertinent to mention that the Sada dumpsite is in proximity to Dabolim international airport and commercial aircrafts landing and taking off from the

[50] A process by which disposed waste in an existing dumpsite is excavated and either reused or disposed in an environmentally friendly manner

[51] 45,674 tonnes was lying within the SWTP site while one lakh tonnes was dumped outside the premises of the SWTP

[52] At Campal and Patto under CCP

[53] At Sada under Mormugao MC

[54] The use of either naturally occurring or deliberately introduced micro-organisms for consumption and break-down of environmental pollutants, in order to clean polluted sites

[55] Fuel derived from combustible waste fraction of solid waste like plastic, wood *etc.* in the form of pellets produced by drying, shredding, dehydrating and compacting of solid waste

[56] As per scientists of National Institute of Oceanography, Goa in their article titled "Characteristics, seasonal distribution and surface degradation features of micro-plastic pellets along Goa coast, India" (2016)

airport remained vulnerable to bird hits. In fact, the Directorate of Civil Aviation, Goa reported 230 bird hit cases during 2013-19 (up to November 2018).

Apart from the above, rehabilitation of dump at Sonsoddo under Margao MC (another dumpsite out of five live dumpsites in ULBs) was also envisaged as early as 2010 by screening, composting and carting away the waste to another location. The Consortium[57] to whom rehabilitation work was awarded (February 2010) reported in May 2011 presence of heavy metals in the waste such as arsenic, copper, chromium and lead. A SWM expert[58] engaged subsequently noted in its Report (January 2012) that screening and carting of waste containing heavy metals may affect the environment adversely and contaminate the ground water as well and therefore, recommended scientific capping[59]/closure of the site. The State Government accepted this recommendation and a DPR for this purpose was prepared by another consultant[60] in December 2012 for ₹ 7.76 crore. However, the DPR was not implemented and in July 2015, the State Government decided to revert to the original plan of screening, composting and carting away the existing dump to another location. As of April 2019, no conclusive decision had been arrived at on adoption of appropriate method/technology for rehabilitation of dumpsite at Sonsoddo.

As of November 2018, the dump at Sonsoddo grew to a staggering 1,00,000 tonnes (measuring 16.5 meters vertically) with a daily addition of around 20-25 tonnes, and continues to pose environmental and health hazard.

As a stop-gap measure, the Margao MC laid plastic covers over the dump which were left in tatters and dislocated, due to vagaries of weather, as shown in photographs below.

Garbage dumps at Sonsoddo, Margao (26 June 2018)

1.5.11.3 Non-compliance to provisions of SWM Rules, 2016

Rule 15 and Schedule I of the SWM Rules, 2016 entrust the local bodies with the responsibility to prevent burning of waste, mixing of leachate from solid waste locations with surface run-off water, ensure provision and usage of

[57] Sociedade de Fomento Industrial Private Limited, Margao, Goa and IL&FS Waste Management and Urban Services Limited, New Delhi

[58] Urban Management Consultants

[59] The landfill capping system is a controlling process that forms a barrier between the unwanted hazardous waste and the environment. A capping system is necessary to shield the waste materials from harming the surrounding environment and human health.

[60] K. R. Gopalakrishnan, Cochin

protective gears such as, hand gloves, footwear, masks *etc.* by the workers at waste facilities, and provision of fire equipment at landfill sites. However, site visits by Audit to waste processing and dumpsites of seven[61] ULBs (including three selected ULBs) between May 2018 and July 2018 revealed the following non-compliances:

- Waste was seen burnt at many locations in the jurisdictions of CCP, near landfill site of Pernem MC and near dumpsite of Curchorem-Cacora MC.
- No fire protection equipment was installed by the ULBs despite incidences of fire at the waste segregation and baling station at Cacora under Curchorem-Cacora MC (January 2014) and Sonsoddo dumpsite under Margao MC (June 2017 and May 2019).
- Waste was being handled manually without adequate protective gears like gloves, gumboots, face masks *etc*.
- Leachate was seen flowing[62] at the dumpsites/processing plants posing threat to surface and ground water as depicted in photographs below.

Leachate at dumpsite of Mormugao MC (31 May 2018)

Leachate at processing plant of Margao MC (26 June 2018)

- Waste processing and disposal sites were not protected and stray animals were seen roaming[63] inside.

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[61] CCP, Quepem MC, Mapusa MC, Mormugao MC, Pernem MC, Curchorem-Cacora MC and Margao MC

[62] Mapusa MC, Curchorem-Cacora MC, Margao MC and Mormugao MC

[63] Segregation site of CCP at St. Inez and dumpsites of Curchorem-Cacora MC and Mormugao MC

Segregation and baling station of CCP (17 May 2018)

Dumpsite at Cacora (08 June 2018)

- The dumpsite at Sada under Mormugao MC was in close proximity to the sea with the wall on the sea side broken thus, increasing the chances of the plastic being blown/washed into the sea with strong wind/rain posing threat to marine organisms.

1.5.12 Management of other wastes

Waste generated in the State *inter alia* includes bio-medical waste (BMW), electronic-waste (E-waste) and hazardous waste. All these wastes pose serious threat to environment and public health and hence, need to be collected, transported and disposed of in a scientific manner. Audit examined the records of GSPCB to examine enforcement of Rules relating to BMW, E-waste and hazardous waste as well as GWMC to check the efforts made in creation of required infrastructure relating to management of these wastes.

1.5.12.1 Bio-medical waste

The GoI notified (March 2016) the Bio-Medical Waste Management Rules, 2016 for effective and improved collection, segregation, processing, treatment and disposal of bio-medical waste in an environmentally sound manner.

As per the provisions of the Rules, GSPCB was responsible for monitoring the enforcement of the Rules and submit annual reports (calendar year-wise) to CPCB. Reports submitted by GSPCB to CPCB revealed that while BMW generation in the State showed a declining trend[64] during the last four calendar years (2014 to 2017), the number of health care facilities (HCFs) registered in the State during calendar years 2014 to 2018 showed an increasing trend[65]. The reduction of BMW with increase in number of HCFs with passage of time shows that the GSPCB did not have reliable data on the quantum of BMW generated in the State.

The State Government also did not have a bio-medical waste management plan and a common bio-medical waste treatment facility (CBMWTF) which has considerable advantages over individual treatment facilities in terms of capital investment, manpower, monitoring by regulatory agencies *etc.*

Further, there was no comprehensive BMW collection system in the State. The GSPCB has authorised one firm[66] which had been collecting and

[64] 9.59 tonnes in 2014, 7.92 tonnes in 2015, 2.66 tonnes in 2016 and 0.87 tonnes in 2017; BMW generation during calendar year 2018 slightly increased to 1.84 tonnes.

[65] 434 in 2014, 541 in 2015, 590 in 2016, 601 in 2017 and 718 in 2018

[66] Goa Health Monitoring Services

managing some amount of BMW generated in the State, primarily in and around CCP. Thus, there lies the risk of dumping of BMW, open burning and disposal of BMW along with municipal waste which poses a serious public health concern.

Site visit (May 2018) to dumpsite at Sada under Mormugao MC in South Goa revealed BMW dump consisting of blood-stained cotton, flesh, plaster casts, syringes, medicine bottles *etc*. in open in contravention of BMW Rules, 2016 as shown in the photographs below.

Biomedical waste at Sada dumpsite under Mormugao MC (31 May 2018)

1.5.12.2 Electronic-waste

The E-waste (Management) Rules, 2016 notified by the GoI in March 2016 aimed at putting in place an effective mechanism to regulate the generation, collection, storage, transport, import, export, environmentally sound recycling, treatment and disposal of the E-waste.

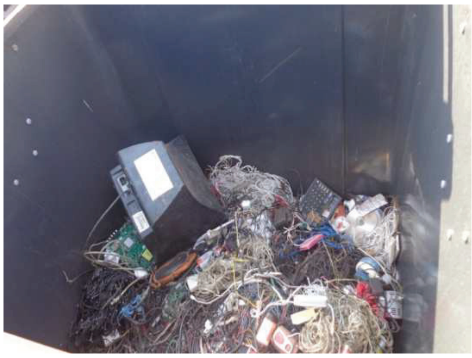
Audit observed that the State Government did not have an E-waste management plan for the State. GWMC advised the ULBs to collect and store E-waste with them till the formulation of an E-waste management plan and availability of necessary infrastructure.

As per annual reports submitted by GSPCB to CPCB (2013-18) under the provisions of the Rules, the E-waste collection in the State showed an increasing trend from 48 tonnes in 2013-14 to 449 tonnes in 2016-17. However, GSPCB reported a meager collection of only 61 tonnes in 2017-18, creating doubts on the reliability and consistency of data being reported to CPCB. Further, GSPCB failed to prepare a systematic inventory of E-waste in the State though provided for in the Rules.

During site visits, huge quantity of E-waste was seen dumped at various[67] segregation, landfill and dumpsites. A few instances are depicted in the photographs below.

[67] Segregation sites of CCP and Mapusa MC; landfill site of Pernem MC; and dumpsite of Margao, MC

Segregation site of CCP at St. Inez (17 May 2018)



Segregation site of Mapusa MC (05 July 2018)

1.5.12.3 Hazardous waste

The GoI notified (April 2016) the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 for effective handling, collection, treatment, storage, utilisation and disposal of hazardous[68] and other waste in an environmentally sound manner.

A common hazardous waste treatment, storage and disposal facility (CHWTSDF) reduces the number of hazardous waste sites and also eliminates the pollution potential. Also, the management of waste at common facility is relatively easier, economically viable and easy to monitor. The State Government had neither set up a CHWTSDF within the State nor did it prepare an integrated plan for management and transboundary movement of hazardous waste as of August 2019.

As per Rule 20 of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, GSPCB was to submit an annual inventory to CPCB regarding the quantum of the waste generated, recycled, recovered, utilised, re-exported and disposed of in the State. The annual reports of GSPCB for the years 2016-17 and 2017-18 showed that of the 1,409 hazardous waste generating units in the State authorised to generate 82,731 tonnes, only 221 units submitted annual returns to GSPCB showing a waste generation of 24,796 tonnes during 2016-17. Similarly, of the 1,440 units authorised to generate 75,977 tonnes, only 349 units submitted annual returns to GSPCB showing a waste generation of 26,301 tonnes during 2017-18. As majority of industries (84 *per cent* in 2016-17 and 76 *per cent* in 2017-18)[69] did not submit returns, GSPCB was not aware of the quantum of waste generated by these industries.

Recommendation 3: The State Government/ULBs may ensure timely completion of ongoing projects and full utilisation of existing infrastructure for processing and disposal of waste. The open dumpsites should be scientifically rehabilitated within the timelines given in Solid Waste Management Rules, 2016. They may also draw a roadmap for establishment of common waste treatment and disposal facilities for bio-medical and hazardous wastes.

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[68] A waste that has one or more of the hazardous traits - ignitability, reactivity, corrosivity or toxicity

[69] (1,188÷1,409)×100 in 2016-17 and (1,091÷1,440)×100 in 2017-18

1.5.13 Monitoring

The purpose of monitoring is to track implementation and outputs systematically, and measure the effectiveness of programmes. It helps to determine exactly when a programme is on track and when changes may be needed.

As per various Waste Management Rules[70], GSPCB is responsible for enforcement and monitoring the provisions of the Rules in the State. However, GSPCB failed on many counts in ensuring that (i) VPs had furnished annual reports on waste management, (ii) timelines prescribed in the Rules for transportation of waste in an environmentally sound manner had been adhered to, (iii) landfills were scientifically constructed and utilised and, (iv) a comprehensive inventory of BMW, E-waste and hazardous waste had been prepared. Besides, Audit called for (May 2018) information from GSPCB regarding authorisations granted/consents given to local bodies or operator of a facility or any other agency authorised by local body to operate SWM facilities, and inspections conducted of such facilities to ensure compliance to conditions specified in the authorisations/consents. However, no information was provided by GSPCB despite reminders in June 2018 and May 2019.

Further, Tourism Department and GSIDC failed to monitor the beach and highway cleaning contracts effectively and efficiently leading to many inadequacies in their implementation.

GSPCB accepted (January 2019) that in absence of dedicated staff, enforcement and monitoring the provisions of the Rules could not be carried out effectively.

Recommendation 4: The stakeholders need to strengthen their monitoring mechanism in order to ensure that all the Statutory Rules and contract conditions are meticulously complied with for effective management of solid waste in an environmentally sound manner.

1.5.14 Conclusion

The State of Goa does not have a comprehensive and holistic municipal solid waste management policy. The action plan of January 2017, which was converted into State's holistic policy on solid waste management, had its own drawbacks. The preparation and submission of new solid waste management policy documents by the consultant had already been delayed by 10 months. The methodologies adopted by the urban local bodies to determine the quantum of waste generated was neither uniform nor did these conform to the procedures prescribed in the Municipal Solid Waste Management Manual, 2016.

Even the claim of the urban local bodies having achieved waste collection to the extent of 96 *per cent* lacked credibility as beneficiary survey by Audit, newspaper reports and visits to local bodies revealed problems in waste collection. While beach cleaning contract lacked transparency, fresh contracts for highway cleaning were not finalised after October 2018. Solid waste was

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[70] Solid Waste Management Rules, 2016; Bio-Medical Waste Management Rules, 2016; E-waste (Management) Rules, 2016; and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

being transported in an environmentally unsound manner. During 2013-18, the urban local bodies processed only 64 *per cent* of the collected waste.

None of the 191 Village *Panchayats* furnished waste management data to any State Government agency during the last five years. As a result, the State Government had no data on waste generated, collected and disposed of by the VPs during the last five years. While the waste treatment plant at Saligao was over-stressed, the plan for capacity enhancement through establishment of projects at Bainguinim, Cacora and Verna had been delayed considerably.

Only six of 14 urban local bodies had landfill sites which too were not in use either due to poor maintenance or dumping of mixed waste. Despite an expenditure of ₹ 12.29 crore, four dumpsites (three in North Goa and one in South Goa) could not be rehabilitated effectively due to failure to plan for disposal of refuse derived fuel and inerts, post-rehabilitation. The rehabilitation of six already exhausted dumpsites had not been taken up. The State Government neither formulated waste management plans for bio-medical, hazardous and electronic wastes nor did it have any common waste treatment and disposal facilities for bio-medical and hazardous wastes. The monitoring of the solid waste management activities by the stakeholders was weak.

PUBLIC WORKS DEPARTMENT

1.6 Loss of Government property

Due to negligence and lack of co-ordination between two Divisions of Public Works Department, distribution pipelines laid by one Division under a water supply project were partially damaged by the contractor engaged by another Division for road widening works in the same area, resulting in loss of Government property valuing ₹ 2.40 crore.

As per Rule 21 of General Financial Rules, 2005 (GFR) every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Rule 37 further stipulates that an officer shall be personally responsible for any loss sustained by the Government through fraud or negligence on his part. Further, as per Clause 17 of the conditions of contracts executed between the contractors and Public Works Department (PWD), if the contractor or his working people or servants break, deface, injure or destroy any water pipes, cables, drains, electric or telephone posts or wires *etc*., the contractor shall make good the loss.

Audit scrutiny of the documents in PWD Division III revealed that the Division implemented (September 2014) the works of improvement of water supply to Kadamba Plateau (Phase-I) at a cost of ₹ 12.48 crore. As part of this work, the Division laid (between March 2011 and August 2014) Ductile Iron (DI) pipes of various diameters valuing ₹ 10.20 crore[71] parallel to two lane National Highway 748 (NH 748). The water supply project has not been

[71] 3,850 m (200 mm diameter pipes) @ ₹ 7,689 *per* m; 1,897.50 m (250 mm diameter pipes) @ ₹ 7,989 *per* m; 3,729 m (400 mm diameter pipes) @ ₹ 13,889 *per* m; 44 m (150 mm diameter pipes) @ ₹ 6,889 *per* m under one work plus 2,500 m (150 mm diameter pipes) @ ₹ 2,135 *per* m under another work

commissioned (March 2019) due to non-completion of water treatment plant of 10 MLD[72] at Maisal Panchwadi in Ponda Taluka.

While examining the documents in Division III, audit observed that PWD through Division VII had executed (between October 2014 and January 2017) the work of four laning by widening and strengthening of existing two lane road of NH 748. However, while executing the four laning work, the road contractor damaged around 2.19 km of pipelines (1,641 m pipes of 400 mm diameter and 550 m pipes of 150 mm diameter) laid earlier by Division III at various places in Kadamba Plateau at a cost of ₹ 2.40 crore[73]. The damages to pipes came to the notice of Division III during periodic inspection of the project site in October 2014. Division III re-laid 1,240 m of 400 mm pipes and the entire length of 550 m of 150 mm pipes, leaving 401 m of 400 mm pipes that remained unlaid as of March 2019. A payment of ₹ 0.44 crore was made to the contractor in October 2018 for re-laying works and no further payment was made as of March 2019.

Audit scrutiny further revealed that Division VII had cautioned (August 2012 and February 2013) Division III that the pipelines had been laid in the right of way of the proposed road widening works and therefore, these should be shifted to the edge of the land acquired for four laning work. Division III, however, did not take any corrective action on the ground that the pipelines were laid in consultation with National Highway Authority of India (NHAI) officials, through areas outside the land demarcated by NHAI for the road widening works. During four laning of NH 748, the road contractor engaged by Division VII cut the hillocks to extract earth/rubble for use in road widening works, without prior permission of Division VII, causing extensive damage to the pipelines at several places. However, Division VII neither held the contractor responsible for the loss of Government property nor effected recoveries from him, in violation of the codal provisions.

Responding to the audit observation, Division III stated (September 2018) that whenever a development project is undertaken by a division/agency, it is the responsibility of that division/agency to protect the existing utilities, such as, water supply pipelines, electric cables, telephone cables *etc.* But in this case, neither Division VII nor the agency (contractor) took adequate measures to prevent damages to the existing water supply pipelines. In the above context, it was not correct to hold the Division responsible for damage to Government property. Division VII, on the other hand, maintained (May 2017 and October 2018) that the question of recovering the cost of damaged pipelines from the contractor does not arise, as no one had registered any complaint against the contractor either with the Department or the Police.

With no one owning responsibility for the damages, in the end there was loss to Government property valuing ₹ 2.40 crore due to negligence and lack of co-ordination between the Government agencies.

The matter was referred to the Government in July 2018; their reply was awaited as of June 2019.

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[72] Million Litres Per Day

[73] 1,641 m (400 mm diameter pipes) @ ₹ 13,889 *per* m and 550 m (150 mm diameter pipes) @ ₹ 2,135 *per* m

WATER RESOURCES DEPARTMENT

1.7 Wasteful expenditure on canal distributary infrastructure

The Water Resources Department awarded contracts for canal distributary works without conducting survey and soil investigations leading to changes in the scope of works and foreclosure of contracts. As a result, canal works executed at a cost of ₹ 30.67 crore remained unutilised for more than seven years, of which, ₹ 10.94 crore had been rendered wasteful.

As per Section 2 and 4 of the Central Public Works Department(CPWD) Manual, before commencing any work, a preliminary estimate should be prepared and administrative approval obtained based on the preliminary estimate. Once administratively approved, the concerned department should prepare detailed plans, designs, drawings and estimates including detailed specifications for each item of work. The detailed estimates should be complete and prepared as comprehensively as possible, after detailed study and investigations such as, site survey, soil investigations *etc*.

Tillari Irrigation Project is an interstate project being implemented jointly by the Governments of Maharashtra and Goa. The project includes a left bank main canal (LBMC) and a right bank main canal (RBMC) with a total command area[74] of 23,654 hectare (ha). The project has many distributaries which are basically irrigation channels that take off water from main canals for irrigation purpose.

The Water Resources Department (WRD) awarded between January 2009 and May 2009 construction of B/6 distributary on the RBMC of Tillari project from Chainage (Ch) 7.122 km to Ch 15.870 km (8.748 km) at a total cost of ₹ 16.01 crore for irrigating 396 ha in seven[75] villages of North Goa district. The distributary work was divided into seven sections to be completed between January 2009 and February 2010. Of the seven sections, five sections totaling 6.858 km (from Ch 7.122 to 7.740 km and from 9.630 km to 15.870 km) had been completed between December 2011 and January 2013 at a total cost of ₹ 18.81crore. In the remaining two intervening sections comprising 0.480 km[76] and 1.410 km[77], works could not be completed for a length of 0.330 km and 0.090 km respectively till March 2019.

Audit examined (July 2017) the reasons for non-completion of works for a length of 0.330 km and 0.090 km and its larger implications on the B/6 distributary project in Division VII of WRD.

Audit scrutiny of records revealed that work of a length of 0.480 km was awarded (January 2009) to a contractor[78] at a cost of ₹ 2.87 crore for completion by January 2010. Considering the fact that the alignment of the work traversed through high contours, the tenders provided for laying of Reinforced Cement Concrete (RCC) pipes in the entire stretch of 0.480 km instead of open canal. During execution of work, the contractor/WRD observed that the soil strata at site were of collapsing nature. Therefore, to avoid probable leakages from the pipes and consequential problems to the

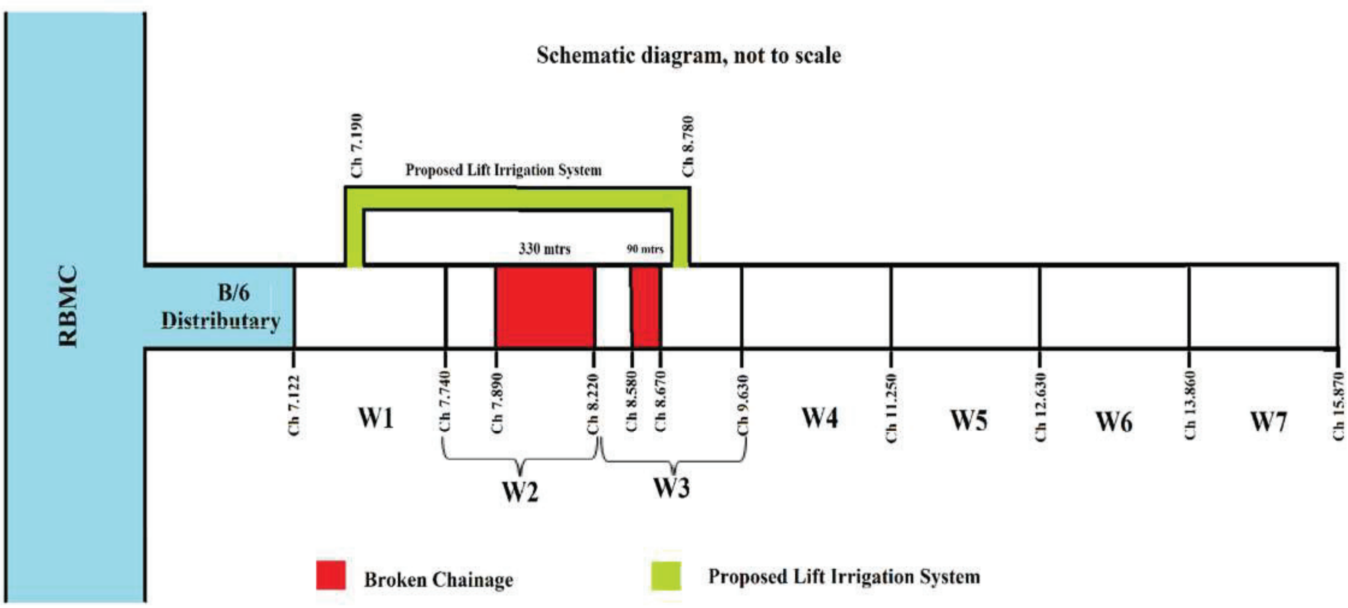
[74] The area which can be irrigated from a scheme and is fit for cultivation
[75] Mopa, Tamboxem, Ugvem, Ambere, Khazne, Poroscodem and Pernem
[76] Ch 7.740 km to Ch 8.220 km
[77] Ch 8.220 km to Ch 9.630 Km
[78] South East Construction Company Private Limited, Chennai

habitation downstream, the WRD decided (March 2010) to execute the work with Mild Steel (MS) pipes instead of RCC pipes. However, the contractor could lay only 0.150 km MS pipes due to continuous collapse of strata resulting in earth rolling down from the canal section. The work of remaining stretch of 0.330 km (from Ch 7.890 km to Ch 8.220 km) was foreclosed in March 2012 and the contractor was paid ₹ 5.73 crore up to May 2012.

The work of a length of 1.410 km was awarded (February 2009) to another contractor[79] at a cost of ₹ 1.98 crore for completion by February 2010. The tender envisaged construction of an open canal with concrete lining. During execution of work, the same problems were encountered as discussed in the above paragraph and therefore, WRD decided (March 2010) to execute the work using MS pipes instead of an open canal. However, after laying 1.320 km MS pipes, the remaining 0.090 km (from Ch 8.580 km to Ch 8.670 km) could not be laid by the contractor, as the terrain had become dangerous and risky due to collapsible nature of soil. This work was also fore closed (April 2012) and the contractor was paid ₹ 6.13 crore up to June 2012.

In order to connect the broken chainage of B/6 distributary, WRD decided (September 2018) to construct a lift irrigation (LI) system[80] for lifting water by pump from Ch 7.190 km to Ch 8.780 km (1.590 km) at an estimated cost of ₹ 6.38 crore. The work of LI system was awarded to a contractor[81] in February 2019 at a cost of ₹ 5.84 crore for completion by November 2019.

A schematic diagram of seven works executed, broken chainages and new LI system is depicted below.



[79] Ultracon Constructions Private Limited, Goa
[80] Consisting of a pump house, rising mains and allied structures
[81] South East Construction Company Private Limited, Chennai

Audit observed that WRD had finalised the alignment of the B/6 distributary based on the study conducted by a Consultant[82]. However, neither the consultant nor WRD had dug any trial pits[83] to ascertain the soil classification, and the quantity of the soil strata was assumed at 60:40 (hard soil: ordinary rock). Consequently, during actual execution, the contractor/WRD encountered totally different site conditions, leading to non-completion of a length of 0.330 km and 0.090 km in two stretches.

Since the gap of 0.420 km (0.330 km+0.090 km) in the B/6 distributary remained unlinked, WRD had not been able to release water for irrigation to seven villages of North Goa district for more than seven years[84] despite spending ₹ 30.67 crore on the completed portion. This also implied that once the LI system is operational, it would render an expenditure ₹ 10.94 crore[85] incurred on the broken chainage and a portion of already constructed chainage wasteful, as these would now fall intermediately between the start point (Ch 7.190 km) and the end point (Ch 8.780 km) of LI system, and would not be used anymore.

The Executive Engineer (EE) Division VII of WRD stated (July 2017) that although ideally it may be desirable to investigate sub-surface conditions comprehensively before taking up a work in hand, it may not always be possible to do so. The more commonly followed practice is to accept a certain risk associated with the absence of complete data obtained from a detailed programme of investigation and to attend to such risks if and when they arise by effecting suitable changes through deviations *etc.* The EE added that there was room to further improvise and radically change the proposals to eliminate as far as possible all wasteful expenditure.

The reply is not acceptable, as the preparation of estimates and starting the work without conducting adequate surveys was in violation of the procedures prescribed in the CPWD Manual. Had WRD conducted the trial pits through the finalised alignments, especially on the difficult terrains and near habitations, the work could have been completed without any impediments, thus, precluding the need for any untoward risks being taken at the execution stage. Clearly, the risks accepted by WRD in this case far out-weighed the prescribed codal provisions.

The matter was referred to the Government in July 2018; their reply was awaited as of June 2019.

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[82] Tritech Engineering Projects, Pune

[83] A trial pit (or test pit) is an excavation of ground in order to study or sample the composition and structure of the subsurface, usually dug during a site investigation, a soil survey or a geological survey. Trial pits are dug before the construction

[84] From April 2012 (date of foreclosure) till June 2019

[85] Proportionate expenditure incurred from (i) Ch 7.190 km to Ch 7.740 km (₹ 2.78 crore); (ii) Ch 7.740 km to Ch 8.220 km (₹ 5.73 crore); and (iii) Ch 8.220 km to Ch 8.780 km (₹ 2.43 crore)

FINANCE DEPARTMENT

1.8 Excess payment of interest

The Memorandum of Understanding (MoU) with the Bank of India (BoI) for providing house building advance to the State Government employees expired in September 2015. The State Government neither renewed the MoU nor accepted the lowest rate offered by the State Bank of India but, continued to pay interest at 10.20 per cent to BoI against its lower prevailing interest rates, resulting in excess payment of interest of ₹1.88 crore during October 2015 to September 2017.

The State Government employees in Goa are eligible for House Building Advance (HBA) for construction or acquisition of houses. HBA is repayable with interest at rates notified by Government from time to time. Owing to financial constraints, the State Government notified (October 2001) a Scheme to provide HBA to its employees through banks by bearing the additional burden of interest charged by the banks over the interest rates applicable as per HBA Rules.

Under this Scheme, the State Government entered (September 2006)[86] into a Memorandum of Understanding (MoU) with the Bank of India (BoI) for grant of HBA to its employees for a period of nine years at 8.50 *per cent per annum* for an initial period of three years (2006-2009), subject to revision after expiry of every three years. The rate of interest (8.50 *per cent*) continued for the next three years (2009-12) and revised to 10.20 *per cent* for the last spell of three years (2012-15 up to September 2015).

On expiry of MoU with BoI in September 2015, the State Government invited (November 2015) fresh bids and received proposals from four banks. Of the four proposals, the offer of the State Bank of India (SBI) at 9.55 *per cent* was found to be the lowest. However, till April 2016, the State Government failed to sign MoU with the SBI due to disagreement on various issues, such as, rate of interest, valuation of property, title deed, mortgage of property, repayment mode *etc*.

In the meantime, while negotiations with the SBI fell through, the State Government neither processed the second lowest offer of BoI of 9.70 *per cent* nor did it renew the lapsed MoU with BoI with effect from October 2015. Instead, it continued to transact with BoI at 10.20 *per cent* as per the old (lapsed) MoU from October 2015 to September 2017. However, BoI *suo motu* reduced the interest rate to 8.40 *per cent* for the loans sanctioned from October 2017 onwards.

Audit is of the view that after expiry of MoU in September 2015, BoI should have charged interest at the same rates as applicable to its other patrons, which varied from 8.40 *per cent* to 9.95 *per cent* during October 2015 to September 2017. However, failure of the State Government initially to process the lowest and the second lowest offers of SBI and BoI respectively and subsequently, its inability to impress upon BoI to streamline the interest rates charged to HBA with the prevalent rates resulted in an excess payment of interest of ₹ 1.88 crore during the period October 2015 to September 2017.

[86] The initial agreement was with Housing Development Finance Corporation from October 2001 to August 2006

It is also pertinent to mention that while the State Government paid an average rate of interest of 7.42 *per cent* on its borrowings (Major Head 6003 - 'Internal Debt of the State Government') during the last five years, it paid an interest of 10.20 *per cent* to the Bank of India under the HBA Scheme. This anomalous situation calls for a review of the present Scheme architecture by the State Government.

The matter was referred to the Government in July 2018; their reply was awaited as of June 2019.

GENERAL ADMINISTRATION DEPARTMENT

1.9 Injudicious public investment in private property and nugatory expenditure on rent

Failure of the State Government to hire ready to move in premises for office use led to an expenditure of ₹5.89 crore post-hiring on internal modifications. Pending internal modifications, the offices could not shift to the hired premises for periods ranging from five months to 35 months. However, the State Government continued to pay rent for the vacant period, thus, rendering an expenditure of ₹11.17 crore nugatory.

In order to provide additional space required for various Government offices and also to house the offices paying huge amount of rent to private parties, the State Government decided (November 2012) to hire premises that were ready to move in and simultaneously directed the General Administration Department (GAD) to identify land for construction of building to accommodate Government offices. The GAD invited (February 2013) expression of interest (EoI) from the owners of commercial premises for suitable office space measuring 6,000 sqm to 7,000 sqm on hire purchase basis for a period of three years extendable to six years, if required.

Against the EoI, three bids were received in March 2013. A five members Committee under the Chairmanship of the Principal Secretary (Public Works Department) inspected (April 2013) the premises offered by the bidders and recommended Apex Computers and Engineering Services (ACES), Goa, who had offered the maximum space, for consideration of the State Government.

In January 2014, the State Government signed a lease deed with ACES, Goa for hiring a total office space of 5,416.50 sqm in two adjacent commercial buildings at Patto Plaza, Panaji – 4,841 sqm in SPACES building and 575.50 sqm in Kamat Towers – at a negotiated monthly rental of ₹ 42.93 lakh for a period of three years commencing from 01 November 2013 to 31 October 2016. The State Government extended the lease for a further period of three years from 01 November 2016 to 31 October 2019.

Audit observed that since the leased premises were not in ready-to-move condition, the State Government roped in (18 November 2013) Goa State Infrastructure Development Corporation (GSIDC) for carrying out internal modifications in the premises as per requirements of the allottee departments[87]. ACES handed over the possession of premises to GSIDC between 27 November 2013 and 20 March 2014. The modifications were

[87] GSIDC; District Sessions Court, North Goa; Commercial Taxes Department; Town and Country Planning Department; and Goa State Information Commission

scheduled to be completed in three months between August 2014 and November 2014, against which, the modifications were actually completed at a cost of ₹ 5.89 crore[88] in September 2016, a delay of almost two years. Thus, while the initial three years of the six years of the lease period was spent on providing interiors to the premises, huge public investment in private properties indicated scant regard for value for money.

Pending internal modifications, while the allottee departments could not shift to the leased premises for periods ranging from five months to 35 months, the State Government paid rent of ₹ 11.17 crore[89] to ACES **(Appendix 1.3)** for the intervening non-occupied period, which was nugatory.

The Secretary, GAD stated (June 2018) that the expenditure cannot be considered as wasteful since all the departments who were allotted the premises had their own internal modifications to be undertaken before occupying the allotted premises.

The contention of the Secretary is not tenable as the rent was paid for the premises without any Government departments using it. Further, while the Government's initial directive (December 2012) was to identify and hire 'readymade' premises, the EoI issued in February 2013 did not mention this critical requirement. This eventually led to huge public investment on interiors post-hiring. The Government could also have moderated its investment on interiors to enable the offices to shift to the new premises faster.

The matter was referred to the Government in July 2018; their reply was awaited as of June 2019.

[88] Modular furniture (₹ 2.07 crore); Heating, Ventilation and Air Conditioning equipment (₹ 0.83 crore); Electrical works (₹ 1.21 crore); Carpentry works (₹ 0.61 crore); Consultancy (₹ 0.48 crore); Firefighting (₹ 0.05 crore); False ceiling (₹ 0.21 crore); and other works (₹ 0.43 crore)

[89] GSIDC: ₹ 3.60 crore for 35 months; District and Sessions Court: ₹ 5.93 crore for 25 months; DRDA, North Goa: ₹ 1.03 crore for 23 months; Town and Country Planning: ₹ 0.09 crore for five months; and Goa State Information Commission: ₹ 0.52 crore for 14 months

CHAPTER – II

Revenue Sector

CHAPTER-II

REVENUE SECTOR

2.1 Revenue receipts

2.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are mentioned in the **Table 2.1**.

Table 2.1: Details of total revenue receipt of State Government

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	**Revenue raised by the State Government**					
	▪ Tax revenue	3582.48	3895.92	3975.37	4261.16	4731.37
	▪ Non-tax revenue	1661.55	2325.63	2431.93	2712.00	3033.27
	Total	**5244.03**	**6221.55**	**6407.30**	**6973.16**	**7764.64**
2	**Receipts from the Government of India**					
	▪ Share of net proceeds of divisible Union taxes and duties	848.53	900.58	1923.76	2299.20	2544.26
	▪ Grants-in-aid	357.21	566.56	221.18	292.61	744.62
	Total	**1205.74**	**1467.14**	**2144.94**	**2591.81**	**3288.88**
3	**Total revenue receipts of the State Government (1 and 2)**	**6449.77**	**7688.69**	**8552.24**	**9564.97**	**11053.52**[1]
4	**Percentage of 1 to 3**	**81**	**81**	**75**	**73**	**70**

(Source: Finance Accounts of the State)

The above table indicates that there was continuous increase in collection of revenue during the last five years. The revenue raised by the State Government during the year 2017-18, constituted 70 *per cent* of the total revenue receipts. The balance 30 *per cent* of the receipts during 2017-18 was from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

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[1] For details, please see Statement No. 14 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2017-18. Figures under the head 0005-Central GST, 0008-Integrated GST, 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax and 0045-Share of net proceeds assigned to State booked in the Finance Accounts-Tax revenue, have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

2.1.2 Tax revenue

The tax revenue raised by the Government of Goa during 2017-18 was ₹ 4,731.37 crore. The details of the tax revenue along with details of preceding four years are given in **Table 2.2**.

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

(₹ in crore)

Sl. No.	Head of revenue		2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase (+) or decrease (-) in 2017-18 over 2016-17
1	Taxes on sales, trade *etc*.	BE	2185.00	2303.85	2370.00	2624.35	2582.32	
		RE	1766.00	2303.85	2067.34	2245.50	1491.52	
		Actual	1708.05	1859.86	2115.69	2438.17	1621.69	-33.49
2	SGST	BE	-	-	-	-	-	
		RE	-	-	-	-	1710.66	
		Actual	-	-	-	-	1463.74	
3	Entertainment Tax/Luxury Tax *etc*.[2]	BE	492.65	501.34	617.86	848.01	905.62	
		RE	488.30	501.34	689.64	792.78	332.93	
		Actual	609.37	663.96	757.81	822.59	315.98	-61.59
Subtotal (Actual collection under 1,2 and 3 above)			2317.42	2523.82	2873.50	3260.76	3401.41	4.31
4	Stamp Duty	BE	560.04	544.39	549.35	678.49	600.59	
		RE	547.36	544.39	584.46	625.16	600.59	
		Actual	396.10	659.84	524.90	365.11	529.69	45.08
5	State Excise	BE	250.50	284.81	292.14	348.50	381.77	
		RE	241.98	284.81	293.00	348.50	381.77	
		Actual	229.60	259.91	315.70	316.03	408.44	29.24
6	Taxes on Goods and Passengers	BE	53.80	13.23	13.23	25.00	25.00	
		RE	18.11	13.23	13.24	21.47	25.00	
		Actual	19.98	22.06	22.81	23.65	26.08	10.27
7	Land Revenue	BE	20.77	253.19	213.37	156.01	61.64	
		RE	388.43	253.19	155.53	182.91	61.64	
		Actual	454.36	25.38	24.51	39.09	42.02	7.50
8	Other taxes	BE	254.20	175.04	230.52	236.00	243.46	
		RE	155.70	175.04	230.54	229.41	243.46	
		Actual	165.03	404.90	213.95	256.51	323.73	26.21
	Total	**BE**	**3816.96**	**4075.85**	**4286.47**	**4916.36**	**4800.40**	
		RE	**3605.88**	**4075.85**	**4033.75**	**4445.73**	**4847.57**	
		Actual	**3582.48**	**3895.91**	**3975.37**	**4261.16**	**4731.37**	

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

'Taxes on Sales, Trade *etc.* (except that of petroleum products and liquor), Entertainment tax, Luxury tax, and taxes on entry of goods and medicinal and toilet preparations containing alcohol, opium *etc.* are subsumed in the GST subsequent upon implementation of GST *w.e.f.* 01 July 2017. During 2017-18 'Taxes on Sales, Trade *etc.,* contributed a major share of tax revenue (34.27 *per cent)* despite 33.49 *per cent* decrease in receipts over the previous year due to implementation of GST from July 2017.

[2] Taxes on entry of goods and medicinal and toilet preparation containing alcohol, opium *etc.*

State excise increased by 29.24 *per cent* over the previous year. Though revenue under State excise increased by ₹ 92.41 crore compared to previous year, the collections under medicinal and toilet preparations containing alcohol, opium *etc.* were less by ₹ three crore as these were subsumed in Goods and Services Tax (GST).

The other taxes mainly comprise of entertainment tax, luxury tax and cesses from other acts. The decrease in collection occurred in 2017-18 as the entertainment tax and luxury tax were subsumed to GST.

2.1.3 Non-tax revenue

The details of the non-tax revenue along with details of preceding four years are given in **Appendix 2.1**. The non-tax revenue raised during 2017-18 was ₹ 3,033.27 crore. Details of some principal departments of Government of Goa during the period 2013-14 to 2017-18 are indicated in **Table 2.3**.

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

(₹ in crore)

Sl. No.	Heads of revenue		2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase (+) or decrease (-) in 2017-18 over 2016-17
1	Power	BE	1331.85	1367.94	1497.17	1687.75	1819.15	
		RE	1331.85	1367.94	1497.17	1687.75	1819.15	
		Actual	1187.95	1321.66	1708.91	1765.80	2119.09	20.01
2	Non-Ferrous Mining and Metallurgical Industries[3]	BE	202.10	400.24	742.57	439.28	377.60	
		RE	18.54	400.24	205.11	259.34	377.60	
		Actual	46.12	530.35	216.53	347.63	332.79	-4.27
3	Other Administrative Services	BE	90.52	157.54	163.27	176.47	178.67	
		RE	102.19	157.54	133.10	183.70	179.83	
		Actual	88.01	123.45	108.98	152.52	139.66	-8.43
4	Water Supply and Sanitation	BE	102.08	129.89	145.75	162.62	126.05	
		RE	102.08	129.89	145.75	114.59	126.05	
		Actual	103.97	101.89	115.40	119.69	129.80	8.45

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

2.1.4 Analysis of arrears of revenue

The arrears of revenue pending collections in respect of some principal departments of the State Government as on 31 March 2018 were ₹ 2,374.59 crore of which ₹ 639.20 crore had been pending for more than five years as detailed in **Table 2.4**.

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

Table 2.4: Arrears of revenue

(₹ in crore)

Sl. No.	Name of the Department	Amount outstanding as on 31 March 2018	Amount outstanding for more than five years	Action taken by the Department
1	Commercial Taxes	1539.78	519.74	The Department intimated that 757 cases involving ₹ 15.31 crore were pending in Revenue Recovery Court (RRC). Further, visits were constantly made by the officers of the Department for recovery of the remaining arrears and the dealers were persuaded to pay the dues and reminders were also issued.
2	Chief Electrical Engineer, Electricity Department	297.88	84.38	The Department had referred 7,803 cases involving ₹ 28.17 crore to RRCs. Disconnection notices were issued to consumers against whom electricity charges were outstanding. Notices were issued for payment of the arrears to the heads of various departments against whom arrears were outstanding. Request was also made to Director of Accounts to recover the arrears from the defaulting departments through book adjustments, if they fail to settle the dues. A billing dispute redressal committee had been set up for settlement of disputed cases.
3	Chief Engineer, Public Works Department	128.01	11.36	Arrears of Rent ₹ 2.55 crore:- The Department stated that one case involving ₹ 22.82 lakh was pending in RRC as on 31 March 2018. In the remaining cases demand notices were being sent to the consumers. Arrears of Water Charges ₹ 125.46 crore:- The Department stated arrears involving ₹ 14.21 crore were pending before RRC as on 31 March 2018. Demand notices were served to the defaulters/consumers for recovery of the remaining arrears.
4	Chief Engineer, Water Resources Department	408.92	23.72	Water tax ₹ 0.97 crore:- The Department stated that notices were served to the defaulters and personal instructions are issued to clear the arrears immediately. Raw water charges ₹ 405.10 crore:- Department stated that arrears pertains to government departments/establishment and the matter was being pursued. Hire charges of machinery ₹ 0.33 crore:- The Department has not furnished details of action taken to recover the outstanding dues. Rent from shops and halls:- The Department stated that three cases involving ₹ 2.93 lakh are pending with RRC and notices have been served to the defaulters for recovery of remaining arrears.
Total		**2374.59**	**639.20**	

(Source: Information furnished by concerned departments)

The information relating to the cases pending in Courts and with Departmental Appellate Authorities was not furnished by the department. However, it would be seen from the above that 26.92 *per cent* of the arrears have been pending for more than five years. With the passage of time, the chances of their recovery become low. It is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2017-18, claims received and refunded during the year and the cases pending at the close of the year 2017-18 in respect of Commercial Taxes Department are given in **Table 2.5.**

Table 2.5: Details of pending refund cases

Sl. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount (₹ *in crore*)	No. of cases	Amount (₹ *in crore*)
1	Claims outstanding at the beginning of the year	472	114.35	-	-
2	Claims received during the year	774	110.32	3	0.004
3	Claims rejected	4	4.72	-	-
4	Refunds made during the year	644	72.09	3	0.004
5	Balance outstanding at the end of the year	598	147.86	-	-

(Source: furnished by respective departments)

Above table shows that 598 cases of refunds involving ₹ 147.86 crore were outstanding in Commercial Taxes Department as on 31 March 2018. Section 33 (2) of Goa Value Added Tax Act, 2005 provides for payment of interest, at the rate of eight *per cent per annum* for the delay in refunds. It would be prudent on the part of the Department to settle the refund cases expeditiously to save the Government from the interest liability. In the case of State Excise Department no claims were pending for refund at the end of 31 March 2018.

2.1.6 Response of the Government/Departments towards Audit

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

Analysis of IRs issued up to December 2017 disclosed that 906 observations involving ₹ 557.62 crore relating to 212 IRs remained outstanding at the end of June 2018. The figures as on June 2018 along with the corresponding figures for the preceding two years are given in the **Table 2.6**.

Table 2.6: Details of pending Inspection Reports

	June 2016	June 2017	June 2018
Number of IRs pending for settlement	124	151	212
Number of outstanding audit observations	427	578	906
Amount of revenue involved (₹ *in crore*)	228.85	401.62	557.62

(Source: Compiled from Audit records)

2.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2018 are mentioned in the **Table 2.7**.

Table 2.7: Department-wise details of pending Inspection Reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved *(₹ in crore)*
1	Finance	Commercial Taxes	102	487	415.37
2	Excise	State excise	16	53	5.27
3	Revenue	Land revenue	29	93	1.30
4	Transport	Taxes on motor vehicles	37	147	16.28
5	Stamps and Registration	Stamp duty and registration fee	27	113	118.34
6	Mines and Geology	Non-ferrous mining and metallurgical industries	1	13	1.06
Total			**212**	**906**	**557.62**

(Source: Compiled from Audit records)

Audit did not receive even the first replies from the heads of offices within four weeks from the date of issue of the IRs in respect of six IRs issued up to December 2017. There was increase in pendency of the IRs by 40 *per cent* as compared to previous year. This indicated that the heads of offices/departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

2.1.7 Response of the departments to the draft audit paragraphs

Eight draft paragraphs were sent to the Secretaries of the respective departments between June and September 2018. Of these, replies in respect of three draft paragraphs were furnished by the Department whereas replies to other five draft paragraphs have not been received from the Government despite reminders (June 2019).

2.1.8 Audit Planning

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

During the year 2017-18, 70 units were planned and audited for revenue sector.

2.1.9 Results of Audit and coverage of this chapter

During the year 2017-18 we test checked the records of 31 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers tax, Stamp Duty and Registration and other Departmental offices.

The test check showed under-assessment/short-levy/loss of revenue aggregating ₹ 63.07 crore in 612 cases. During the year, the departments concerned have recovered cases of under assessment and other deficiencies amounting to ₹ 1.13 crore involved in 44 cases.

An audit of collection, accounting and remittance (into treasury) of cash receipts collected in 13 offices of the Revenue, Registration and Transport departments highlighted several areas of concerns. In seven offices instances of misappropriation/suspected misappropriation of Government funds were detected. The total sum involved was ₹ 11.60 lakh.

The details of assessments, registrations, licenses issued and other activities undertaken by five major revenue collection departments of the State and the extent of audit and coverage are as discussed below:

Commercial Taxes Department

There are eight auditable units in the Commercial Taxes Department; Audit selected all the eight units for test check wherein 7,967 assessments were finalised during the year 2017-18. Audit test checked 552 assessments (seven *per cent*) during the year 2017-18 and noticed 330 cases (60 *per cent* of audited sample) of non/short levy of tax/interest, irregular allowance of Input Tax Credit, grant of incorrect tax exemption benefits, acceptance of defective declaration forms, application of incorrect rates by misclassifying goods and non-observance of provisions of Acts/Rules *etc.,* involving ₹ 59.80 crore.

Excise Department

There are 12 auditable units in the Excise Department. Out of these nine units were selected for test check during the year 2017-18. In these nine units there were 9,396 licensees, out of which audit test checked records of 1,500 licensees (16 *per cent*). During test check audit noticed cases of short levy of license fee/excise duty by misclassification of category of hotels, non-levy surcharge, interest on delayed payment, irregular allowance on wastages of liquor *etc*., relating to 281 licensees (19 *per cent* of audited sample) involving ₹ 3.27 crore.

Transport Department

There are 12 auditable units in the Transport Department; Audit selected one unit where 18,171 vehicles were registered during 2017-18. we audited records relating to 1,327 vehicles (7.30 *per cent*). During test check audit noticed one case relating to short recovery of fees involving ₹ 0.24 lakh.

Revenue Department

There are 22 auditable units in the Department, of which one unit was selected for test check during the year 2017-18. During the course of audit irregularity of non-revision of land revenue rates was noticed.

Registration Department

There are 14 auditable units in the Registration Department; Audit selected one unit where 799 Societies/NGOs were registered. We audited records of 42 Societies/NGOs (5.26 *per cent*). During the course of audit we noticed irregularity in maintenance of records pertaining to registered societies.

This Chapter contains six paragraphs involving financial effect of ₹ 2.28 crore.

REVENUE, REGISTRATION AND TRANSPORT DEPARTMENTS

2.2 Audit of Collection and Accounting of Cash Receipts in Revenue, Registration and Transport Departments

2.2.1 Introduction

The procedure for receipt, accounting and remitting of cash collected is governed under the Government of Goa (Receipt and Payments) Rules, 1997 (GGRPR) and Government Accounting Rules, 1990 (GAR).

Government revenue comes from a variety of sources like taxes, duties, fees, cess, fines and royalties. These revenues are either collected in cash by the departmental officers or are deposited, on their behalf, by the payees in banks/treasuries. The revenue collected in cash by departmental officers has to be properly acknowledged, accounted for and remitted into Government account, generally within a day from the date of collection. In order to ensure that Government revenue is remitted correctly into Government account, it is important that all officers/officials perform their prescribed duties regarding collection, recording, verification, remittance and reconciliation of cash receipts timely and with due care.

Local audit inspection of three departments *viz*. Revenue, Registration and Transport conducted in 2016-17 and 2017-18 had revealed suspected misappropriation, discrepancies in maintenance of the records and lack of internal controls in collection of the departmental receipts. As such, it was considered necessary to conduct a detailed audit of these departments on "Collection and Accounting of Cash Receipts" to ascertain whether the departments were adhering to the prescribed rules and accounting standards including timely remittance of departmental receipts into the state treasury.

2.2.2 Organisational structure

Revenue Department

Revenue Department is under the control of Secretary, Revenue. Revenue administration of the district is with District Collectors. There are two districts *viz*., North Goa and South Goa each headed by a District Collector who is assisted by two Additional Collectors, three Deputy Collectors, one Mamlatdar-in-Collectorate and one Assistant Accounts Officer in the head office. Each district has five sub-divisions headed by Deputy Collectors/Sub-Divisional Officers and six talukas each headed by Taluka Mamlatdars.

Registration Department

Registration Department is under the administrative control of Secretary, Law. The State Registrar-cum-Head of Notary Services is the head of department and is assisted by two District Registrars of the districts. At the taluka level there are twelve subordinate offices each headed by the Civil Registrars-cum-Sub Registrars (CRSRs).

Transport Department

Transport Department is under the control of Secretary, Transport. The Department is headed by the Director of Transport (DoT) assisted by three Deputy Directors (North Goa/South Goa/Administration) and one Accounts Officer. At the taluka level there are five sub-offices in North Goa and five sub-offices in South Goa each headed by an Assistant Director of Transport (ADT). Besides taluka level offices the Department has two enforcement offices situated in North and South Goa headed by an ADT. Under each enforcement offices there are five check posts each headed by a Motor Vehicle Inspector (MVI).

The organisation structure of these departments is given in **Appendix 2.2**.

2.2.3 Audit Objectives and Criteria

Audit objectives

Audit was conducted to ascertain:

- Whether the financial rules were adhered to while collecting and accounting cash receipts; and
- Whether sound internal control existed for safeguarding revenue collection of the Government.

Audit criteria

The Audit criteria was drawn from the following Acts and Rules:

- Government of Goa (Receipt and Payment) Rules, 1997;
- General Financial Rules, 2005;
- Government Accounting Rules, 1990; and
- Periodic Notifications/Orders issued by the Government of Goa.

2.2.4 Scope and methodology

The audit of Revenue**,** Registration and Transport Departments was conducted between April-July 2018 covering the period from 2013-14 to 2017-18. The cash receipts consist of fees, duties and taxes levied and collected by the departments. These cash receipts are either deposited directly by the parties into the treasury through e-challans or are collected in cash by the offices that remit the same into the treasury. Our scope of audit was limited to cash collected by the offices and remittances made by them into the treasury. Audit scope does not cover the remittances made through e-challans.

Methodology for selection of units: -Audit adopted Sampling and Risk based methods in selection of the units. Six[4] offices where the misappropriation of receipts was suspected during local audit inspection were selected. The remaining seven[5] offices were selected by simple random sampling. Audit sample consisted of 13 out of 54 offices *i.e.,*24 *per cent* of the total units. One month in each year for the period 2013-14 to 2017-18 in the13 offices was selected for detailed audit scrutiny.

[4] Breakup of the six units was as follows
- Revenue Department: - (3) Collectorate North Goa, Collectorate South Goa and Sub-Divisional Office, Margao
- Registration Department:- (1) Civil Registrar cum Sub Registrar, Quepem and
- Transport Department:- (2) Directorate of Transport, Panaji and Assistant Director of Transport (Enforcement), Margao

[5] Break up of the units:- Revenue department (2):- Mamlatdar, Bardez and Mamlatdar, Salcete; Registration Department (2):- CRSR, Dharbandora and CRSR, Mapusa; and Transport Department (3):- ADT, Mapusa, ADT, Margao and Check post, Mollem

The records relating to collection, remittance and maintenance of cash book in respect of 65 months of these 13 offices were selected. Of these, record for the month of June 2013 was not produced by one office (CRSR, Quepem). Thus, detailed check was conducted in respect of 64 months.

Methodology for audit: - The entries in cash books of 13 selected offices in respect of the 64 selected months were cross verified with the source documents (attestation register and attestation documents in respect of collection of attestation fee from the citizens, mutation files for mutation fees, stock account of receipt books and cash receipts). These were further verified with the challan remittances and treasury records. The discrepancies noticed in the records were communicated to the departments from April 2018 to July 2018. The replies received were considered while finalising the report. In nine[6] offices where misappropriation was noticed, the scope of audit relating to verifications of cash receipts/remittances and other related records was extended beyond the selected month.

Audit Findings

Audit of 13 offices brought out instances of misappropriation of government money in four offices[7] by deletion of receipts/tampering of receipts; suspected misappropriation of government money in three offices[8] through short remittances; retention of government money in two offices[9] and deletion of receipts of higher amounts and subsequent re-issue of receipts of lower amounts in one office[10].

Audit findings are as discussed in the succeeding paragraphs.

2.2.5 Suspected misappropriation of Government money by deletion of computerised receipts

Rule 13 read with Rule 5 of GGRPR stipulates that all monetary transactions should be entered in the cash book as soon as they occur, attested by the head of office in token of check and deposited into the accredited bank for inclusion in the Government account without undue delay. Further, at the end of each month, head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. Under Rule 21 of GGRPR the head of office or any authorised subordinate where money is received on behalf of the Government must give the payer a receipt duly signed by him after he has satisfied himself, before signing the receipt and initialing its counterfoil, that the amount has been properly entered in the cash book. There is no provision in GGRPR for deletion of receipts and refund of cash before entering in the cash book.

2.2.5.1 Deletion of computerised receipts in Revenue Department

The office of Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete use IT systems for generation of printed receipts to the parties on payment of various fees in cash. The system

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6 Directorate of Transport; ADT (Enforcement), Margao; Mamlatdar, Salcete; S.D.O, Margao; Collectorate, North Goa; Collectorate, South Goa; Mamlatdar, Bardez; CRSR, Dharbandora and CRSR, Quepem

7 Collector, North Goa; Collector, South Goa; Mamlatdar, Salcete and CRSR, Quepem

8 Mamlatdar, Bardez; S.D.O, Margao and CRSR, Bardez

9 DoT and CRSR, Dharbandora

10 ADT (Enforcement), Margao

in addition to the generation of the receipts could also generate reports such as "Report-daily cash collection", "Report-yearly cash collection" and "Report-list of deleted receipts". Remittance(s) into Government account were made manually through challan.

Audit noticed a number of cases where the receipts generated through the system had been simultaneously deleted in the offices of Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete by the cashier(s). These receipts comprised of attestation fees, conversion fees, adjudication fees, arms license fee, sound permission fees *etc*., collected by Collectorate office; mutation fees, mundkar purchase price, land tax receipts *etc.* collected by Mamlatdar office and fee for certified copies collected by Sub-Divisional Office. The details of deleted receipts are given in **Appendix 2.3 A**.

Audit test checked the 254 out of 756 'deleted entries' of the receipts relating to the fee(s) collected on account of conversion of land, attestation of documents and mutation of property in four offices[11] for the selected months[12] of period 2013-18 and in three offices found presumptive fraud amounting to ₹ 7.98 lakh as detailed in following paragraphs.

2.2.5.1 (i) Office of the Collector, North Goa

The office of Collector, North Goa charges a fee for attestation of documents[13] from citizens. Parties requiring attestation apply to the Collector specifying the number of documents to be attested. A Register called 'Attestation Register' was maintained by the office wherein details of the documents attested were recorded. The payments of the attestation fee are made at the rate of ₹ 500 *per* document as prescribed in the Government order dated 28/10/2013. It was found that the cashier had deleted a number of computer generated receipts.

- Audit generated a list of deleted receipts pertaining to attestation from the software for the period from 2013-14 to 2017-18 and found that the cashier had deleted 362 receipts valued at ₹ 10.66 lakh. Of these, 169 receipts valued at ₹ 6.31 lakh pertained to the sampled months. These were cross verified with source documents (attestation register, attestation application, daily cash collection report, cash book and copies of challans remitted to treasury) and it was found that attestation of documents in respect of 144 receipts amounting to ₹ 5.65 lakh had been carried out. The receipt number, name of payee and number of documents certified were mentioned in the Attestation Register which indicated that the attestation fees had been collected by the cashier in all these cases. But their simultaneous deletion from the database was found without any authority, approval or justification. The amounts of the deleted receipts were not entered in the cash book and the possibility of the misappropriation could not be ruled out.

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[11] Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete

[12] Months selected have been detailed in the relevant paragraphs

[13] Attestation of document like education certificate, birth certificate, marriage certificate, experience certificate *etc*., by Collector/Additional Collector is a pre-requisite for students and citizens going abroad for employment and higher studies for obtaining visas of respective countries from the consulates and embassies in India

- Scrutiny of daily cash collection report (DCR) showed the receipts numbers were not in seratum indicating the possibility of deleted/missing receipts. The cash book had been attested daily by the Assistant Accounts Officer who was also the DDO of the office. He had neither pointed out nor investigated the missing/deleted receipts.
- The software allowed the same person to enter as well as delete entries for receipts collected.
- Scrutiny of cash book for the test checked months further revealed that the Collector (head of office) had neither attested the cash book in token of check nor verified the cash balance at the end of each month as stipulated in Rule 13 of GGRPR.

Thus, laxity in due diligence by the Assistant Accounts Officer for verification of the missing/deleted receipts before attestation of cash book, coupled with absence of validation control for deletion of receipts in the software and secondary check by the head of office facilitated deletion of receipts totaling ₹ 5.65 lakh by the cashier. Further, the internal audit[14] of the office was not conducted by the Directorate of Accounts during the period 2013-18 which could have helped detect the suspected fraudulent deletion of receipts.

After this was pointed out by audit (June 2018) the Additional Collector, North Goa confirmed (June 2018) the fact of fraudulent deletion of receipts after the collection of attestation fee by the cashier. The Additional Collector has further stated that in all future transactions the cashier has been directed to obtain the approval prior to cancellation/deletion of receipts. The Department further stated that the cashier has been placed under suspension (July 2018) pending detailed investigation. For the remaining 25 deleted receipts the entries were not found in the attestation register and in absence of the details further verification could not be carried out.

2.2.5.1 (ii) Office of the Collector, South Goa

The list of deleted receipts for attestation of documents generated from the system showed that during the period from 2013-14 to 2017-18, 274 receipts valued ₹ 13.04 lakh had been deleted by the cashier. The department had not maintained 'Attestation Register' as such it was not readily possible to ensure the collection of the amount by the department. However, attestation application, daily cash collection report, cash book and copies of challans remitted to treasury were available in the files of the department (source documents).

- Audit cross-verified 71 deleted receipts valuing at ₹ 3.04 lakh for the test checked months[15] with the source documents and found that in respect of 56 cases amounting to ₹ 2.23 lakh, attestations of documents had been carried out. In the remaining 15 cases the receipts were re-issued for the same amount, hence, no further verification was carried out. Further, the internal audit of the office was not conducted

[14] The memorandum dated 5/11/1975 issued by the Government of Goa, Daman and Diu prescribes that the inspection cell of Directorate of Accounts should conduct cent *per cent* audit of various departments

[15] May 2013, July 2014, October 2015, November 2016, January 2018 and in addition August 2015 and September 2015

by the Directorate of Accounts during the period 2013-18 which could have helped detect the suspected fraudulent deletion of receipts.

- The cashier of Collectorate, South Goa was also responsible for collection of the mutation fee of Mamlatdar, Salcete (Taluka revenue officer) and deposit the same into the treasury. For this purpose, there was a separate module in the IT System for collection of receipts pertaining to Mamlatdar, Salcete. Audit found from the list of deleted receipts of Collectorate, South Goa during the period 2013-18 that receipts collected towards mutation of property amounting to ₹ 1.19 lakh which pertains to the office of Mamlatdar, Salcete have been deleted. The correctness of deletions of receipts require further investigation as the records in this respect were not made available to audit. The department may ascertain the genuineness of the deletions.

After this was pointed out (June 2018) by Audit the Collector, South Goa placed the cashier under suspension (July 2018) and an internal committee was constituted to verify the records from 2013-14 to 2017-18 and submit a detailed report. The report is awaited (June 2019).

2.2.5.1 (iii) Office of the Mamlatdar, Salcete

Under Section 96 of the Goa Daman and Diu Land Revenue Code, 1968 the Taluka Mamlatdar have been empowered to dispose mutation cases on payment of applicable fees[16] by the parties. The mutation fees were received in cash by the office and receipts for acknowledgement of cash were being generated by the system.

We generated list of deleted receipts during the period 2013-18. The list of deleted receipts showed that during the period 2013-18 there were 120 cases of deletion of receipts amounting to ₹ 2.22 lakh collected towards mutation fees.

Audit called for mutation files of all these 120 cases for cross-verification, however, the Mamlatdar, Salcete could provide mutation files of only 14 cases for verification. Scrutiny of these 14 mutation files revealed that the cashier had collected an amount of ₹ 10,400 from the applicants and had given the receipt in token of its having been received but he simultaneously deleted the receipt from the computerised system. Thus, misappropriation in all the cases produced to audit could not be ruled out and requires further investigation. Further, the department needs to verify all the remaining 106 deleted cases pertaining to mutation fees and take appropriate action.

In the office of the SDO, Margao 94 receipts amounting to ₹ 18,521 were found to be deleted. No basic records like Register for RTI fees collected and Register for number of documents certified were maintained by the office. As such the correctness of the amount collected could not be checked.

The internal audit of this office was conducted on March 2018 by the Directorate of Accounts (DoA). However, it did not point out the incorrect deletion of entries so as to prevent fraudulent deletion/misappropriation of the receipts.

[16] At the rates ₹ 400; ₹ 1,000 and ₹ 2,000 depending on the area held as per notification dated 22/05/2013 which is further revised to ₹ 1,000; ₹ 2,500; and ₹ 5,000 as per notification dated 18/08/2016

After this was pointed out (June 2018) by audit the Mamlatdar accepted the audit contention and stated (June 2018) a memorandum has been issued to cashier who has been placed under suspension (July 2018) by the Collector, South Goa for deletion of receipts collected towards attestation fees.

2.2.5.2 Deletion of computerised receipts in Transport Department

Office of the Assistant Director of Transport (Enforcement), Margao

Sections 177 to 199 of the Motor Vehicle Act, 1988 lay down the provisions for punishment for offences. Further, Section 200 empowers the officers/authorities for compounding[17] of certain offences for such amounts as may be notified in official gazette from time to time.

The Department of Transport issues Checking Report (CR) memos to the offenders under Motor Vehicle Act/Rules, indicating the nature of offences. The offender attends the respective Assistant Director of Transport (ADT) and compounds the offences by paying the applicable fines against the offences as indicated in the CR memo and obtains a receipt.

The office of Assistant Director of Transport (Enforcement), Margao operated IT System[18] for issue of receipts collected towards compounding of offences. Scrutiny (June 2017) of its records showed that a CR memo No. 3701/20 had been compounded on two different receipts of ₹ 3,900 (Receipt No. ENFMAR6/5/2014FC-6702) and for ₹ 900 (Receipt No. ENFMAR6/5/2014FC-6703) on 05 June 2014. Audit further observed from the database of the receipts deleted and generated as provided by the ADT that the offender was first compounded for ₹ 3,900 citing three offences[19] and issued receipt No.6702 (4:07 p.m). Subsequently this receipt was deleted and another receipt No. 6703 (4:14 p.m) for ₹ 900 was generated citing two offences[20] for the same CR memo No. 3701/20. The CR memo (the document showing the nature of offences committed) issued showed no change in the offence committed, as such prima facie there was no reason for issue of a fresh receipt in lieu of the earlier one. The stage at which the amounts were reduced was not on record. The alteration made in the compounded amounts without recording any reason/approval was incorrect.

Audit collected further information on the details of receipts deleted by the office of ADT (Enforcement), Margao pertaining to the compounding of offences during the period from 2010-11 to 2017-18. The scrutiny revealed that 660 receipts were deleted and re-issued. Of these 660 receipts, 53 receipts valued at ₹ 1.53 lakh were deleted and re-issued with reduced compounding amounts of ₹ 0.73 lakh payable as detailed in **Table 2.1**.

[17] In compounding of offences on payments of the rates as per rules no further legal proceedings are initiated against the offender

[18] The office used Head Office (H.O) software, however, operation of this program has been discontinued from 2017

[19] Section 177 (First offence),184 (Driving dangerously) and 192 (Using vehicle without registration) of Motor Vehicles Act 1988

[20] Section 177 and 184 of Motor Vehicles Act 1988

Table 2.1: Year wise details of receipts deleted and fresh receipts issued with reduced amounts

(Amount in ₹)

Year	Total number of receipts deleted and fresh receipts issued with reduced amounts	Amount recorded in deleted receipts	Amount as per fresh receipts	Short collection by deletion of original receipts
2010-11	7	19600	12600	7000
2011-12	9	22800	14500	8300
2012-13	12	39750	14400	25350
2013-14	12	28950	8400	20550
2014-15	13	41600	23100	18500
Total	**53**	**152700**	**73000**	**79700**

(Source: As per database of deleted and fresh receipts generated provided by the Transport department)

The copies of these 53 CR memos issued had shown no overwriting or deletion of offences recorded so as to justify a fresh receipt for lesser number of offences cited.

In respect of remaining 607 receipts, these receipts were deleted due to incorrect entry of vehicle number, name of owner *etc.,* and fresh receipts were issued without reducing the initial amount.

It is recommended that the State Government may consider issue of CR memos electronically to minimise human intervention for post issue manipulation.

Failure of Internal controls

Audit found that in the above four offices the internal controls have failed at the following stages:

- Absence of validation control in the program preventing the deletion of entries in the software made without the approval of the competent authorities.
- During the period 2013-18, though internal audit was conducted by the Directorate of Accounts in one office[21], it had failed to detect fraudulent deletion of receipts and in the remaining offices it was not conducted at all indicating the need for its strengthening both in quality and quantity.
- Reconciliation of daily receipts entered in the cash book *vis-à-vis* the attestation register/mutation files *etc.,* was not done, consequently the receipts fraudulently deleted remained unnoticed at the apex level.

In the light of above observations, we recommend that the authorities should conduct an investigation to ascertain the genuineness of receipts deleted and ensure that the amount is recovered and remitted to Government Account. Validation controls in programs for every case of deletion of receipts may be ensured in all offices where receipts are being issued through system to prevent mis-utilisation. Further, all responsible officers should be asked to exercise due diligence with regard to verification of receipts collected and entered in cash book for safeguarding government revenue.

[21] Mamlatdar, Salcete

The Deputy Director of Transport stated (July 2018) that the investigation in the matter is under process. Further reply is awaited.

2.2.6 Suspected misappropriation due to short-remittance of the Government money

Rule 13 read with Rule 5 of GGRPR stipulates that all monetary transactions should be entered in the cash book (GAR 2) as soon as they occur, attested by the head of office in token of check and credited to the Government account without undue delay. Further, the head of office should verify the entries in cash book with reference to the bank's receipt recorded on the pay-in-slips or challans. Rule 10 of the GFR, 2005 stipulates reconciliation of accounts to ensure that the amounts reported or collected have been duly credited to the Government account. Rule 255 (2) of GFR, stipulates that in cases of transfer of charge involving assumption of responsibility for cash, the cash book should be closed on the date of transfer and a note recorded in it over the signatures of both the relieved and the relieving government servants and anything irregular or objectionable in the conduct of business that may have come to his notice should be brought to notice by the relieving government official.

Under Rule 22 read with Rule 21 of GGRPR the receipts books must be kept under lock and key under the personal custody of the Officer authorised to sign the receipts on behalf of the Government. The government official must give the payer a receipt duly signed by him after he has satisfied himself, before signing the receipt and initialing its counterfoil, that the amount has been properly entered in the cash book. Counterfoils of used receipts books shall be kept in his personal custody.

Test check in five offices[22] revealed that the Cashiers (responsible for handling the cash) had short remitted amounts collected by them on behalf of the Government. An amount of ₹ 3.25 lakh was suspected to have been misappropriated in four offices[23] during the period 2013-18 as discussed in the succeeding paragraphs.

2.2.6.1 Short remittance in Revenue Department

2.2.6.1 (i) Office of the Mamlatdar, Salcete

The Goa Mundkars (Protection from Eviction) Act, 1975 and the Goa, Daman and Diu Agricultural Tenancy Act, 1964 empowers the Taluka Mamlatdars to pass judgement for restoration/transfer of property rights to the *mundkar*[24]. The Act enables the *mundkar* (tenant) to purchase the property from *bhatkar*[25] (landlord) at a price determined by the taluka mamlatdars as per the provisions of the Act. The purchase price paid by the *mundkars* is deposited in public account under the major head "8443- (Civil deposit)" and was to be refunded to the *bhatkars* on application made by them.

During scrutiny (August 2017) of cash book in the office of Mamlatdar, Salcete, audit observed that receipt towards purchase price paid by the

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[22] Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao; CRSR, Mapusa and DoT

[23] Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao and CRSR, Mapusa

[24] *Mundkar* is a tenant lawfully residing with a fixed habitation in a dwelling house with or without obligation to render any service to landlord

[25] *Bhatkar* is the landlord of *mundkar*

mundkar/tenanted property were entered in the cash book during the period 2013-16. But, for the year 2016-17 no entry of such receipts collected towards *mundkar*/tenanted property was found in the cash book. For this year (2016-17) audit generated the cash collection report from the system operated by the Mamlatdar office. It revealed that the office had collected an amount of ₹ 36,740 on account of purchase of *mundkar*/tenanted property paid by the *mundkars*, but the amount was neither accounted for in the cash book nor was it deposited into the treasury.

Audit also cross-verified the entries recorded in the cash book during the period 2013-14 to 2017-18 with the yearly cash collection reports. It revealed that the cashier had short remitted a total amount of ₹ 1.86 lakh collected towards *mundkar*/tenanted purchase price into the Government treasury as detailed in **Table 2.2**.

Table 2.2: Details of short remittance of cash into Government account

(Amount in ₹)

Year	Amount collected towards purchase price	Amount deposited as per entries recorded in cash book/challans/treasury statement	Short remittance
2013-14	134539	61111	73428
2014-15	118629	95977	22652
2015-16	99358	48581	50777
2016-17	36740	Nil	36740
2017-18	100039	97339	2700
Total	**489305**	**303008**	**186297**

(Source: As per the yearly collection report generated from the software operated by the office of Mamlatdar, Salcete, South Goa)

After being pointed out (August 2017) by Audit, Mamlatdar replied (August 2017) that a show cause notice was issued to the cashier. The cashier accepted the fact of misappropriation and deposited (August 2017) an amount of ₹ 1.31 lakh in two instalments. The remaining misappropriated amount of ₹ 0.56 lakh pointed out during August 2018 is yet to be recovered by the Department. The cashier while accepting the misappropriation had stated that this was his first mistake of misappropriation of Government fund and no action should be taken against him as this being his first mistake (**Appendix 2.3 B**). The Mamlatdar replaced (August 2017) the cashier from the cash counter. However, the Collector, South Goa placed him under suspension in July 2018 after misappropriation in June 2018 as mentioned in **Paragraph 2.2.5.1(ii)** was pointed out by Audit.

2.2.6.1 (ii) Office of the Mamlatdar, Bardez

The Mamlatdar collects fees for issue of duplicate Electoral Photo Identity Card (EPIC), certified copies of electoral rolls, security deposit for Village *Panchayat* elections *etc.,* by issuing receipts in Form G.A.R 5. The Mamlatdar had issued 557 Receipt Books (RBs) to various officials such as village Talathis, U.D.C, L.D.C, Steno including cashier of the office during the period 2013-18. Out of these 557 RBs, 45 RBs were issued to person other than the cashier such as U.D.C/L.D.C/Steno of the office. No entries relating to collections made through these 45 RBs could be seen in the cash book. We called for the 45 RBs to verify its utilisation and revenue collection but the Mamlatdar could produce only 21 RBs for audit scrutiny.

- These 21RBs were issued to eight different officials and as per the counterfoils of the receipts issued an amount of ₹ 1,14,402 was collected during the period 2013-18.
- Out of ₹ 1,14,402 shown to have been collected, challans for deposit of ₹ 35,650 were produced to audit in support of their deposit into the treasury. These challans indicated that amounts were deposited in the treasury by receipt book holders with delays ranging from 13 days to 231 days.
- The remaining amount of ₹ 0.78 lakh collected between January 2016 and June 2018 was deposited between 03/07/2018 to 18/07/2018 by the Mamlatdar, Bardez into the Government treasury during the course of audit. The Mamlatdar stated that these receipts were not entered in cash book due to oversight.
- Audit noticed that more than one receipt book (RB) was issued to each of the three officials who were using two RBs simultaneously. A fresh RB should have been issued only after the previous RB stood exhausted and surrendered.
- The status of the remaining 24 RBs not produced to Audit needs investigation to ensure safeguard of revenue.

Above facts indicate that the handling and management of the cash was not properly monitored.

The remaining 512 RBs were issued to the cashier and for the test checked months[26] it was found that all the amounts collected through the RBs have been entered in the cash book.

The audit observation were communicated to the Department/Government in September 2018. The reply of the Government has not been received (June 2019).

2.2.6.1 (iii) Office of the Sub-Divisional Officer (S.D.O), Margao

The office of S.D.O collected fees towards certification of documents and fees payable under RTI Act. Audit generated yearly collection report of the office during the period 2013-18 which showed that an amount of ₹ 76,270 was collected towards fees for certification of documents and fees under the RTI Act. The amounts collected were not entered in cash book during the period 2014-18 except for a single entry of ₹ 17,054 deposited on 28 March 2014. Further, the department produced challan copies of remittance made during the period 2013-14 and 2017-18 only as detailed in **Table 2.3**.

Table 2.3: Details of remittance of challan

(Amount in ₹)

Year of collection	Amount collected as per yearly collection report	Amount deposited as per challan copies	Short/Excess remittance
2013-14	17809	17054	(-) 755
2014-15	20509	Challans not furnished	Not Known (NK)
2015-16	24748	Challans not furnished	NK
2016-17	176	Challans not furnished	NK
2017-18	13028	14796	(+) 1768

[26] July 2013; September 2014; November 2015; January 2017 and March 2018

During scrutiny of cash book, yearly collection reports and challan copies during the period 2013-18 we observed that:

- Challan copies for an amount of ₹ 46,188 collected during the period 2013-17 was not produced to audit. The incumbent cashier stated (July 2018) that the challan(s) for the period 2014-17 was not handed over to him by the previous cashier (who is under suspension for misappropriation in the Collectorate, South Goa).

  Thus, a sum of ₹ 46,188 collected during the period 2013-17 was neither entered into the cash book nor acknowledged by the incumbent cashier. The risks of its misappropriation could not be ruled out.

- The total revenue collection during the period 2016-17 was only ₹ 176 while for the years 2014-15 and 2015-16 it was ₹ 20,509 and ₹ 24,748 respectively. Thus, there were a very sharp decline in receipts during 2016-17. The reasons for this significant drop though called for was not furnished.

- For the year 2017-18, as per yearly collection reports the revenue collection of ₹ 13,028 was only for the three months of January, February and March 2018. The database/register of the document certified, RTIs filed and fee collected there from was not maintained by the office. Thus, correctness of revenue collection could not be checked.

The S.D.O, Margao furnished 35 challans for ₹ 14,796 as the total remittance made for the year 2017-18; however, annual cash collection report for the year 2017-18 showed total cash collection of only ₹ 13,028. Excess deposit into Government account needs investigation as it indicates that all cash collected on behalf of the Government was not being acknowledged.

Under the above circumstances a detailed enquiry needs to be carried out to determine the amounts collected during the period 2013-18 and ensure its recovery. The audit observations were communicated to the Department and to the Government (September 2018). The reply of the Government has not been received (June 2019).

2.2.6.2 Short remittance in Registration Department

Office of the Civil Registrar cum Sub Registrar (CRSR), Mapusa

The CRSR collects registration fee, stamp duty *etc.* Fees towards stamp duty are deposited into Government account through purchase of stamp papers[27] by the parties. The registration fees were being collected in cash or were directly deposited into Government account by the parties through e-Challan. The other fee(s) (like Nil Encumbrance Certificates, marriage certificates, birth and death certificates) involved small amounts and were collected by the Registration Department in cash.

During scrutiny (June 2018) of cash book (2013-18) for the selected months[28] we observed short remittance of ₹ 15,080 in the office of CRSR, Mapusa as follows:

[27] Revenue towards stamp duty are collected by the department in cash, by the sale of stamp papers and stamps, through challans into the treasury and use of franking

[28] April 2013, June 2014, August 2015, October 2016 and December 2017

- An amount of ₹ 14,200 was collected vide receipt No.1003 dated 02/06/2014 towards registration fee of a sale deed. It was entered into the cash book and recorded to have been remitted to the Government account vide challan No. 201400000528 dated 02/06/2014. However, this challan was marked as "Cancelled" and further reconciliation with the state treasury by the Audit revealed that the amount was not deposited into state treasury. The sale deed in respect of this transaction was executed confirming the fact that registration fee on account of sale deed was recoverable.
- The cashier had collected ₹ 14,82,990 on account of registration fee through 18 receipts in the month of April 2013 (test checked). However, an amount of ₹ 14,82,110 only had been entered in the cash book as receipts collected leading to short accountal of ₹ 880 in the Government account.
- While verifying the opening balance of the Cash Book for the selected month of October 2016, Audit found that the entries for preceding period from 20/08/2016 to 29/09/2016 were not made in the cash book by the department.

After being pointed out by Audit the CRSR, Mapusa stated (August 2018) that the amount short accounted/short remitted was due to oversight and deposited ₹ 15,080 into Government treasury. With regard to non-completion of cash book entries the CRSR intimated (August 2018) that the entries for the period from 20/08/2016 to 29/09/2016 have been made (August 2018) and ₹ 4,002 found short has been deposited into treasury. This short deposit was due to the fact that closing balance as on 29/09/2016 was shown as ₹ 38,397 while the opening balance as on 30/09/2016 was shown as ₹ 34,395. Audit called for all the necessary challans to ascertain the correctness of opening and closing balances arrived. These were not furnished. Thus, the correctness of opening balance for October 2016 could not be ascertained in audit.

The facts indicate that the internal control system in the office of the Civil Registrar cum Sub Registrar needs strengthening to ensure that the correct entries are recorded in cash book daily and attestation of entries done with due care.

2.2.6.3 Short remittance in Transport Department

Directorate of Transport (DoT), Panaji

Maintenance of the cash book

During local audit of the Directorate of Transport (DoT) in October/November 2015 the cash book for the year 2014-15 and of the preceding years was not produced to audit. During the next audit conducted in August/September 2016 cash book for the year 2014-15 was produced, however, the entries in cash book were not written completely.

After this was pointed out (September 2016) the department stated in August 2018 that the entries in cash book for the period from 01/01/2014 to 04/04/2017 were written retrospectively and then daily from 05/04/2017 onwards.

Short remittances into the Government Treasury

Scrutiny (April 2018) of entries recorded in cash book for the year 2016-17 revealed that the cashier was not remitting the entire cash balance[29] of previous days on the day of remittances throughout the year during 2016-17. As a result, significant cash balances remained in the cash chest of the office as detailed below in sample cases for the month of April 2016.

Table 2.4: Details of cash collection/remittance and cash balances held

(Amount in ₹)

Sl. No.	Date of collection (only working days included)	Opening balance	Day's receipt	Day's Total	Remittance to Treasury	Date of remittance to treasury	Closing balance	Previous day's cash balance lying in cash chest (Closing balance – Day's receipts)
1	01/04/2016	380044	26430	406474	Nil	-	406474	380044
2	04/04/2016	406474	15080	421554	Nil	-	421554	406474
3	05/04/2016	421554	59550	481104	94214	05/04/2016	386890	327340
4	06/04/2016	386890	64980	451870	123100	06/04/2016	328770	263790
5	07/04/2016	328770	13820	342590	64980	07/04/2016	277610	263790
6	11/04/2016	277610	81652	359262	Nil	-	359262	277610
7	12/04/2016	359262	81740	441002	162730	12/04/2016	278272	196532
8	13/04/2016	278272	157780	436052	Nil	-	436052	278272
9	15/04/2016	436052	14204	450256	114880	15/04/2016	335376	321172

(Source: As per the entries recorded in cash book)

By the above modus operandi, the cashier held on to cash balances ranging from ₹ 1.96 lakh to ₹ 5.24 lakh for 212 working days (WD) out of 249 WD during the year 2016-17.

Audit extended the scrutiny for the other four years to ascertain the position of remittances during the period from 2013-18 as well and the results are given in the **Table 2.5**.

Table 2.5: Details of Average daily cash balance held

(₹ in lakh)

Year	Total of previous days cash balance held during the year	Average daily cash balance held	No. of days of cash held without remittance
2013-14	156.02	2.00	78
2014-15	598.32	2.53	236
2015-16	635.61	2.57	247
2016-17	615.85	2.90	212

The incumbent cashier was transferred on March 2017. Thereafter the cash balances were deposited to the accredited bank without delay. The financial indiscipline led to government money ranging from ₹ 2.00 lakh to ₹ 2.90 lakh (on average daily basis during the period 2013-17) remaining outside the Government account. The retention of large cash balances in departmental cash chests increases the risk of loss, theft, misuse of government money. This also amounts to temporary misappropriation of government money.

[29] Only receipts to be credited to Government account have been included as cash balance and permanent advance/DDs excluded from the cash balance

During the period 2013-18, the Directorate of Transport (DoT) was having one cashier, one Accountant, one Assistant Accounts Officer and one Accounts Officer besides an internal audit cell. Despite having full contingent of accounting staff, non-writing of cash book on daily basis (April 2014 to 04/04/2017) and non-verification of cash balances by the Director of Transport during the entire period of 2013-17, indicated slackness on the part of the department in handling the cash. It is a serious issue involving the safety of the Government revenue and needs immediate attention at the apex level.

Audit found that in the above five offices[30] that the attestation of cash book was done without observing due diligence by the Mamlatdar/S.D.O/CRSR. There were no entries of the amount collected/remitted towards various fees in the cash book. Further, no attestation/verification of cash book/cash balances was carried out by the Director of Transport.

The reply from the Department/Government has not been received (June 2019).

2.2.7 Tampering of entries in receipt and falsification of cash book entries

The handling of cash is governed by Government of Goa Receipt and Payment Rules (GGRPR), 1997. Rule 255 (2) of General Financial Rules (GFR), 2005 further stipulates that in cases of transfer of charge involving assumption of responsibility for cash, the cash book should be closed on the date of transfer and a note recorded in it over the signatures of both the relieved and the relieving government servants and anything irregular or objectionable in the conduct of business that may have come to his notice should be brought to notice by the relieving government official. Audit observed in two CRSR offices of Registration department that the officials had altered the figures in the receipts and falsified entries in the cash book to show the money collected have been deposited in treasury without actually remitting the amount as detailed in the following paragraphs.

2.2.7.1 Registration Department

2.2.7.1 (i) Office of the Civil Registrar cum Sub Registrar (CRSR), Quepem

The CRSR issues manual receipts for collection of fees for issue of documents such as NIL Encumbrance Certificates, marriage certificates, birth and death certificates. During comparison (July 2018) of monthly collection reports/receipts counterfoils with the subsidiary cash book (sub-registry) for such receipts for the selected months[31] (records for June 2013 not given), Audit observed that the cashier had short accounted the receipts amounts using three methods such as:

(i) by altering the receipt amounts and recording altered amounts in cash book (four receipts amounting to ₹ 2,590 were altered to ₹ 1,490);

(ii) by recording a different amount from that of the receipt in the cash book (seven receipts amounting to ₹ 1,510 were entered as ₹ 635 in subsidiary cash book); and

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[30] Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao; CRSR, Mapusa and DoT, Panaji

[31] August 2014, October 2015, December 2016 and February 2018

(iii) by not entering receipts amount in the cash book at all[32] (four receipts amounting to ₹ 2,000 were not accounted for at all).

Audit conducted a detailed check for the years 2016-17 and 2017-18 and observed 44 cases of alteration of receipts estimated at ₹ 38,225 altered to ₹ 22,165; 29 short-accountal of receipts estimated at ₹ 22,955 entered as ₹ 13,050 and seven cases of non-accountal of receipts amounting to ₹ 2,480. The total suspected misappropriation works out to ₹ 28,445.

Incidence of alteration and short-accountal indicates that the CRSR, Quepem failed to exercise adequate vigilance and internal control in handling the cash. Consequently the cashier had tampered the receipt amounts and subsequently short accounted/remitted.

On this being pointed out by Audit the CRSR, Quepem confirmed the short accountal of receipts and further stated that an amount of ₹ 29,000 was recovered from the cashier and deposited (August 2018) into treasury. However, no disciplinary action as per CCS Conduct Rules, 1964 for misappropriation of Government money was initiated against the concerned person.

2.2.7.1(ii) Office of the Civil Registrar cum Sub Registrar (CRSR), Dharbandora

The cash book for the period from 01/04/2013 to 08/12/2015 were not maintained in the office of CRSR, Dharbandora. However, subsidiary cash books were being maintained.

During, scrutiny of the subsidiary cash book (sub-registry) with the challans made for the selected months[33] audit observed that

(i) ₹ 1,16,500 recorded in subsidiary cash book was shown as remitted on 08/04/2013 but as per the dates mentioned in the challans this was actually remitted on 30/04/2013;

(ii) ₹ 9,850 recorded in subsidiary cash book was shown as remitted on 10/04/2013 but this amount was actually remitted on 23/04/2013; and

(iii) ₹ 1,81,380 recorded in subsidiary cash book was shown as remitted on 31/08/2015 but it was actually remitted on 28/10/2015.

This indicated that the entries relating to remittances of cash recorded in the cash book were not correct and intention of holding on to government money for a longer period could not be ruled out.

Audit verified (May 2018) all remittances during the period from April 2013 to March 2018. During verification it was noticed that for the period from April 2013 to December 2015 the entries in subsidiary cash book recorded to have been remitted to treasury were falsified and government money amounting to ₹ 19.15 lakh was held for a periods ranging from three days to 89 days as detailed in **Table 2.6**.

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[32] Actual receipt not produced on request

[33] April 2013, June 2014, August 2015, October 2016 and December 2017

Table 2.6: Details of false entries

Sl. No.	Challan No.	Amount remitted as per Challan *(in ₹)*	Date of remittance as recorded in the subsidiary cash Book	Date of challan generation	Actual date of deposit of challan	Number of days of holding cash by CRSR by making false entries in the Cash Book
1	2/2013-14	116500	08/04/2013	30/04/2013	30/04/2013	22
2	4/2013-14	9850	10/04/2013	23/04/2013	23/04/2013	13
3	7/2014-15	58850	20/06/2014	23/06/2014	23/06/2014	3
4	11/2014-15	125190	30/09/2014	01/10/2014	08/10/2014	8
5	12/2014-15	150800	30/09/2014	08/10/2014	08/10/2014	8
6	14/2014-15	51040	31/10/2014	03/11/2014	03/11/2014	3
7	15/2014-15	18880	28/11/2014	10/12/2014	10/12/2014	12
8	18/2014-15	211900	31/12/2014	16/01/2015	16/01/2015	16
9	20/2014-15	41180	30/01/2015	18/02/2015	18/02/2015	19
10	21/2015	52010	28/02/2015	03/03/2015	03/03/2015	3
11	23/2015	172740	30/04/2015	02/06/2015	02/06/2015	33
12	31/2015	62280	30/05/2015	17/07/2015	17/07/2015	47
13	33/2015	136150	30/06/2015	03/07/2015	03/07/2015	3
14	36/2015	212340	31/07/2015	28/10/2015	28/10/2015	89
15	37/2015	181380	31/08/2015	28/10/2015	28/10/2015	58
16	38/2015	150190	30/09/2015	28/10/2015	28/10/2015	28
17	41/2015	57470	28/10/2015	28/12/2015	28/12/2015	61
18	42/2015	38720	27/11/2015	28/12/2015	28/12/2015	31
19	43/2015	67770	08/12/2015	28/12/2015	28/12/2015	20
Total		**1915240**				

(Source: As per the entries recorded in departmental cash book and copies of challan remittances)

The falsification of entries resulted in cash balance ranging from ₹ 9,850 to ₹ 2,12,340 lying with the department which ought to have been credited to the government account. All the above falsified entries have been certified by the then incumbent CRSR to be correct.

On 09/12/2015 the new incumbent CRSR had taken over the charge. However, the relieved CRSR did not formally hand over the cash book to the relieving CRSR as stipulated in Rule 255(2) of GFR. The relieving CRSR reported (December 2015) the matter to State Registrar giving detail of the prevailing irregularities in the office including those related to accounting and remittance of receipts. Action taken if any by the State Registrar though called for (January 2019) was not furnished. The relieving CRSR opened a new volume of cash book on 09/12/2015 with the opening balance as nil. The closing balance of ₹ 67,770 which was with the earlier CRSR was deposited by him only on 28/12/2015. Thus, remittance of ₹ 67,770 was delayed by 20 days. The matter needs investigation so that occurrence of such lapse is avoided in future.

Audit also observed that an amount of ₹ 3,520 collected vide receipt No.64/15 dated 30/06/2015 towards registration fee of sale deed was not included in the daily cash collection total in the cash book and consequently was also not remitted to the Government account (December 2018).

After this was pointed out the CRSR, Dharbandora stated (May 2018) that the matter was being referred to the State Registrar-cum-Head of Notary Services. Further reply is awaited.

It is recommended that the State Registrar may carry out periodical inspection of all the taluka CRSR offices to ensure that financial rules are being adhered to in collection/accounting of cash receipts and government revenue collected are promptly remitted to the Government account. This is even more important as his subordinate officers were found to have not been maintaining proper records for cash collected and handing/taking over charges were being carried out without following codal formalities. Further Government may ensure internal audit by the Directorate of Accounts.

2.2.8 Non-accountal of Receipt books and Demand drafts

Rule 13 of the GGRPR, 1997 stipulates mandatory maintenance of cash book in Form GAR 2. Further as per Rule 18 read with Rule 13, of GGRPR, government revenue realised in cash or by cheques or drafts drawn on any local branch of a scheduled bank are to be entered in the cash book as soon as they occur and attested by the head of office in token of check. In case a large number of DDs are received a total of such DDs may be entered in the cash book as one entry and the details to be entered in the register of valuables kept in Form GAR 4. Further under Rule 19, while accepting cheques/DDs the receipt can be issued only after ensuring the clearance, however, an acknowledgement can be issued to the payer on receipt of document. Scrutiny revealed that three offices[34] have not kept the proper account of receipt book, register of valuables and did not remit the DDs collected in timely manner as detailed in succeeding paragraphs.

2.2.8.1 Registration Department

Office of the CRSR, Dharbandora

The CRSR maintained a Register for stock account of Receipt Books (RBs) for a period upto 03/08/2015 and the closing balance of RBs as on 03/08/2015 was four. During the period from 04/08/2015 to 08/12/2015 no entries were recorded in the register. The new CRSR opened a new register on 09/12/2015; however, the closing balance of four RBs was not carried forward as the opening balance on 09/12/2015 was shown as nil. We sought for these four RBs to ensure its utilisation and revenue collection; however, the RBs were not produced for audit scrutiny. Due to non-production of RBs the Audit could not ascertain the money collected by the CRSR through these RBs to ensure that all moneys collected have been deposited into Government account.

When this was pointed out the CRSR, Dharbandora stated (May 2018) that the matter was being referred to State Registrar-cum-Head of Notary Services. Reply from State Registrar is awaited (June 2019).

2.2.8.2 Revenue Department

Office of the Collector, North Goa

The Collectorate, North Goa collected revenue through Demand Drafts (DDs) during the period 2013-14 and 2014-15. Scrutiny of yearly collection report

[34] CRSR, Dharbandora; Collectorate, North Goa and DoT

during the year 2013-14 showed that significant revenue was collected towards land conversion fee. Audit called for DD register to verify whether the amount collected through DDs was entered in the cash book and remitted to the Government treasury. However, the Additional Collector stated that no information regarding maintenance of DD register was available and cash book was also not maintained prior to August 2016.

Thus, due to non-maintenance of D.D register (Register of valuables in Form GAR 4) and non-maintenance of cashbook prior to August 2016 Audit was unable to verify the revenue collection and remittance made through DDs during the period from 2013-14 to 2014-15.

In the light of suspected misappropriation of government money by deletion of receipts in the office of the Collector, North Goa **(refer to Para 2.2.5.1(i))** it is recommended that Collector, North Goa should carry out a detailed investigation to ensure that all revenue collected through DDs during the period 2013-15 towards conversion fee as per the records/files have been remitted to the bank and credited to the Government account.

Reply of the Department/Government has not been received.

2.2.8.3 Transport Department

Directorate of Transport

Under Section 83 of the Central Motor Vehicles Rules, 1989 the Director of Transport (DoT) collects demand drafts (DDs) from tourist vehicle owners for grant of authorisation of tourist permit. During scrutiny (April 2018) of cash book of the DoT Audit observed that the authorisation fee received as DDs were not entered in the cash book as and when received. Audit had called for details of authorisation fee collected through DDs during the period 2013-18; however, the same was not furnished by the DoT.

Audit further noticed from the DD files maintained by the DoT that 181 DDs with value amounting to ₹ 0.91 lakh received during the period from September 2013 to March 2014 were not deposited into bank till June 2014 and became time barred. Further, 713 DDs amounting to ₹ 3.66 lakh furnished by the vehicle owners to the DoT in the months of November 2013, February/March 2014, May 2016 to January 2018 had expired due to delay in forwarding the DDs to the bank. The DDs were subsequently forwarded to the bank in the month of May/June 2014 and April 2018 for revalidation. There was no documentary proof to ascertain that these 894 expired DDs amounting to ₹ 4.57 lakh had been re-validated by the bank and remitted to the Government account.

The status of remittance of this amount into Government account was called for to ascertain whether the DDs amounting to ₹ 4.57 lakh was remitted to the Government account, however, reply regarding the status of DDs and the amount remitted to treasury was not furnished.

It is recommended that all revenues collected through DDs should be entered in the cash book and ensured that the DDs received are promptly credited to the Government account.

2.2.9 Non-maintenance of cash book/non-production of challans

Audit observed that eight offices[35] did not maintain cash book, one office[36] did not produce subsidiary cash book and one office[37] did not produce challan copies for the period covered in audit as detailed in following paragraphs.

2.2.9.1 Registration Department

Offices of the CRSRs Dharbandora/Mapusa/Quepem

The receipts wise details of revenue collected towards sub-registry, notary and civil registry by the offices of CRSRs are entered in the respective subsidiary cash book and total of the daily collection is then subsequently entered in the main cash book. During scrutiny (May/July 2018) of the records of the office of CRSR, Dharbandora Audit observed that subsidiary cash book (for Notary and Civil registry) and main cash book for the period from April 2013 to December 2015 were not maintained (**refer to Para 2.2.7.1(ii)**). In the office of CRSR, Mapusa the revenue collected during the period from 20/08/2016 to 29/09/2016 was not entered in cash book (**refer to Para 2.2.6.2**).

Further, during conduct (July 2018) of audit of the office of CRSR, Quepem subsidiary cash book (sub-registry) for the year 2013-14 was not produced to audit and it was stated by the CRSR that subsidiary cash book for the year 2013-14 was not traceable.

Cash book is a basic record maintained by the Government departments for collection, accounting and remittance of cash which has to be preserved for a period of 10 years under Rule 289 of GFR. In the absence of subsidiary/main cash book for the period mentioned above, audit was unable to verify the revenue collection and remittance made to the Government account.

The non-maintenance and non-traceability of the records indicate lack of internal control mechanism in maintenance of records, regular accounting and safeguard of Government money received by the Department. Given the fact that misappropriation of funds was suspected in the office of CRSR at Quepem as discussed in **Para No. 2.2.7.1(i)**, no assurance could be provided regarding proper accounting of related receipts of the office for the period.

It is recommended that the State Registrar should carry out a detailed investigation of the revenue collected and remitted during the period of non-maintenance of subsidiary/main cash book in the interest of safeguarding Government revenue.

2.2.9.2 Revenue Department

Office of the Collector, North Goa/S.D.O, Margao/Mamlatdar, Salcete/Mamlatdar, Bardez

During scrutiny of the records in the office of Collector, North Goa audit called for cash book/challan remittances of the selected months[38] for audit

[35] Collector, North Goa; SDO, Margao; Mamlatdar, Salcete; Mamlatdar, Bardez; CRSR, Dharbandora;CRSR, Mapusa; DoT and ADT, Mapusa

[36] CRSR, Quepem

[37] ADT, Margao

[38] August 2013, October 2014, December 2015, February 2017, April 2017 and in addition March 2017

verification. However, the Additional Collector stated that cash book was not maintained prior to August 2016. Excluding February, March and April 2017, challan remittances made for remaining three months (August 2013, October 2014 and December 2015) were not produced stating that it was not available due to shifting of records. In the light of suspected misappropriation of government money by deletion of receipts in the office of the Collector, North Goa **(refer to Para 2.2.5.1(i))** and non-furnishing of challan copies of remittance made to audit, it is recommended that Collector, North Goa should carry out a detailed investigation for the serious lapse of non-maintenance of cash book and ensure that all revenue collected during the period of non-maintenance of cash book have been credited to the Government Account.

The revenue collected during the period 2014-18 was not entered in the cash book by the office of S.D.O, Margao **(refer to Para 2.2.6.1(iii))**. In the office of Mamlatdar, Salcete the revenue collected towards mundkar receipts were not entered in the cash book during the period 2016-17 (**refer to Para 2.2.6.1(i)**). While in the office of Mamlatdar, Bardez the revenue collected through issue of RB were not entered in the cash book **(refer to Para 2.2.6.1(ii)).**

2.2.9.3 Transport Department

Offices of ADT, Margao/ADT, Mapusa/DoT

During the period 2013-18 the ADT, Margao had collected ₹ 2,52,710 through issue of manual receipts. However, ADT furnished challans for ₹ 1,46,620 only and stated that challans for ₹ 1,06,090 was not traceable/available. Further, the ADT did not provide DCRs for the months (May/June 2013, April/September/December 2014 and January 2015) during which manual receipts were issued to cross verify with the entries recorded in the cash book.

Thus, due to non-furnishing of challan copies and DCRs Audit was unable to verify whether the amount collected through issue of manual receipts was accounted for in cash book and remitted to the Government account.

During scrutiny of the records of the ADT, Mapusa audit observed that cash book was not maintained by the office prior to August 2015. However, the DCR and copies of challan remittance called for the selected months were produced for audit scrutiny and found that the amount collected have been remitted into Government account. The ADT stated that the reasons for non-maintenance of cash book were due to outsourcing of the revenue collection and remittance to the Mapusa Urban Co-operative bank from the year 2004 to August 2015.The reply is not acceptable as it is the responsibility of the head of office/D.D.O to maintain cash book and ensure that all departmental receipts are entered in the cash book and credited to Government account.

In the office of DoT, Panaji we observed that cash book was not maintained during the period from April 2014 to April 2017 (**refer to Para 2.2.6.3**).

2.2.10 Conclusion and recommendations

It is the primary duty of a Drawing and Disbursing Officer (DDO) to maintain a cash book in prescribed format and record all monetary transactions in the cash book as soon as they occur and attest before the close of day ensuring the accuracy of totaling in the cash book. The GGRPR stipulates that head of office should also attest the cash book at the end of each month.

Audit observed in eight offices[39] that the cash book and subsidiary cash book was not maintained and the monetary transactions towards cash receipts collected/remitted were not entered in the cash book. Out of these eight, in six offices[40] there were cases of suspected misappropriation of government money. In five of these offices[41] the collection of cash, issue of receipts, remittance to treasury and writing of cash book was carried out by a single official. The cash book was then verified/attested by the head of office directly, as there was no official in between for secondary check before verification/attestation by the head of office which indicates lack of internal control mechanism. The head of office who was also the DDO had periodically certified the cash book entries in all five offices but failed to detect the suspected misappropriation of government money.

It is recommended that the head of offices should strictly adhere to the financial rules for maintenance of cash book and observe due diligence while certifying the entries in cash book to prevent future lapses and consequent leakage of Government revenue. Further, it is recommended that as a part of internal control secondary check of cash book should be done by some official other than the writer before verification/attestation by the head of office.

Reconciliation of accounts is an important tool for ensuring that the dues of the government have been properly accounted for in the Government account. In eight[42] out of 13 offices reconciliation of accounts has not been carried out by the office during the period 2013-18 which indicates neglect by the head of offices of safeguarding of Government revenue. In seven offices[43] audit noticed suspected misappropriation of government money.

It is recommended that the head of offices should reconcile the accounts in a timely manner and promptly to ensure all the government dues have been realised into the Government account.

The Government of Goa has an Internal Inspection Cell under the Directorate of Accounts vide memorandum dated 05/11/1975 for conducting cent *per cent* audit of various departments. However, out of 13 offices audited, in seven

[39] DoT: Cash book was not maintained from April 2014 to April 2017; CRSR, Dharbandora: Cash book was not maintained during the period from April 2013 to December 2015; ADT, Mapusa: Cash book was not maintained upto August 2015; Collector, North Goa: Cash book was not maintained prior to August 2016; S.D.O, Margao: Revenue collected during the period 2014-18 was not entered in the cash book; Mamlatdar, Salcete: Monetary transaction towards mundkar receipts collected during 2016-17 was not entered in the cash book; Mamlatdar, Bardez: Revenue collected through RBs was not entered in cash book and CRSR, Mapusa: Revenue collected during the period from 20/08/2016 to 29/09/2016 was not entered in the cash book

[40] Collector, North Goa; S.D.O, Margao; Mamlatar, Salcete; Mamlatdar, Bardez; CRSR, Dharbandora and CRSR, Mapusa

[41] CRSR, Mapusa; CRSR, Dharbandora; S.D.O, Margao; Mamlatdar, Salcete and Mamlatdar, Bardez

[42] Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Salcete; Collectorate, North Goa; CRSR, Bardez; CRSR, Dharbandora; CRSR, Quepem and Mollem Checkpost (Reply not received from the office of ADT, Enforcement, Margao)

[43] Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Salcete; Collectorate, North Goa; CRSR, Bardez; CRSR, Dharbandora and CRSR, Quepem

offices[44] internal audit have not been conducted by the Directorate of Accounts (DoA) during the period 2013-18. Further, in two offices[45] where the audit was conducted by the Inspection cell of DoA, the inspecting team of DoA could not detect misappropriation of government money.

The results of test audit indicate widespread misappropriation of funds by various Departments. This needs proper exhaustive investigation by the CID or the CBI. In the meantime, FIRs may be lodged and action initiated under CCS, Conduct Rules, 1964 in all cases covered in audit sample.

The audit observations were communicated to the Department and to the Government in September 2018. The reply of the Government has not been received (June 2019).

COMMERCIAL TAXES DEPARTMENT

2.3 Short levy of Tax due to incorrect determination of the turnover

The dealer short-declared turnover totaling ₹ 1.19 crore for the years 2012-13 and 2013-14 resulting in short-levy of tax. Even in re-assessment the Assessing Authority short levied the interest and penalty under Sections 25 and 59 of the Goa Value Added Tax Act 2005.

As per Section 24 of the Goa Value Added Tax (GVAT) Act, 2005 read with Rule 23 GVAT Rules 2005, every registered dealer shall file a correct and complete quarterly return in Form VAT-III within 30 days from the end of quarter accompanied by challan in proof of payment of the net tax in respect of each of the month. As per Section 25 when a dealer has not filed any return and tax is due as per the books of the dealer or as assessed or re-assessed 'or' the tax is due as per the returns or revised returns furnished without payment of tax such dealer shall be liable to pay interest @ 15 *per cent per annum* till May 2013 and 18 *per cent per annum* thereafter. Further under Section 59 of the Act in case dealer makes a misleading or false statement or omits material particulars in the statement resulting in assessment of lesser tax the dealer is liable for penalty equal to double the amount of the excess tax so payable.

A dealer (TIN:30850303235), registered with the office of Commercial Taxes Mapusa, deals in Indian made foreign liquor (IMFL), liquor, cashew nuts, spices, dry fruits and cocum. The dealer had not filed any returns for the year 2012-13 and was assessed (March 2016) at 'NIL' turnover for 2012-13. He had filed his VAT return for a turnover of ₹ 55.86 lakh for the year 2013-14, and Commercial Tax Officer assessed (March 2016) him for the turnover of ₹ 55.86 lakh shown in the return.

During audit it was observed (February 2018) that as per the 'Profit and Loss Accounts' available in the assessment files of the dealer, the sales turnover was ₹ 86.72 lakh for the year 2012-13 and ₹ 88.52 lakh for the year 2013-14. This was not considered by the Commercial Tax Officer while finalising the assessment despite being available in the assessment files. This resulted in

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[44] DoT, Panaji; ADT, Mapusa; Collectorate, North Goa; Collectorate, South Goa; CRSR, Dharbandora; CRSR, Quepem and Mamlatdar, Bardez (Reply not received from the office of CRSR, Bardez)

[45] S.D.O, Margao and Mamlatdar, Salcete

understatement of taxable turnover of ₹ 86.72 lakh for the year 2012-13 and ₹ 32.66 lakh for the year 2013-14.

On being pointed out in February 2018, the assessing authority re-assessed (February 2018) the dealer for both years and demand notices for recovery of ₹ 7.21 lakh and ₹ 10.69 lakh were issued (April 2018) for the years 2012-13 and 2013-14 respectively. However, the Assessing Authority levied interest of ₹ 6.89 lakh instead of ₹ 9.81 lakh while finalising the re-assessment. Thus, interest of ₹ 2.32 lakh was levied short. Besides penalty of ₹ 21.88 lakh under Section 59 of the GVAT Act was leviable. The mistake resulted in short recovery of tax of ₹ 42.11 lakh for two assessment years.

After this was pointed out (May 2018) the department accepted (June 2018) the audit observations except for levy of penalty of ₹ 8.80 lakh for the year 2012-13 stating that the dealer had not submitted any statement during that year. The reply for not levying the penalty was not correct as the dealer had shown incorrectly 'Nil turnover' in his return for the year 2012-13 which attracted the provisions for Section 59 of GVAT Act.

The matter was referred to the Government in July 2018; their reply is awaited.

2.4 Short levy of Tax due to non-consideration of VAT audit report

The Assistant Commercial Tax Officer (ACTO), Mapusa did not consider the turnover as per VAT audit report while assessing the dealer.

As per Rule 4A of Goa Value Added Tax (GVAT) Rules, 2005 (inserted vide notification dated 31 December 2008) in case of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract, the sale price of such goods shall be determined by making deductions to the extent as specified in the Rules. In the case of road works, including asphalting of road, construction of culverts and site gutters but excluding bridges, the deduction allowed was 30 *per cent* of the gross receipts. The rate of Value Added Tax (VAT) for works contracts was eight *per cent*[46] of the taxable turnover.

Audit of assessment records (February 2018) of a works contractor (TIN: 30500304640), revealed that the contractor had furnished returns for sales turnover of ₹ 1.73 crore during the year 2012-13. The Assistant Commercial Tax Officer (ACTO), Mapusa assessed (May 2016) the works contractor for ₹ 1.08 crore. The Assessing Authority allowed deduction of ₹ 0.65 crore. This was 37.50 *per cent* of ₹ 1.73 crore which was more than that admissible under Rule 4A.

The dealer furnished his VAT audit report for the year 2012-13 in March 2016 which showed his turnover as ₹ 4.97 crore for that year. The ACTO did not consider the turnover as per the VAT audit report while passing the assessment order in May 2016. The non-adoption of turnover as per VAT audit report resulted in short-levy of VAT to the extent of ₹ 19.15 lakh as detailed below:

[46] Vide Notification dated 09/07/2009

(Amount in ₹)

Particulars	As per assessment order dated 10/05/2016	As per VAT audit report dated 14/03/2016
Gross turnover	-	49688805
Deduction under Rule 4A (30 *per cent*)	-	14906641
Taxable turnover	10836862	34782164
Tax @ 8 *per cent*	866949	2782573
Penalty under Section 55	4000	4000
Penalty under Section 70 (3)	25000	25000
Total amount payable	895949	2811573
Less tax deducted at source	680789	680789
Less Input tax credit allowed	186160	186160
Balance tax payable	29000	1944624

On being reported (May 2018), the Commissioner of Commercial Taxes replied (July 2018) that the dealer has been re-assessed and a demand notice for ₹ 32.60 lakh (including interest under Section 25(4) (a)) has been issued (June 2018). The recovery is awaited.

The matter was referred to the Government in July 2018; their reply is awaited.

2.5 Short levy of Tax due to incorrect application of rates

The Assistant Commercial Tax Officer levied tax at the rate of five per cent instead of eight per cent applicable under the Act.

As per Schedule-C of the Goa Value Added Tax (GVAT) Act, 2005 read with Rule 4A of the GVAT Rules, 2005 the rate of tax leviable on the works contracts for the year 2012-13 was eight *per cent.*

A works contractor (TIN: 30190305344) did not file return for the year 2012-13 and the Assistant Commercial Tax Officer (ACTO), Mapusa issued (November 2015) summons for assessment under Section 29 of the GVAT Act. The ACTO, assessed (February 2016) the dealer for his sales turnover of ₹ 4.64 crore for the year 2012-13. After allowing the permissible deductions under Section 4A[47] of the Act, the taxable turnover was arrived at ₹ 3.11 crore and a tax of ₹ 15.53 lakh along with penalty of ₹ 4,000 under Section 55 and ₹ 25,000 under Section 70 was levied.

Audit observed (February 2018) that the ACTO has worked out the tax at the rate of five *per cent* (₹ 15.53 lakh) instead of eight *per cent* (₹ 24.85 lakh) applicable under Schedule C of the Act. Further no interest (₹ 8.57 lakh) under Section 25 (4) (a) was levied. This has resulted in short levy of ₹ 17.89 lakh.

On this being pointed out (February 2018) by Audit the Commissioner stated (May 2018) that the dealer was re-assessed in April 2018 and demand notice for an amount of ₹ 18.79 lakh including interest of ₹ 8.57 lakh has been issued.

The matter was referred to the Government in July 2018; their reply is awaited.

[47] 33 *per cent* deduction is allowed as the contractor was engaged in "Construction of new buildings and erection of civil structures"

EXCISE DEPARTMENT

2.6 Application of incorrect rates for levy of license fee

The Excise Stations of Bardez, Salcete and Tiswadi short-levied license fee from hoteliers at applicable rates for sale of liquor.

The yearly rates of license fee applicable for retail sale of foreign liquor (FL), Indian made foreign liquor (IMFL) and country liquor (CL) for consumption in the premises of hotels are notified[48] by the Government. Hoteliers are issued FL licenses for sale of foreign liquor and FCL licenses for sale of IMFL/CL liquor.

Scrutiny of records of 73 hoteliers between October 2017 to March 2018 revealed short realisation of license fee amounting to ₹ 51.82 lakh in respect of seven hoteliers as detailed below:

(₹ in lakh)

<table>
<tr><th>Sl. No.</th><th>Category of License</th><th>FL</th><th>FCL</th><th>Annual fee payable</th></tr>
<tr><td rowspan="2">1</td><td>License fee of “A category hotel without any star” notified for the years 2015-16, 2016-17 and 2017-18.</td><td>3.00</td><td>1.40</td><td>4.40</td></tr>
<tr><td colspan="4">In two offices viz. Excise Stations; Bardez and Tiswadi eight licenses (to four hoteliers) were issued for 2015-16, 2016-17 and 2017-18. License fee of ₹ 35.20 lakh was leviable at the rates notified by the Government from time to time. The offices levied license fee amounting to ₹ 4.43 lakh at different rates[49] lower than the prescribed rates. This resulted in short levy of license fee of ₹ 30.77 lakh.</td></tr>
<tr><td rowspan="2">2</td><td>License fee of “A category with four star” notified for the years 2015-16, 2016-17 and 2017-18.</td><td>3.00</td><td>1.60</td><td>4.60</td></tr>
<tr><td colspan="4">In the office of Excise Station, Salcete two licenses (to one hotelier) was issued for the years 2015-16, 2016-17 and 2017-18. License fee of ₹ 13.80 lakh was leviable at the rates notified by the Government for these years. The office levied license fee at the rates of ₹ 16,320 for 2015-16 and ₹ 16,000 for 2016-17 and 2017-18. This resulted in short levy of license fee of ₹ 13.32 lakh.</td></tr>
<tr><td rowspan="2">3</td><td>License fee of “A category with five star” notified for the years 2015-16, 2016-17 and 2017-18.</td><td>3.00</td><td>3.25</td><td>6.25</td></tr>
<tr><td colspan="4">In the office of Excise Station, Salcete two licenses (to one hotelier) were issued for the years 2016-17 and 2017-18. License fee of ₹ 12.50 lakh was leviable at the rates notified by the Government. The office levied license fee at the rate of ₹ 3.00 lakh for 2016-17 and ₹ 3.95 lakh for 2017-18. This resulted in short levy of license fee of ₹ 5.55 lakh.</td></tr>
<tr><td rowspan="2">4</td><td>License fee of “B category without any star” for 2015-16, 2016-17 and 2017-18.</td><td>0.50</td><td>0.50</td><td>1.00</td></tr>
<tr><td colspan="4">In the office of Excise Station, Tiswadi two licenses (issued to one hotelier) were issued for 2015-16, 2016-17 and 2017-18. License fee of ₹ 3.00 lakh was leviable as per the above rates notified by the Government. The office levied license fee at ₹ 29,730 for 2015-16, ₹ 26,000 each for 2016-17 and 2017-18. This resulted in short levy of license fee of ₹ 2.18 lakh.</td></tr>
</table>

Further, as per Rule 122 of the Goa, Daman and Diu (Excise Duty) Rules, 1964 additional amount at the rate of two *per cent* per month was leviable for delay in payment of short levied license fee. The total additional amount leviable on the above short-levied license fee up to April 2018, was amounting to ₹ 26.24 lakh.

[48] Notifications dated 31 March 2015, 14 October 2015, 31 March 2016 and 31 March 2017

[49] There was no uniformity in levy of the license fees in the above two excise stations. It was levied at the rate of ₹ 1.22 lakh, ₹ 1.02 lakh at Bardez while it was levied at the rate of ₹ 0.26 lakh and ₹ 0.24 lakh in Tiswadi Excise station

On being pointed out (October 2017 to March 2018), all the three Excise stations issued notices to the seven hoteliers for payment of license fee along with interest. A report on recovery has not been received.

The matter was referred to the Government in July 2018; their reply is awaited.

2.7 Short-levy of excise duty ₹ 59.28 lakh

The Excise Inspectors at Margao and Quepem short-levied excise duty due on IMFL and Beer.

According to the Notification No.1/1/2008-Fin (R&C), dated 10 November 2008[50] read with Circular dated 25 November 2008, all the volumes of packages of foreign liquor (FL)/Indian made foreign liquor (IMFL) and wine whether they are below 750 ml or above, have to be individually converted to the volume of 750 ml and accordingly the 'MRP slab' in which the product falls will have to be determined and applied. In the case of beer, it shall be the volume of 650 ml as the standard conversion instead of 750 ml. The highest MRP arrived at, after calculating the same *vis-à-vis* each volume, shall determine the MRP slab in which the product falls.

During audit (January 2018 and March 2018) of Excise Stations at Margao and Quepem we observed that the Excise Inspectors did not apply the provisions of the above notifications correctly thereby short-recovering a total of ₹ 59.28 lakh from two distilleries as under.

Case 1 - Short levy of ₹ 17.47 lakh by Excise Station, Margao (IMFL)

The excise duty applicable as per Notification dated 31 March 2017 was ₹ 90 per Bulk Litre[51] (BL) on IMFL whose MRP is in the range from ₹ 410 to ₹ 600 per 750 ml and ₹ 200 per BL in the range from ₹ 600 to ₹ 900 per 750 ml.

The unit Agave Industries a lessee of licensee M/s Blue Ocean Beverages Private Limited, Goa renewed two labels (2017-18) of IMFL *viz*., Desmondji 51 Agave of 90 ml and 750 ml with MRP of ₹ 100 and ₹ 590 respectively. The MRP of the product Desmondji 51 Agave while converting 90 ml with MRP of ₹ 100 to standard 750 ml would work out to ₹ 833. Accordingly the product falls under the tax bracket of ₹ 200 per BL instead of ₹ 90 per BL. The unit had sold 15,885 BL of the IMFL in package of 750 ml on which excise duty of ₹ 31.77 lakh could have been levied. The unit paid excise duty of ₹ 14.29 lakh. Thus, non-follow of the notification resulted in short realisation of excise duty of ₹ 17.47 lakh.

The Finance Secretary replied (August 2018) that the unit at Margao (M/s Agave Industries) has given a submission to not to levy excise duty at the higher rate on the basis of computation of MRP of ₹ 833 on 90 ml. The recovery of due amount will be communicated after examining the above representation. Reply of Government on the Unit at Quepem is awaited (September 2018).

[50] Re-notified No.1/3/2017-Fin (R&C) dated 31/03/2017

[51] Bulk litre is the term used in the Notification for 1,000 ml. As per Notification excise duty is leviable on liquor per bulk litre irrespective of quantity contained in various packages

Case 2 - Short recovery of ₹ 41.81 lakh by Excise Station, Quepem (Beer)

M/s Impala Distillery and Brewery Limited, Margao was permitted (2017-18) to manufacture two brands of beer, one brand with alcoholic strength 4.80 *per cent* v/v with MRP of ₹ 60 per bottle of 650 ml (mild) and ₹ 40 per bottle of 325 ml and other brand with alcoholic strength 08 *per cent* v/v with MRP of ₹ 80 per BL of 650 ml (strong), ₹ 60 per can of 500 ml and ₹ 45 per bottle of 325 ml.

The rate of excise duty to be levied for beer manufactured in the State of Goa and sold in the State of Goa during the years 2016-17 and 2017-18 were as under:

Category	Excise duty leviable for 2016-17	Excise duty leviable for 2017-18
Whose alcoholic strength does not exceed 5 *per cent* v/v and whose Maximum Retail Price (MRP) exceeds ₹ 70 per bottle of 650 ml.	₹ 18 per bulk litre	₹ 24 per bulk litre
Whose alcoholic strength exceeds 5 *per cent* v/v but does not exceed 8 *per cent* v/v and whose MRP exceeds ₹ 78 per bottle of 650 ml.	₹ 33 per bulk litre	₹ 36 per bulk litre

The audit (January 2018) of the records of Excise Inspector, Quepem revealed that the excise duty levied from the distillery for the period from April 2017 to November 2017 was levied at pre-revised rates. The incorrect application of rates resulted in short-recovery of excise duty of ₹ 7.43 lakh on 6.24 lakh bulk litre of mild beer and ₹ 3.56 lakh on 1.19 lakh bulk litre of strong beer manufactured during the period from April 2017 to November 2017.

Further, the health surcharge on short levied excise duty recoverable was ₹ 0.82 lakh (@ 2 *per cent* on excise duty of ₹ 10.99 lakh).

The Assistant Commissioner of Excise stated (August 2018) that an amount of ₹ 19.04 lakh out of ₹ 38.62 lakh has been recovered in July 2018 from the unit M/s Impala Distillery and Brewery Limited, Margao. Further, the unit had given an undertaking for depositing the remaining amount by September 2018, however, report on recovery has not been received (June 2019).

The matter was referred to the Government in July 2018; their reply is awaited.

CHAPTER – III

Public Sector Undertakings and Government Commercial & Trading Activities

CHAPTER-III

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

3.1 Functioning of State Public Sector Undertakings

Introduction

3.1.1 There were 17 State Public Sector Undertakings (PSUs) as on 31 March 2018 which were related to sectors other than Power Sector[1]. These State PSUs were incorporated during the period 1965 and 2016 and included 15 Government Companies and two Statutory Corporations *i.e.* Goa Industrial Development Corporation and Goa Information Technology Development Corporation. The Government Companies further included one active subsidiary company (*i.e.* Goa Electronics Limited) and one inactive subsidiary company (*i.e.* Goa Auto Accessories Limited). The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. Of the 17 State PSUs, the State Government invested funds in 15 State PSUs excluding the two subsidiaries of EDC Limited (GEL and GAAL).

Contribution to Economy of the State

3.1.2 A ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. **Table 3.1.1** provides the details of turnover of State PSUs and GSDP of Goa for a period of five years ending March 2018.

Table 3.1.1 : Details of turnover of State PSUs' *vis-à-vis* GSDP of Goa

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover[2]	651.82	809.08	820.56	909.08	934.44
Percentage change in Turnover as compared to turnover of preceding year	14.48	24.13	1.42	10.79	2.79
GSDP of Goa	35921.10	47814.18	54785.16	62336.50	70267.33[3]
Percentage change in GSDP of Goa as compared to GSDP of preceding year	-5.77	33.11	14.58	13.78	12.72
Percentage of Turnover to GSDP of Goa	1.81	1.69	1.50	1.46	1.33

(Source: Turnover figures compiled from accounts of PSUs and GSDP figures provided by Directorate of Planning, Statistics & Evaluation, Government of Goa)

The turnover of these PSUs has recorded continuous increase over previous years. The increase in turnover ranged between 1.42 *per cent* and

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[1] The State Government's Electricity Department executed the functions of power purchase, distribution and maintenance

[2] Turnover (Operating Income) of 16 PSUs as per the latest finalised accounts as on 30 September/31 October or 31 March of respective years excluding one PSU *i.e.* Goa Information Technology Development Corporation which is yet to submit its first accounts since inception (2006-07). The figures of turnover may not tally with the figures in **Appendix 3.2** as this is the income from operations only and figures in **Appendix 3.2** includes other non-operating income also

[3] GSDP has been revised for all years considering State GDP figures with base year 2011-12. State GDP for the year 2017-18 was ₹ 70,267.33 crore (Advance 2017-18 with base year 2011-12)

24.13 *per cent* during the period 2013-14 to 2017-18, whereas increase in GSDP of the State ranged between 12.72 *per cent* and 33.11 *per cent* during 2014-15 to 2017-18 except in 2012-13 when it showed negative change over the preceding year. The compounded annual growth[4] is a useful method to measure growth rate over multiple time periods. Against a compounded annual growth of 14.36 *per cent* of the GSDP, the turnover of public sector undertakings recorded a compounded annual growth of 7.47 *per cent* during the last five years. This resulted in marginal decrease in the share of turnover of these PSUs to the GSDP from 1.81 *per cent* in 2013-14 to 1.33 *per cent* in 2017-18.

Investment in State PSUs

3.1.3 There are some PSUs which function as instruments of the State Government to provide certain services which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through PSUs which function in a competitive environment with private sector undertakings. Accordingly, nine PSUs in Goa fall in the 'Social' Sector, two PSUs in 'Competitive Environment' Sector and six PSUs in 'Other' Sector. The position of all the State PSUs have therefore been analysed under three major classifications *viz.* those functioning under 'Social' sector', 'Competitive Environment' sector and 'Other' sector. Details of investment made in these 17 State PSUs in shape of equity and long-term loans up to 31 March 2018 are detailed in **Appendix 3.3**.

3.1.4 The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given in **Table 3.1.2**.

Table 3.1.2 : Sector-wise investment in State PSUs

(₹in crore)

Sector	Number of PSUs	Investment		
		Equity	Long Term Loans	Total
Social	9	76.78	982.12	1058.90
PSUs in Competitive Environment	2	117.29	2.60	119.89
Others	6	175.65	85.39	261.04
Total	**17**	**369.72**	**1070.11**	**1439.83**

(Source: Compiled from finalised accounts for 2017-18 in case of nine PSUs and based on information received from eight PSUs who had not finalised their accounts for 2017-18)

As on 31 March 2018, the total investment (equity and long term loans) in these 17 PSUs was ₹ 1,439.83 crore. The investment consisted of 25.68 *per cent* towards equity and 74.32 *per cent* in long-term loans. The long term loans advanced by the State Government constituted 0.36 *per cent* (₹ 3.84 crore) of the total long term loans whereas 99.64 *per cent* (₹ 1,066.27 crore) of the total long term loans were availed from other financial institutions.

The investment has grown by 112.91 *per cent* from ₹ 676.27 crore in 2013-14 to ₹ 1,439.83 crore in 2017-18. The investment increased due to addition of ₹ 18.17 crore and ₹ 745.39 crore towards equity and long-term loans respectively during 2013-14 to 2017-18.

[4] Rate of compounded Annual Growth is calculated by using formulae = ((End Value/Start Value) ^ (1/No. of Years)-1) x 100

Disinvestment, restructuring and privatisation of State PSUs

3.1.5 During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in State PSUs except that major portion of assets of one inactive PSU (GAAL) were sold in June 2017. The National Company Law Tribunal (NCLT) Mumbai appointed an Interim Resolution Professional (IRP) (December 2018) to carry out the function under Insolvency and Bankruptcy Code 2016.

Budgetary Support to State PSUs

3.1.6 The Government of Goa (GoG) provides financial support to State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of State PSUs for the last three years ending March 2018 are given in **Table 3.1.3**.

Table 3.1.3 : Details regarding budgetary support to PSUs during the years

(₹ in crore)

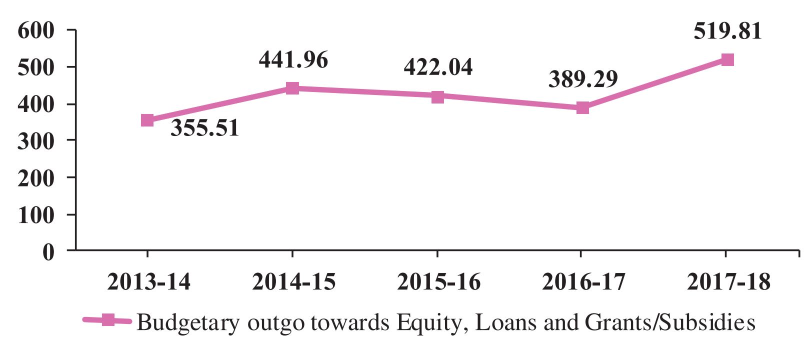
Particulars	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity/Capital outgo (i)	-	-	1	1.00	-	-
Loans given (ii)	1	1.55	1	1.36	-	-
Grants/Subsidy provided (iii)	10	420.49	10	386.93	9	519.81
Total Outgo (i+ii+iii)		**422.04**		**389.29**		**519.81**
Loan repayment written off	-	-	-	-	-	-
Loans converted in to equity	-	-	-	-	-	-
Guarantees issued	2	40.50	3	219.50	1	25.00
Guarantee Commitment outstanding at the end of the year	4	365.24	3	534.42	3	416.63

(Source: Compiled based on information received from PSUs)

Out of total grant/subsidy of ₹ 519.81 crore provided from the budget, ₹ 403.61 crore was for capital purposes and remaining ₹ 116.20 crore was for revenue purposes such as salary, arrears, maintenance, subsidy for bus service schemes, vegetable subsidy, *etc.*

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the last five years ending March 2018 are given in **Chart 3.1.1**.

Chart 3.1.1 : Budgetary outgo towards Equity, Loans and Grants/Subsidies



The budgetary outgo after showing an upward trend till 2014-15 had declined till 2016-17. It has now increased by 33.53 *per cent* from ₹ 389.29 crore in 2016-17 to ₹ 519.81 crore in 2017-18.

In order to provide financial assistance to PSUs from banks and financial institutions, Government of Goa gives guarantee under Goa State Guarantees Act, 1993. Such guarantees are given subject to the limits fixed by State Legislature from time to time as per provisions of Article 293(1) of the Constitution of India. The Government of Goa has exempted its PSUs from payment of Guarantee Commission. The guarantee commitment decreased to ₹ 416.63 crore during 2017-18 from ₹ 534.42 crore in 2016-17.

Reconciliation with Finance Accounts of Government of Goa

3.1.7 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Goa. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2018 is stated below:

Table 3.1.4 : Equity, loans, guarantees outstanding as per Finance Accounts[5] of Government of Goa *vis-à-vis* records of State PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	402.44	300.11	102.33
Guarantees	467.14	416.63	50.51

(Source: Compiled from Accounts of PSUs and Finance Accounts)

Audit observed that the differences occurred in respect of Guarantees given to three PSUs and Equity investment in 12 PSUs. The differences between the figures were persisting since last many years. The issue was taken up with the PSU/Departments from time to time to reconcile the differences. It is, therefore, recommended that the State should reconcile the differences in a time-bound manner.

Submission of accounts by State PSUs

3.1.8 Of the total 17 State PSUs, there were 16 working PSUs *i.e.* 14 Government Companies and two Statutory Corporations and one inactive PSU (Government Company) under the purview of CAG as of 31 March 2018. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

Timeliness in preparation of accounts by the active State PSUs

3.1.9 Accounts for the year 2017-18 were required to be submitted by all the active PSUs by 30 September 2018. However, out of 14 active Government Companies, four Government Companies submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018 and accounts of 10 Government Companies were in arrears. The CAG is the sole auditor for the

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

two Statutory Corporations (Goa Industrial Development Corporation (GIDC) and Goa Information Technology Development Corporation (GITDC)) in Goa. Of these two Statutory Corporations, GIDC's accounts for the year 2017-18 was awaited as on 31 March 2019 and GITDC[6] had not finalised any account since inception *i.e.,* 2006-07.

Details of arrears in submission of accounts of active PSUs as on 31 March 2019 are given in **Table 3.1.5**.

Table 3.1.5 : Arrears in submission of accounts of active PSUs as on 31 March 2019

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Total number of PSUs	16	16	16	17	17
2	Number of active PSUs	14	14	14	15	16
3	Number of accounts submitted during current year by active PSUs	20	15	17	11	23
4	Number of active PSUs which finalised accounts for the current year	4	1	4	2	8
5	Number of previous year accounts finalised during current year by active PSUs	16	14	13	9	15
6	Number of active PSUs with arrears in accounts	10	13	10	13	8[7]
7	Number of accounts in arrears	40	41	40	46	38[@]
8	Extent of arrears (in Years)	1 to 11	1 to 11	1 to 10	1 to 11	1 to 12

(Source: [@]Compiled based on accounts of active PSUs received during the period 01 November 2017 to 31 March 2019)

Of these 16 active State PSUs, 15 PSUs had finalised 19 annual accounts during the period 01 October 2017 to 30 September 2018 which included four annual accounts for the year 2017-18 and 15 annual accounts for previous years. Further, accounts of four[8] active State PSUs for the period 2017-18 were finalised and submitted for audit during the period from October 2018 to March 2019 whereas 38 accounts pertaining to eight[9] active State PSUs were awaited till March 2019 as detailed in **Appendix 3.4**. The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The concerned departments were informed half yearly regarding arrear in accounts.

The GoG had provided a total of ₹ 448.37 crore (by way of Equity: ₹ 4.49 crore, Loan: ₹ 11.56 crore, Grants: ₹ 332.27 crore and Subsidy: ₹ 100.05 crore) to the eight active State PSUs, accounts of which had not been finalised by 30 September 2018 as prescribed under the Companies Act 2013. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in **Appendix 3.1**.

6 State Government issued notification (July 2017) to revive Goa Information Technology Development Corporation

7 As per **Appendix 3.4**

8 Sl. No. 2, 4, 11 and 12 of **Appendix 3.2**

9 Sl. No. 1, 3, 5, 7, 9, 13, 16 and 17 of **Appendix 3.2**

In the absence of finalisation of accounts and their subsequent audit in remaining eight[10] PSUs, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoG investment in these PSUs, therefore, remained outside the review of State Legislature.

Timeliness in preparation of accounts by inactive State PSUs

3.1.10 There were no arrears in finalisation of accounts by the only inactive PSU *i.e.* Goa Auto Accessories Limited, which had submitted its accounts in September 2018.

Placement of Separate Audit Reports of Statutory Corporations

3.1.11 Out of two Statutory Corporations, GIDC had not forwarded its accounts for 2017-18 by 31 March 2019 and GITDC had not submitted its accounts since inception *i.e.* 2006-07.

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. **Table 3.1.6** shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 31 March 2019) on the accounts of Statutory Corporation in the Legislature.

Table 3.1.6 : Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/Present Status
1	Goa Industrial Development Corporation	2014-15	2015-16	24/04/2018
			2016-17	02/08/2018
2	Goa Information Technology Development Corporation	First accounts awaited since 2006-07		

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

Impact of non-finalisation of accounts of State PSUs

3.1.12 As pointed in **Paragraph 3.1.8**, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of the State PSUs to State GDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

Performance of State PSUs

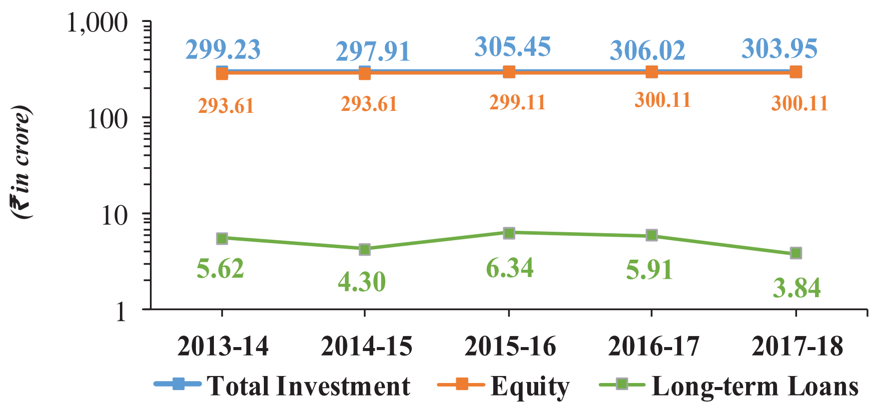
3.1.13 The financial position and working results of the 17 State PSUs are detailed in **Appendix 3.2** as per their latest finalised accounts as of 31 March 2019.

[10] Sl. No. 1, 3, 5, 7, 9, 13, 16 and 17 of **Appendix 3.2**

The Public Sector Undertakings are expected to yield reasonable return on investment made by Government in the undertakings. The amount of investment as on 31 March 2018 in the State PSUs was ₹ 1,439.83 crore consisting of ₹ 369.72 crore as equity and ₹ 1,070.11 crore as long term loans. Out of this the GoG has invested ₹ 303.95 crore consisting of ₹ 300.11 crore as equity and ₹ 3.84 crore as long term loans in 15 State PSUs.

The year wise statement of investment of GoG in the State PSUs during the period 2013-14 to 2017-18 is given in **Chart 3.1.2**.

Chart 3.1.2 : Total investment of GoG in PSUs



The profitability of a company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long-term loans and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

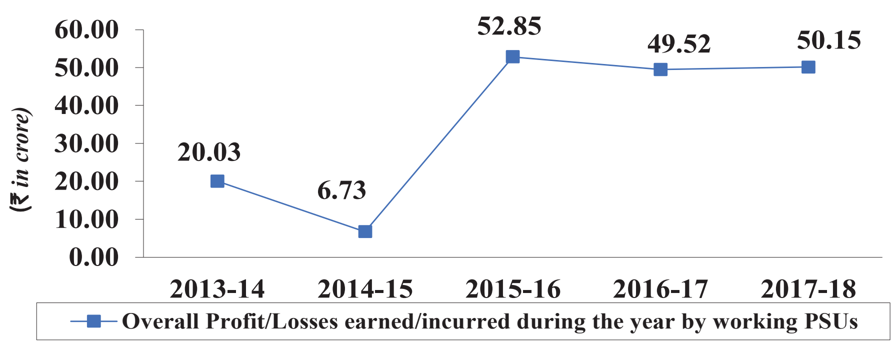
Return on Investment

3.1.14 Return on investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses[11] earned/incurred by the 15 active State PSUs except GITDC[12] during 2013-14 to 2017-18 is depicted below in **Chart 3.1.3**.

[11] Figures are as per the latest finalised accounts of the respective years

[12] GITDC has not finalised its accounts since inception *i.e.* 2006-07

Chart 3.1.3 : Profit/Losses earned/incurred by active PSUs during the years



The profit of ₹ 20.03 crore earned by these active PSUs in 2013-14 increased to ₹ 50.15 crore in 2017-18. According to latest finalised accounts of these 15 active State PSUs except GITDC[13], nine PSUs earned profit of ₹ 67.56 crore and six PSUs incurred losses of ₹ 17.41 crore as detailed in **Appendix 3.2**.

The top profit making companies were EDC Limited (₹ 56.36 crore), Goa State Infrastructure Development Corporation Limited (₹ 4.66 crore) and Sewage and Infrastructural Development Corporation limited (₹ 3.59 crore) while Kadamba Transport Corporation Limited [(-) ₹ 11.04 crore] and Goa Industrial Development Corporation [(-) ₹ 5.65 crore] incurred heavy losses.

A further analysis of three profit making PSUs *i.e.* EDC, GSIDCL and SIDCL which had contributed 96 *per cent* of the profit earned by nine State PSUs (₹ 67.56 crore) during 2017-18 revealed that these PSUs could register profits because they were working in a monopolistic or near monopolistic environment like EDC, a premier financial institution lends primarily to the Government Companies while SIDCL and GSIDCL execute works on behalf of the State Government for which it gets development fee, over and above the total cost incurred for the projects executed. The remaining six PSUs earned marginal profits and were mostly engaged in social sector and other activities.

The position of active PSUs during 2013-14 to 2017-18 is given in **Table 3.1.7**.

Table 3.1.7 : Details of active Public Sector Undertakings which earned/incurred profit/loss during 2013-14 to 2017-18

Financial year	Total number of PSUs	Number of PSUs which earned profit during the year	Number of PSUs which incurred loss during the year
2013-14	14	8	6
2014-15	14	8	6
2015-16	14	10	4
2016-17	14	11	3
2017-18	15	9	6

(Source: Compiled from Accounts of PSUs)

[13] Excluding one working PSU *i.e.* GITDC in 2017-18 which has not finalised its accounts since inception *i.e.* 2006-07

(a) Return on Investment on the basis of historical cost of investment

3.1.15 Out of 17 Public Sector Undertakings of the State, the State Government infused funds in the form of equity, long term loans and grants/subsidies in 15 PSUs only. The State Government has invested ₹ 303.95 crore in these 15 PSUs including equity of ₹ 300.11 crore and interest free long-term loans of ₹ 3.84 crore as per latest accounts finalised as on 31 March 2019 or information as on 31 March 2018 furnished by the PSUs.

The Return on Investment from the PSUs has been calculated on the investment made by the Government of Goa in the PSUs in the form of equity and loans. In the case of loans, only interest free loans are considered as investment since the Government does not receive any interest on such loans and are therefore of the nature of equity investment by Government except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Thus, investment of State Government in these 15 Undertakings has been arrived at by considering the equity and the Interest free loans and in cases where interest free loans have been repaid by the PSUs, the value of investment based on historic cost and present value (PV) was calculated on the reduced balances of interest free loans over the period as detailed in **Table 3.1.8**. The funds made available in the forms of the grants/subsidy have not been reckoned as investment since they do not qualify to be considered as investment.

The sector-wise return on investment on the basis of historical cost of investment for the period 2013-14 to 2017-18 is as given in **Table 3.1.8**.

Table 3.1.8 : Return on State Government Funds on the basis of historical cost of investment

(₹ in crore)

Year wise Sector-wise break-up	Total Earnings for the year	Funds invested by the GoG in form of Equity and Interest Free Loans on historical cost	Return on State Government investment on historical cost basis (*per cent*)
2013-14			
Social Sector	5.89	64.94	9.07
Competitive Sector	-23.55	117.22	-20.09
Others	37.82	117.62	32.15
Total	**20.16**	**299.78**	**6.72**
2014-15			
Social Sector	4.78	64.94	7.36
Competitive Sector	-23.19	116.69	-19.87
Others	26.39	117.62	22.44
Total	**7.98**	**299.25**	**2.67**
2015-16			
Social Sector	7.61	65.44	11.63
Competitive Sector	6.29	121.16	5.19
Others	38.80	117.62	32.99
Total	**52.70**	**304.22**	**17.32**
2016-17			
Social Sector	7.78	66.44	11.71
Competitive Sector	-1.73	120.44	-1.44
Others	43.32	117.62	36.83
Total	**49.37**	**304.50**	**16.21**
2017-18			
Social Sector	8.33	66.44	12.54
Competitive Sector	-9.69	119.89	-8.08
Others	51.07	117.62	43.42
Total	**49.71**	**303.95**	**16.35**

(Source: Compiled from Accounts of PSUs and Finance Accounts)

The return on State Government investment is worked out by dividing the total earnings[14] of these PSUs by the cost of the State Government investments. The return earned on State Government investment ranged between 2.67 *per cent* and 17.32 *per cent* during the period 2013-14 to 2017-18. The negative return on State Government investments under competitive sector during 2013-14, 2014-15, 2016-17 and 2017-18 was mainly due to heavy losses incurred by Kadamba Transport Corporation Limited.

(b) Return on Investment on the basis of Present Value of Investment

3.1.16 In view of the significant investment by Government in those 15 State PSUs where funds had been infused by the State Government, return on such investment is essential from the perspective of the State Government and therefore, an analysis of the earnings *vis-à-vis* investments was carried out to assess the profitability of these PSUs. Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. The present value of the Government investments has been computed to assess the rate of return on the present value of investments of GoG in the State PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of the year up to 31 March 2018, the past investments/year-wise funds infused by the GoG in the State PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds to the government for the concerned year. Therefore, PV of the State Government investment was computed in respect of those 15 State PSUs where funds had been infused by the State Government in the shape of equity and interest free loan since inception of these companies till 31 March 2018.

The present value (PV) of the State Government investment in the 15 undertakings was computed on the basis of following assumptions:

- Interest free loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of interest free loans over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment since they do not qualify to be considered as investment.
- The average rate of interest on government borrowings for the concerned financial year[15] was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the government towards investment of funds for the year and therefore considered as the minimum expected rate of return on the investment made by the Government.

[14] This includes net profit/losses for the concerned year relating to those State PSUs where the investments have been made by the State Government. In case where annual accounts of any PSU was pending during any year then net earnings for that year has been taken as per latest audited accounts of the concerned year

[15] The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Goa) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100

As per latest finalised accounts of three working[16] PSUs and one inactive[16] PSU, a higher quantum of accumulated losses than the capital investment showed that the overall capital of four[16] State PSUs had entirely eroded resulting in negative net worth of ₹ 154.32 crore. In respect of these four PSUs which have accumulated losses, a more appropriate measure of performance is the erosion of net worth due to the losses. The erosion of net worth in respect of these PSUs is commented upon in **Paragraph 3.1.19**.

3.1.17 PSU wise position of State Government investment in these 15 State PSUs in the form of equity and interest free loans on historical cost basis for the period from 2000-01 to 2017-18 is indicated in **Appendix 3.5**. Further, consolidated position of PV of the State Government investment and the total earnings relating to these PSUs for the same period is indicated in **Table 3.1.9** below.

Table 3.1.9 : Year wise details of investment by the State Government and present value (PV) of government investment for the period from 2000-01 to 2017-18

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Interest free loans given by the state government during the year[17]	Total Invest-ment during the year	Average rate of interest on government borrowings (in *per cent*)	Total invest-ment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year[18]
1	2	3	4	5=3+4	6	7=2+5	8={7*(1+6/100)}	9=8-7	10
2000-01		74.13[19]	-	74.13	9.07	74.13	80.85	6.72	-6.79
2001-02	80.85	10.35	-	10.35	9.47	91.20	99.84	8.64	-15.73
2002-03	99.84	5.16	-	5.16	9.25	105.00	114.71	9.71	-32.15
2003-04	114.71	12.86	-	12.86	8.95	127.57	138.99	11.42	-39.63
2004-05	138.99	14.88	0.62	15.50	7.89	154.49	166.68	12.19	-19.48
2005-06	166.68	15.16	0.62	15.78	8.54	182.46	198.04	15.58	-1.50
2006-07	198.04	31.20	1.00	32.20	7.97	230.24	248.59	18.35	53.46
2007-08	248.59	26.04	-	26.04	7.46	274.63	295.12	20.49	97.40
2008-09	295.12	20.85	6.39	27.24	7.64	322.36	346.99	24.63	24.55
2009-10	346.99	12.85	-	12.85	7.79	359.84	387.87	28.03	24.33
2010-11	387.87	12.47	-0.60	11.87	7.62	399.74	430.20	30.46	5.03
2011-12	430.20	19.40	-1.33	18.07	7.59	448.27	482.29	34.02	-1.32
2012-13	482.29	37.76	-	37.76	7.69	520.05	560.04	39.99	31.62
2013-14	560.05	0.50	-0.53	-0.03	7.44	560.02	601.67	41.67	22.69
2014-15	601.68	-	-0.53	-0.53	7.59	601.15	646.77	45.63	28.21
2015-16	646.78	5.50	-0.53	4.97	7.30	651.75	699.32	47.58	53.87
2016-17	699.33	1.00	-0.72	0.28	7.09	699.61	749.20	49.60	47.95
2017-18	749.21	-	-0.55	-0.55	7.03	748.66	801.28	52.63	49.71
Total		**300.11**	**3.84**						

(Source: compiled from Finance Accounts and information furnished by PSUs)

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

[17] Negative figures of Interest free loans shown in this column represent repayments of loans by the PSUs to the State Government during the concerned year

[18] Total Earnings for the year from 2000-01 to 2017-18 depicted net earnings (profit/loss) for the years relating to 14 PSUs (excluding GITDC and two subsidiary companies) which prepare their annual accounts on commercial accounting principles. In case where annual accounts of any PSU was pending during any year then net earnings for that year has been taken as per latest audited accounts of the concerned year

[19] It is the figure of State Government's investment as on 31/03/2001 as per **Appendix 6** of CAG's Audit Report for the year ended 2000-01 and is cumulative up to 2000-01

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 303.95 crore[20] in 2017-2018 from ₹ 74.13 crore in 2000-01 as the State Government made further investments in shape of equity (₹ 225.98 crore) and interest free loans (₹ 3.84 crore) during the period 2004-05 to 2017-2018. The PV of funds infused by the State Government up to 31 March 2018 amounted to ₹ 801.29 crore.

It could be seen that total earnings for the year relating to these companies which were negative up to 2005-06 became positive from 2006-07 and remained positive till 2017-18 except in 2011-12. During the years 2006-07, 2007-08 and 2015-16, the returns/earnings were positive and greater than the minimum expected returns. However, during the period 2008-09 to 2017-18, except 2011-12 and 2015-16, the earnings though remained positive but were less than the minimum expected returns.

3.1.18 Sector-wise comparison of returns on State Government funds at historical cost and at present value for the last five years from 2013-14 to 2017-18 is given in **Table 3.1.10**.

Table 3.1.10 : Return on State Government Funds

(₹ in crore)

Year wise Sector-wise break-up	Total Earnings/ losses (-) for the year	Investment by the GoG in form of Equity and Interest Free Loans on historical cost	Return on State Government investment on the basis of historical cost (*per cent*)	PV of the State Government investment at end of the year	Return on State Government investment considering the present value of the investments (*per cent*)
2013-14					
Social Sector	5.89	64.94	9.07	112.43	5.24
Competitive Sector	-23.55	117.22	-20.09	225.79	-10.43
Others	37.82	117.62	32.15	263.45	14.36
Total	**20.16**	**299.78**	**6.72**	**601.67**	**3.35**
2014-15					
Social Sector	4.78	64.94	7.36	120.96	3.95
Competitive Sector	-23.19	116.69	-19.87	242.35	-9.57
Others	26.39	117.62	22.44	283.46	9.31
Total	**7.98**	**299.25**	**2.67**	**646.77**	**1.23**
2015-16					
Social Sector	7.61	65.44	11.63	130.33	5.84
Competitive Sector	6.29	121.16	5.19	264.84	2.38
Others	38.80	117.62	32.99	304.15	12.76
Total	**52.70**	**304.22**	**17.32**	**699.32**	**7.54**
2016-17					
Social Sector	7.78	66.44	11.71	140.64	5.53
Competitive Sector	-1.73	120.44	-1.44	282.85	-0.61
Others	43.32	117.62	36.83	325.71	13.30
Total	**49.37**	**304.50**	**16.21**	**749.20**	**6.59**
2017-18					
Social Sector	8.33	66.44	12.54	150.53	5.53
Competitive Sector	-9.69	119.89	-8.08	302.15	-3.21
Others	51.07	117.62	43.42	348.60	14.65
Total	**49.71**	**303.95**	**16.35**	**801.28**	**6.20**

(Source: compiled from Accounts of PSUs, Finance Accounts and information furnished by PSUs)

[20] ₹ 303.95 crore=₹ 300.11 crore + ₹ 3.84 crore

The return earned on State Government investment on historical cost basis was 6.72 *per cent* in 2013-14, it declined to 2.67 *per cent* in 2014-15 and then increased to 17.32 *per cent* during 2015-16. It declined thereafter to 16.21 *per cent* and 16.35 *per cent* during 2016-17 and 2017-18 respectively. The returns earned on State Government funds considering the present value of the investments were 3.35 *per cent,* 1.23 *per cent,* 7.54 *per cent,* 6.59 *per cent* and 6.20 *per cent* during 2013-14 to 2017-18 respectively.

Further, during this period, the returns from competitive sector on present value worked out at -10.43 *per cent*, -9.57 *per cent,* 2.38 *per cent,* -0.61 *per cent* and -3.21 *per cent* against -20.09 *per cent*, -19.87 *per cent,* 5.19 *per cent,* -1.44 *per cent and* -8.08 *per cent* of returns respectively based on the historic cost of investment.

Erosion of Net worth

3.1.19 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners.

The capital investment and accumulated losses of 16 State Government PSUs excluding GITDC as per their latest finalised accounts as on 31 March 2018 were ₹ 365.20 crore and ₹ 59.13 crore resulting in positive net worth of ₹ 424.33 crore as depicted in **Table 3.1.11** below.

Table 3.1.11 : Net worth of undertakings during 2013-14 to 2017-18

(₹ in crore)

Year	Total PSUs	PSUs preparing Accounts	Total Paid up Capital at end of the year	Accumulated Profit (+)/Loss (-) at end of the year	Net Worth
2013-14	16	15	326.91	-47.24	279.67
2014-15	16	15	346.27	-37.99	308.28
2015-16	16	15	360.01	-13.38	346.63
2016-17	17	15	360.56	26.86	387.42
2017-18	17	16	365.20	59.13	424.33

(Source: Compiled from Accounts of PSUs)

As can be seen, the net worth of these companies increased during the period. It increased from ₹ 279.67 crore in 2013-14 to ₹ 424.33 crore in 2017-18. PSUs reporting net profit as per their financial statements during the period 2013-14 to 2017-18 ranged from 8 to 11. However, EDC Limited had contributed the most *i.e.* 65.52 *per cent* to 83.42 *per cent* of the total profit earned by such PSUs. While three to six PSUs had reported losses during the same period, the overall position was positive for the State Government.

A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment and accumulated losses in respect of three active PSUs and one inactive PSU as per their latest finalised accounts were ₹ 110.03 crore and ₹ 264.35 crore respectively resulting in negative net worth of ₹ (-) 154.32 crore after deducting nil deferred revenue expenditure as can be seen from **Appendix 3.2**. Of these four PSUs, the maximum net worth erosion was in Kadamba Transport Corporation Limited (₹ 118.16 crore) and Goa Electronics Limited (₹ 19.06 crore). Of these four PSUs where net worth had been fully eroded, one of the PSU *i.e.* GEL as per its latest finalised accounts had recorded profit of ₹ 0.44 crore for 2017-18 although there were substantial accumulated losses.

Out of 15 PSUs where funds were infused by the GoG, 13 PSUs[21] showed positive net worth and net worth of two[22] PSUs was negative during 2013-14 to 2017-18. The net worth of these two PSUs decreased during 2013-14 to 2017-18 whereas it increased in respect of three[23] PSUs during the same period and it fluctuated in respect of balance eight PSUs.

Dividend Payout

3.1.20 The State Government had not formulated any dividend policy. The detail of Dividend Payout relating to PSUs where equity was infused by GoG during the period is shown in **Table 3.1.12**.

Table 3.1.12 : Dividend Payout of 15 PSUs during 2013-14 to 2017-18

(₹ in crore)

Year	Total PSUs where equity infused by GoG		PSUs which earned profit during the year		PSUs which declared/ paid dividend during the year		Dividend Payout Ratio (*per cent*)
	Number of PSUs	Equity infused by GoG	Number of PSUs	Equity infused by GoG	Number of PSUs	Dividend declared/ paid by PSUs	
1	2	3	4	5	6	7	8=7/5*100
2013-14	14	293.61	8	186.83	2	1.38	0.74
2014-15	14	293.61	8	186.83	2	1.38	0.74
2015-16	14	299.11	9	264.20	2	1.38	0.52
2016-17	15	300.11	8	170.31	2	1.38	0.81
2017-18	15	300.11	8	170.31	2	1.38	0.81

(Source: Compiled from Accounts of PSUs)

During the period 2013-14 to 2017-18, the number of PSUs which earned profits ranged between eight and nine. However, only two PSUs paid dividend to GoG. The Dividend Payout Ratio during 2013-14 to 2017-18 ranged between 0.52 *per cent* and 0.81 *per cent*.

Return on Equity

3.1.21 Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholders fund reveals that the

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[21] Goa Forest Development Corporation Ltd., Goa Meat Complex Ltd., Goa State Horticultural Corporation Ltd., Goa State Scheduled Castes and Other Backward Class Finance Development Corporation Ltd., Goa State Scheduled Tribes Finance and Development Corporation Ltd., Goa State Infrastructure Development Corporation Ltd., Sewage and Infrastructural Development Corporation Ltd., Imagine Panaji Smart City Development Ltd., Goa Tourism Development Corporation Ltd., EDC Ltd., Info Tech Corporation of Goa Ltd., Goa Industrial Development Corporation and Goa Information Technology Development Corporation

[22] Goa Handicrafts, Rural and Small Scale Industries Development Corporation, Kadamba Transport Corporation Ltd.

[23] Goa State Horticultural Corporation Ltd., Goa State Scheduled Tribes Finance and Development Corporation and Sewage and Infrastructural Development Corporation Ltd.

company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

Return on Equity has been computed in respect of 14[24] State Government PSUs where funds had been infused by GoG. The details of Shareholders fund and ROE relating to these 14 PSUs during the period from 2013-14 to 2017-18 are given in **Table 3.1.13**.

Table 3.1.13 : Return on Equity relating to PSUs where funds were infused by the GoG

(₹ in crore)

Year	Net Income	Shareholders' Fund	ROE (*per cent*)
2013-14	20.14	302.67	6.65
2014-15	7.98	339.16	2.35
2015-16	52.70	377.93	13.94
2016-17	49.37	419.84	11.76
2017-18	49.71	457.58	10.86

(Source: Compiled from Accounts of PSUs)

During the last five years period ended March 2018, the Net Income was positive and the ROE during these years ranged between 2.35 *per cent* and 13.94 *per cent*.

Return on Capital Employed

3.1.22 Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[25]. The details of total ROCE of all the 17 State PSUs together except GITDC during the period from 2013-14 to 2017-18 are given in **Table 3.1.14.**

Table 3.1.14 : Return on Capital Employed

(₹ in crore)

Year	No. of PSUs	EBIT	Capital Employed	ROCE (*per cent*)
2013-14	15	54.42	613.49	8.87
2014-15	15	69.89	702.77	9.94
2015-16	15	115.82	890.95	13.00
2016-17	16	122.91	1141.34	10.77
2017-18	16	180.17	1534.45	11.74

(Source: Compiled from Accounts of PSUs)

The ROCE of these State PSUs ranged between 8.87 *per cent* and 13 *per cent* during the period 2013-14 to 2017-18. The ROCE increased up to 2015-16 but declined during 2016-17 and has improved in 2017-18.

Analysis of Long Term Loans of the PSUs

3.1.23 Analysis of the Long Term Loans of the PSUs which had leverage during 2013-14 to 2017-18 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks

[24] Out of total 17 PSUs as on 31/03/2018 excluding three PSUs *i.e.* GITDC which has not finalised its accounts since inception, Goa Electronics Ltd. and Goa Auto Accessories Ltd. which are subsidiaries of EDC Ltd.

[25] Capital employed = Paid up share capital + free reserves and surplus + long term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised

and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio

3.1.24 Interest coverage ratio is used to determine the ability of a Company to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a Company by interest expenses of the same period. The lower the ratio, the lesser the ability of the Company to pay interest on debt. An interest coverage ratio below one indicated that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in respect of those companies which had interest burden during the period from 2013-14 to 2017-18 are given in **Table 3.1.15**.

Table 3.1.15 : Interest Coverage Ratio relating to State PSUs

Year	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Earnings before interest and tax (EBIT) *(₹ in crore)*	Interest *(₹ in crore)*	Number of PSUs having interest coverage ratio more than one	Number of PSUs having interest coverage ratio less than one
2013-14	10	55.96	38.16	5	5
2014-15	10	70.90	46.93	5	5
2015-16	10	114.51	55.56	7	3
2016-17	10	118.69	68.54	6	4
2017-18	9	184.16	96.64	5	4

(Source: Compiled from Accounts of PSUs)

Of the nine State PSUs having liability of loans from Government as well as banks and other financial institutions during 2017-18, five PSUs[26] had interest coverage ratio of more than one whereas remaining four PSUs[27] had interest coverage ratio below one which indicates that these four PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

Debt Turnover Ratio

3.1.25 During the last five years, the turnover of 16 PSUs except GITDC recorded compounded annual growth of 8.24 *per cent* whereas compounded annual growth of debt was 26.98 *per cent* due to which the debt turnover ratio increased from 0.50 in 2013-14 to 1.15 in 2017-18 as given in **Table 3.1.16**.

Table 3.1.16 : Debt Turnover Ratio relating to the State PSUs

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Debt from Government and others (Banks and Financial Institutions)	323.48	436.80	649.20	885.73	1070.11
Turnover	651.82	809.08	820.56	909.08	934.44
Debt-Turnover Ratio	0.50:1	0.54:1	0.79:1	0.97:1	1.15:1

(Source: Compiled based on information contained in latest finalised accounts of PSUs for respective years or information for relevant year furnished by PSUs)

[26] EDC Ltd., Info Tech Corporation of Goa Ltd., Sewage and Infrastructural Development Corporation Ltd., Goa Electronics Ltd., and Goa State Infrastructure Development Corporation Ltd.

[27] Goa Handicrafts, Rural and Small Scale Industries Development Corporation Ltd., Goa Auto Accessories Ltd., Goa State Scheduled Castes and Other Backward Class Finance and Development Corporation Ltd., and Kadamba Transport Corporation Ltd.

The debt-turnover ratio ranged between 0.50 and 1.15 during this period. This was mainly due to increase in borrowings by two PSUs namely Goa State Infrastructure Development Corporation Limited and Sewage & Infrastructural Development Corporation Limited.

Winding up of inactive State PSUs

3.1.26 Only one State PSU was inactive company (Goa Auto Accessories Limited) having a total investment of ₹ 5.59 crore towards capital as on 31 March 2018. The number of non-functional PSUs at the end of each year during last five years ended 31 March 2018 are given in **Table 3.1.17**.

Table 3.1.17 : Inactive State PSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of inactive[28] companies	2	2	2	2	1

(*Source: Compiled from the information included in Audit Report (PSU), GoG of respective years &* ***Appendix 3.2****)*

Major portion of assets of GAAL had been sold (June 2017). The NCLT, Mumbai has vide its order dated 11/12/2018 appointed an Interim Resolution Professional (IRP) to carry out the function under Insolvency and Bankruptcy Code 2016.

Comments on Accounts of active State PSUs

Companies

3.1.27 Fifteen PSUs forwarded 23 audited accounts to the Accountant General during the period from 01 October 2017 to 31 March 2019. Of these, 18 accounts of 15 Companies were selected for supplementary audit. The comments in the Audit Reports of the Statutory Auditors appointed by CAG and the supplementary audit of CAG mention significant observations on the financial statements. These indicate the quality of financial statements and highlight the areas which need improvement. The details of aggregate money value of comments of Statutory Auditors and CAG are given in **Table 3.1.18**.

Table 3.1.18 : Impact of audit comments on active Companies

(₹in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	2	19.80	5	66.93	5	17.71
2	Increase in loss	5	1.52	3	8.67	3	4.49
3	Non-disclosure of material facts	2	0.33	3	8.81	3	0.45
4	Errors of classification	4	2.82	2	79.49	4	389.75

(Source: Compiled from details received from PSUs)

During the year, the Statutory Auditors had given unqualified certificates on 13 accounts of eight PSUs and qualified certificates on seven accounts of five PSUs. In respect of one account[29] they gave adverse certificate which means that the accounts do not reflect a true and fair position. In respect of two

[28] From 2013-14 to 2016-17: Goa Auto Accessories Ltd., Goa Information Technology Corporation Ltd.

[29] Goa Tourism Development Corporation Ltd. (2017-18)

accounts[30] the Statutory Auditors have given disclaimer and qualified certificate that the auditors were unable to form an opinion on the accounts.

Corporations

3.1.28 The State has two Statutory Corporations *i.e.* (i) Goa Industrial Development Corporation (GIDC) and (ii) Goa Information Technology Development Corporation (GITDC). The CAG is sole auditor in respect of both Corporations.

Out of two active Statutory Corporations, one Corporation (GIDC) forwarded its annual accounts for the financial year 2016-17 during 01 October 2017 to 31 March 2019.

The details of aggregate money value of the comments included in supplementary audit by the CAG in respect of Statutory Corporation are given in **Table 3.1.19**.

Table 3.1.19 : Impact of audit comments on Statutory Corporation

(₹in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1	Decrease in profit	-	-	-	-	-	-
2	Increase in profit	1	1.10	-	-	-	-
3	Increase in loss	-	-	-	-	-	-
4	Decrease in loss	-	-	-	-	-	-
5	Non-disclosure of material facts	1	10.86	-	-	1	90.01
6	Errors of classification	1	0.49	-	-	1	19.30

(Source: Compiled from comments of the C&AG in respect of Statutory Corporation)

Coverage of this Report

3.1.29 For the Report of the Comptroller and Auditor General of India (Public Sector Undertakings) for the year ended 31 March 2018, One Performance Audit Report and one audit paragraph were issued to the Management and Secretaries of the respective Departments with request to furnish replies within six weeks. The replies were awaited from the State Government (August 2019). The total financial impact of these compliance audit paragraphs is ₹ 32.13 crore.

Follow up action on Audit Reports

Replies outstanding

3.1.30 The Report of the Comptroller and Auditor General of India is the product of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All the Administrative Departments of PSUs need to submit the explanatory notes indicating the corrective/remedial action taken or proposed to be taken on paragraphs and performance audits included in the Audit Reports. The Finance Department, Government of Goa issued every year, instructions to all Administrative Departments to submit replies/explanatory notes within a period of three

[30] Sewage and Infrastructural Development Corporation Ltd. (2016-17 & 2017-18)

months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table 3.1.20 : Position of explanatory notes not received (as on 31 March 2019)

Year of the Audit Report (PSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	14/08/2015	0	3	0	0
2014-15	11/08/2016	1	3	0	0
2015-16	07/08/2017	1	1	0	1
2016-17	03/08/2018	0	4	0	4
Total		**2**	**11**	**0**	**5**

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

Explanatory notes on two compliance audit paragraphs of Sewage and Infrastructural Development Corporation and three paragraphs of Goa Industrial Development Corporation are pending.

Discussion of Audit Reports by COPU

3.1.31 The status of discussion of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) by the Committee on Public Undertakings (COPU) as on 30 June 2019 is given in **Table 3.1.21**.

Table 3.1.21 : PAs and paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 June 2019

Period of Audit Report	Number of PAs/Paragraphs			
	Appeared in Audit Report		Discussed by COPU	
	PAs	Paragraphs	PAs	Paragraphs
2013-14	0	3	0	3
2014-15	1	3	1	3
2015-16	1	1	0	0
2016-17	0	4	0	0
Total	**2**	**11**	**1**	**6**

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

The discussion on Audit Reports (PSUs) up to 2012-13 has been completed.

Compliance to Reports of COPU

3.1.32 Action Taken Notes (ATNs) on two reports of the COPU presented to the State Legislature in February 2011 and December 2018 had not been received. One COPU report of 2017-18 and two COPU reports of 2018-19 were presented to the State Legislature on 31 January 2019 and ATNs on these COPU reports are also awaited (June 2019) as indicated in **Table 3.1.22**.

Table 3.1.22 : Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
2009-11	1	4	4
2014-15	1	8	8
2017-18	1	6	6
2018-19	2	12	12

(Source: Compiled based on recommendations of COPU)

These Reports of COPU contained recommendations in respect of paragraphs which appeared in the Audit Report of the CAG of India for the year 2003-04, 2009-10, 2010-11, 2011-12 and 2012-13 respectively.

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

INFORMATION TECHNOLOGY DEPARTMENT

3.2 Performance Audit on Implementation of e-Tendering System in Goa

Executive Summary

Government of Goa (GoG) implemented an e-Tendering solution named TenderWizard with the objective of improving transparency and efficiency in procurement process across all departments, offices, autonomous bodies and public sector companies/corporations in the State. The Performance Audit on implementation of the e-Tendering system was conducted for the five-year period from 2013-14 to 2017-18 to assess the achievement of transparency and efficiency in procurement after implementation of the TenderWizard.

The implementation of the TenderWizard was not supported by adequate training and awareness amongst users and many relied on help desk staff of the private technology partner for tendering activities. The role and responsibility of ITG as the implementing agency was not spelt out. As key modules were not implemented, many activities were performed manually thereby delaying finalisation/opening of tenders, awarding of contracts and refund of earnest money deposit. Manual intervention in releasing tender documents to bidders after receipt of tender form fees and the users' reliance on help desk for uploading bids and opening tenders compromised transparency and secrecy. Government rules/guidelines on minimum time for submission of bids and collection of tender processing fees and earnest money deposit were not built into the system. Inadequate validation controls over data and absence of separation of duties enabled users to perform multiple e-Tendering roles, affecting the integrity of action done.

3.2.1 Introduction

Electronic Tendering or e-Tendering is the use of information and communication Technology (web based) in conducting the tendering processes with suppliers for the acquisition of goods, works and services. Government of Goa decided (June 2011) that all departments, autonomous bodies, public sector companies and corporations in the State would float tenders costing above ₹ five lakh by using e-Tendering/e-Procurement solution with effect from 01 July 2011, with the objective of improving transparency and expediency in procurement process. The implementation of the e-Tendering solution was entrusted to Info Tech Corporation of Goa Limited (ITG), a company under the Department of Information Technology (DoIT), Government of Goa.

ITG entered (May 2011) into an agreement with Karnataka State Electronics Development Corporation Limited (KEONICS), a public sector company under Government of Karnataka, for the period from July 2011 to December 2017 for setting up State-wide integrated e-Procurement and project monitoring portal named *TenderWizard*[31].

Financial Model of the project

The project was implemented on Public Private Partnership revenue-sharing model between KEONICS and ITG. The tender processing fee was collected from bidders based on the estimated value and type of contract. The minimum and maximum processing fee was ₹ 500 and ₹ 4,000 respectively. The agreement executed with KEONICS allowed ITG to retain 10 *per cent* of the amount (excluding tax) received as tender processing fees (TPF) and registration charges from bidders and transfer the balance receipt (excluding tax) of 90 *per cent* fees/charges to KEONICS on bi-monthly basis. During 2013-18, out of ₹ 9.18 crore (excluding tax) received as TPF and registration charges, ITG paid ₹ 8.26 crore to KEONICS and retained ₹ 0.92 crore.

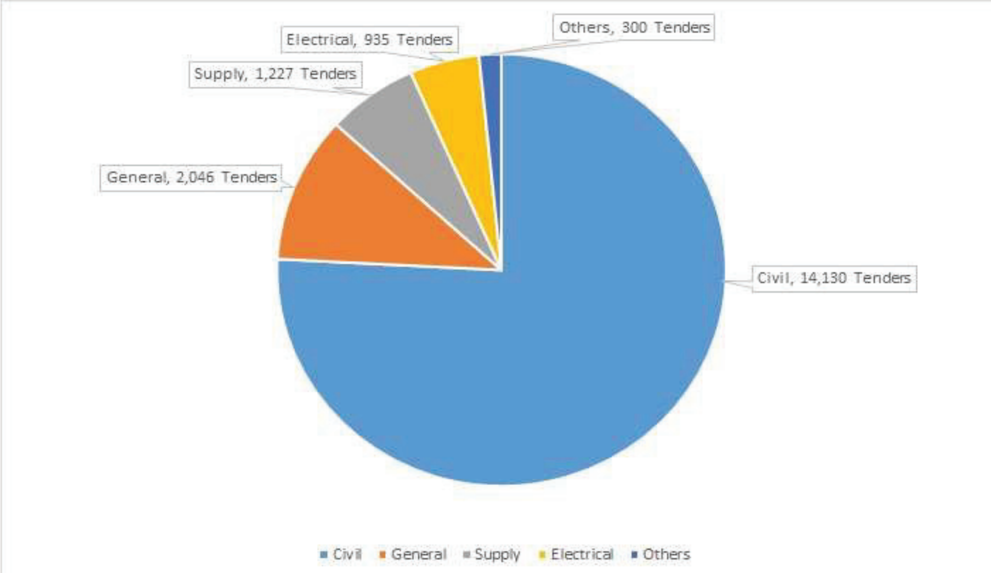
Overview of the TenderWizard

The *TenderWizard* was a software application built on web technology. Its servers were hosted at the data centre of Tata Communications Ltd., Bengaluru and available on the weblink *https://www.etender.goa.gov.in*. The main activities of the application included creation of buyer/vendor database and distributing and accepting electronic bid documents.

As of March 2018, 118 out of 167 State Government departments/autonomous bodies/public sector companies and corporations (hereinafter collectively referred to as buyers) had registered themselves in the *TenderWizard*. While registration of buyers in the *TenderWizard* was free, the contractors/suppliers/vendors (hereinafter collectively referred to as bidders) were required to pay an annual registration fee of ₹ 1,000. As per *TenderWizard* database, there were 5,384 bidders as of March 2018, of which 3,840 bidders had registered during 2013-18. Tenders were categorised as civil, supply, electrical, general, mechanical, consultancy, *etc.* **Chart 3.2.1** depicts the major categories of 18,638 tenders issued during 2013-18.

[31] An Application Service Provider model, jointly developed by KEONICS in technical tie-up with Antares Systems Ltd, a private company and technology partner. Under this model, tendering organisations could control the core tendering activities carried out on the web portal but the ownership and control of portal infrastructure vested with Antares Systems Ltd.

Chart 3.2.1: Diagram showing types of tender issued during 2013-18



3.2.2 Organisational set-up

The Secretary (Information Technology), Government of Goa is the administrative head of DoIT which oversees the implementation of the e-Tendering system in the State. He is assisted by the Director of Information Technology and a Deputy Director (Technical) at the DoIT. The implementing agency, ITG, was headed by the Managing Director assisted by a Joint Managing Director, an Officer on Special Duty (Infrastructure), a Chief Engineer in charge of projects, a Manager (IT), a Deputy Manager (Accounts and Administration) and other technical and administrative staff.

3.2.3 Audit objectives

The audit of e-Tendering system was undertaken to ascertain whether:

- The e-Tendering solution brought about transparency and efficiency in procurement process;
- Adequate controls over the system application and database were in place to ensure security, reliability and integrity of data; and
- The business rules were adequately mapped in the system.

3.2.4 Audit scope and methodology

The audit objectives, criteria, and scope of audit were discussed with the Secretary (Information Technology) in an entry conference held in May 2018. Performance Audit was conducted from April 2018 to August 2018 and the implementation of the e-Tendering system during the period from 2013-14 to 2017-18 was reviewed. The audit involved data analysis, discussion with officials of ITG and examination of records at ITG and 10 select buyers[32] out of 118 registered departments for physical examination of the tender records, which consisted of five departments, two local self-governments, two public sector undertakings and one other agency. The database relating to all the tenders (18,638) issued during 2013-14 to 2017-18 were examined during audit. The data obtained from ITG was analysed using MS Access and Oracle Structured Query Language (SQL).

The audit observations were communicated to ITG and other organisations for response. Their replies have been incorporated in the report at appropriate places. Audit observations were discussed in Exit Conference (January 2019) with the Secretary (Information Technology).

3.2.5 Audit criteria

The audit observations were benchmarked against the following criteria:

- Information Technology (IT) Act, 2000;
- Orders, circulars and guidelines issued by the State Government;
- e-Procurement guidelines issued by Central Vigilance Commission (CVC), Standardisation Testing and Quality Certification (STQC) Directorate and Department of Information Technology, Ministry of Communication and Information Technology, Government of India;
- Central Public Works Department (CPWD) Works Manual, 2007;
- General Financial Rules (GFR), 2005; and
- Good e-Procurement practices in the country.

Audit findings

3.2.6 Implementation of e-Tendering system

3.2.6.1 Inadequate automatisation efforts and training to user departments

The decision to implement the *TenderWizard* was taken (December 2010) based on an unsolicited proposal received (March 2010) from KEONICS. No Request for Proposal (RFP) or Expression of Interest (EOI) was invited for selection of technology partner and the e-Tendering solution. Though the *TenderWizard* was in use in some other States/entities, it required State-specific customisation by incorporating the requirements of user departments and mapping of Government rules and regulations on e-Procurement. It was equally important to sensitise the users to the new digital system.

Though ITG was appointed the implementing agency, neither the State Government order (June 2011) nor the agreement executed with KEONICS defined the role and responsibility of ITG. The agreement signed between ITG and KEONICS required the latter to carry out user requirement study and gap analysis and customise the e-Tendering solution attuned to the needs of the

[32] Organisations were selected using Probability-Proportional-To-Size Sampling method. These included Department of Water Resources (WRD), Public Works Department (PWD), Goa Electricity Department (GED), Directorate of Panchayats (DoP), Directorate of Skill Development and Entrepreneurship (DSDE), Corporation of the City of Panaji (CCP), North Goa Zilla Panchayat (NGZP), Goa Tourism Development Corporation Ltd. (GTDC), Kadamba Transport Corporation Ltd (KTC) and Goa State Urban Development Agency (GSUDA)

State. However, on being inquired, ITG did not provide any specific reply on user requirement study, gap analysis and customisation having been undertaken. On inquiry, six buyers[33] also stated that no user requirement study and gap analysis was carried out while implementing the e-Tendering system. Thus, *TenderWizard* was implemented without incorporating State-specific business rules in respect of EMD, TDF, TPF and processing time and guidelines on e-Procurement as detailed in **Paragraphs 3.2.7.2, 3.2.9.1 and 3.2.9.4** and the requirement of buyers was neither sought for nor understood during implementation phase.

As per the agreement between ITG and KEONICS, the latter was to arrange training workshops to the concerned officials from time to time so as to update them with the latest product. However, during the period of seven years (2011-18) after implementation of the *TenderWizard*, personnel of only 10 buyer organisations[34] (eight *per cent*) out of 118 buyer organisations were provided (June/July 2011) some theoretical training. As a result, most buyers relied on helpdesk staff of Antares Systems Ltd.[35] (technology partner) stationed at ITG for all their e-Tendering activities. None of the 10 select buyers except Public Works Department (PWD) had a dedicated cell/section to regularly monitor and report on the status of e-Tenders issued by them.

ITG replied (August 2018) that training was provided to users, who were informed of changes, if any, to processes, and detailed help manuals were available in the website. However, 15 units[36] of eight selected organisations admitted (October 2018) that their officials were not given adequate training. The buyers also acknowledged that no feedback was solicited by ITG or provided by them post implementation. Since efforts to inculcate a digital culture for tendering amongst buyers was insufficient, buyers lacked the desire to shift fully to a digital environment. To determine the extent of usage of e-Tendering system, the Audit independently sought information from 42 out of 118 registered buyers. Out of 19 buyers who responded, seven[37] buyers had manually issued and processed 63 tenders, each valuing more than ₹ five lakh and aggregating ₹ 4.31 crore during 2013-18. ITG too floated (August 2018) an RFP manually for selection of a new agency for implementation of an e-Tendering solution after the validity of agreement with KEONICS expired in December 2017.

ITG replied (August 2018) that it had no record/did not exercise any control over organisations issuing tenders above ₹ five lakh in physical mode. It added (October 2018) that the RFP for selection of a new agency for e-Tendering system was floated manually as per directions of DoIT. The reply indicates that transition to digital tendering was yet to take full roots with even the implementing agency for e-Tendering resorting to manual tendering.

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[33] DSDE, KTC, GED, GTDC, NGZP and PWD

[34] GED, Goa Handicrafts Rural and Small Scale Industries Development Corporation (GHRSSIDC), GSUDA, GTDC, PWD, and WRD

[35] A private company based in Bengaluru, providing web-based e-Procurement solutions

[36] CCP, DSDE, GED Contract Service Cell (CSC) and Divisions-VI and XVII, GSUDA, KTC, NGZP, PWD Divisions- XIII, XIV, XV, XVIII and XXIII and WRD Divisions I and II

[37] Canacona Municipal Council (one tender), Goa AIDS Control Society (five tenders), Human Resource Development Corporation (three tenders), Institute of Public Assistance Provedoria (two tenders), South Goa Zilla Panchayat (38 tenders), and village *panchayats* of Socorro (12 tenders) and Candolim (two tenders)

3.2.6.2 Partial implementation of e-Tendering modules

The *TenderWizard* was expected to provide an end-to-end procurement solution, from creation of dynamic vendor database for award of contract, management of tender contract operations and re-Tendering. It consisted of the following 10 modules:

1. Creation of dynamic vendor database	6. Techno-commercial evaluation
2. Tender notification and corrigendum announcement	7. Auto-generation of comparative statement
3. Distribution of tender document	8. Negotiation and award
4. Submission of sealed tender document in secured tender box	9. Management of tender contract Operations
5. Tender opening in stages	10. Re-Tendering

However, Audit noticed that four[38] out of the aforesaid 10 modules in the system were not made operational/utilised. The system also lacked transparency, as the buyers resorted to manual process for evaluating technical suitability, awarding of contract, management of contract operations and re-Tendering. Non-use of these modules was also confirmed by eight[39] out of 10 select buyers. Thus, due to partial implementation of modules of the *TenderWizard,* the benefits of migrating from a manual to an automated procurement system could not be fully achieved as indicated in **Appendix 3.6**.

ITG stated that though *TenderWizard* facilitate all modules, the Government of Goa did not utilise four modules. Thus, with partial implementation of the end-to-end e-Tendering solution the State could not reap full benefits that were possible due to automation.

Recommendation: The State Government may take steps to implement an e-Tendering solution with all modules fully operationalised so that benefits of automation accrue to users and transparency is ensured at all stages. Efforts may also be made to ensure that all buyers make use of e-Tendering solution for all tenders above the stipulated threshold.

3.2.7 System deficiencies

The online registration form in the *TenderWizard* had provision for enrolling users[40] and assigning them user name/password for logging into the application software for performing tendering activities. Further, the user name was mapped by the system at the time of registration with the user's Digital Signature Certificate (DSC) for authentication. Audit, however, observed infirmities in data and validation protocols/controls over data, which are discussed below.

3.2.7.1 Inadequate validation controls over data

As per the guidelines for compliance to quality requirement of e-Procurement Systems issued by STQC Directorate, Department of Information Technology,

[38] Creation of dynamic vendor database, negotiation and award, management of tender contract operations and re-tendering

[39] CCP, DSDE, GED-CSC and Divisions-VI and XVII, Goa State Urban Development Agency, GTDC, KTC, NGZP and PWD

[40] Users here refer to buyers as well as bidders

Government of India, the data of users of the e-Tendering system should have the qualities of completeness, reliability, integrity and accuracy, and this should be ensured through adequate validation controls in the application/database. The particulars of users, such as e-mail ID, PAN, telephone number and DSC/public key infrastructure[41] (PKI) serial number (encrypted) constitute vital data, as these are required for registration, building up repository of vendor database and online communication in an e-Tendering system. We observed that essential details were not correctly/mandatorily entered by users at the time of online registration, resulting in an invalid information system, as shown in **Table 3.2.1**.

Table 3.2.1: Incomplete/invalid data of users

Attributes	Number of cases
Total number of users	5384
Invalid e-mail ID (*eg.*, test@test.com (273), test@gmail.com (57), testtest@gmail.com(12), twmailtest@gmail.com(38))	380
Invalid PAN (*eg., ABCD123, SAER1234*)	122
Invalid telephone number (*eg., 123456789, 1234567890, 987654*)	42

(Source: Database provided by ITG)

The system accepted incorrect/invalid values in the database as data field limit and type were not mandatorily set, which rendered the data unreliable.

Admitting that data fields were not made mandatory at the time of registration of users, ITG replied (August 2018) that the relevant information was not fed into the system by users of the *TenderWizard*. The reply is not tenable as ITG being the implementing agency, should have ensured that critical data fields were populated accurately for providing full benefits to users in an online environment. Further, adequate validation checks should have been in place in the system to ensure capturing of correct data. In absence of validated bidder data, each bidder's details had to be manually verified every time they participated.

3.2.7.2 Business rules not mapped in the application software

The procurement process should comply with the provisions of CPWD Works Manual 2007 (updated in 2014), the GFR 2005 (updated in 2017) and instructions/guidelines issued by the State Government from time to time. In an e-Tendering system, this is made possible by mapping business rules in the application software and applying adequate checks. Audit observed that ITG did not impress upon with KEONICS to incorporate the business rules/guidelines in the system, resulting in deficiencies discussed below:

- **Insufficient time for submission of bids**

The CPWD Works Manual 2007 prescribed (Section 16.5 – Time limit for publicity of tenders) number of days ranging from 7 to 14 days between date of publication of tender on the website and the date of receipt of bids

[41] A public key infrastructure is a set of roles, policies and procedures needed to create, manage, distribute, use, store and revoke digital certificates and manage public key encryption. It facilitates secure electronic transfer of information over the internet/network, confirms the identity of parties involved in the communication and validates the information being transferred

depending upon the tender value. Providing a shorter period to vendors for submission of bids than that stipulated could adversely affect competitiveness in procurement process. However, Audit observed that the time limit prescribed in the CPWD manual for submission of bids was not incorporated in the system and the submission dates were manually entered by the buyers. Audit analysed 18,638 tenders and found that in 896 tenders, the stipulated days were not given to bidders as detailed in **Table 3.2.2**.

Table 3.2.2: Buyer-wise summary of shorter period given for submission of bids

Sl. No.	Buyer	Tenders upto ₹ 20 lakh	Tenders between ₹ 20 lakh to ₹ two crore	Tenders above ₹ two crore	Total
1	Water Resources Department	11	4	3	18
2	Directorate of *Panchayats*	2	-	-	2
3	District Rural Development Agency (DRDA), North Goa	4	2	-	6
4	Goa Electricity Department	-	1	-	1
5	Goa Housing Board (GHB)	-	1	-	1
6	Goa Industrial Development Corporation (GIDC)	5	10	4	19
7	Goa Meat Complex Limited	-	1	-	1
8	Goa Tourism Development Corporation Ltd.	-	1	-	1
9	Mapusa Municipal Council	7	6	-	13
10	Mormugao Municipal Council	1	-	1	2
11	Public Works Department	576	148	87	811
12	Sports Authority of Goa	2	11	8	21
Total number of tenders		**608**	**185**	**103**	**896**
Total estimated cost (₹ *in crore*)		**63.45**	**125.85**	**228.57**	**417.87**
Minimum time required to be given as per CPWD Works Manual		**7 days**	**10 days**	**14 days**	
Actual time given to bidders		**2 to 6 days**	**3 to 9 days**	**3 to 13 days**	

(Source: Database provided by ITG)

ITG replied that the tender dates are decided by the tender inviting Departments. ITG being the e-Tender service provider does not hold any control on fixing the time frames of the tenders. The fact remained that ITG did not insist for mapping the provisions of CPWD Works Manual in the system to prevent unauthorised curtailment of time limits.

- **Short-collection of tender processing fee and tax**

The State Government prescribed (October 2011) collection of tender processing fee (TPF) from bidders, at the rate of 0.1 *per cent* of the estimated tender value subject to a minimum of ₹ 500 and maximum of ₹ 4,000 for value-based works tenders, and ₹ 1,500 for value-based tenders for goods and consultancy services. Audit observed that processing fee was manually entered by the buyers and there was no check in the system to ensure that processing fee is being collected in accordance with the specified rates. This resulted in short-collection of ₹ 1.21 crore by 41 buyers in 13,297 bids during 2013-18. Further, a sum of ₹ 0.69 crore was collected in excess of the prescribed TPF by 61 buyers in 3,666 bids. The applicable GST amounting to

₹ 50.91 lakh[42] on tender document fees (TDF) levied from contractors/vendors was also not collected and remitted to Government account from 01 July 2017 as there was no in-built facility in the system for the same.

ITG replied that it does not hold any control on fixing the Tender Document Fee and Tender Processing Fee. Regarding GST, ITG stated that the matter will be taken up with the Government for further decision on this matter. The reply indicates that DoIT/ITG did not get KEONICS to incorporate State Government orders in the *TenderWizard* for compliance.

Thus, the *TenderWizard* did not incorporate the minimum bid submission periods based on the estimated cost and category of tenders and failed to ensure collection of applicable fees and tax due to non-mapping of the business rules in the system.

3.2.7.3 Test data comingled with real-time data

Good practices dictate that test/dummy data should be run on a database separate from real-time data and the former should be filtered/hidden from users of real data. Audit observed that the *TenderWizard* contained 913 dummy tenders that were created and used for testing purpose by users at various times (since 2011-12) till date. Of this, 449 dummy tender records were shown as cancelled while 464 records remained comingled with real time data. Of the 464 test records, 342 appeared against non-existent user named 'GOA' and the balance 122 records were recorded against 52 buyers. The existence of undeleted test data in live database presented the possibility of generation of information that contained redundant (dummy) data. Being the implementing agency, ITG should have worked with KEONICS for clearing all test data from live database so that the users had access only to correct and meaningful information.

Recommendation: The State Government may implement an e-Tendering solution that mandatorily captures vital data on all users at the time of their registration and validates it with every transaction. The implementing agency should ensure that business rules are mapped in the system for compliance.

3.2.8 Transparency in e-Tendering system

3.2.8.1 Release of tender documents to prospective bidders

The GFR, 2005 prescribed (Rule 137) that public procurement should be efficient and suppliers should be treated in an equitable manner. CPWD Works Manual, 2012 also stipulated (Section 18.2.1) that tenders should be sold to eligible contractors who fulfilled the criteria as stipulated in the tender document. These rules should have been mapped in the *TenderWizard* so as to limit acceptance of tender document fee from bidders who fulfilled the tender criteria and issue of tender documents to eligible applicants immediately on payment of requisite TDF. However, this was not ensured.

The *TenderWizard* contained a feature named *Auto Send* (with an option of '*Yes*' or '*No*') to be used by buyers at the time of authorising each tender. While selection of '*Yes*' option enabled the detailed tender document to be

[42] Computed at the rate of 18 *per cent* per annum on ₹ 2.83 crore collected as tender document fees during the period from 01 July 2017 to 31 March 2018

automatically released online to registered bidders, selection of '*No*' option enabled buyers to withhold tender documents and release them manually at their discretion after verifying the eligibility of bidders. Data analysis revealed that out of 18,638 tenders issued during 2013-18, the *Auto Send* feature was set to '*Yes*' by 110 buyers for 16,335 tenders with estimated cost aggregating ₹ 9,352 crore and to '*No*' by 40 buyers for 2,303 tenders with estimated cost aggregating ₹ 2,493 crore. Though selection of *Auto Send* - '*Yes*' option enabled automatic release of tender documents on receipt of TDF, verification of eligibility of bidders was not ensured in the system. In these cases, the eligibility of bidders was verified at the time of opening of technical bids manually.

Audit observed that the buyers who opted for *Auto Send* - '*No'* took time varying from 2 to 300 days to issue tender documents after receipt of TDF. **Appendix 3.7** shows some instances where 11 buyers set *Auto Send* - '*No*' in 20 tenders and released tender documents to 58 bidders at different dates resulting in availability of lesser time to some bidders to respond though they had paid TDF on the same date as the others.

ITG stated (August 2018) that dates of issuing tender document and bid submission were fixed by buyers and the e-Tendering service provider had no control over tender schedules. The replies are untenable as the e-Tendering system envisaged reduction in activity burden of buyers and it should have facility for verification of eligibility of bidders. However, it allowed release of tender document without prescribed checks and also allowed manual intervention by buyers through *Auto Send* - '*No*' feature which led to delays in issue of tender documents to the bidders. The manual intervention during this process of e-Tendering compromised the purpose of automation for greater transparency and efficiency.

3.2.8.2 Secrecy of bids not maintained

As per guidelines of CVC on implementation of e-Tendering solutions, Public Key Infrastructure is one of the most critical security feature that is required to be implemented in order to establish non-repudiation and ensure the security of the online system. Under the system, participating contractors as well as the departmental users are issued with a Digital Signature Certificate (DSC) by a licensed Certification Authority.

To ascertain if authorised users perform e-Tendering activities by themselves, Audit witnessed (09 August 2018 and 11 September 2018) two tender opening events[43] (TOE). It was observed that authorised user(s) at buyer's offices were not adequately trained to use the *TenderWizard* and solicited assistance of help desk staff for the purpose. This arrangement compromised secrecy in the following manner:

- The TOE for an e-Tender floated by Nerul VP took place at 11:30 a.m. on 09 August 2018 at the conference room of ITG instead of the notified venue (Nerul VP), and was attended by a clerk from Nerul VP in place

[43] Nerul VP tender number VP/NER/Tender/E-tender/2018-19/302 dated 12 July 2018 inviting two-stage bids for door-to-door collection, segregation and transportation of garbage waste in nine Wards of Nerul VP at an estimated cost of ₹ 15.17 lakh and WRD tender number 6-9/WD-I/WRD/Accts/2018-19/e-19 dated 06 August 2018 for servicing and recalibration of in-place automatic and manual inclinometer systems at an estimated cost of ₹ 18.59 lakh

of the authorised user(s), *viz.*, the *Sarpanch* and the Secretary of Nerul VP.

- The help desk staff logged in the *TenderWizard* using his laptop (IP address 192.168.43.216) with user name/password of VP Secretary, which was disclosed by VP clerk. The clerk also handed over the DSC/PKI key of VP Secretary to help desk staff for authenticating the PKI-based session.
- One of the two bidders who submitted bids did not submit proof of experience in doing similar work, as required by tender terms but was considered technically suitable by the clerk present.
- The default personal identification number (PIN) printed on DSC/PKI security token (ePass 2003) needs to be changed in first login itself as it is known to the issuing authority. However, though the system prompted to change the default PIN, it was not changed and the session continued with default (Admin) PIN.
- The online comparative statement carried a message that it was digitally signed. However, none of the bidders were simultaneously present online at the time of TOE, indicating that it was a pre-set message and not digitally signed by bidders in real time.
- In the e-Tender floated by WRD Division-I, two DSC keys belonging to Executive Engineer and Superintending Engineer were required to open the tenders. The Executive Engineer had handed over his DSC key to the help desk staff. The help desk staff logged in the *TenderWizard* on the due date (11 September 2018) using his laptop with username, password and DSC/PKI key provided by the Executive Engineer. However, as the DSC key of the Superintending Engineer was not available, the tender opening was postponed.

Thus, two tender opening authorities, who were to open a tender in the online presence of bidders, abdicated their roles and responsibilities, and handed over their DSCs to help desk staff, a third party located outside the buyer's office. Such a situation resulted in violation of Section 42(1)[44] of the IT Act, 2000 and vitiated the sanctity of public procurement process.

The secrecy of bids was not maintained as help desk staff (a third party) logged in, viewed and gained knowledge about bids submitted. The system did not ensure online attendance of bidders and their digital counter-signing (by authorised users at buyer's office) of each opened bid, in simultaneous online presence of all participating bidders. The transparency and secrecy available in manual tendering process was not preserved in the *TenderWizard*. Audit could not ascertain the number of cases where help desk staff logged in and assisted buyers in performing tendering activities as no permanent record/log was maintained at the help desk.

[44] Every subscriber shall exercise reasonable care to retain control of private key corresponding to the public key listed in his Digital Signature Certificate and take all steps to prevent its disclosure to a person not authorised to affix the digital signature of the subscriber

3.2.8.3 Participation of multiple bidders in a particular work from same machine/IP address

Analysis of log table in the *TenderWizard* revealed that 44,004 events relating to technical/cost evaluation and tender opening were performed by buyers in respect of 18,638 tenders during 2013-18 from 4,433 machines/IP addresses[45]. Of these, 3,266 tender opening events were carried out by 42 buyers from three machines/IP addresses[46] that were assigned to help desk located at ITG, indicating that most activities (about 18 *per cent*) were performed by help desk staff on behalf of buyers. Similarly, out of 63,463 events of uploading bids/documents that were performed on behalf of bidders from 26,550 IP addresses during the period, 537 events were carried out from the aforesaid three IP addresses assigned to help desk. Further analysis revealed that two[47] of the help desk IP addresses were used to upload/submit bid documents for all bidders who participated in 26 tenders issued by four buyers (PWD, DRDA, GHRSSIDC and Goa Forest Development Corporation Ltd.). Thus, help desk staff gained access to and had knowledge of bids submitted by different bidders for a tender.

GTDC stated (October 2018) that they were unable to use the *TenderWizard* portal with ease as it was not compatible with the latest update of web browser. CCP, PWD Division XXIII and NGZP stated that *TenderWizard* required the web browser to have the latest update of *Java* programming language installed, which they did not have on their computer systems and had to download it every time before logging in to the system. This, coupled with lack of training, made them dependent on help desk and thereby compromised secrecy.

Fourteen buyers[48] acknowledged (October 2018) that help desk staff logged in and performed all tendering activities on their behalf. ITG replied (August 2018) that there were chances of multiple users logging in the system from the same IP/machine address as many of them used the support of help desk staff for uploading bids/documents and during TOEs. DSDE added that there were no clear instructions from the State Government/ITG to the effect that the *TenderWizard* is to be operated only by buyers' authorised users. The replies indicate inability of buyers to use the *TenderWizard* independently of help desk staff, which compromised secrecy in procurement process. Adequate training and sensitisation of staff regarding operating in a digital environment prior to and post implementation of the *TenderWizard* would have enabled the buyers to perform their tendering activities independently and securely.

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[45] An Internet Protocol address is a numeric address that is assigned to every computer and any other device that is part of the network

[46] 2,017 events were performed from IP address 59.144.97.67 and 1,191 events from IP address 59.144.97.75 allocated to help desk staff at ITG, Goa while 58 events were performed from IP address 203.201.63.130 allocated to Antares Systems Ltd., Bengaluru. Out of 3,266 events, 2,319 events were performed on behalf of PWD, 271 events on behalf of WRD, 88 on behalf of GSUDA, 84 on behalf of GTDC and the remaining 504 events on behalf of other 38 buyers

[47] IP addresses 59.144.97.67 and 59.144.97.75

[48] CCP, DSDE, GED Contract Service Cell and Divisions-VI and XVII, GSUDA, GTDC, KTC, NGZP, PWD Divisions-XIII, XV, XVIII and XXIII, and WRD

Recommendation: The State Government may implement an e-Tendering solution which should have facility for online verification of eligibility of bidders. The Government and the implementing agency should ensure that authorised users are well trained to use the e-Tendering solution so that they do not rely on third party for their e-Tendering activities.

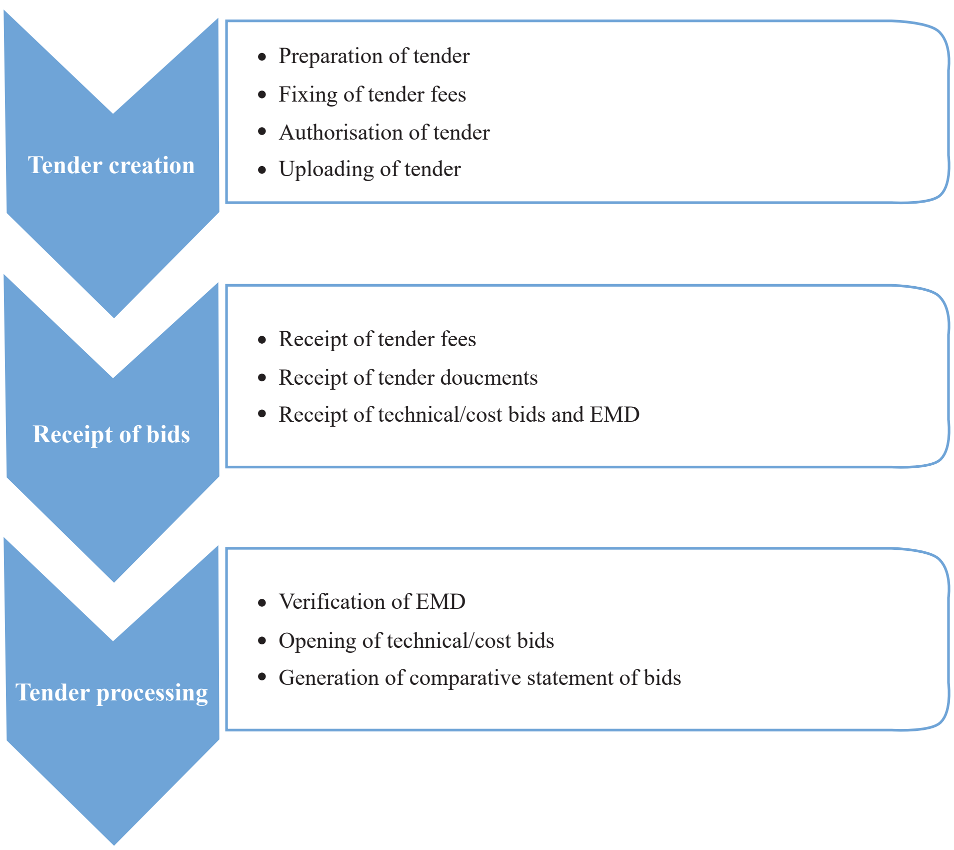
3.2.9 Impact of e-Tendering system on efficiency

3.2.9.1 Delay in disposal of tenders

GoG implemented *TenderWizard* with the objective of reducing time and effort involved in manual tendering process. This required that the e-Tendering system seamlessly process each activity within adequate/minimum time for smooth operations. Rule 161 (i) of GFR 2005 states that to reduce delay, appropriate time frame for each stage of procurement should be prescribed by the Ministry or Department. Para 20.3.1 of CPWD Manual 2007 also prescribed that maximum time period allowed for scrutiny and disposal of a tender was 45 working days.

However, rules were not incorporated in the system for prescribing time limits for the critical events and activities in e-Tendering environment as depicted in a flow chart (**Chart 3.2.2)** below. This gives open-ended discretion to the authorities.

Chart 3.2.2: Events and activities in e-Tendering system



Data analysis revealed abnormal delays at each stage of e-Tendering. The buyers took three months to more than a year for receipt of bids after tender authorising in respect of 205 out of 18,638 tenders with estimated cost

₹ 217.41 crore. In 84 tenders with estimated cost ₹ 84.34 crore, the buyers took three months to a year for opening bids after their receipt. The delay encountered at vital stages of e-Tendering is shown in **Appendix 3.8**. The delay in pre-award tendering activities beyond a reasonable period of three months indicated that manual intervention and discretion was still at play despite implementation of the e-Tendering solution.

Further, as post-tender opening modules of the *TenderWizard* were not implemented, the users resorted to manual awarding of contracts. Audit analysis was carried out in respect of 349 tenders of PWD Division-XVII which revealed delays ranging from two months to more than a year in respect of 274 tenders. In respect of two[49] other tenders, the award of works was delayed beyond two years after evaluation of the successful bidder through e-Tendering.

The delay in awarding contracts could not be curtailed despite implementation of the *TenderWizard* as award of works/contracts were not managed through the system and manual intervention/discretion prevailed in critical stages of procurement process. The *TenderWizard* was, thus, not effectively leveraged by buyers for expediting the procurement process and did not result in reduction of time in processing the tenders.

3.2.9.2 Incorrect status of tenders

The GFR, 2005 (Rule 161 – Efficiency, economy and accountability in public procurement system) stipulated awarding of contract within the original validity of bids and discouraging any extension of validity except in exceptional circumstances. The *TenderWizard* portal displayed the status of tenders as 'created', 'unapplied', 'in progress' and 'opened'. The issuing of a tender denoted its creation, which remained 'unapplied' till receipt of bids and continued to be 'in progress' till opening of bids for technical/cost evaluation.

Analysis of portal data extracted and provided by ITG showed that 242 tenders[50] (estimated cost ₹ 134.22 crore) issued during 2013-17 were 'in progress' as of March 2018, of which 109 tenders (45 *per cent*) were issued prior to March 2015 but not yet finalised/opened. The earliest of these tenders[51] (numbering 54 and having an estimated cost of ₹ 38.71 crore) dated to 2013-14, which cannot be the case as the validity of bids must have expired long ago. In normal course, 'in progress' tenders should move to the status of 'opened' tenders once they are opened and/or re-tendered/cancelled. We checked 19 such tenders of seven[52] buyers. Scrutiny revealed that such tenders had been opened and re-tendered subsequently due to lack of response or receipt of single bid but were not removed from the 'in progress' tab.

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[49] Tender numbers W-146/PC/GTDC/2015-16/946 dated 11 January 2016 and 3/1794/14-DT/P.F./1107 dated 26 June 2015

[50] 104 tenders of PWD (₹ 77.21 crore), 24 tenders of GTDC (₹ 10.76 crore), 18 tenders of GED (₹ 17.08 crore), 17 tenders of WRD (₹ 1.79 crore), 12 tenders of Mapusa Municipal Council (₹ 1.55 crore), 10 tenders each of GIDC and Goa Medical College (₹ 5.17 crore), eight tenders of DoP (₹ 0.71 crore), seven tenders of CCP (₹ 0.29 crore) and 32 tenders of 20 other buyers (₹ 19.66 crore)

[51] 22 tenders of PWD (₹ 15.87 crore), eight tenders of GED (₹ 12.59 crore), six tenders of Mapusa Municipal Council (₹ 1.10 crore) and 18 tenders of 11 other buyers (₹ 9.15 crore)

[52] PWD Divisions-XIII (five tenders), XIV (one tender) and XXIII (one tender), WRD Divisions-I (eight tenders) and II (one tender), GTDC (one tender) and GHB (two tenders)

As most buyers were unaware of the features of the *TenderWizard* due to lack of training, they did not close the previous tender before going for re-tendering resulting in incorrect display of status. The incorrect status of tenders has a cascading effect on the data regarding the number of tenders for which technical/financial evaluation has been completed/finalised, for award of contracts. As the award module in the *TenderWizard* was not implemented, information on contracts completed or works/supplies in progress could not be monitored online.

Seven buyers[53] replied (October 2018) that necessary action would be taken to cancel tenders shown as 'in progress' as those were subsequently re-tendered. The lack of awareness underscored the need to educate users about proper use of features/functionalities in the e-Tendering system.

3.2.9.3 Stipulation of physical submission of bids

In an e-Tendering system, bidders are required to upload their bids with supporting documents online/electronically, using their login credentials and DSC. Such a system ensured that the bids were encrypted on submission and remained secret till their opening. The need for physical submission of bids/documents by bidders and its verification by buyers are obviated, which saves time and effort. Audit observed that in six[54] e-Tenders, the buyers stipulated submission of bids and relevant documents online/electronically as well as in physical form before the tender closing date. Such requirement did not serve any meaningful purpose and rendered the e-Tendering system redundant. In a tender for empanelment of consultants, the GSUDA disqualified three consultants for not uploading requisite documents in e-Tender opening. It however, declared them qualified on manual tender opening bypassing *TenderWizard*. Ironically, the RFP floated (August 2018) by ITG for selecting a new implementing agency for the e-Tendering solution (after the agreement with KEONICS expired in December 2017) stipulated submission of technical/commercial bids in physical form only.

ITG replied (August 2018) that it did not have any role in buyers stipulating submission of bids in physical form and the *TenderWizard* did not insist on such a requirement. The reply is not tenable as ITG itself solicited physical submission of bids in its RFP. Insistence on physical submission of bids defeated the purpose of e-Tendering. After implementation of the *TenderWizard*, steps should have been taken by buyer organisations to discourage submission of bids/documents in physical form.

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[53] CCP, GHB, GTDC, KTC, PWD Divisions-XIII and XXIII, and WRD Division-II

[54] Based on a test-check of 136 (out of 18,638) e-Tenders issued by 12 buyers during 2013-18. Of these, physical submission of bids was stipulated in six e-Tenders, *viz.*, (1) GTDC tender number GTDC/PC/EE/2016-17/e10 dated 16/09/2016 for development of coastal circuit under *Swadesh Darshan* Scheme at Calangute; (2) Goa Police tender number 02-SP/Security/PAN/1056/2016 dated 23/11/2016 for supply of bomb detection equipment; (3) KTC tender number KTC/Pur/Spare/12/2017-18/2781 dated 21/12/2017 for annual rate contract for supply of oil and lubes; (4) GTDC tender number GTDC/PC/EE-I/2017-18/e-25 dated 08/02/2018 for development of tourism infrastructure at Mangueshi, Ponda; (5) PWD tender number PWD/WDXV(NH)/35/2013-14 dated 04/02/2014 for construction of junction at km. 9/500 of NH-17B; and (6) WRD tender number WRD/WDII/ASW/F.17/22(e)/2013-14 dated 10/10/2013 for renovation of bund and sluice gate of Novem Tollem lake at Telaulim VP

3.2.9.4 Collection and management of earnest money deposit

As per CPWD Works Manual 2007 (Section 18.3) EMD should be collected at two *per cent* of the estimated value for works costing up to ₹ 10 crore and, in case of works with estimated value above ₹ 10 crore, at ₹ 20 lakh plus one *per cent* of the estimated value in excess of ₹ 10 crore. The EMD of the unsuccessful bidders shall be refunded at the earliest after expiry of the validity period of the tender.

The State Government directed (October 2011) that EMD amount should be paid by bidders into a single/common bank account[55] of ITG, which would be pooled, disbursed and refunded at various stages of tendering process. Audit observed the following systemic lapses in collection and management of EMD, which was deposited online while submitting bids and credited to the bank account of ITG -

- As EMD rates were not mapped in the *TenderWizard* for automatic calculation of EMD, the amount of EMD was manually entered by buyers. As a result, in respect of 176 tenders, 24 buyers collected EMD totaling ₹ 22.71 crore, at rates less than that prescribed in the CPWD Works Manual, from 391 bidders. Proper mapping of the rates in the system would have prevented the short collection.
- As of March 2018, ITG collected a sum of ₹ 62.35 crore as EMD from bidders and parked it in fixed deposit account(s) with Axis Bank. It utilised interest income of ₹ 2.80 crore earned on such fixed deposit account(s) to meet its own expenditure such as payment of salaries to staff and working capital requirement. This violated the provisions of the Goa Receipt and Payments Rules 1997, which proscribed appropriation of Government money and its use to meet departmental expenditure.
- The *TenderWizard* contained a feature named *Auto Refund*[56] to enable expeditious refund of EMD to unsuccessful bidders but this was not utilised/made operational while implementing the e-Tendering solution. EMD refunds were processed manually, leading to abnormal delay in refunding EMD. According to data furnished by ITG for EMD refunded to bidders during 2017-18, there were 597 refund cases during the year, out of which 223 cases involving EMD of ₹ 3.16 crore were refunded with delay ranging from two months to three years, at an average delay of eight months (243 days).
- The *TenderWizard* did not capture and exhibit EMD amounts correctly. Data analysis revealed that EMDs varying from ₹ 0.50 to ₹ 1,000 *per* tender were shown as collected in case of 301 tenders (estimated cost aggregating ₹ 12.06 crore) issued by 58 buyers[57] during 2013-18. This included 264 tenders (estimated cost ₹ 10.25 crore) issued by 53 buyers where EMDs were between ₹ 0.50 and ₹ 10. Test check revealed that where e-Tender notices stipulated payment of EMD as two *per cent* of the estimated cost of tender, the *TenderWizard* captured only the

[55] Account No. 914020008309796 with Axis Bank Ltd., Porvorim Branch

[56] The feature enables automatic online refund of EMD from the pooling account to bank accounts of unsuccessful bidders based on daily refund reports from ITG to the nodal bank

[57] Directorate of Animal Husbandry & Veterinary Services (45 tenders), Directorate of Fisheries (27 tenders), Directorate of Women & Child Development (22 tenders), Directorate of Health Services (17 tenders), and 54 other buyers (190 tenders)

numerical part, *i.e.*, two, and not the computed value (percentage of the estimated cost) of EMD. The e-Tendering solution, therefore, did not accurately capture EMD data to enable its online processing/refund.

ITG stated (August 2018) that e-payment mode was enabled to bring in more transparency and expediency in handling EMD payments, and it processed refund of EMD based on reports received from buyers. The reply is not tenable as efficient collection and management of EMD was not ensured through *TenderWizard*. GED-CSC and Division-VI, KTC, NGZP and PWD also confirmed (October 2018) that the *TenderWizard* was not used for automatic/online refund of EMD, which delayed its processing.

Thus, the objective of ensuring collection of requisite EMD from bidders and expediting the process of refund of EMD to unsuccessful bidders could not be achieved through the *TenderWizard*, rendering it inefficient.

3.2.9.5 Delay in remitting tender fees to Government account

The State Government mandated (October 2011) that TDF collected by buyers from bidders should be deposited in a separate bank account[58] of ITG, which ITG will remit on weekly basis by e-challan to the receipts heads of respective departments concerned. The Goa Receipt and Payment Rules, 1997 also prescribed for collection and remittance of all revenues/receipts into an accredited bank account for inclusion in Government account and ensuring that the money was not appropriated to meet departmental expenditure or kept apart from Government account.

Test-check of records at PWD Division-XIII and WRD Division-I revealed that TDF of ₹ 14.42 lakh received in 471 cases during the period from September 2017 to January 2018 was remitted by ITG to State Government/buyers' account(s) after delay ranging from 34 days to 165 days. Further, ITG appropriated (June 2016 and March 2018) a sum of ₹ one crore from the designated bank account and invested it in fixed deposit account(s), in violation of Government Rules.

ITG replied (August 2018) that the amounts in the TDF account was transferred to buyers' accounts on monthly basis by e-challan mode. The reply is not convincing as there were delays in 471 cases during September 2017 to January 2018 in transferring TDF to buyers' accounts. Further ITG was not entitled to appropriate TDF for investing in fixed deposits before transferring it to buyers' accounts.

Recommendation: The State Government should monitor implementation of e-Tendering system to ensure that procurement activities get completed within reasonable time, manual duplication of work is avoided and the fees collected on government's behalf are dealt with in accordance with prescribed rules.

3.2.10 Security in e-Tendering system

3.2.10.1 Deficiencies in use of digital signature

The guidelines for usage of digital signatures in e-governance issued (December 2010) by GoI defines a digital signature as an electronic signature

[58] Account No. 914020008309482 with Axis Bank Ltd., Porvorim Branch

used to authenticate the identity of the sender of a message or the signatory of a document, and to ensure that the original content of the message or document sent is unchanged. Thus, a DSC provides message authentication, message integrity and message non-repudiation. It is essential that DSCs are renewed on expiration of their validity.

The *TenderWizard* compulsorily mandated Class-III DSC[59] for all vendors at the time of their registration. Data analysis of log table revealed that 21 users of 19 buyers logged in the system after the validity of their DSCs expired (as of March 2018), and performed 88 activities during 2013-18, which included creating, uploading, modifying and approving corrigenda, generating tender snapshot, processing fee e-payment, opening techno-commercial bids, *etc.* The DSCs, therefore, did not bind users to the activities performed and their operations suffered from uncertainty about message integrity and non-repudiation. The summary of actions performed by users whose DSCs had expired is given in **Appendix 3.9**.

The validity of DSCs of other users who performed some e-Tendering role in 28,910 instances involving 46 buyers (17,061 instances) and 112 bidders (11,849 instances) during 2013-18 were not known as the dates of expiration of their validity were not captured/available in the *TenderWizard* database. These buyers performed critical e-Tendering activities such as creating tenders, opening tenders (technical bid and cost bid), issuing corrigendum *etc.* while the bidders performed activities such as request form through e-payment, EMD payments, signing and uploading of bid document *etc.*

3.2.10.2 Improper user roles in e-Tendering system

Separation of duties is an effective internal control to ensure oversight over possible errors and prevention of fraud. CVC Circular (September 2009) on implementation of e-tendering solution prescribed that role based access controls should be enforced at the database as well as the application interface level. If a single user performs all the activities related to tender creation, tender authorisation and tender opening, he/she could have complete control over procurement process which is not desirable. The system design and work flow should be such as to ensure internal control and transparency, and critical activities ought to be performed by different officials/users having different login credentials and DSC.

Data analysis revealed that out of 110 buyers[60] who floated at least one e-Tender during 2013-18, 41 buyers had at least two authorised users for performing e-Tendering activities and 69 buyers had only one authorised user who did all tendering activities. Further, data analysis revealed that in case of

[59] Class-III DSC is the highest type/level of DSC where a person needs to present himself/herself before the Registration Authority and prove his/her identity. It is normally issued and valid for one or two years and needs to be renewed thereafter

[60] DoP (73 users in 191 VPs), PWD (32 users in 25 Divisions), GED (23 users in 17 Divisions), WRD (16 users in 14 Divisions), GTDC (11 users), Goa Police (eight users), DoIT (seven users) and 103 other buyers (154 users)

15,365 tenders out of 18,638 tenders issued during 2013-18, only one user performed all the critical roles of tender creation, authorisation and opening. This indicated lack of awareness amongst buyers regarding segregation of duties amongst employees to establish proper internal controls to prevent fraud and error. This led them to assign multiple roles to a single user. Though, no specific instances of fraud have come to the notice of audit, however, considering the risk involved, possibility of misuse cannot be ruled out.

ITG replied (August 2018) that it had no control over assignment of access roles by buyers. However, out of 17 buyers from whom information regarding segregation of duties was called for, thirteen[61] buyers admitted (October 2018) that all their tendering activities devolved on a single user/official which confirms that many buyers did not practice segregation of duties on need-to-know basis, which rendered the *TenderWizard* vulnerable to the risk of misuse. Further, ITG cannot absolve itself of the responsibility as a nodal agency for creating awareness among users.

3.2.10.3 Password management

The STQC Directorate prescribed (August 2011) guidelines for compliance to quality requirements of e-Procurement systems, which required that an e-Procurement system should not have *Forgot Password* feature providing administrator-generated or system-generated temporary password to users. Ideally, a new password should be allotted after following a set of procedures involving the user's DSC for re-setting/accessing the password, and the *Forgot Password* request, if available and used, should be digitally signed. Data analysis revealed that passwords of 7,244 (out of 10,411) users were enabled in the *TenderWizard*. Of these, 114 user requests for change of password were received in the *TenderWizard* during 2013-18 through *Forgot Password* feature. It allowed a new password to be sent to the registered e-mail ID of users, sans requirement of their DSC. Further, the hint question and answer for retrieving forgotten passwords were not encrypted in the *TenderWizard* database, thereby enabling anyone to reset the password of a user without accessing DSC. Though, no instances of breach of security were noticed by Audit, however, this poses a threat to the security of data and needs to be addressed.

ITG replied (August 2018) that *Forgot Password* feature allowed users to change their password based on a link sent to their registered e-mail ID and they could log in using new password and DSC. The reply is untenable as the procedure for changing/re-setting password without using DSC was vulnerable to breach of security.

Recommendation: The implementing agency should sensitise buyers about the importance and need for proper separation of duties amongst users.

[61] GED-CSC and Divisions-VI and XVII, GSUDA, GTDC, NGZP, PWD Divisions-XIII, XIV, XV, XVIII, XXIII and WRD Divisions-I and II

3.2.11 Post-implementation inadequacies

3.2.11.1 Absence of Service Level Agreement

Service Level Agreements (SLA) are required to be executed between the service provider and the implementing agency of an e-Tendering solution for ensuring adherence to project timelines, quality and availability of critical services. The agreement between ITG and KEONICS covered commercials; scope of work of KEONICS, indemnities, warranties, termination clause, information non-disclosure and other terms but no SLAs for performance indicators such as accepted downtime, speed and processing, lead time for resolving user complaints/queries, back up policy, disaster recovery plan, business continuity in the event of disruption and penalty for non-compliance *etc*. In the absence of SLAs, the methodology and periodicity to ensure correctness of the software application free from errors/bugs, methodology of logging complaints/query by users and their resolution, *etc.*, could not be defined and addressed. It also pointed to deficient monitoring of various services by ITG.

ITG admitted (August 2018) that it did not execute SLAs with KEONICS and noted the audit finding for future compliance.

3.2.11.2 Inadequate Management Information System

Management Information System (MIS) reports are intended to serve as a critical component to collect, record, store and process data from all parts of the e-Tendering system in an integrated manner, thereby serving as a tool for eliciting crucial information for decision-making and monitoring. The agreement signed with KEONICS stipulated that the *TenderWizard* should have in-depth MIS reports for reporting each and every activity in the software. Audit observed that the *TenderWizard* provided the functionality to extract four types of reports[62] for a limited period of three months at a time. These reports were of the nature of status reports. Further, the requirement of specific MIS/exception reports was not documented in the agreement with KEONICS, and consequently, vital MIS reports such as tenders invited but not opened for significantly long period, tenders cancelled and/or re-tendered, 'in progress' tenders, online reconciliation of TDF and EMD collected with remittance to Government account, *etc.*, were not available. Further, the presence of test/invalid data in the system, ambiguity in nature of works/supplies included in different categories of tender and non-utilisation of critical modules resulted in generation of unreliable reports.

ITG replied (August 2018) that complete MIS reports were available in the e-Tendering system and could be enabled on request by buyers. The reply is

[62] Financial reports showed details of payment of TDF and EMD in respect of each buyer for a given period; Tender reports indicated details of unapplied tenders, tenders in progress, cancelled tenders and opened tenders in respect of a buyer for a given period; User reports showed details of creation of new users in respect of a buyer; and Vendor reports gave details of renewal of registration of vendors and the vendors enabled for a given period

not acceptable as only a limited number of status reports relating to payment of TDF and EMD, renewal of bidder registration and status of tenders were available in the *TenderWizard* for use of buyers.

Recommendation: The State Government may ensure that the e-Tendering solution provides adequate MIS reports for improvement of processes and procedures. SLAs should be executed with the service provider to ensure quality and availability of uninterrupted service to users.

Conclusion

The e-Tendering portal of KEONICS was not used to provide secure end-to-end procurement solution. Audit has brought out shortcomings in the architecture of existing e-Tendering system, issues of data integrity and manual intervention. There was a need for greater training and digital awareness amongst users to enable an efficient and effective implementation and utilisation of the e-Tendering system. The concerned authorities have to be sensitised to their roles and responsibilities and have to be informed that sharing their DSCs/PKI with clerical staff and third parties compromises the secrecy and trustworthiness of the e-Tendering system. Efforts of the State Government to move to a new e-Tendering solution and implementing agency would yield results only if greater efforts are taken to inculcate a digital culture amongst users. Further, the e-tendering system should be used as an end-to-end solution and it must map all relevant rules/regulations and also have adequate features to ensure robustness of data and security of operations.

GOA INDUSTRIAL DEVELOPMENT CORPORATION

3.3 Irregular utilisation and transfer of land acquired for industrial purposes

GIDC acquired and allotted 2.42 lakh square metre (m^2) land to a company (on request) for manufacturing Copper strips and alloys. The company utilised only 27,682 m^2. They used the entire land as collateral to raise loan of ₹117.60 crore. The balance land remained unutilised for over 15 years and was transferred to another party for non-industrial use as an exception. While executing the transfer deed the GIDC short-recovered transfer fee by ₹26.61 crore.

Goa Industrial Development Corporation (GIDC) set up by the State Government in February 1966 to assist rapid and orderly establishment of industries in Goa. In response to a request (September 1997) of M/s. Meta Strips Limited[63] (MCAL) GIDC acquired and allotted (January 1998) 2.42 lakh square metre (m^2) land at Cortalim and Sancoale Villages in Mormugao Taluka for setting up an export oriented unit for manufacture of

[63] Meta Strips Ltd. renamed to Meta Copper and Alloys Ltd. in January 2006

Copper and Copper Alloys Foils and Strips. The lease deed was executed (December 1998) for a period of 30 years on payment of lease premium of ₹ 1.47 crore. The annual lease rent fixed was ₹ 73,567. The MCAL is responsible for payment of any enhanced compensation on land acquisition.

One day prior to executing the lease deed the lessee sought (23/12/1998) and obtained (January 1999) a No Objection Certificate from GIDC for mortgaging the land for availing a loan of ₹ 117.60 crore from financial institutions. The lessee also established (2001) an industrial unit utilising 27,682 m^2 out of total allotted land of 2.42 lakh m^2.

Due to continuous losses in the business and consequent inability of the MCAL to generate finances for its working capital requirements it suspended manufacturing activities from June 2011 onwards. Amount due on loan taken from various banks and financial institutions while closing the operations stood at ₹ 400 crore.

MCAL applied (March 2015) for transfer of land to M/s. Varama Sir India Logistic and Infrastructure Pvt. Ltd. (VSIL). As transfer of land from industrial to warehousing and logistics was prohibited under section 6(i)d of the Goa IDC Transfer and Sublease Regulations, 2014, GIDC advised (August 2015) MCAL to approach the Government. The Government refused (September 2016) the permission for transfer.

However, GIDC made another request (November 2016) to Government to reconsider the proposal of transfer of land and this time the Industries Department approved (December 2016) transfer of land from MCAL to VSIL. The land was transferred (March 2017) in the name of VSIL and transfer fee was charged at 10 *per cent* of the prevailing plot rate per square meter for the plot area.

Audit scrutiny revealed that:

- The enhanced compensation of land acquisition ₹ 6.36 crore payable by the MCAL on behalf of GIDC to land owners had not yet been paid and the MCAL stated (March 2017) that it filed appeal in the High Court against enhanced compensation.
- Against 2.42 lakh m^2 land allotted the actual area constructed was only 27,682 m^2, hence substantial portion of land remained unutilised. The surplus land acquired from villagers for industrial purpose was mainly utilised to raise loan by the lessee.
- The entire land was under mortgage during the period of operation of industry and the loan dues reached to the extent of ₹ 400 crore by the time it closed its industrial unit. This made it impossible for the GIDC to get back the possession of unused land and to re-allot to other industries for the remaining period.

- According to regulations[64] governing the transfer of plots all applications for transfer of plots shall be verified by a Scrutiny Committee and placed before the Screening Committee along with a duly filled up check list. The Screening Committee shall scrutinise the applications and the project report furnished by the applicants on the basis of these regulations and submit its recommendations to the Managing Director of the Corporation who shall decide upon the said applications. In this case the transfer application was directly dealt with by the Managing Director without following the procedure of scrutiny by Scrutiny Committee or Screening Committee.
- In December 2016 the Government amended the definition of the term "substantial completion" under para 3 (g) of Transfer and Sub-lease Regulations 2014. As per the amended regulations one of the conditions for determining plot with substantial building construction was "building constructed to the extent of 30 *per cent* of the plot area". As the MCAL constructed only 27,682 m^2 of the 2.42 lakh m^2 allotted (11.50 *per cent*), this case does not come under the definition of substantial completion. The transfer fee chargeable in cases which does not come under the definition of substantial completion was 60 *per cent* of the prevailing plot rate, whereas the transfer fee charged was only 10 *per cent* resulting in short recovery of transfer fee of ₹ 26.61 crore.
- While the refusal of transfer in September 2016 had the approval of the Chief Minister, the subsequent decision (December 2016) to permit of transfer had no approval of the Chief Minister.
- After one month of execution of transfer deed, the Government directed (April 2017) GIDC to stop the registration of transfer deed and directed to examine the matter which appeared to be highly irregular and devoid of procedural compliance. The Managing Director in his report (May 2017) stated that the transfer had been effected in March 2017; that there were violation in procedures; one of the Director of MCAL is a Director for VSIL; the transfer fee was undercharged to the extent of ₹ 26.61 crore. Further action taken on the report is awaited (March 2019).

Thus, the land acquired by GIDC from villagers for setting up industry was utilised only to the extent of 12 *per cent* for the purpose for which it was acquired. The GIDC allowed the lessee to mortgage the entire plot enabling MCAL to raise large finances for itself finally creating encumbrance of over ₹ 400 crore on the land that it had obtained by paying ₹ 1.47 crore. The encumbrance created on the plot made it impossible for GIDC to get back the possession and to re-allot to other industries for a period of over 15 years.

[64] Goa IDC Transfer & Sublease Regulations, 2014 (Chapter I-Transfer)

They finally settled for transfer to another company but failed to recover transfer fee applicable as per transfer regulations resulting in short recovery of ₹ 26.61 crore.

The matter was referred to the Government in August 2018; their reply is awaited as of June 2019.

Panaji **(ASHUTOSH JOSHI)**

The 30 December 2019 **Principal Accountant General**

Countersigned

New Delhi **(RAJIV MEHRISHI)**

The 03 January 2020 **Comptroller and Auditor General of India**

APPENDICES

APPENDIX 1.1

(Referred to in paragraph 1.4.1)

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

Sl. No.	Name of the Department	Upto 2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		Total	
		IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
1	Agriculture	2	7	-	-	-	-	-	-	-	-	1	4	3	11
2	Animal Husbandry and Veterinary Services	1	1	-	-	-	-	-	-	-	-	1	5	2	6
3	Archives, Archaeology and Museum	1	4	-	-	-	-	-	-	-	-	2	7	3	11
4	Art and Culture	3	3	3	14	-	-	-	-	-	-	1	7	7	24
5	Bank	-	-	-	-	-	-	1	1	-	-	-	-	1	1
6	Civil Supplies	-	-	-	-	-	-	1	1	-	-	-	-	1	1
7	Commercial Taxes	2	4	-	-	-	-	1	1	-	-	-	-	3	5
8	Co-operation	2	6	-	-	-	-	1	1	1	8	2	14	6	29
9	Education	9	24	4	8	1	1	2	5	4	14	5	23	25	75
10	Electoral Office	-	-	1	1	-	-	-	-	2	3	-	-	3	4
11	Excise	1	2	-	-	-	-	-	-	1	3	-	-	2	5
12	Finance	-	-	-	-	3	7	5	6	2	17	1	8	11	38
13	Fisheries	1	2	1	2	-	-	-	-	1	1	-	-	3	5
14	Forests	7	24	-	-	2	8	-	-	-	-	1	12	10	44
15	General Administration	1	1	-	-	1	3	-	-	1	4	-	-	3	8
16	Goa Public Service Commission	-	-	-	-	-	-	-	-	1	1	-	-	1	1
17	Housing	1	2	-	-	-	-	-	-	-	-	-	-	1	2
18	Health	9	19	10	15	1	3	8	33	4	15	8	25	40	110
19	Higher Education	2	2	-	-	-	-	-	-	1	1	-	-	3	3
20	Home	-	-	3	7	1	2	2	7	7	13	2	8	15	37
21	Information and Technology	1	4	1	4	-	-	-	-	-	-	1	12	3	20
22	Information and Publicity	5	24	1	6	1	3	2	9	2	9	-	-	11	51
23	Industries, Trade and Commerce	2	4	1	4	2	4	1	10	-	-	-	-	6	22
24	Inland Water Transport	4	13	-	-	-	-	1	8	2	5	-	-	7	26
25	Irrigation	12	20	4	18	3	18	4	18	-	-	1	10	24	84
26	Labour	1	3	-	-	2	2	-	-	1	1	1	3	5	9
27	Law	-	-	1	2	-	-	7	12	5	9	1	4	14	27
28	Legislature	2	2	-	-	-	-	-	-	1	5	-	-	3	7

29	Official Language	-	-	-	-	-	-	1	1	-	-	1	3	2	4
30	Panchayati Raj	8	13	4	13	8	37	2	3	7	37	5	30	34	133
31	Planning and Statistics	-	-	-	-	-	-	-	-	-	-	1	4	1	4
32	Printing and Stationary	-	-	-	-	-	-	-	-	-	-	1	5	1	5
33	Public Works	18	31	6	18	10	28	9	35	16	75	5	33	64	220
34	Revenue	11	27	2	2	1	5	1	5	5	30	1	7	21	76
35	Science, Technology and Environment	-	-	-	-	-	-	-	-	1	11	-	-	1	11
36	Social Welfare	3	9	-	-	-	-	-	-	-	-	1	4	4	13
37	Sports and Youth Affairs	2	4	2	7	2	10	3	9	2	13	-	-	11	43
38	Stamps and Registration	-	-	-	-	-	-	-	-	-	-	1	11	1	11
39	Technical Education	4	5	2	2	3	6	2	2	-	-	-	-	11	15
40	Transport	1	2	-	-	1	5	1	5	1	6	1	1	5	19
41	Town and Country Planning	-	-	-	-	1	1	2	5	1	3	-	-	4	9
42	Tourism	1	1	-	-	-	-	1	4	2	8	1	11	5	24
43	Urban Development	46	167	5	18	14	96	10	69	14	122	5	53	94	525
44	Women and Child Development	2	3	-	-	-	-	-	-	-	-	-	-	2	3
		165	**433**	**51**	**141**	**57**	**239**	**68**	**250**	**85**	**414**	**51**	**304**	**477**	**1781**

APPENDIX 1.2

(Referred to in paragraph 1.4.3)

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

Sl. No.	Name of Department	2013-14	2014-15	2015-16	2016-17	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Social Welfare	-	-	-	1	1
2	Urban Development	1	-	1	2	4
3	Labour and Employment	-	1	-	-	1
Total		**1**	**1**	**1**	**3**	**6**

APPENDIX 1.3

(Referred to in paragraph 1.9)

Statement showing nugatory expenditure on rent paid for the vacant period

Name of office	Area allotted (in sqm)	Date of shifting	Period of vacancy from November 2013 onwards (in months)	Monthly rent paid by GAD for the vacant period (₹ in lakh)	Proportionate rent paid for the vacant period (₹ in lakh)
GSIDC	1030.59	October 2016	12 (01/11/ 2013 to 31/10/2014)	42.93	118.20[1]
			7 (01/11/2014 to 31/05/2015)	44.43	71.37
			5 (01/06/2015 to 31/10/2015)	45.08	51.72
			1 (01/11/2015 to 30/11/2015)	46.66	10.71
			6 (01/12/2015 to 31/05/2016)	46.86	64.52
			4 (01/06/2016 to 30/09/2016)	47.07	43.20
			Total 35 months		**359.72**
District and Sessions Court	2425.08	December 2015	12 (01/11/2013 to 31/10/2014)	42.93	278.14
			7 (01/11/2014 to 31/05/2015)	44.43	167.93
			5 (01/6/2015 to 31/10/2015)	45.08	121.70
			1 (01/11/2015 to 30/11/2015)	46.66	25.19
			Total 25 months		**592.96**
DRDA, North Goa	460.31	October 2015	12 (01/11/2013 to 31/10/2014)	42.93	52.80
			7 (01/11/2014 to 31/05/2015)	44.43	31.88
			4 (01/06/2015 to 30/09/2015)	45.08	18.48
			Total 23 months		**103.16**
Town and Country Planning	186.50	April 2014	5 (01/11/2013 to 31/3/2014)	42.93	8.91
			Total 5 months		**8.91**
Goa State Information Commission	389.00	January 2015	12 (01/11/2013 to 31/10/2014)	42.93	44.62
			2 (01/11/2014 to 31/12/2014)	44.43	7.70
			Total 14 months		**52.32**
Total	**4491.48**			**Grand total**	**1117.07**

[1] Monthly rent of ₹ 42,92,905 ÷ 4,491.48 sqm (Total area of 5,416.50 minus car parking area of 925.02 sqm) × 1,030.59 sqm (Area allotted to GSIDC) = ₹ 9,85,026 per month × 12 months = ₹ 118.20 lakh

APPENDIX 2.1

(*Referred to in paragraph 2.1.3*)

Details of Non-tax revenue receipt of the State

(*₹ in crore*)

Sl. No.	Heads of revenue		2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase (+) or decrease (-) in 2017-18 over 2016-17
1	Power	BE	1331.85	1367.94	1497.17	1687.75	1819.15	
		RE	1331.85	1367.94	1497.17	1687.75	1819.15	
		Actual	1187.95	1321.66	1708.91	1765.80	2119.09	20.01
2	Non-Ferrous Mining and Metallurgical Industries[2]	BE	202.10	400.24	742.57	439.28	377.60	
		RE	18.54	400.24	205.11	259.34	377.60	
		Actual	46.12	530.35	216.53	347.63	332.79	-4.27
3	Other Non-tax receipts[3]	BE	73.13	80.94	91.61	91.72	95.28	
		RE	58.25	80.87	76.85	85.71	93.15	
		Actual	47.50	58.41	51.71	56.76	57.23	0.83
4	Water Supply and Sanitation	BE	102.08	129.89	145.75	162.62	126.05	
		RE	102.07	129.89	145.75	114.59	126.05	
		Actual	103.97	101.91	115.40	119.69	129.80	8.45
5	Other Administrative Services	BE	90.52	157.54	163.27	176.47	178.67	
		RE	102.19	157.54	133.10	183.70	179.83	
		Actual	88.01	123.45	108.98	152.52	139.66	-8.43
6	Miscellaneous General Services	BE	35.96	40.52	45.76	49.41	45.73	
		RE	35.93	40.52	45.76	43.69	45.73	
		Actual	35.27	39.02	40.35	42.62	31.83	-25.32
7	Education, Sports, Art and Culture	BE	20.83	16.25	18.40	19.43	29.17	
		RE	21.40	16.25	19.50	25.53	30.74	
		Actual	22.78	17.17	29.96	26.17	26.49	1.22
8	Medium Irrigation	BE	20.26	13.20	38.16	11.81	19.79	
		RE	20.26	13.20	39.30	11.81	19.79	
		Actual	12.11	15.81	29.05	23.01	44.77	94.57
9	Interest Receipts	BE	9.93	17.65	27.53	23.48	17.38	
		RE	9.93	17.65	27.53	17.01	27.84	
		Actual	14.12	17.18	17.74	20.51	27.24	32.81
10	Medical and Public Health	BE	25.61	23.21	24.87	26.98	36.43	
		RE	9.79	23.21	27.11	27.09	36.58	
		Actual	11.49	11.82	14.32	21.86	38.37	75.53
11	Urban Development	BE	75.00	70.72	76.50	56.65	64.00	
		RE	48.07	70.72	53.50	63.74	61.00	
		Actual	46.88	44.67	55.64	80.46	43.32	-46.16
12	Roads and Bridges	BE	10.52	46.05	46.05	55.31	28.21	
		RE	10.52	46.05	46.05	42.00	28.21	
		Actual	31.56	33.66	36.04	44.04	34.97	-20.59
13	Minor Irrigation	BE	13.76	16.36	12.38	10.58	10.17	
		RE	13.76	16.36	12.38	10.58	10.17	
		Actual	13.80	10.52	7.30	10.93	7.71	-29.46
Total		**BE**	**2011.55**	**2380.51**	**2930.02**	**2811.49**	**2847.63**	
		RE	**1782.56**	**2380.44**	**2329.11**	**2572.54**	**2855.84**	
		Actual	**1661.56**	**2325.63**	**2431.93**	**2712.00**	**3033.27**	**11.85**

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

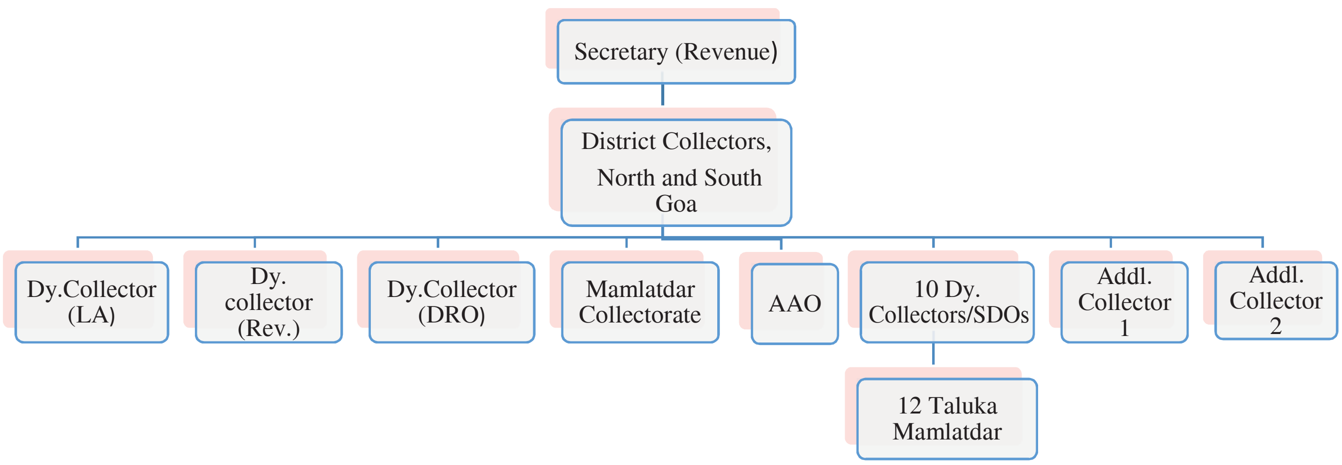
[3] Police, Printing and Stationary, Labour and Employment, Inland Water Transport, Tourism, Forest and Wild Life, Public Works, Port and Light House, Social Security, Co-operation *etc*

APPENDIX 2.2

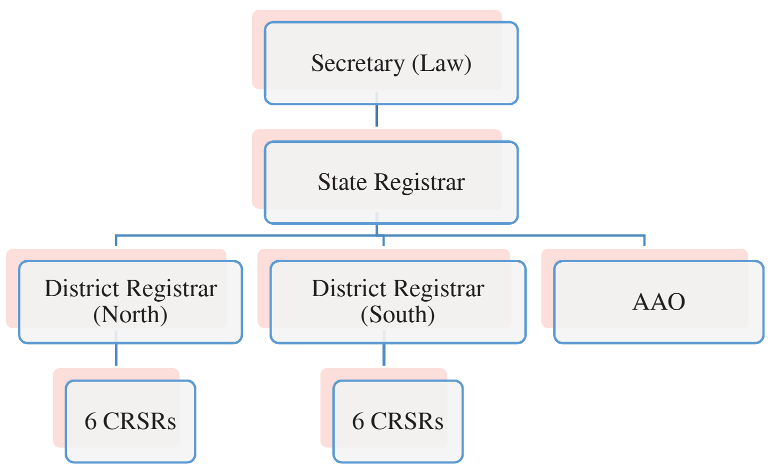
(Referred to in paragraph 2.2.2)

Organisation structure

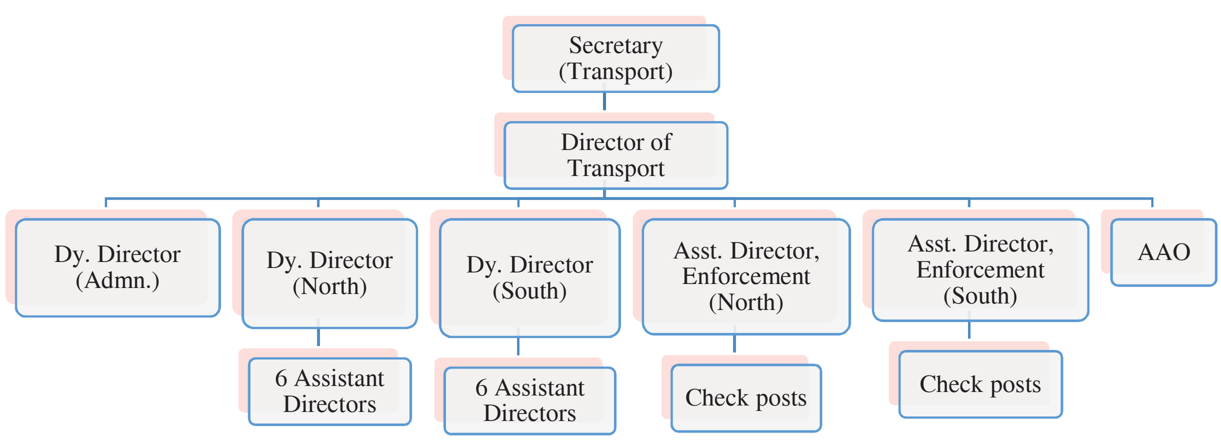
Revenue Department



Registration Department



Transport Department



APPENDIX 2.3 A

(Referred to in paragraph 2.2.5.1)

Details of deleted receipts during the period 2013-18

	Year	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Office of the Collector, North Goa	No. of Receipts deleted	66	68	86	178	72	**470**
	Amount	**2065464**	**145321**	**150316**	**576988**	**223610**	**3161699**[4]
Office of the Collector, South Goa	No. of Receipts deleted	162	135	196	39	147	**679**
	Amount	**77769**	**505255**	**730228**	**60661**	**90210**	**1464123**[5]
Sub-Divisional Office, Margao, South Goa	No. of Receipts deleted	70	15	4	2	3	**94**
	Amount	**11789**	**572**	**1520**	**3500**	**1140**	**18521**
Office of the Mamlatdar, Salcete	No. of Receipts deleted	89	135	90	36	88	**438**
	Amount	**43631**	**117187**	**72560**	**35036**	**284385**	**552799**[6]

APPENDIX 2.3 B

(Referred to in paragraph 2.2.6.1(i))

Cashier's response to show cause notice on embezzlement

From: Shri Rupesh V. Desai.
UDC, O/o the Mamlatdar of Salcete.
Margao-Goa
Dated 11.08.2017

To,
The Mamlatdar of Salcete.
Margao- Goa

Sir.

With reference to your show cause notice vide No. Mam Sal EST 2017 dated: 11.08.2017 I kindly state that this is my first mistake of misappropriation of Government fund. So I would like respectfully submit that no action should be taken against me as this being my first mistakes. And further today I have deposited the misappropriation amount for Rs.59392/- for the year 2014-2015 and 2016-2017 as pointed by the audit party. The remaining Balance amount of Rs.72242/- for the year 2013-2014 will be deposited latest by Friday on 18.08.2017.

In view of the above aforesaid facts I therefore pray that the adverse remarks against me be withdrawn or expunged to meet the ends of justice.

Yours faithfully,

(Rupesh V. Desai)
UDC Cashier

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4 Out of ₹ 31,61,699 major deletion of receipts was towards fees collected for conversion of land amounting to ₹ 20,10,559 and ₹ 10,66,847 collected for attestation of documents

5 Out of ₹ 14,64,123 major deletion of receipts was towards fees collected for attestation of documents amounting to ₹ 13,04,400

6 Out of ₹ 5,52,799 major deletion of receipts was towards mutation fees collected amounting to ₹ 2,22,175 and ₹ 2,39,475 towards attestation of documents

APPENDIX 3.1

(Referred to in paragraph 3.1.9)

Statement showing investments made by State Government in PSUs whose accounts were in arrears as on 31 March 2019

(₹ in lakh)

Sl. No.	Name of PSUs	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
A	**Working Companies**							
1	Goa State Horticultural Corporation Limited (GSHCL)	2013-14	499.50	2014-15	-	-	-	2265.74
				2015-16	-	-	-	2832.52
				2016-17	-	-	-	3201.27
				2017-18	-	-	-	1705.00
2	Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2007-08	342.88	2008-09	1.66	-	25.00	-
				2009-10	1.66	-	25.00	-
				2010-11	5.00	-	25.00	-
				2011-12	250.00	-	30.00	-
				2012-13	166.00	438.93	10.00	-
				2013-14	-	258.00	50.00	-
				2014-15	-	168.07	-	-
				2015-16	-	155.12	50.00	-
				2016-17	-	135.81	45.00	-
				2017-18	-	-	347.20	-
3	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2015-16	372.00	2017-18	-	-	27000.00	-
4	Info Tech Corporation of Goa Limited (ITCGL)	2011-12	1633.47	2012-13	-	-	114.46	-
				2013-14	-	-	500.00	-
				2014-15	-	-	880.00	-
				2015-16	-	-	2400.00	-
				2016-17	-	-	-	-
				2017-18	-	-	-	-

Sl. No.	Name of PSUs	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Subsidy
1	2	3	4	5	6	7	8	9
5	Goa Forest Development Corporation Limited (GFDCL)	2014-15	268.91	2015-16	-	-	674.02	-
				2016-17	-	-	500.00	-
				2017-18	-	-	550.00	-
6	Imagine Panaji Smart City Development Limited (IPSCDL)	2016-17	99.99	2017-18	-	-	-	-
B	**Working Corporation**							
7	Goa Industrial Development Corporation (GIDC)	2016-17	4716.93	2017-18	-	-	-	-
8	Goa Information Technology Development Corporation (GITDC)	First Accounts awaited	-	2006-07	25.00	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	-	-	-	-
				2010-11	-	-	1.10	-
				2011-12	-	-	-	-
				2012-13	-	-	-	-
				2013-14	-	-	-	-
				2014-15	-	-	-	-
				2015-16	-	-	-	-
				2016-17	-	-	-	-
				2017-18	-	-	-	-
	Total		**7933.68**		**449.32**	**1155.93**	**33226.78**	**10004.53**

APPENDIX 3.2

(Referred to in paragraphs 3.1.9, 3.1.13, 3.1.14, 3.1.19 and 3.1.26)

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

(Figures in columns (5) to (11) are ₹ *in crore*)

Sl. No.	Sector, Type & name of the PSUs	Period of accounts	Year in which accounts finalised	Net Profit/loss(-) before dividend, interest & tax	Net Profit/loss(-) after dividend, interest & tax	Turnover	Paid-up capital	Capital employed	Net Worth	Accumulated Profit(+)/ Loss(-)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
A	**Social Sector**									
I	**Working Government Companies**									
1	Goa Forest Development Corporation Limited (GFDCL)	2014-15	2018-19	-0.31	-0.26	5.88	2.69	17.14	3.56	0.87
2	Goa Meat Complex Limited (GMCL)	2017-18	2018-19	-0.34	-0.34	4.33	0.62	1.09	1.09	0.47
3	Goa State Horticultural Corporation Limited (GSHCL)	2013-14	2017-18	0.63	0.48	118.71	5.00	6.13	4.89	-0.11
4	Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	2017-18	2018-19	-0.05	-0.06	14.34	8.00	-2.91	-2.91	-10.91
5	Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2007-08	2017-18	0.04	-0.06	0.38	3.43	5.98	2.57	-0.86
6	Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL)	2017-18	2018-19	0.31	0.31	2.73	40.50	43.03	41.95	1.45
7	Goa State Infrastructure Development Corporation Limited (GSIDCL)	2016-17	2017-18	69.49	4.66	527.03	3.72	680.60	29.07	25.35
8	Sewage and Infrastructural Development Corporation Limited (SIDCL)	2017-18	2018-19	5.14	3.59	9.12	7.55	192.85	23.64	16.09

Sl. No.	Sector, Type & name of the PSUs	Period of accounts	Year in which accounts finalised	Net Profit/loss(-) before dividend, interest & tax	Net Profit/loss(-) after dividend, interest & tax	Turnover	Paid-up capital	Capital employed	Net Worth	Accumulated Profit(+)/ Loss(-)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
9	Imagine Panaji Smart City Development Limited (IPSCDL)	2016-17	2017-18	0.01	0.01	0.07	1.00	1.01	1.01	0.01
	Total A (I)			**74.92**	**8.33**	**682.59**	**72.51**	**944.92**	**104.87**	**32.36**
II	**Non-working Government Companies**			NIL						
	Total A (I) + A(II)			**74.92**	**8.33**	**682.59**	**72.51**	**944.92**	**104.87**	**32.36**
B	**Competitive Environment Sector**									
I	**Working Government Companies**									
10	Goa Tourism Development Corporation Limited (GTDCL)	2017-18	2018-19	1.35	1.35	37.58	22.65	21.09	19.36	-3.29
11	Kadamba Transport Corporation Limited (KTCL)	2017-18	2018-19	-7.59	-11.04	169.69	94.64	-43.16	-118.16	-212.80
	Total B(I)			**-6.24**	**-9.69**	**207.27**	**117.29**	**-22.07**	**-98.80**	**-216.09**
II	**Non-working Government Companies**			NIL						
	Total B (I) + B(II)			**-6.24**	**-9.69**	**207.27**	**117.29**	**-22.07**	**-98.80**	**-216.09**
C	**Other Sector**									
I	**Working Government Companies**									
12	EDC Limited (EDCL)	2017-18	2018-19	115.78	56.36	117.48	100.92	528.58	335.24	234.32
13	Info Tech Corporation of Goa Limited (ITCGL)	2011-12	2018-19	0.68	0.36	6.73	16.33	17.35	17.35	1.02
14	Goa Electronics Limited (GEL)	2017-18	2018-19	0.70	0.44	16.72	1.80	-19.06	-19.06	-20.86
	Total C (I)			**117.16**	**57.16**	**140.93**	**119.05**	**526.87**	**333.53**	**214.48**
II	**Non-working Government Companies**									
15	Goa Auto Accessories Limited (GAAL)	2017-18	2018-19	0.00	-2.31	0.05	5.59	-14.19	-14.19	-19.78
	Total C (II)			**0.00**	**-2.31**	**0.05**	**5.59**	**-14.19**	**-14.19**	**-19.78**
	Total C (I) + C (II)			**117.16**	**54.85**	**140.98**	**124.64**	**512.68**	**319.34**	**194.70**

Sl. No.	Sector, Type & name of the PSUs	Period of accounts	Year in which accounts finalised	Net Profit/loss(-) before dividend, interest & tax	Net Profit/loss(-) after dividend, interest & tax	Turnover	Paid-up capital	Capital employed	Net Worth	Accumulated Profit(+)/ Loss(-)
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
III	**Working Statutory Corporation**									
16	Goa Industrial Development Corporation (GIDC)	2016-17	2017-18	-5.64	-5.65	43.56	50.76	98.92	98.92	48.16
17	Goa Information Technology Development Corporation (GITDC)	First	Accounts	Awaited						
	Total C (III)			**-5.64**	**-5.65**	**43.56**	**50.76**	**98.92**	**98.92**	**48.16**
IV	**Non-Working Statutory Corporations**						**NIL**			
	Total C (III) + C (IV)			**-5.64**	**-5.65**	**43.56**	**50.76**	**98.92**	**98.92**	**48.16**
	Total C (I) + C(II) + C(III) +C(IV)			**111.52**	**49.20**	**184.54**	**175.40**	**611.60**	**418.26**	**242.86**
D	Working Government Companies			185.84	55.80	1030.79	308.85	1449.72	339.60	30.75
E	Working Statutory Corporation			-5.64	-5.65	43.56	50.76	98.92	98.92	48.16
	Total of Working PSUs			**180.20**	**50.15**	**1074.35**	**359.61**	**1548.64**	**438.52**	**78.91**
F	Non-working Government Companies			0.00	-2.31	0.05	5.59	-14.19	-14.19	-19.78
G	Non-working Statutory Corporation			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total of Non-Working PSUs			**0.00**	**-2.31**	**0.05**	**5.59**	**-14.19**	**-14.19**	**-19.78**
	Grand Total			**180.20**	**47.84**	**1074.40**	**365.20**	**1534.45**	**424.33**	**59.13**

APPENDIX 3.3

(Referred to in paragraph 3.1.3)

Statement showing particulars of up to date paid-up capital and loans outstanding as on 31 March 2018 in respect of PSUs (*i.e.* Government Companies and Statutory Corporations) which had finalised accounts for 2017-18 or as per position (unaudited) as on 31 March 2018 furnished by the PSUs which had not finalised its accounts for 2017-18

(Figures in columns 3(a) to 4(d) are ₹ *in crore*)

Sl. No.	Sector and Name of the Company	Paid-up Capital*				Loans outstanding at the close of 2017-18			
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)
A	**WORKING COMPANIES**								
(i)	***Social Sector***								
1	Goa Forest Development Corporation Limited (GFDCL)	2.69	-	-	2.69	-	-	-	-
2	Goa Meat Complex Limited (GMCL)	0.25	0.24	0.13	0.62	-	-	-	-
3	Goa State Horticultural Corporation Limited (GSHCL)	5.00	-	-	5.00	1.24	-	-	1.24
4	Goa Handicrafts, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDCL)	7.83	0.17	-	8.00	-	-	-	-
5	Goa State Scheduled Castes and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	6.12	1.58	-	7.70	-	-	8.60	8.60
6	Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL)	31.10	9.40	-	40.50	-	-	-	-
7	Goa State Infrastructure Development Corporation Limited (GSIDCL)	3.66	-	0.06	3.72	-	-	803.07	803.07
8	Sewage and Infrastructural Development Corporation Limited (SIDCL)	7.55	-	-	7.55	-	-	169.21	169.21
9	Imagine Panaji Smart City Development Limited (IPSCDL)	1.00	-	-	1.00	-	-	-	-
	Total A(i)	**65.20**	**11.39**	**0.19**	**76.78**	**1.24**	**-**	**980.88**	**982.12**

Sl. No.	Sector and Name of the Company	Paid-up Capital*				Loans outstanding at the close of 2017-18			
		State Government	Central Government	Others	Total	State Government	Central Government	Others	Total
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)
(ii)	*Competitive Environment*								
10	Goa Tourism Development Corporation Limited (GTDCL)	22.65	-	-	22.65	2.60	-	-	2.60
11	Kadamba Transport Corporation Limited (KTCL)	94.64	-	-	94.64	-	-	-	-
	Total A (ii)	**117.29**	**-**	**-**	**117.29**	**2.60**	**-**	**-**	**2.60**
(iii)	*Others*								
12	EDC Limited (EDCL)	86.20	-	14.72	100.92	-	-	51.35	51.35
13	Info Tech Corporation of Goa Limited (ITCGL)	13.15	-	3.19	16.34	-	-	34.04	34.04
14	Goa Electronics Limited (GEL) (Subsidiary of EDC Limited)	-	-	1.80	1.80	-	-	-	-
	Total A (iii)	**99.35**	**-**	**19.71**	**119.06**	**-**	**-**	**85.39**	**85.39**
	Total A (i) + (ii) + (iii)	**281.84**	**11.39**	**19.90**	**313.13**	**3.84**	**-**	**1066.27**	**1070.11**
B	**Working Statutory Corporations**								
	Others								
15	Goa Industrial Development Corporation (GIDC)	18.02	32.73	-	50.75	-	-	-	-
16	Goa Information Technology Development Corporation (GITDC)	0.25	-	-	0.25	-	-	-	-
	Total (B)	**18.27**	**32.73**	**-**	**51.00**	**-**	**-**	**-**	**-**
C	**Non-Working Companies**								
	Others								
17	Goa Auto Accessories Limited (GAAL) (Subsidiary of EDC Limited)	-	-	5.59	5.59	-	-	-	-
	Total (C)	**-**	**-**	**5.59**	**5.59**	**-**	**-**	**-**	**-**
D	**Non Working Statutory Corporations**	**Nil**							
	Grand Total (A + B + C + D)	**300.11**	**44.12**	**25.49**	**369.72**	**3.84**	**-**	**1066.27**	**1070.11**

* Paid-up capital includes share application money

\# Loans outstanding at the close of 2017-18 represent long term loans only excluding interest thereon

APPENDIX 3.4

(Referred to in paragraph 3.1.9)

Arrears of Accounts as on 31 March 2019

Sl. No.	Name of the PSU	Administrative Department	Year for which accounts are in arrear	Number of accounts in arrear
	COMPANIES			
1	Goa State Horticultural Corporation Limited (GSHCL)	Agriculture	2014-15 to 2017-18	04
2	Info Tech Corporation of Goa Limited (ITCGL)	Information Technology	2012-13 to 2017-18	06
3	Goa Forest Development Corporation Limited (GFDCL)	Forest	2015-16 to 2017-18	03
4	Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	Social Welfare	2008-09 to 2017-18	10
5	Goa State Infrastructure Development Corporation Limited (GSIDCL)	Finance	2017-18	01
6	Imagine Panaji Smart City Development Limited (IPSCDL)	Urban Development	2017-18	01
	CORPORATIONS			
7	Goa Information Technology Development Corporation (GITDC)	Information Technology	2006-07 to 2017-18	12
8	Goa Industrial Development Corporation (GIDC)	Industries, Trade & Commerce	2017-18	01
			Total	**38**

APPENDIX 3.5

(Referred to in Para 3.1.17)

Statement showing State Government funds infused in State PSUs during the period from 2000-01 to 2017-18

(₹ in crore)

A. Social Sector

Sl.No.	1		2		3		4		5		6		7	
Year	Goa Forest Development Corpn. Ltd. (GFDCL)		Goa Meat Complex Ltd. (GMCL)		Goa State Horticultural Corpn. Ltd. (GSHCL)		Goa Handicrafts, Rural and Small Scale Industries Development Corpn. Ltd. (GHRSSIDCL)		Goa State Scheduled Castes and Other Backward Classes Finance and Development Corpn. Ltd. (GSSCOBCFDCL)		Goa State Scheduled Tribes Finance and Development Corpn. Ltd. (GSSTFDCL)		Goa State Infrastructure Development. Corpn. Ltd. (GSIDCL)	
	Equity	**IFL#**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	0.50	-	0.25	-	0.74	-	2.33	-	1.23	-	0.00	-	0.00	-
2001-02	0.00	-	0.00	-	0.20	-	1.00	-	0.05	-	0.00	-	3.10	-
2002-03	0.00	-	0.00	-	0.29	-	0.00	-	0.32	-	0.00	-	0.00	-
2003-04	0.00	-	0.00	-	0.44	-	0.00	-	0.05	-	0.00	-	0.00	-
2004-05	2.00	-	0.00	-	3.30	0.62	0.00	-	0.05	-	1.00	-	0.00	-
2005-06	0.00	-	0.00	-	0.03	0.62	0.00	-	0.05	-	1.00	-	-0.05	-
2006-07	0.00	-	0.00	-	0.00	-	3.00	-	0.05	-	0.50	-	0.00	-
2007-08	0.19	-	0.00	-	0.00	-	1.00	-	0.05	-	1.00	-	0.00	-
2008-09	0.00	-	0.00	-	0.00	-	0.00	-	0.05	-	1.05	-	0.00	-
2009-10	0.00	-	0.00	-	0.00	-	0.50	-	0.01	-	2.88	-	0.61	-
2010-11	0.00	-	0.00	-	0.00	-	0.00	-	0.05	-	8.17	-	0.00	-
2011-12	0.00	-	0.00	-	0.00	-	0.00	-	2.50	-	9.40	-	0.00	-
2012-13	0.00	-	0.00	-	0.00	-	0.00	-	1.66	-	5.60	-	0.00	-
2013-14	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-
2014-15	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-
2015-16	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.50	-	0.00	-
2016-17	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-
2017-18	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-
Total	**2.69**	**-**	**0.25**	**-**	**5.00**	**1.24**	**7.83**	**-**	**6.12**	**-**	**31.10**	**-**	**3.66**	**-**

IFL = Interest Free Loans

(₹ in crore)

A. Social Sector					**B. Competitive Environment Sector**				**C. Other Sector**					
Sl.No.	**8**		**9**		**10**		**11**		**12**		**13**		**14***	
Year	Sewage and Infrastructural Development Corporation Limited (SIDCL)		Imagine Panaji Smart City Development Limited (IPSCDL)		Goa Tourism Development Corporation Limited (GTDCL)		Kadamba Transport Corporation Limited (KTCL)		EDC Limited (EDCL)		Info Tech Corporation of Goa Limited (ITCGL)		Goa Electronics Limited (GEL)	
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	0.00	-	0.00	-	5.24	-	22.91	-	23.20	-	0.00	-	0.00	-
2001-02	0.00	-	0.00	-	2.50	-	0.00	-	3.50	-	0.00	-	0.00	-
2002-03	0.00	-	0.00	-	1.00	-	0.00	-	3.50	-	0.00	-	0.00	-
2003-04	2.05	-	0.00	-	7.20	-	0.00	-	3.00	-	0.00	-	0.00	-
2004-05	0.00	-	0.00	-	4.41	-	3.00	-	1.00	-	0.00	-	0.00	-
2005-06	-0.05	-	0.00	-	0.00	-	0.03	-	1.00	-	13.15	-	0.00	-
2006-07	0.00	-	0.00	-	1.00	1.00	10.65	-	16.00	-	0.00	-	0.00	-
2007-08	2.80	-	0.00	-	0.00	-	6.00	-	15.00	-	0.00	-	0.00	-
2008-09	0.45	-	0.00	-	1.30	6.39	3.00	-	15.00	-	0.00	-	0.00	-
2009-10	0.30	-	0.00	-	0.00	-	3.30	-	5.00	-	0.00	-	0.00	-
2010-11	0.50	-	0.00	-	0.00	-0.60	3.75	-	0.00	-	0.00	-	0.00	-
2011-12	0.50	-	0.00	-	0.00	-1.33	7.00	-	0.00	-	0.00	-	0.00	-
2012-13	0.50	-	0.00	-	0.00	-	30.00	-	0.00	-	0.00	-	0.00	-
2013-14	0.50	-	0.00	-	0.00	-0.53	0.00	-	0.00	-	0.00	-	0.00	-
2014-15	0.00	-	0.00	-	0.00	-0.53	0.00	-	0.00	-	0.00	-	0.00	-
2015-16	0.00	-	0.00	-	0.00	-0.53	5.00	-	0.00	-	0.00	-	0.00	-
2016-17	0.00	-	1.00	-	0.00	-0.72	0.00	-	0.00	-	0.00	-	0.00	-
2017-18	0.00	-	0.00	-	0.00	-0.54	0.00	-	0.00	-	0.00	-	0.00	-
Total	**7.55**	**-**	**1.00**	**-**	**22.65**	**2.60**	**94.64**	**-**	**86.20**	**-**	**13.15**	**-**	**0.00**	**-**

* Goa Electronics Limited is subsidiary of EDC Limited. Hence, there is no direct investment of State Government.

(₹ in crore)

C. Other Sector							Total	
Sl.No.	**15 ***		**16**		**17**			
Year	Goa Auto Accessories Limited (GAAL)		Goa Industrial Development Corporation (GIDC)		Goa Information Technology Development Corporation (GITDC)			
	Equity	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**	**Equity**	**IFL**
2000-01	0.00	-	17.73	-	0.00	-	74.13	0.00
2001-02	0.00	-	0.00	-	0.00	-	10.35	0.00
2002-03	0.00	-	0.05	-	0.00	-	5.16	0.00
2003-04	0.00	-	0.12	-	0.00	-	12.86	0.00
2004-05	0.00	-	0.12	-	0.00	-	14.88	0.62
2005-06	0.00	-	0.00	-	0.00	-	15.16	0.62
2006-07	0.00	-	0.00	-	0.00	-	31.20	1.00
2007-08	0.00	-	0.00	-	0.00	-	26.04	0.00
2008-09	0.00	-	0.00	-	0.00	-	20.85	6.39
2009-10	0.00	-	0.00	-	0.25	-	12.85	0.00
2010-11	0.00	-	0.00	-	0.00	-	12.47	-0.60
2011-12	0.00	-	0.00	-	0.00	-	19.40	-1.33
2012-13	0.00	-	0.00	-	0.00	-	37.76	0.00
2013-14	0.00	-	0.00	-	0.00	-	0.50	-0.53
2014-15	0.00	-	0.00	-	0.00	-	0.00	-0.53
2015-16	0.00	-	0.00	-	0.00	-	5.50	-0.53
2016-17	0.00	-	0.00	-	0.00	-	1.00	-0.72
2017-18	0.00	-	0.00	-	0.00	-	0.00	-0.54
Total	**0.00**	**-**	**18.02**	**-**	**0.25**	**-**	**300.11**	**3.84**

* Goa Auto Accessories Limited is subsidiary of EDC Limited. Hence, there is no direct investment of State Government.

APPENDIX 3.6

(*Referred to in paragraph 3.2.6.2*)

List of Key modules in the *TenderWizard* that were not implemented

Sl. No.	Name of the module	Intended objectives/benefits	Impact due to non-implementation
1	Dynamic vendor database	Creation of database of contractors/vendors who fulfill pre-determined criteria for bidding, based on their qualification, registration details, technical capabilities, financial performance, past experience, *etc.,*to verify and declare a bidder as qualified based on the availability of the aforesaid documents along with the bid.	The bidders had to upload scanned copy of all documents (including those proving registration details) in each tender for verification and evaluation. The vendor profile was, thus, not built in the *TenderWizard*, which defeated the utility of the module and the objective of efficiency.
2	Award of contract	Online evaluation of bids received against a tender by generating comparative statement and conclusion of e-Tender either by award of contract or cancellation of tender or re-tender.	The *TenderWizard* was not used after generation of comparative statement of bids. Consequently, there was no information on award of contracts in the system and it was impossible to know from the system whether the lowest (L1) bidder was awarded the contract, resulting in lack of end-to-end control and transparency in award of contract.
3	Management of tender contract operations	Automation of processes after issuance of work/purchase order and before final payment of bills to successful bidder, thereby enabling the buyers and the Government to have an overview of works in progress and build a repository of information that could be used to measure the performance of successful bidders.	Buyers were deprived of contract management information for future technical bid evaluation and had to rely on the information provided by the bidder.
4	Re-tendering	Re-tendering an e-Tender with no response till a suitable bid was received.	Information on re-tenders and its linkage/relation to the original tender was not clear. Neither the original tender indicated that it has been re-tendered nor did the new/re-tender refer to the original tender along with the reason for re-tendering. The number of re-tendered works during 2013-18 was unavailable in the *TenderWizard* as the module was not operationalised.

(Source: TenderWizard website and information provided by ITG)

APPENDIX 3.7

(Referred to in paragraph 3.2.8.1)

Details of some tenders where buyers delayed release of tender documents

Sl. No.	Buyer	Tender number	Estimated cost (₹ in lakh)	Due date/time for receipt of bids	Vendor	Date of payment of TDF/TPF	Date/time of release of tender documents by buyer
1	GSUDA	43/3/GSUDA/e-Tender/11/ 17-18/1296 (Line No. 01)	237.53	16/10/2017 15:00	Vendor 1	12/10/2017 12:00	12/10/2017 12:10
					Vendor 2		16/10/2017 13:10
2	PWD	PWD/DIV.XVIII R/Tech/2013/F-5/29 (Line No. 01)	694.60	23/08/2013 14:05	Vendor 1	22/08/2013 12:00	22/08/2013 16:50
					Vendor 2		23/08/2013 10:10
					Vendor 3	20/08/2013 12:00	22/08/2013 11:20
					Vendor 4		23/08/2013 12:30
3	WRD	9/WDI/WRD/Accts/16-17/ e36 (Line No. 03)	25.19	28/09/2017 23:59	Vendor 1	20/12/2016 12:00	26/09/2017 17:40
					Vendor 2		28/09/2017 17:10
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 73/201)	14.17	09/01/2014 17:00	Vendor 1	02/01/2014 12:00	07/01/2014 12:20
					Vendor 2		09/01/2014 16:40
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 74/201)	12.00		Vendor 1		07/01/2014 12:30
					Vendor 2		09/01/2014 16:40
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 75/201)	9.78		Vendor 1		07/01/2014 12:30
					Vendor 2		09/01/2014 16:40
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 76/201)	8.57		Vendor 1		07/01/2014 12:30
					Vendor 2		09/01/2014 16:40
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 77/201)	6.90		Vendor 1		07/01/2014 12:40
					Vendor 2		09/01/2014 16:50
		WRD/WDII/ASW/F.17/36e/ 2013-14 (Line No. 78/201)	5.99		Vendor 1		07/01/2014 12:40
					Vendor 2		09/01/2014 16:50

4	GED	EE/Div-I/Tender-I GEN/21214 (Line No. 01)	40.09	26/02/2014 16:00	Vendor 1	24/02/2014 12:00	25/02/2014 15:20
					Vendor 2		26/02/2014 12:50
		03/2013-14/485 (Line No. 14/13-14)	22.28	29/07/2013 16:00	Vendor 1	22/07/2013 12:00	26/07/2013 15:00
					Vendor 2		29/07/2013 13:20
5	ITG	ITG-IT/748/SupplyNetbooks/ 2013-14	0	06/08/2013 10:00	Vendor 1	29/07/2013 12:00	29/07/2013 16:40
					Vendor 2		31/07/2013 12:10
					Vendor 3		31/07/2013 12:10
					Vendor 4		05/08/2013 17:00
					Vendor 5	22/07/2013 12:00	23/07/2013 15:50
					Vendor 6		24/07/2013 17:30
					Vendor 7	26/07/2013 12:00	29/07/2013 09:30
					Vendor 8		31/07/2013 12:00
					Vendor 9	18/07/2013 12:00	23/07/2013 15:50
					Vendor 10		25/07/2018 17:30
6	DAHVS	9-1/21/Med/2013-14/1888 (Line No. 01)	0	21/08/2013 15:00	Vendor 1	20/07/2013 12:00	05/08/2013 12:40
					Vendor 2		14/08/2013 12:10
7	GTDC	GTDC Tourism Services/2014-15/3004 (Line No. 01)	0	05/12/2014 15:30	Vendor 1	29/11/2014 12:00	02/12/2014 17:30
					Vendor 2		05/12/2014 16:00
					Vendor 3	10/11/2014 12:00	02/12/2014 17:30
					Vendor 4		04/12/2014 12:40
		GTDC Tourism Services/2014-15 (Line No. 01)	0	18/02/2015 15:30	Vendor 1	09/02/2015 12:00	09/02/2015 15:20
					Vendor 2		16/02/2015 11:00
		GTDC Tourism Services/2015-16/1361 (Line No. 04)	0	10/08/2015 17:30	Vendor 1	20/07/2015 12:00	06/08/2015 17:40
					Vendor 2		10/08/2015 17:10
8	DSDE	SDCT/PUR/eTender/ 2014-15/001/2551 (Line No. 003)	29.17	01/08/2014 18:00	Vendor 1	17/07/2014 12:00	30/07/2014 13:50
					Vendor 2		01/08/2014 17:20
9	SIDCGL	SIDCGL/Admn-7/4464/15-16 (Line No. 01)	0	06/08/2015 15:00	Vendor 1	03/07/2015 12:00	13/07/2015 13:10
					Vendor 2		06/08/2015 14:50

10	BMC	04/BMC/Tech/2013-14/477 (Line No. 01)	9.10	09/07/2013 17:00	Vendor 1	03/07/2013 12:00	08/07/2013 12:40
					Vendor 2		09/07/2013 14:30
					Vendor 3	01/07/2013 12:00	08/07/2013 12:50
					Vendor 4		09/07/2013 14:30
					Vendor 5	29/06/2013 12:00	08/07/2013 12:50
					Vendor 6		09/07/2013 13:00
					Vendor 7		09/07/2013 14:30
11	DoT	Luso-Games/2013/Fin/ DesignConsultant/14 (Line No. 01)	0	19/08/2013 15:30	Vendor 1	06/08/2013 12:00	07/08/2013 16:30
					Vendor 2		08/08/2013 09:40
					Vendor 3		13/08/2013 16:50
			1115.37				

(Source: Database provided by ITG)

(DAHVS - Directorate of Animal Husbandry & Veterinary Services; SIDCGL - Sewage & Infrastructural Development Corporation of Goa Ltd.; BMC - Bicholim Municipal Council; DoT - Department of Tourism). Estimated cost of tender was unavailable in the *TenderWizard* for Sl. No. 5, 6, 7, 9 and 11

APPENDIX 3.8

(Referred to in paragraph 3.2.9.1)

Delay in opening tenders after their authorisation

Buyer	Tender authorisation to bid receipt						Bid receipt to tender opening					
	Delay between 91 and 180 days		Delay between 181 and 365 days		Delay beyond 365 days		Delay between 91 and 180 days		Delay between 181 and 365 days		Delay beyond 365 days	
	No. of tenders	Estimated cost (*₹ in crore*)	No. of tenders	Estimated cost (*₹ in crore*)	No. of tenders	Estimated cost (*₹ in crore*)	No. of tenders	Estimated cost (*₹ in crore*)	No. of tenders	Estimated cost (*₹ in crore*)	No. of tenders	Estimated cost (*₹ in crore*)
Public Works Department	66	16.34	12	1.23	-	-	3	4.37	6	0.78	-	-
Water Resources Department	20	8.86	11	8.54	6	0.48	47	39.35	4	3.77	-	-
Goa Tourism Development Corporation Ltd.	19	3.59	3	0	-	-	12	8.70	2	0	-	-
Goa Electricity Department	11	173.58	1	0.10	-	-	2	10.64	-	-	-	-
District Rural Development Agency, North Goa	9	1.47	-	-	-	-	-	-	-	-	-	-
Corporation of the City of Panaji	5	0.39	-	-	-	-	-	-	-	-	-	-
District Rural Development Agency, South Goa	5	0.94	-	-	-	-	-	-	-	-	-	-
Goa Dental College and Hospital	4	0	-	-	-	-	-	-	-	-	-	-
River Navigation Department	4	0	-	-	-	-	-	-	-	-	-	-
Directorate of Panchayats	3	0.23	4	0.32	3	0.23	-	-	-	-	-	-
Goa Medical College	3	0	-	-	-	-	-	-	-	-	-	-
Directorate of Civil Aviation	2	0	-	-	-	-	1	0	-	-	-	-

Goa Engineering College	1	0	-	-	-	-	-	-	-	-	-	-
Goa Forest Development Corporation	1	0	-	-	-	-	-	-	-	-	-	-
Directorate of Health Services	1	0	2	0	-	-	-	-	-	-	-	-
Directorate of Transport	1	0	-	-	-	-	1	0	1	0	-	-
Directorate of Fisheries	1	0	1	0	-	-	-	-	-	-	-	-
Kadamba Transport Corporation Ltd.	1	0.98	-	-	-	-	-	-	-	-	-	-
Margao Municipal Council	1	0.14	-	-	-	-	-	-	-	-	-	-
Shree Mallikarjun College of Arts and Commerce	1	0	-	-	-	-	-	-	-	-	-	-
Department of Information Technology	1	0	-	-	-	-	-	-	-	-	-	-
Infotech Corporation of Goa Ltd.	1	0	1	0	-	-	-	-	-	-	-	-
Captain of Ports Department	-	-	-	-	-	-	-	-	-	-	1	0
Sewage and Infrastructure Development Corporation of Goa Ltd.	-	-	-	-	-	-	2	16.73	-	-	-	-
Department of Tourism	-	-	-	-	-	-	-	-	1	0	-	-
Goa Police	-	-	-	-	-	-	-	-	1	0	-	-
Total	**161**	**206.52**	**35**	**10.18**	**9**	**0.71**	**68**	**79.79**	**15**	**4.55**	**1**	**0**

(Source: Database provided by ITG)

APPENDIX 3.9

(*Referred to in paragraph 3.2.10.1*)

Activities performed by buyers after expiration of validity of their DSCs

Sl. No.	Buyer	Number of activities	Activities performed
1	Agriculture Department	1	EMD e-payment approved.
2	Captain of Ports Department	1	EMD e-payment approved.
3	Department of Information and Publicity	4	EMD e-payment approved; Form fee e-payment approved; Processing fee e-payment approved; Tender form requested by vendor.
4	Department of Information Technology	2	Form fee e-payment processed; Tender snapshot generated for stage cost.
5	Department of Printing and Stationary	3	Form fee e-payment processed; Processing fee e-payment approved.
6	Department of Tourism	3	Form fee e-payment processed; Processing fee e-payment approved;Tender form requested by vendor.
7	Directorate of Art and Culture	4	Mandatory tender documents defined; Tender created.
8	Directorate of Education	8	Tender notification authorised (Level-1); Corrigendum created/approved/uploaded/modified;Tender created.
9	Directorate of Fire and Emergency Services	3	Form fee e-payment processed; Processing fee e-payment approved; Tender form requested by vendor.
10	Directorate of Fisheries	4	Corrigendum created/modified/approved/uploaded.
11	Directorate of Panchayats	9	EMD refund process initiated/confirmed; EMD refund report generated.
12	Goa Electricity Department	15	EMD approved (Level-1); Vendor auto-disqualified; EMD e-payment processed; Form fee e-payment processed; Techno-commercial bid opened (Level-2); Processing fee e-payment approved;Vendor disqualified;Tender form requested by vendor.
13	Goa Medical College	1	Processing fee e-payment approved.
14	Goa State Urban Development Agency	3	Form fee e-payment processed; Processing fee e-payment approved; Tender form requested by vendor.
15	Goa Tourism Development Corporation Ltd.	10	EMD e-payment processed; Form fee e-payment processed; Processing fee e-payment approved; Tender form requested by vendor.
16	Government Polytechnic, Curchorem	1	EMD e-payment processed.
17	Kadamba Transport Corporation Ltd.	3	Form fee e-payment processed; Processing fee e-payment approved; Tender form requested by vendor.
18	Mapusa Municipal Council	3	Form fee e-payment processed; Tender snapshot generated for stage cost.
19	Valpoi Municipal Council	10	Corrigendum created/modified/approved/uploaded; Form fee e-payment processed; Tender form requested by vendor.
Total		**88**	