



**(LEGISLATIVE ASSEMBLY OF GOA)**

**PUBLIC ACCOUNTS COMMITTEE  
(2017-19)**

**SEVENTY FIFTH REPORT**

**Report of the Public Accounts Committee on the Report of the  
Comptroller and Auditor General of India for the year  
2012-13**

**LAI D ON THE TABLE OF THE HOUSE  
ON 31<sup>ST</sup> JANUARY, 2019.**

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**GOA LEGISLATURE SECRETARIAT  
ASSEMBLY COMPLEX  
PORVORIM – GOA**

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ASSEMBLY COMPLEX  
PORVORIM – GOA**

(i)

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**COMPOSITION OF THE  
PUBLIC ACCOUNTS COMMITTEE  
(2017-19)**

**CHAIRMAN**

**SHRI PRATAPSINGH RANE**

**MEMBERS**

**SHRI CHURCHILL ALEMAO**

**SHRI NILESH CABRAL**

**SHRI GLENN TICLO**

**SHRI RAJESH PATNEKAR**

**SHRI DAYANAND SOPTE**

**SMT JENNIFER MONSERRATE**

**GOA LEGISLATURE SECRETARIAT**

**SHRI N. B. SUBHEDAR, SECRETARY,**

**SMT CELIZA FERNANDES, UNDER SECRETARY**

(iii)

## **INTRODUCTION**

I, the Chairman of the Public Accounts Committee (2018-19) of the Sixth Legislative Assembly of the State of Goa having been authorised by the Committee to submit the Report on its behalf, present this Seventy Second Report of the Committee on the Audit Paras reflected in the Report of the Comptroller and Auditor General of India for the year 2012-13.

During its six sittings the Public Accounts Committee considered the explanation of the Departments in respect of Memorandum of Important points on paras reflected in the Reports of the Comptroller and Auditor General of India for the year 2012-13.

The minutes of the meetings are at Appendix “I” to “VI”. After careful consideration, the Committee formulated its recommendations, which are embodied in the Report. The draft report was considered and adopted by the Committee at its meeting held on 2<sup>nd</sup> November, 2018. Minutes of the meeting are at Appendix VII.

The Committee is grateful to Shri. Ashutosh Joshi, Accountant General, Shri Dattaprasad Sirsat, Dy. Accountant General Audit, Porvorim, Shri Muralidharan, Sr. Audit Officers (Report) for their valuable guidance rendered to the Committee.

The Committee also places on record the cooperation extended to the Committee by Shri N. B. Subhedar, Secretary, Smt. Celiza Fernandes, Under Secretary, Smt. Perpetina D’Souza, Section Officer and all the concerned staff of the Legislature Secretariat and commends their contribution towards the Report.

ASSEMBLY HALL  
PORVORIM, GOA  
DATED: 2<sup>ND</sup> NOVEMBER, 2018

SHRI PRATAPSINGH RANE  
CHAIRMAN

## **CHAPTER-I**

### **PUBLIC WORKS DEPARTMENT**

#### **1. PERFORMANCE AUDIT ON WATER SUPPLY SCHEMES IN THE STATE**

The water supply demand in the State is met through seven regional water supply schemes being implemented by the Public Health Engineering Wing of the State Public Works Department (PWD). A performance audit of the water supply schemes in the State was conducted with the objective to assess the effectiveness of the planning process; the implementation of schemes with due consideration to economy and efficiency; the promptness and effectiveness of revenue generation; the adequacy of asset management and effectiveness of monitoring and internal control mechanism. The Audit covered a period of five years 2008-13 and more than 50 per cent of the sub-divisions and divisions under the Public Health Engineering wing of the PWD. Some of the significant audit findings of the performance audit are as follows.

- The Capital expenditure of ₹ 329.01 crore incurred under the Japan International Co-operation Agency (JICA) project during the period 2009-13 was not shown in the accounts of the State Government. The gap between the cost of operation of water supply schemes and the revenue generated was ₹ 480.50 crore over the period 2008-13.
- Delay in tendering of works under JICA project resulted in additional burden of ₹ 166.37 crore to the State Government. Delays in acceptance of tender had resulted in additional liability of ₹ 69.02 crore on account of price escalation. Failure to capitalise on the forest approval given earlier resulted in a delay in start of work and consequent liability of ₹ 16.65 crore.
- Improper planning and lack of co-ordination within the PWD resulted in idle investment of ₹ 2.50 crore. Replacement of water meters with automatic meter reading component led to an unreasonable extra burden of ₹ 21.89 crore. Lack of planned preventive maintenance works led to irregularities in tendering of maintenance works costing ₹ 65.99 crore.

- Unaccounted water constitutes 35 per cent of the water produced resulting in short collection of revenue of ₹ 77.37 crore per annum. The percentage of replacement of damaged water meters over the last five years ranged from 3% to 21% only.
- Supervisory Control and Data Acquisition (SCADA) network installed at a cost of ₹ 1.52 crore is only partly functional due to delayed payment of utility bills and delayed repairs of circuit failures.
- Manganese detected in the treated water of Salaulim water treatment plant was higher than the acceptable limit prescribed in the water supply manual. The mining dumps and waste dumping in Khandepar river affected the functioning of the Opa water treatment plant.
- The internal control mechanism on outsourced billing operations are compromised due to lack of input, processing and output controls.

## **FINANCE**

### **Budget provision and expenditure**

We observed that there was huge variation between the budget provision (₹ 517.80 crore) and actual expenditure ₹ 318.06 crore) on capital heads mainly due to:

- delays in land acquisition, obtaining of forest licenses and re-tendering of works during the period 2009-10 to 2012-13 which resulted in non-utilisation of funds provided for Opa (₹ 35.33 crore), Assanora (₹ 6.25 crore) and other water supply schemes (₹22.37crore);
- non-formulation of schemes under tribal area sub-plan (₹30.30 crore) during the period from 2010-11 to 2012-13; and
- non-settlement of bills of contractors due to insufficient funds (₹46.35 crore) during 2012-13.

### **Non-accountable of capital expenditure in the Government accounts**

The State Government executed (September 2007) a loan agreement with Japan Bank for International Co-operation (JBIC) for execution of water supply and sewerage projects in the State. The project involved expansion and rehabilitation of Salaulim Water Supply Scheme, improvement of operation and maintenance of existing Water Supply Schemes (WSS) and creation of additional sewerage networks in the State.

As per Agreement, the release of loan was made by the JBIC directly to the contractors against the invoices for work carried out by them duly certified by the Consultants and Project Implementation Unit (PIU). The JBIC released a total loan amount of ₹ 329.01 crore to the contractors during the period 2009-13 against the bills certified and submitted through Controller of Aid Accounts and Audit, GoI, Ministry of Finance. Out of this, ₹282.89 crore and ₹ 46.12 crore were released for water supply sector and sewerage sector respectively. The State Government, however, did not include these transactions in their accounts during the corresponding years resulting in understatement of capital expenditure of ₹329.01 crore in the Finance Accounts of the State. The Department has intimated (August 2013) that the matter has been referred to the Finance Department.

It may be observed that the total expenditure incurred for running and maintenance of the water supply schemes for the period 2008-13 was ₹850.61 crore (excluding salaries ₹116.40 crore). The water supply manual stipulated that the revenue earned should be capable of sustaining the cost of operating the amenity and also to provide for a reserve for meeting the capital expenses for future improvement. The recovery of water charges during the period 2008-13 which was ₹ 370.11 crore was insufficient to even cover total direct revenue expenditure.

The Department in its written reply stated that from 01.04.2016 onwards the reimbursement procedure is being followed wherein the State has to pay first and then submit the claim for reimbursement. Further it is stated that the Expenditure towards Water Supply & Sewerage Project undertaken by availing External Assistance from Japan International Cooperation Agency (JICA) has been accounted under capital expenditure in Government Account with effect from 01/04/2016 onwards under the following Budget Head:

I) 4215-Capital Outlay on water supply and sanitation,



- 01- Water Supply,
- 101-Urban water supply,
- 12- External assistance for water supply and sanitation,
- 53- Major works
- &
- II) 4215-Capital Outlay on water supply and sanitation,
- 02- Sewerage & Sanitation,
- 106-Sewerage scheme,
- 12- External assistance for water supply and sanitation,
- 53- Major work

The Total Expenditure booked **up to March 2017** is as under:

BH: 4215-01-101-12-53	₹ 38,16,45,493.00
BH: 4215-01-106-12-53	₹ 32,37,59,149.00

<b>TOTAL</b>	<b>₹ 70,54,04,642.00</b>
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During the Year 2017-18, the Expenditure incurred is as under:

BH: 4215-01-101-12-53	₹ 42,26,00,000.00
BH: 4215-01-101-12-53	₹ 42,87,50,344.00

<b>TOTAL</b>	<b>₹ 90,13,50,344.00</b>
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***Short recovery of ₹ 480.50 crore***

The total expenditure incurred for running and maintenance of the water supply schemes for the period 2008-13 was ₹ 850.61 crore (excluding salaries ₹ 116.40 crore). The water supply manual stipulated that the revenue earned should be capable of sustaining the cost of operating the amenity and also to provide for a reserve for meeting the capital expenses for future improvement. The recovery of water charges during the period 2008-13 which was ₹ 370.11 crore was insufficient to even cover total direct revenue expenditure.

The Department in its written reply stated that the short recovery of ₹ 480.50 crore has happened for the period 2008-2013 on account tariff structure wherein the domestic consumer were charged at ₹ 2.50/m<sup>3</sup> as per notification No. 84/PCE-PWD-Accts/2010-11/251 dated 31/03/2011 however it was revised on 17/04/2013 domestic rate was not revised but other tariff rates were change and marginally increased consumption of water for domestic purpose is 66% of the total water produce and 44% is non-domestic consumption due to this factor cost of supplying water is less than the cost of water produced. The production cost of water ₹

9.58/m<sup>3</sup> which was supplied at subsidized rate of ₹ 2.50/m<sup>3</sup> for majority of consumer (Domestic). Due to public tap provided in Panchayat and Municipal areas there was loss of revenue. As a remedial measures public taps have been totally closed which will improve the scenario. Due to defective and non-working of water meter also there was loss of revenue in the course of time water meters have been replaced at various places to the tune of 56% (Proactive & damaged meters) which has reduced the NRW and will result in increasing revenue. 219.8 kms. of old A.C. pipelines have been replaced which has resulted in less breakdown/leakages and has increased the revenue. Further efforts are made to replace balance 1495.86 kms. of old A.C. pipelines in the phased manner which will further improve the revenue and help in reducing the NRW. Minor extensions of pipelines also were undertaken at various places which has also reflected in production cost. The expenditure towards minor works and extension of pipelines amounting to ₹ 367.12 crore which has incurred for improvement of network system. Hence the actual short of recovery works out to ₹ 480.50- ₹367.12= ₹ 113.38 crore.

## PLANNING

### **Planning of water requirement**

The urban and rural population in Goa was 62 *per cent* and 38 *per cent* respectively as per the Census-2011. The Central Public Health and Environmental Engineering Organisation (CPHEEO), GoI's Manual of Water Supply and Treatment set the maximum consumption of water for the population with facilities of flushing sewerage system as 135 litre per capita per day (lpcd) and without sewerage system the consumption recommended was 70 lpcd.

The State had achieved the service level of 82 lpcd in rural areas and 143 lpcd in urban areas at the end of the Tenth Five Year Plan. It was proposed to increase the supply level to 100 lpcd in rural areas and 150 lpcd in urban areas with the emphasis on 24x7 water supply.

The water supply demand in the State is met mainly through seven Regional Water Supply Schemes (RWSS) with a total capacity of 529 MLD (Million Litres per Day) as on March 2013. The additional treatment capacity created during 2008-13 was 135 MLD.

The total water supplied from the existing RWSS was 529 MLD. Considering the per capita requirement of water as prescribed in the manual of CPHEEO, the total domestic water requirement worked

out to 161.09 MLD. Even to achieve the targeted per capita water supply of 100 lpcd in rural and 150 lpcd in urban areas set for the eleventh five year plan (2007-12), the total treated water requirement worked out to 191.25 MLD. Against these requirements the actual water consumption was 228 MLD during the year 2012-13. Thus the targets set for the 11 Five Year Plan had been achieved and excess water supply capacity had been created. This can encourage wastage and diversion of critical drinking water for other purposes, which Department needs to guard against.

## **IMPLEMENTATION OF SCHEMES**

### **Implementation of JICA project**

GoI requested (2002) assistance of the Government of Japan (GoI) for augmentation of water supply and sanitation in Goa. Accordingly the GoI entrusted (March 2005) the work to undertake feasibility study to Japan International Co-operation Agency (JICA). Based on study report, the JBIC sanctioned (September 2007), a loan of 22,806 Million Japanese Yen (₹ 847.50 crore as per prevailing exchange rate) against the total project cost of ₹ 1,031.90 crore. The total loan including interest was repayable over a period of 20 years commencing from September 2017. The tripartite loan agreement between the GoG, GoI and JBIC was signed in September 2007.

The GoG constituted (August 2008) Project Implementation Unit (PIU) for project implementation, supervision and monitoring and necessary co-ordination activities.

### **1. Expansion works for Salaulim Water Supply Scheme**

- a. Construction of 100 MLD Water Treatment Plant at Salaulim
- b. Laying of 73.65 kilometer of 150 mm to 1,400 mm transmission mains
- c. Construction of 20,000 cubic meter Master Balancing Reservoir at Sirvoi and construction of 6 reservoirs with capacities of 100 cubic meter to 800 cubic meter.
- d. Pumping stations at five locations.

### **2. Rehabilitation of existing Salaulim Water Supply Scheme**

- a. Rehabilitation of 160 MLD Water Treatment Plant (WTP).
- b. Rehabilitation of 1,200 mm transmission mains from Margao to Verna (13.8).
- c. Four units of pumping equipment at Verna pumping station.

### **3. Improvement of operation and maintenance (for all seven RWSSs)**

- a. Installation of flow meters at WTPs, flow meters and float valves at reservoirs and flow control valves at transmission mains.
- b. Establishment of safety standards for WTPs.
- c. Establishment of Central Laboratory at Tonca, Panaji with adequate testing equipment which can measure all the required Parameters.

State Government conveyed (March 2008) Administrative approval to the total project cost of ₹ 1,031.90 crore which comprised water supply sector component of ₹ 763.10 crore and sanitation sector component of ₹ 268.80 crore. The PIU took up the priority projects 1a to 1d under 'Expansion of Salaulim WSS' and 'Establishment of Central Laboratory' (3c). Other priority projects under Rehabilitation of existing Salaulim WSS and installation of flow meters and establishment of safety standards for WTP had not been taken up till date (January 2014).

### **Additional burden of (₹ 166.37 crore to State due to delay in implementation of the projects**

The JICA project implementation was to be carried out in 22 packages (12 packages for water supply sector, 6 packages for sanitation sector and 4 common packages).

As against the estimated cost of ₹ 459.85 crore assessed in the loan agreement for 11 out of the 12 packages, the accepted tender cost of these packages was ₹ 626.22 crore. As the loan amount was limited to ₹459.85 crore on these packages, the remaining amount of ₹166.37 crore will be met from the state budget.

The Department in its written reply stated that the bids are called as per the JICA guidelines and in terms of ODA Loan Agreement wherein the works are executed as per JICA guidelines only.

**Inordinate delay in acceptance of tenders resulting in escalation of ₹69.02 crore**

The commencement of the project, was delayed due to time taken for acceptance of tenders by one to 16 months from the date of tendering. It was observed that the stipulated dates of completion of six packages were already over but the physical progress made ranged from 40 *per cent* to 80 *per cent* only.

According to the provisions of Para 19.3.1 and Appendix 23 of the CPWD manual, maximum 45 days from receipt of tenders was allowed for scrutiny at various levels to decide the award of work, where tenders had been accepted by Works Board. The Department except in one package (10a) took more than 45 days in finalising the tenders and issue of work orders and overall delays ranged from 4 months to 16 months.

The GSWB also took time ranging from seven months to 11 months in three works for its approval after receipt of the proposal from Bid Evaluation Committee (BEC).

The contract agreement provided for price variation payment according to the change in indices of labour, material and POL (Petrol, Oil and Lubricants) components of the contract value. The scrutiny of work files on execution of package-2 (Transmission lines from Salaulim to Margao) revealed that the Department took 13 months for issue of work order subsequent to opening of the tenders. The Department had already paid ₹25.56 crore (June 2012) as escalation on the total value of work done ₹124.24 crore). As per the price indices applied for escalation payment of ₹25.56 crore the average monthly increase in cost was 0.95%.

The element of escalation cost makes the timely processing of tenders most essential. The delay in finalizing the tenders would lead to an additional financial burden of ₹69.02 crore for the State Government. Almost 36% of the additional cost was attributable to time taken by the GSWB in accepting the lowest offers recommended by the BEC in respect of seven works.

The Department in its written reply stated that while calculating the escalation of ₹69.02 crore on account of delay due to time taken for acceptance of tenders up to 16 months, the Audit has considered 0.95% average increase per month based on average increase in indices for Labour, Wholesale Price Index (WPI) & POL during the period from January 2010 to January 2012.

It is seen that the up-to-date escalation for all the Packages paid as on September 2017 is ₹119.85 crore. Considering the issue of first Tender Notice in June 2009 till September 2017 i.e. 100 months the percentage increase 0.119% per month.

Applying this correction factor the escalation payable on account of delay in acceptance of tender could be  $69.02 \times 0.119 / 0.95 = 8.65$  crores instead of ₹69.02 crore. The up-to-date Payment for the Project is 979 crore.

*The Committee would like to know the reasons for the delay of 16 months for issue of work order thereby increasing the cost by an additional ₹ 69.02 crore. It would like to know the delay at each level and the official responsible as the Committee is of the opinion that deliberating on the tender for around 16 months is a non-transparent procedure and the extra expenditure incurred on this account is not justifiable.*

#### **FAILURE TO CAPITALIZE THE EARLIER FOREST APPROVAL RESULTED IN DELAY IN START OF WORK AND CONSEQUENT LIABILITY OF ₹16.65 CRORE**

The progress of priority project of Salaulim water supply scheme which involved construction of 100 MLD Water Treatment Plant (WTP) and intake well, construction of 20,000m<sup>3</sup> capacity reservoir at Sirvoi and laying of transmission lines Parallel to the existing transmission lines up to Verna sump was very slow and not synchronised to allow the scheme to be commissioned as per the target date of April 2013.

The works of WTP and reservoir required approval from the Forest Department for diversion of forest land. The Forest Department approved (January 2004) the proposal of the PWD to execute the project under BOOT basis subject to compliance of

the stipulated conditions. The approval was valid for five years and was subject to payment of compensatory afforestation charges of ₹1.27 crore. The Department paid (December 2008) the charges and submitted compliance report to the Ministry of Environment and Forest in March 2009. Since the compliance report was received after five years, the Ministry revoked (May 2009) the earlier approval of January 2004. Consequently the State had to process for fresh clearance from the Ministry of Environment and this was received only in November 2011 affecting the timely execution of the project.

Though the work orders of the reservoir at Sirvoi and WTP were issued in February 2011 and April 2011 respectively, the works could not commence till November 2011. The work of WTP commenced in April 2012 and only 60% was completed till January 2014. The work of reservoir at Sirvoi commenced in December 2011 only and 80% of the work could be completed as on January 2014.

Thus the Department's failure to capitalise on the forest approval received in January 2004 resulted in delay in start of work and consequential additional liability of ₹ 16.65 crore towards escalation.

The Department in its written reply stated that the Forest approval was pursued rigorously by the Department and obtained the same leading to commencement of work of WTP at Salaulim in December 2011. Further in written reply stated that there was no allocation of the funds for the said work during the period when the approval for diversion of land was received from Government of India. It was only in December 2008, the payment could be made when loan Agreement was signed by Government of India with Government of Japan and Government of Goa in September 2007.

For submission of compliance report the activities such as detailed survey of the areas under forest land, demarcation of forest land to be diverted, identification of boundaries, renumbering of trees, preparation of voluminous documents etc. were required to be carried out by Department and verified by Forest Department. This process took considerable time and hence the submission took one year.

***The Committee points out the inordinate delay in making the payments of afforestation charges which delayed the projects and incurred additional liabilities. It further sees the very lax attitude of the***

***Department in the matter of submission of compliance report although the issue was time bound.***

**IMPROPER PLANNING AND LACK OF CO-ORDINATION RESULTED IN IDLE INVESTMENT OF ₹2.50 CRORE.**

The work of 'construction of transmission reservoirs and pumping stations at three places viz. 800 cubic meters in Quepem town area, 300 cubic meters in Padi village and 100 cubic meters at Cupwada in Quepem Taluka' (package-7) was awarded (August 2010) to M/s Saisudhir Infrastructure Ltd. for ₹4.03 crore. The work was to commence in August 2010 and scheduled to be completed by August 2011. After making payment of ₹2.50 crore (February 2011) the work could not proceed further as clearances from various authorities were pending till January 2014.

Audit scrutiny revealed that:

- The work of laying pipelines from Balli to Barcem (10.5 km) was to be carried out along the NH 17. The Roads division-XN demanded (June 2011) ₹5.25 lakh for use of National Highway land. The payment was made in October 2011 but the demand draft was returned due to incorrect payee's name. The demand draft was however, revalidated only in November 2012 and the NOC was issued (November 2012) by National Highway Authorities. This inordinate delay impacted the timely completion of the project. The physical progress of the project was 40 *per cent* till January 2014.
- NOCs were pending (January 2014) from Forest Department, Balli Comunidade, Rivona Comunidade and from a private party for the works of GLR Padi, sump Padi, GLR Cupwada and sump at Cupwada respectively. This showed lack of proper planning by project authorities.

The stipulated date of completion of this work was in August 2011, but only 40% of the work has been completed by January 2014. Improper planning and lack of co-ordination resulted in non-completion of the work and idle investment of ₹2.50 crore for three years.

The Department in its written reply stated that the necessary steps have been taken to avoid such errors in future. Further it is stated that the letter of the Executive Engineer directing to deposit the payment towards



the use of National Highway Land was received on 11.05.2011 mentioning the name as **P.A. O. Ministry of Surface Transport & Highways, Mumbai.**

Accordingly DD was issued in favour of **P.A.O. MOSRTH** payable at Mumbai.

It was the Office of **Regional Pay & Accounts Officer (National Highways), Mumbai** who informed vide her letter dated 23.12.2011 to issue a fresh DD in favour of **Regional Pay Accounts Officer, National Highways, Mumbai instead of Account Officer M.O.S.R.T.& H.,** Government of India.

Accordingly DD was issued in favour of **Regional Pay Accounts Officer, National Highways, Mumbai** on 16.01.2012.

As the NOC for laying pipeline was to be issued by Executive engineer, Work Division XIV this DD was not forwarded to **Regional Pay Accounts Officer, National Highways, Mumbai.** Therefore the DD was revalidated at the request of the Executive Engineer, Work Division XIV (NH) dated 30.08.2012. The revalidated DD was forwarded to the Executive Engineer, Work Division XIV (NH) on 29.11.2012 and NOC was issued on 29.11.2012.

Thus the return of DD was due to the **correction requested in the name of the payee** as communicated to JICA office by the National Highways Division, PWD dated 26.12.2011. *[It was the office of Regional Pay & Accounts Officer (National Highways), Mumbai who informed vide her letter dated 23.12.2011 to issue a fresh DD in favour of Regional Pay & Accounts Officer, National Highways, Mumbai instead of Accounts Officer M.O.S.R.T.&H., Government of India]*

*The Committee points out that there was a lapse on the part of the Department for not having confirmed the proper payee name before drawing the Demand Draft. The Committee recommends that the Department should investigate and take appropriate action against the officials responsible for drawing the incorrect DD and also for taking inordinate long time of 1 year for further revalidating the Demand Draft.*

**REPLACEMENT OF WATER METERS WITH  
AUTOMATIC METER READING COMPONENT- EXTRA  
COST OF ₹21.89 CRORE**

Reduction of Non-Revenue Water (NRW) was one of the objectives of JICA project.

Under package 11 of the JICA project the PIU proposed the work of supply, installation and maintenance of 93,459 multi jet water meters with Automatic Meter Reading (AMR) for Salaulim water supply scheme. The work was awarded (January 2013) to M/s Unity-Chetas at total cost of ₹53.73 crore.

Table 5: Details of items of work awarded

(₹ in crore)		
Sl. No.	Items	Amount
1	Plant equipment machinery and spare parts supplied from within the country	38.26
2	Transportation, insurance and other incidental services	0.63
3	Installation services component	12.74
4	Provisional sum	2.10
	Total	53.73

The item No 1 above 'plant equipment machinery and spare from within the country ₹38.26 crore)' included supply of ₹93,330 multi jet domestic water meters costing ₹29.95 crore, supply of 129 non-domestic water meters costing ₹ 0.38 crore, providing AMR components costing ₹2.91 crore and supplying pipes, valves and other fittings costing ₹5.02 crore.

The contract provided for replacement of 84,970 multi-jet domestic water meters of different sizes with AMR and providing additional 8,489 multi-jet meters for new connection with AMR.

Audit scrutiny revealed that:

- The PWD procures water meters as per the DGS&D rate contracts. The multi-jet type domestic water meters were available at the rates of 525 for 15mm, 660 for 20mm and 873 for 25 mm as per rate contract available in the year 2010. The accepted basic rates of multi- jet domestic type water meters (without AMR component) in the contract were 2,950 for

15 mm, 3,490 for 20 mm and 7,500 for 25 mm. Even after considering a 10% increase every year over the DGS & D rates, the rates accepted were exorbitantly higher. For 93,330 domestic water meters to be procured under the contract the total excess amount has been worked out at ₹21.89 crore.

- The contract provided replacement of 84,970 domestic water meters with new meters. An analysis in seven out of 13 revenue collection sub-divisions revealed that almost 84 per cent of the water meters were in working condition. Thus the decision of Department to replace all the meters was injudicious. Further the replacement of water meters with AMR was not in the priority projects identified in the JICA report.
- The procurement of 93,459 number of water meters constitutes nearly 35% of the total water connections (₹ 2.67 lakh) in the State. The Department had neither conducted any pilot study nor analysed cost of benefit ratio before procurement of such a large quantity of water meters with AMR at a cost ₹53.73 crore. The analysis done by audit on 300 consumers (selected by statistical sampling) revealed that nearly 46% of the consumers pay less than ₹50 and another 33 per cent of the consumers pay between ₹ 50 and ₹100 as monthly water charges. Considering the huge capital expenditure and expensive maintenance required for water meters with AMR component the Department should have ensured replacement of meters of high paying consumers at the first instance before going for an outright replacement of all the water meters with AMR.

***The Committee strongly feels that the Department has erred in the procurement of water meters in such large quantities at an exorbitant rate. It also feels that the replacement of meters with AMR was not in the priority projects identified in the JICA report. The Department has not placed any pilot study on record with an analysis of the cost benefit ratio before procuring such a large quantity of meters incurring a high capital expenditure coupled with the expensive maintenance required for AMR meters. The Committee feels that the Department should have procured the meters for replacement of meters of high paying consumers.***

## **OPERATION AND MAINTENANCE**

### **Irregularities in tendering of maintenance works costing ₹ 65.99 crore.**

The Department has not prepared a maintenance manual for maintenance of its assets such as plant and machinery, pipe lines, reservoirs *etc.* As per the JICA report, the design life for the water treatment plant is 50 years and 15 years for mechanical and electrical equipment which are to be rehabilitated/replaced accordingly. The house connections are to be rehabilitated/ replaced after 10 years. The details of total quantities of various assets with the Department and their year-wise repairs and replacements carried out by the Department were not furnished to audit (January 2014). We observed that the Department had spent ₹536.35 crore during the period 2008-13 on various repairs and maintenance works. There was no planned preventive maintenance work and repair works were carried out in ad-hoc manner by the divisions in the event of any breakage or leakage.

We also observed that the divisions were not observing the codal provisions while executing the repair and maintenance works on the grounds of urgency of repairs. As per Para 16.1 of the CPWD manual, wide publicity should be given to the notice inviting tenders. Tenders with estimated cost of more than ₹5 lakh, should be advertised in press and should be sent for publication on website.

We observed that divisions XVII and XXIV had executed 1,321 and 331 repair and maintenance works during the period from July 2009 to November 2011 incurring expenditure of ₹52.59 crore and ₹13.40 crore respectively without publishing tenders in newspapers. Works in 285 cases were more than ₹ 5 lakh each. A test check of 50 works in division XXIV revealed that 11 works had been broken in phases and awarded to the same agencies by issue of short tender notices, thus enabling the divisions to circumvent codal provisions.

The EE (Division-XVII) stated (February 2012) that: (i) the tender notices were not published in newspapers as nobody other than local contractors were expected to come forward for these works, (ii) there were public agitations every day due to poor water supply scenario in North Goa in 2009 and (iii) as the delay in taking approvals of estimates resulted in delay in taking up of works, the Minister, PWD

announced publically to take up all maintenance works costing up to ₹10 lakh without publishing in newspapers to save time. He however confirmed that this practice has now been discontinued and all the works costing above ₹ 5 lakh were being advertised in newspapers.

The Department in its written reply stated that the Divisional offices directed to prepare maintenance manual in specified time, E-tendering of all works above ₹ 5 lakh made mandatory. Further in written reply stated that the Department has already made it mandatory to invite e-tenders for the works costing more than ₹ 5.00 lakh to avoid any irregularity in tendering process.

The process of preparation of Maintenance Manual is being studied and would be taken up in due course of time.

*The Committee recommends that the preparation of maintenance manual should be taken up on warfooting.*

#### **PAYMENT OF PENALTY DUE TO LOW POWER FACTOR ₹58.72 LAKH**

The power factor is a measurement of how effectively electrical power is being used. As per Para 12 (c) of the notification applicable for High Tension (HT) consumers for public water supply schemes, the power factor shall not in any case fall below 0.85 lagging (revised to 0.90 lagging with effect from July 2012). In case the power factor is found to be lower, penal charges at the rate of 0.5 per cent of the monthly bill corresponding to demand charges and energy charges shall be levied. In case the power factor is less than 0.70 lagging, the installation is liable for disconnection. However, all HT and Extra High Tension (EHT) installations where the power factor is maintained at above 0.95 lagging shall be eligible for a rebate @ 1% of the energy charges for every 1% improvement in the power factor.

We observed that the electricity bills of eight installations under five water supply schemes had low power factor ranging from 0.15 to 0.51 and paid penal charges of ₹58.72 lakh for the period March 2010 to May 2013.

The Electricity Department recommended (December 2012) to PWD replacement of capacitors suitable for different machinery for maintaining good power factor. This indicated that the Department was not checking and replacing the capacitors periodically and

properly maintaining its plant and machinery. This has not only resulted in payment of penal charges on the above installations but also would affect the functioning of the machinery.

Electricity charge is one of the major components of expenditure on running of the water treatment plants. During the period 2008-13 the Department had incurred a total amount of ₹ 215 crore as electricity charges. Considering the huge expenditure on electricity charges and maintenance of poor power factor, the Department should have conducted an energy audit of all its plant and machineries and also other installations maintained by the Department.

## **REVENUE**

### **Reduction in Share of Revenue from Non-Domestic Consumers**

The Department collects water charges from nearly 2.67 lakh consumers.

While analysing the pattern of growth in consumption, domestic consumption had increased to 66% in 2012-13 as compared to 59% in 2008-09. Similarly, the water consumption in respect of non-domestic consumers reduced to 34% in 2012-13 from 41% in 2008-09. The domestic consumers' share in revenue grew from 41.36% in 2008-09 to 52.12% in 2012-13 but during the same period the share from the non-domestic sector reduced by 11%.. We observed that while the domestic tariff has been increased three-fold during the last five years, there was only marginal increase in non-domestic tariff over the same period as detailed in the succeeding Paragraph.

As per Paragraph 17.4.2 of the water supply manual of CPHEEO, the revenue earned on sale of water was to be utilised to meet the annual recurring cost of operation and maintenance and to provide for a reserve for meeting the capital expenses. The quantity actually billed was invariably less than the quantity produced and was thus unaccounted for water. The revenue recovered was inadequate to meet the operation and maintenance expenditure and in the tariff the cost of water which was not accounted for should have been factored in.

The total direct revenue expenditure for running the water supply schemes stood at ₹ 185.04 crore during 2012-13. Based on the present production of 529 MLD the unit cost for production of water

was ₹ 9.58 per cubic meter during the year 2012-13. Due to the high percentage of unaccounted water, the Department could collect water charges for only 343.90 MLD. Thus the unaccounted water constitutes 35 per cent. Receipts for 67,561.50 MLD during 2012-13 were lost as the same was unaccounted for.

During the period from April 2008 to April 2013 the Department revised the tariff structure twice (March 2011 and April 2013). The increase in domestic tariffs in the maximum slabs was 200 per cent and those of public taps increased by 66% during the period 2008-13. In respect of non-domestic tariffs the increase ranged from 16 per cent to 46 per cent only during the same period. The increase in the domestic water tariff during the last five year period indicated a healthy trend in achieving sustainability in operation of the water supply schemes in the State. The tariff should periodically be revised to ensure that the recurring cost of operation and maintenance at least, are realised.

### **HIGH PERCENTAGE OF UNACCOUNTED WATER RESULTING IN SHORT COLLECTION OF REVENUE OF ₹ 77.37 CRORE PER ANNUM**

The Unaccounted Water (UW) represents the difference between the quantities of water supplied from the water treatment plants and that of the quantity supplied and measured at consumer point. The major factors leading to UW are leakage of water from the transmission lines, distribution lines, underground reservoirs, valves, connections *etc.* illegal connections; unmetered supply and non-working/faulty water meters.

As per the CPHEEO manual, Ministry of Urban Development, GoI the unaccounted water should be limited to 15%.

The Department aims for 24x7 supplies in future. This brings with it the challenges of ensuring that leakage control measures are put in place to keep leakage 'in-check', as potentially, increasing the hours of supply could increase the level of water loss. The Department stated that all the connections were metered, reasons for the huge percentage of UW could be attributed to faulty meters, leakages in water pipelines and other causes.

### **Salaulim Water Supply Scheme**

The Salaulim Water Treatment Plant (SWTP) supplies an average of 200 MLD water and the total output of the plant was being measured at the flow meters installed at Xelpem. After covering a length of 24 kilometre the 1,400 mm conveying mains reaches the Bifurcation Point at Margao (BPM) where another flow meter was installed. The flow meter at BPM measures the flow of water at an average of 113 MLD. The total water released through 21 tapping points from the conveying main between these two flow meters was 87 MLD.

We obtained the total billed quantity of all the consumers who received water through these 21 tapping points during the period from January 2013 to March 2013. The monthly (30 days) average quantity of water released at SWTP and received at BPM was 5,979 Million Litre (ML) and 3,411 ML respectively. The difference in quantity of 2,568 ML per month represents the quantity of water supplied through the above 21 tapping points. However, the actual monthly water consumption metered and billed at the consumer points (covering 34 villages) which receives water from the above 21 tapping points was 1,562 ML. Thus 1,006 ML of water was unaccounted for which was 39 *per cent* of total water supply.

### **Opa Water Supply Scheme**

From the 40 MLD WTP of Opa Water Supply Scheme the water is supplied through main pipe line to Taleigao and Altinho reservoirs at Panaji and five tapping points lie on route of supply. Flow meters have been installed only at the Panaji and Taleigao tapping points. Due to non-availability of flow meters at the other three tapping points, audit worked out the water released through Panaji and Taleigao tapping points and the total billed quantity on the consumers from these tapping points.

The water consumption metered and billed at the consumer points of Panaji and Taleigao during the period from March 2013 to April 2013 and the water released as per the flow meter readings in these tapping points was as shown in Table 8.

Thus the percentage of unaccounted water from these two tapping points was 35 *per cent*.

### **Chandel Water Supply Scheme**



Chandel Water Supply Scheme supplying water to the Pernem taluka in North Goa district has a total installed capacity of 15 MLD. As per the information furnished by sub-division 2 of division XVII, Pemem, the average daily water consumption for two latest billing cycle (ranging from 98 to 151 days) was to the tune of 9,764 m (9.76 MLD). Thus the unaccounted water constituted 5.24 MLD which worked out to 35 *per cent*.

### **Dabose Water Supply Scheme**

The Dabose Water Supply Scheme (DWSS) which supplies water to the Sattari taluka in North Goa district has a total installed capacity of 15 MLD. Due to hydraulic constraints of the conveyance grid, the actual production of the plant was only 12.50 MLD equivalent to 12,500 m<sup>3</sup> per day and the actual billed quantity as furnished by concerned sub-divisions was only to the extent of 7,138 m<sup>3</sup>. Thus the unaccounted water in the scheme was 5,362 m<sup>3</sup> which constitutes 43 per cent.

The overall unaccounted water of 35% under all the seven wss was above the permissible limit of 15 per cent. The PWD was recovering water charges at the rate between 15 to 35 per m<sup>3</sup> for the consumption of above 50 m<sup>3</sup> per month for domestic and the actual quantity measured in respect of non-domestic consumers. Considering the rates applicable to various categories of consumers, the revenue lost for unaccounted water excluding the permissible limit of 15 per cent worked out to ₹77.37 crore during the year 2012-13.

The Department in its written reply stated that the improvement in system with reduction in leakages, replacement of damaged/non-working meters/old A.C. pipelines due to this the unaccounted water has been reduced. Efforts are made to reduce unaccounted water by taking measures as follows:

#### **Real Losses**

1. Leakages in distribution lines, Conveying Mains, Valves are attended time to time. Besides leak detection for unseen leakages is carried out periodically.

#### **Apparent Losses**

1. A separate cell is constituted to control apparent losses which includes replacement of non-performing meters,

also detecting and disconnecting any unauthorised consumption.

2. Old pipelines susceptible to leakages and damages are being replaced. Nearly 219.84 kms. of old A.C. pipelines has been replaced by HDPE PVC and DI lines to eliminate leakages through joints as AC pipes is outdated technology.

Further in written reply it is stated that there is no specific location / spot of leakages for identifying and attending the leakages. The survey and inspection of the conveying main and distribution main is carried out by Technical staff under the supervision of experience Engineer. The leakages are attended promptly no sooner they are noticed. Efforts are being made to control the NRW and to train the field staff. 31 Engineers have been trained through JICA under Technical Co-operation Programme. The process is continued to train remaining Technical Staff which will help in further reduction of NRW.

*The Committee that there should be a better reporting system to tackle leakages in pipelines with the co-operation of general public. It would recommend the development of an app which could be used by the general public to report line breakages and leakages reducing the response time for attending to and rectifying the same. The Committee would like an update in the matter.*

## **NON-REPLACEMENT OF FAULTY/DAMAGED WATER METERS**

We observed from the test check of seven Sub-Divisions which have a total number of 89,575 connections that the percentage of damaged meters constitutes 12 to 16 per cent and out of these damaged meters only three to 21 per cent were replaced during the period 2008-13.

The low replacement level of faulty meters would hamper the Department's initiatives to check unaccounted water and then lead to non-recovery of water charges.

The Department in its written reply stated that the replacement of damaged/faulty water meters is done regularly and its percentage has increased from 21% to 54.34%. Further in written reply it is stated that all faulty meters mentioned in the Para have been replaced.

Total number of water connections released in whole PWD are 296111 and out of which faulty/damaged meters of 153907 reported and 83671 meters are replaced, that the percentage of replacement of meters is increased from 21% to 54.36%.

*The Committee recommends taking up the identification and replacement of faulty/non-working meters on a priority as it sees that the pace of replacement of meters is very slow. The Committee would like to know the progress Taluka-wise and the efforts made to achieve 100% coverage of replacements.*

## **ARREARS OF WATER CHARGES**

Arrears of water charges increased from ₹ 16.41 crore at the end of 2008-09 to ₹ 23.49 crore at the end of 2012-13. Almost 30 per cent of the arrears pertained to three consumers namely Western India Shipyard, Mormugao (₹1.33 crore), Mandovi Hotels, Panaji (₹ 4.21 crore) and M/s Dalmia Resorts, Mobor (₹ 1.66 crore).

The arrears of M/s Western India Shipyard were due from the year 2005. The consumer paid six lump sum amounts up to August 2009. Thereafter, some part payments up to December 2012 were made leaving an arrear of ₹1.33 crore as on March 2013. The Department disconnected the water connection only in April 2013 and the matter had been passed on to the revenue recovery court. The Department did not renew the bank guarantee of ₹ 2.34 lakh submitted (January 2001) by the customer while renewing the water connection and thus the same could not be encashed.

M/s Mandovi Hotels disputed the sewerage charges which were levied from February 1995 along with the water charges. Their contention was that they consume water from sources other than PWD and thus sewerage charge for water from other sources was not payable by them. The Department has neither disconnected the water connection nor taken any action to recover the dues through recovery court during the past 18 years and the arrears mounted to ₹ 4.21 crore as of March 2013.

The arrears of M/s Dalmia Resorts were due from June 1996 when the water connection was disconnected. The revenue recovery of ₹ 5.67lakh could not be made as the customer discontinued

business. When the consumer restarted business in 2007, the Department demanded a sum of ₹ 1.66 crore which included delayed payment charges applicable from time to time. An appeal by the consumer was dismissed (September 2010) by the Hon'ble High Court of Bombay at Goa but the Department has not taken any action on the basis of the Court's order so far to recover the amount (January 2014).

## **MONITORING**

### **Non-working flow meters resulting in poor monitoring of water supply**

Installation of flow meters is essential for ascertaining quantity of water supplied. We observed during a joint visit (June 2013) to the Salaulim WTP with the Assistant Engineer of Sub-division 4 that both the flow meters installed (June 2011) on two 1,000 mm raising mains to the WTP at a cost of ₹13.68 lakh were not working. The Assistant Engineer informed (June 2013) that both the flow meters were not working since June 2012 due to damage caused during maintenance activity to underground cables. He further informed that the flow meters would be repaired on completion of ongoing replacement work of rising mains to WTP and the contractor had agreed (June 2013) to carry out the repair work without extra cost and his security deposit of ₹1.39 lakh was kept on hold.

### **Non-functioning of SCADA network installed at a cost of ₹ 1.52 crore**

Supervisory Control and Data Acquisition (SCADA) is a management information system helpful in management of operation and maintenance of a water supply scheme. The data collected from the monitoring devices installed in remote areas are fed into a software (SCADA software) which act as a tool to generate various reports such as daily flow charts, hourly flow charts etc. The analysis of SCADA reports would enable the Department to ascertain how much water was fed into the system and that reached at various tapping points *etc.* to locate areas of leakages.

The Opa Water Supply Scheme was connected with a SCADA network in the year 2010 at a cost of ₹1.52 crore. It was observed that the SCADA system was non-operational from May 2011 onwards

due to the failure of segment coupler circuit which was short circuited by lightning. The same was repaired and the SCADA started getting the data from local stations from September 2011 onwards with intermittent failures. The SCADA system became partly non-operational from March 2012 as the modem required for internet connection had gone out of order. Though a new modem was procured (July 2012), 6 Airtel sim-cards and 2 Idea sim-cards acquired for data acquisition from remote locations were disconnected (July 2012) by the service providers due to non-payment of dues in time. The BSNL land lines and internet connections were also disconnected due to non-payment of dues. Hence the SCADA network had been non-functional since March 2012 till date (January 2014).

Thus, despite incurring ₹1.52 crore on installation of the SCADA the Department has failed to get the full benefits of the system for a period of over two years.

The Department in its written reply stated that the SCADA System implemented in June 2010 for evaluation of various Parameters of water supply system. Same presently working manually as proper internet data is not available for its automatic functioning. New proposal has been processed with upgraded software which once put in operation details will be available at monitoring base in head office.

Further its stated that SCADA system installed for Opa water works was commissioned and handed over on 15<sup>th</sup> June 2010, after a trial period of 6 months in order to get data like water flow, pressure, levels, energy and other Parameters etc. at an estimated cost of ₹ 1.52 crore.

M/s. Endress + Hauser India Pvt. Ltd. was the agency carrying out the above work. As per the agreement M/s. Endress + Hauser India Pvt. Ltd. were asked to operate and maintain the SCADA system for 5 years.

Payment of dues to Airtel, Idea Cellular Pvt. Ltd., BSNL were paid in year 2013 since than regular payments were effected to the said agencies. Service providers has started the services after dues were paid w.e.f. August and October, 2013.

The above contract got over on 15<sup>th</sup> October, 2015 after extension of three months with same terms and conditions without any additional financial burden. All the flow meters and other equipment's installed under SCADA are working satisfactorily and local readings are available.

However, four number of flow meters are electrically disconnected along the highway due to ongoing works of NH-17- A from Ponda to Khandepar. It is proposed to relocate these flow meters on new conveying mains.

The original SCADA software and PLC installed by E + H has become obsolete and required upgradation for communication of data and the said agency is reluctant to provide any support in this regard as such their final bill along with security deposit has been withheld by the Department.

Accordingly seParate proposal for upgradation of software and PLC is being taken up amounting to ₹ 14.9 lakh. Once the software is installed, data from remote locations will be available and thus SCADA network will be fully functional.

The Software for SCADA network needs updation which is being taken up. Tenders are invited for upgrading the software with latest version. However, for time being the data is collected manually.

*The Committee fails to understand the reasons for the Department dragging its feet in the issue of upgradation of the SCADA Software. This delay has led to the non-use of the system for a period of 4 years even after having spend ₹ 1.52 crore on its installation. The non-operation of SCADA means that line loss and leakages data would not be effectively reported. The Committee would like to be kept informed on the progress of upgradation and the going online of the system and the date on which it will be online. It also recommends that the Department looks for the most cost of effective internet provider and have discussions with them regarding the connectivity issue that is most appropriate for the working of the SCADA package.*

## **ENVIRONMENTAL      DEGRADATION      AFFECTING DRINKING WATER SOURCES**

### **Mining activities in the catchment area resulted in high manganese deposits in the Salaulim dam water**

We observed that the manganese deposits in the Salaulim dam water has been one of the major constraints faced by the Department in the Salaulim water treatment plant.

The Division reported (July 2012) that manganese deposit in the dam water was due to concentration of many mining activities in the surrounding catchment areas of the dam as the mining dumps percolate to the dam water during monsoon and remains in the water in soluble condition. In order to have effective control of manganese pollution problem at Salaulim dam the division proposed (July 2012) a detail study in collaboration with Director of Industries and Mines. In this regard, the Directorate of Mines and Geology proposed a joint inspection in August 2012, but the results of the inspection/ study have not been furnished to audit by the Department (January 2014).

An analysis of manganese deposit levels recorded during the last five years (2008-13) revealed increasing trend. As per the Manual of Water Supply the acceptable level of manganese in treated water was only 0.05 milligram per litre. However, the manganese detected in the treated water ranged from 0.09 mg to 0.5 mg per litre which was ten times higher than the acceptable limit. Action needs to be immediately taken to ensure that the treated water conforms to the standard laid down.

The Department in its written reply state that the mention manganese content of 0.5 mg/lit. in the treated water on 19/01/2010 was erroneously entered in the computer. Actually it was 0.05 mg/lit. The manganese content in raw untreated water was itself 0.3 mg/lit from 10/01/2010 to 20/01/2010. Hence there is no chance of increase of manganese in treated water.

As per IS 10500: 1991, the test characteristics of drinking water is 0.3 mg/lit. (permissible limit) and 0.1 mg/lit. (desirable limit). The presence of manganese content is 0.05 mg/lit in treated drinking water on that specify day (i.e. on 19/01/2010) is much below the desirable limits and hence totally safe for drinking purpose. Further it's mentioned that Audit remarks are noted.

***The Committee sees a gross negligence on the part of the Department and officials concerned. The Committee recommends more control and cross checking of data in future.***

**WASTE DUMPING TO KHANDEPAR RIVER AND MINING ACTIVITIES IN THE UPSTREAM OF THE RIVER AFFECTING OPA WSS**

The Assistant Engineer of sub-division-V, Opa WTP reported (October 2012) that the lower inlet holes of jack well was blocked by plastics and other rubbish materials. He further reported (July 2013) that plastic cans, bottles, pieces of cloth *etc.* are flowing in the Khandepar river, thereby choking the intakes and suction lines of the pumps at Opa water works necessitating frequent shut down of the plant.

Mining in the upstream area of the Khandepar river also resulted in increase in the turbidity of the water causing choking of the sand filter beds. This increases the treatment time due to frequent back washing, excess pumping of raw water and thereby decreases the efficiency of the treatment plant.

Action may be taken to ensure that the waste is not dumped in Khandepar river and mining rejects do not affect the working of the Opa plant.

The Department in its written reply stated that the after action taken by Pollution Control Board and Water Resources Department the pollution at source has been under control.

The mining activity on the upstream side has almost stopped besides Officials from Goa Pollution Control Board and WRD are monitoring the water body on the regular basis. The case of clogging of pumps by plastic and other waste has reduced drastically.

## **INTERNAL CONTROL**

### **Mechanism for measurement and collection of water charges**

Printing of water bills was outsourced to two vendors *viz.* M/s Megasoft systems, Margao and M/s Cybercad Technologies, Ponda. For every billing cycle, the meter reader notes the quantity of water consumed for onward submission to the vendor. The vendor works out the water charges leviable and generates printed bills, monthly consumer ledger, daily/monthly revenue collection statements, revenue summary, category wise revenue *etc.*



We selected bills of 50 consumers in each of six sub-divisions for checking by statistical sampling using Idea Software. A random sample of 15 bulk consumers was also included. The observations were:

Barring bulk consumers, no ledgers were maintained at sub-division II of Division IX, Margao with 21,752 consumers. M/s Megasoft reported that no previous records were maintained. Therefore audit was unable to carry out checks in the sub-division office.

The Department in its written reply stated that the present vendor have been generating monthly ledger for both categories. As the provision of hard copy as well as soft copy by vendor has been incorporated in the contract. The provision records are also made available as and when required.

The billing agency M/s. Megasoft is now generating monthly ledger for domestic and other category consumers other than the bulk consumers for maintaining the records in the Sub-Division. Beside this soft copy of the record is also maintain in the Sub-Division. The software provided by the billing agency also has provision to sought out records of individual consumers from any required date. The agency M/s. Megasoft is now contractually bound to provide ledger for bulk consumers as well as individual consumers in hard copy as well as soft copy so as to maintain the perfect record with the Division. The concerned Divisions have been directed to issue work order after incorporating the above condition in the contract.

Sub-Division II of Division XX with 4,951 consumers maintained manual ledgers with details of payments by consumers. Complaints about non-recording of receipts by the vendor were received from consumers who received inflated bills. The sub-division had to subsequently make corrections in the bills after checking with the ledgers maintained by it.

The Department in its written reply stated that the arrears list is submitted by the billing agency along with every billing cycle and the records are maintained to cross check the arrears. The arrears as per Megasoft ledger shown are sometimes corrected at the Sub-Division level on account of reasons like late payments by the consumers from the

previous bill cycle. The Sub-Divisions maintain the arrears ledger as per the actual payments received towards the bills. The corrected arrears figures are simultaneously communicated to the Megasoft and are reflected in the subsequent billing cycle. Thus the difference in the arrears figures is as a result of the corrections in the bills at the Sub-Division level. Hence proper coordination is maintained in regard to recovery of arrears between the Department and M/s. Megasoft Agency. Further states that the Executive Engineer is directed to reconcile the difference between Sub-Divisional figures and agency figure.

The audit team along with the sub-divisional staff visited the vendor *M/s Megasoft* systems to ascertain the various security, input, processing and output controls existing in the computerised billing system. It was observed that:

- Megasoft had 10 dedicated data entry operators (DEOs) for PWD work. They were working on a data base management system developed through Foxpro. The DEOs were allotted a fixed set of zones for data entry and each DEO was responsible for his/her zone. The DEOs did not have a unique access user identification or user password that authorised them to enter or modify data.
- In case of corrections in a bill, ideally, the sub-division was to send the corrected bill authorised by the Assistant Engineer to Megasoft so that they could enter the changes in the system. File modifications however, were also carried out on instructions or authorisation for the same over the telephone from a Junior Engineer or an Assistant Engineer.
- There was no system in place at the sub-divisional level to cross check the arrear figures calculated by Megasoft.
- When asked to furnish the soft copy of all the ledgers for the last five years, Megasoft stated it was unable to do so because as a practice it maintained the ledger dated only upto the last billing cycle and deleted the previous one. It supported its action by saying that there was no clause in the tender schedule which binds them to preserve past ledgers.

The system of billing and maintenance of records by the Department was compromised by lack of internal controls with regards to the operations carried out by the vendor. As the Department adopted the arrears position as provided by the vendors, the figures of revenue shown in the accounts records are susceptible to inaccuracies. The contract agreement with the vendors may be reviewed to ensure security of data and safe keeping of past data through suitable back up.

The Department in its written reply stated that a hard copy memorandum is submitted to billing agency and the record of the same are maintained on seParate register for period. A consumer identification number is introduced for access to consumer details for any editing.

**PUBLIC WORKS DEPARTMENT**

## **2. AVOIDABLE EXTRA COST OF ₹1.06 CRORE DUE TO RE-ALIGNMENT OF PIPELINE**

**The PWD awarded the work of laying 3,780 meter of 150 mm dia. pipeline to supply water to Amona village from a tapping point situated at Pansewadi Maina junction. Subsequently the Department decided to re-align the pipeline to another tapping point at Navelim Junction necessitating additional pipeline of 1,680 meters and additional cost of ₹ 1.06 crore.**

To improve water supply to Amona village the State Government accorded (March 2011) administrative approval and expenditure sanction for ₹ 2.13 crore for providing and laying 250 mm diameter (dia.) Ductile Iron conveying main from Navelim to the newly constructed 800 m<sup>3</sup> Ground Level Reservoir (GLR) at Amona. The work was awarded (August 2011) to M/s Mareena Builders for ₹ 1.51 crore stipulating the date of completion as 11 February 2012.

The work involved laying 3,780 meter 250 mm dia. pipeline from the tapping point at Pansewadi Maina Junction (PMJ) to Amona. Water was proposed to be tapped from the existing 300 mm dia. conveying main at PMJ which supplies water to Pale constituency.

When 80 *per cent* of the work of laying the pipeline was completed (April 2012), the Department realised that tapping at PMJ would affect supply to Velguem, Surla and Pale area. Further, the Hon'ble MLA of Sanquelim constituency desired that tapping of water for the new line be done from the old 250 mm line of Navelim junction. Accordingly, it was decided to connect the newly laid pipeline to the existing 250mm dia. conveying main at Navelim junction which was 1,680 meter away from PMJ.

Audit observed that the water to Amona village was already being supplied through a 2,800 meter long 150 mm dia. pipeline from the 250 mm conveying main at Navelim junction. As per the revised route the total quantity of pipeline to be laid for connecting from the Navelim Junction to Amona GLR worked out to 5,460 meters (3,780 mtrs +1,680 mtrs).

Had the Department initially assessed that tapping water from the 300 mm pipeline at PMJ would affect supply to the three

mentioned areas the GLR at Amona could have been connected to the Navelim junction by a 250 mm conveying main by laying only 2,800 meter of 250 mm dia. pipeline and based on the rates of the original work awarded to M/s Mareena builders, this work could have been completed at a cost of ₹1.12 crore. As against this, the total amount payable for laying 5,460 meter pipeline through the present re-alignment would work out to ₹2.18 crore resulting in an avoidable extra expenditure of ₹ 1.06 crore.

The Department in written reply stated that due to insistence from local representatives, objections from enroute residents, the additional pipeline had to be laid. It was done through same agency without going for new tender as the agency was 20% below the amount put to tender due to which the work was completed early and piped water was supplied to the people of that area. Also, laying of pipeline on shortest route was not possible due to very narrow road.

Further, written reply the Department stated there was no conveying main for the newly constructed 800 m<sup>3</sup> GLR at Amona, hence the work of providing and laying of 250 mm dia. D.I. conveying main from Navelim to the 800 m<sup>3</sup> GLR at Amona Village in Pale Constituency was carried out. The work was awarded to M/s. Mareena Builders vide work order No. PWD/DXVII (PHE-N)/Accts/F.114/11-12/2584 dated 30/08/2011 for tendered amount of ₹ 15118283.20 which was 20% below the estimated cost of ₹ 18897859.00 put to tender. The time limit for completion of the work was 120 days. The stipulated date of commencement and completion of the work were 15/09/2011 and 11/01/2012 respectively.

The work involved providing and laying 3780 meters 250 mm dia. D.I. conveying main from the tapping point at Panaswadi Maina junction to Amona and was proposed to be tapped on the existing 300 mm dia. Conveying main which supplies water to Pale Constituency.

The agency has started the work in time by supplying the required 250 mm dia. D.I. Pipes as per the agreement schedule and physically completed 80% of the work on 10/04/2012. However it was realized that if the line was tapped at Panaswadi Maina junction, the water supply to the areas of Velguem, Surla and Pale was likely to be disturbed. Also the Hon'ble MLA of Sankhali Constituency had directed that the new line should be connected to the old 250 mm dia. conveying main at Navelim junction instead of 300 mm dia. line leading to Pale Constituency.

Therefore it was proposed for laying additional length of 1680 mtrs. 250 mm dia. D.I. conveying with very few numbers of specials.

This point was overlooked at the estimate stage mainly on economic ground. However, the issue related to public interest as the people of Surla, Velguem, Pale-Cottombi, Navelim etc., were objecting for the interconnection to 300 mm dia. conveying main at Panaswadi Maina junction. SeParate tendering would have delayed the project with no financial advantages as the present tender was quoted 20% below the estimated cost put to tender. Further the local Hon'ble MLA of Sankhali Constituency directed to carry out the additional work as proposed urgently since there was shortage of water at Amona Village.

Potable water was being supplied to Amona Village from 150 m<sup>3</sup> GLR through the existing 150 mm AC pipeline of 2800 mtrs. length laid from Navelim junction along the Laxmi Narayan Temple road.

However as this road was narrow the Sarpanch and the villagers of Navelim Panchayat area had objected for laying the pipeline along the road. Also due to the commissioning of the new bridge along the Laxmi Narayan Temple road resulting in heavy traffic along the road, the Roads Division had advised verbally for laying the pipeline along the Amona. Maina, Navelim road which was newly constructed and hence it was decided to lay the pipeline along that road.

The cost of additional work involved was ₹ 62,62,640.00 at the quoted rate. The work was quoted 20% below GSR 2008 rate and major items such as D.I. pipes, excavation, laying, jointing and refilling etc., were quoted abnormally low due to which the total cost of additional work was of ₹ 62,62,640.00 which was within 10% above the sanctioned cost. Further its written reply stated that the assessment of the Department to tap the existing pipeline at Pansewadi Maina Junction for Amona GLR was technically correct. However, due to the objection from the Public, the tapping location had to be shifted which resulted in extra length of 1.680 km pipeline. As the objection was not at the initial stage, 80% of the pipeline was already completed by the time the objection was raised by the Public. The said route was the only available economical alternative at that stage.

***The Committee is of the opinion that a more detailed study of the route for the pipeline should have been made taking the***

*locals affected by the laying of the pipeline into confidence. This would have saved the excess amount spent for re-alignment.*

## **CHAPTER-II**

### **PUBLIC HEALTH DEPARTMENT**

#### **IRREGULARITIES IN CONTRACT FOR SUPPLY OF MEDICAL GASES TO THE GOA MEDICAL COLLEGE.**

**There was abnormal increase in the consumption of medical gases and significant variation in the quantities of oxygen indicated as received by the security staff and the administrative staff of the Goa Medical College.**

The Goa Medical College, Bambolim (GMC) invited tenders for "supply, installation and commissioning of Medical gases" (March 2010). Out of three offers received, M/s Scoop India Pvt. Ltd. Corlim, Goa (M/s Scoop) was assessed as the lowest tenderer at ₹ 52.61lakh in spite of their failure to quote for the maintenance cost as required in the tender. The Purchase committee recommended (September 2010) acceptance of the offer of M/s Scoop. Administrative approval and expenditure sanction for supply of medical gases at a cost of ₹ 52.61 lakh for a period of one year was granted by the Government (November 2010). Accordingly, supply order was issued (December 2010) to M/s Scoop.

On scrutiny of the supply and billing records, Audit observed that Oxygen was being supplied by M/s Scoop in trolleys fitted with 48 cylinders. The estimate for supply of medical gases to the GMC envisaged supply of only 42 trolleys of medical oxygen per month, which works out to not more than 1.5 trolleys per day. It was, however, seen that invoices were raised for three to four trolleys per day and the same were certified as received by the GMC. The invoices indicated that three to four trolleys with the same set of 48 oxygen cylinders were supplied to the GMC on consecutive days.

Further, the entries in the register for consumption of oxygen indicated that 48 cylinders fitted to a trolley were shown as consumed in 12 hours on all days. Recording of the consumption of exactly 12 hours on all days instead of the actual usage of oxygen raised doubts on the method of recording of consumption of oxygen. After being pointed out in audit (December 2012), the

register indicated an increased consumption ranging from 16 to 24 hours per day from January 2013.

Entry and exit of the trolleys carrying the oxygen cylinders were recorded in a register by the Security staff at the GMC gate. The entries in the register of March 2011 were verified and based on this examination it was found that on an average, only two trolleys entered the GMC premises daily.

The contract amount of ₹52.61 lakh was stated to be worked out by the GMC for the estimated quantity of medical gases required for one year. However, for the period 23 December 2010 to 31 December 2011, the actual amount paid to M/s Scoop on this account was ₹1.14 crore which was over 117 per cent of the estimated expenditure. There was abnormal increase in the consumption of medical gases and significant variation in the entry quantities of material recorded by the security staff and the administrative staff.

The matter was referred to the Government in June 2013. The GMC replied (July 2013) that:

- i. At the time of tendering, the probable requirement of oxygen cylinders were worked out based on the consumption at that point of time. The consumption varied based on requirement at the hospital; and
- ii. The trolleys entering the main manifold room through another entrance were not verified at the main gate. However the security staff stationed at the main manifold room entrance verified and received the same.

The reply was not acceptable as the requirement of oxygen was estimated based on the previous consumption of the hospital. Further, the claim that the cylinders received at the manifold room were checked by the security staff posted there is also not acceptable as no records were produced to substantiate the claim. If the trolleys entered the manifold room through another entrance other than the main gate without checks, then there exists a security breach which has to be plugged at the earliest.



The Department in its written reply stated that the procedure adopted for monitoring of the delivery of the medical gases by the Hospital has been reviewed and further strengthened by deploying of additional staff. Surprise checks are carried out by the Hospital Pharmacy and delivery quantities are verified. The maintenance of the medical gases system at the Hospital has now been taken over by the Goa State Infrastructure Development Corporation.

*The Committee finds a serious lapse in the billing and monitoring of supplying of medical gases. It sees that although 2 trolleys were received billing was for 3-4 trolleys per day. It sees an inconsistency in the receiving of the trolleys and cannot accept that the trolleys were received at 2 different access points. This itself is a major lapse in security and transparency. The Committee recommends a proactive approach to the issue by the concerned officials who should be held personally accountable so that all such loopholes are plugged. Also timely maintenance to avoid losses through leakages need to be addressed.*

### **CHAPTER-III**

#### **WOMEN AND CHILD DEVELOPMENT DEPARTMENT**

##### **AVOIDABLE EXPENDITURE OF ₹ 1.34 CRORE DUE TO NON-LIFTING OF FOOD GRAINS UNDER WHEAT BASED NUTRITION PROGRAMME**

The Director of Women and Child Development did not lift the foodgrains allotted by Government of India at BPL rates under the Wheat Based Nutrition Programme but procured the foodgrains from Marketing Federation at much higher rates resulting in avoidable expenditure of ₹ 1.34 crore.

Under Wheat Based Nutrition Programme (WBNP), the GoI allocates foodgrains (wheat and rice) at Below Poverty Line (BPL) Rates (₹ 4.15 and ₹ 5.65 per kg) to the States on their demand for meeting their requirement for supplementary nutrition to beneficiaries under the Integrated Child Development Services (ICDS) Scheme. The State was, however, not availing of the benefits under WBNP and the food grains were being procured through open market *i.e.* from Goa Co-operative Marketing and Supply Federation Ltd. (Marketing Federation).

When the Ministry of Women & Child Development, GoI intimated (July 2009) the State Government that the State had not furnished the requirements for food grains under WBNP for the year 2009-10 the Directorate of Women & Child Development (Directorate), Goa decided and forwarded (March 2010) the requirements of 582.99 MT each of wheat and rice for the year 2010-11. Accordingly, the GoI allocated (May 2010 and July 2010) 438 MT of wheat and 431 MT of rice during the year 2010-11. The Directorate however, did not lift the food grains on the grounds that there was no budget allocation for WBNP

during the year and allocation for the year had lapsed. During 2011-12, as demanded (May 2011) by the Directorate, the GoI allocated a total quantity of 1,888 MT each of wheat and rice. The Directorate however, lifted only 657 MT of wheat and 648 MT of rice (as indicated in table) during the year and the balance quantity of 1,231 MT of wheat and 1,240 MT of rice was not lifted.

The Director mainly attributed (September 2011) the reasons for non-lifting due to poor quality of food grains and huge transportation cost that increases the cost to the extent of ₹ 34 to ₹ 35 per kg as compared to the local supply. The entire second quarter allotment of 725 MT wheat and 728 MT rice in 2011-12 were not lifted due to expiry of validity period for lifting owing to communication failure. The allocations for the third and fourth quarter were partly lifted due to shortage of storage and transportation problems.

We observed (May 2012) that during the period 2010-11 and 2011-12 the Child Development Project Officers (CDPOs) had procured a total of 6,00,144 kgs. of wheat at the rates ranging between ₹ 18.54 and ₹ 21.30 per kg and 2,78,551 kgs. of rice at the rates ranging between ₹ 25.60 and ₹ 26.78 per kg from the Marketing Federation. The total amount paid to the Marketing Federation for these procurements was ₹ 1.90 crore.

Scrutiny of the records relating to the expenditure incurred by CDPOs for lifting food grains from FCI revealed that the average transportation, loading, unloading expenditure incurred ranged between ₹1.03 per kg to ₹ 2.87 per kg during 2010-12. The Programme Officer of the Directorate replied (May 2012) that the detailed calculations of ₹ 34 to ₹ 35 per kg were done at CDPO level and the CDPOs inadvertently calculated the cost by applying the rates of food grains of the Marketing Federation instead of BPL rates and the actual cost per kg comes to more or less ₹ 6 to ₹ 7 per kg including transport and other charges.

Considering unit cost for lifting the wheat and rice (₹ 6 to ₹ 7 per Kg) from FCI, the total cost would have been ₹ 0.56 crore for the same quantity procured from Marketing Federation.

Thus the decision of the Directorate not to lift food grains from FCI without verifying the cost calculations of CDPOs had resulted in additional expenditure of ₹ 1.34 crore (₹ 1.90 crore-₹ 0.56 crore).

The Department in its written reply stated that the instructions already issued to all ICDS Blocks not to purchase wheat and rice from Goa Marketing Federation in future, w.e.f. 2012 onwards Department has purchased food grains under WBNP from Food Corporation of India in view of the guidelines of Ministry of Women and Child Development.

The Department in further written reply stated that during the Audit conducted on 25/05/2012 by the Office of the Accountant General Goa, a half margin memo No. 16 under title "ICDS Scheme-Lifting of Foodgrains under Wheat Based Nutrition Programme (WBNP)" was issued to the Department wherein Audit party had sought clarification on point no. 7 of Half margin memo that "Details of calculation of ₹ 34/- to ₹ 35/- per kg worked out by the Department for supply of foodgrains under WBNP" and the reply in details provided by the Department is as under:-

The details of calculation of ₹ 34/- to ₹ 35/- per kg were done at the CDPOs level. The foodgrains was procured from FCI under WBNP for the first time, the CDPOs calculate rate per kg as per the rates of Marketing Federation and added the cost of transportation, loading and unloading, labour and other charges. They had not taken the foodgrains at BPL rates supplied by FCI while calculation per kg. Thus, they had informed the same in the monthly meeting of the CDPOs.

But in real the cost calculation per kg comes to more or less ₹ 6/- to ₹ 7/- respectively including transport and other charges.

In the same Para Point No. 9 Audit party sought clarification on "Cost of the food grains under the scheme was to the tune of ₹ 34/- and ₹ 35/- per kg please state the extra expenditure incurred on this account over the cost of the food grains if it was purchased locally" and in the Departmental reply the mistake which was occurred from the Departmental side in calculation was clearly accepted by the Department. The foodgrains supplied by the FCI was discussed in the meeting along with proof of samples of poor quality and the wheat with number of stones. The CDPOs had orally stated that the approximate cost was ₹ 34/- and ₹ 35/- per kg. without calculating the actual ones and as per the directions of the then Hon'ble Minister (WCD) and then Secretary (WCD) and as decided in the meeting the matter was addressed to the Ministry.

Further it is submitted that on going through the records it is revealed that:

- 1) Most of the CDPOs were retired, so also Programme Officer was retired.
- 2) Utilization Certificate and S.O.E. of the same were also been accepted by the Ministry towards purchase of foodgrains through Marketing Federation.
- 3) After Audit observations Department had stopped purchase of foodgrains through Marketing Federation and restarted lifting of quota from FCI.
- 4) Necessary instructions had also been issued to all CDPOs.

In view of the above circumstances request is placed before Hon'ble Public Accounts Committee to condone the mistake on the part of the Department for furnishing information without proper verification in respect of Para No. 3.1.5.

*The Committee is of the opinion that there was lack of co-ordination within the Department so as to calculation of the rate of wheat made available by the Wheat based Nutrition Programme of Government of India as against that offered by the Goa Marketing Federation. Hence the Committee feels that responsibility should be fixed for the miscalculation and misinformation which has led to the loss to the Government. The Committee may be kept updated in the matter.*

**CHAPTER-IV**

**REGISTRATION DEPARTMENT**

**PERFORMANCE AUDIT ON LEVY AND COLLECTION OF**  
**STAMP DUTY AND REGISTRATION FEE**

Key Audit observations

- Computerisation in the Department got inordinately delayed mainly due to the lackadaisical attitude of the Department. Out of nine offices in which hardware was installed in August 2011, the scheme was inaugurated in four offices only as on July 2013 and in five offices it was yet to be inaugurated.
- Special Committee for fixing the value involving transfer of land exceeding one lakh Sq. mtrs. notified by the Government in February, 2009 was constituted only in January, 2013. The registering authorities could not take any action against undervaluation of transactions in hilly land exceeding one lakh sq. mtrs.
- Though the Government formulated and notified rules in June, 2003 for fixation and annual revision of locality-wise minimum true value of properties, the values fixed in 2003 were not revised till 2013 facilitating undervaluation of properties.
- Documents showing market value of properties below the minimum true value fixed by the Government were registered.

The short value of stamp duty in 11 cases amounted to ₹12.18 lakh.

- Ownership of properties was transferred by agreement for sale with possession. The stamp duty evaded in respect of 875 cases of agreements for sale with possession registered with three Sub-Registrar offices during 2010-2012 amounted to ₹ 4.98 crore.
- Re-transfer ownership of properties acquired by "agreement for sale" was allowed without concluding the sale deed. Evasion of stamp duty in respect of 18 such cases amounted to ₹ 39.10 lakh.
- Agreement for sale with power of attorney resulted in evasion of stamp duty and registration fee amounting to ₹ 44.70 lakh.
- Two transactions were split into four each to avoid payment of stamp duty at higher rate, resulting in evasion of stamp duty and registration fee totalling ₹ 10.91 lakh.
- The registering authority's inaction to demand stamp duty and registration fee calculated on higher value in a case of undervaluation, resulted in short levy of revenue amounting to ₹ 21.00 lakh.

## **AUDIT FINDINGS**

### **Computerisation in the Registration Department**

Computerisation of the Registration Department was taken up as a Scheme of Ministry of Information Technology, Department of Information Technology, Government of India as a part of National e-Governance Plan (NeGP). The procurement and installation of hardware including networking was done by the Department of Information Technology, Goa and the “Goa Valuation and e-Registration Software (GAURIY)”, has been designed, developed and installed by CDAC, Pune.

Audit scrutiny of the records made available to Audit by the Information Technology Department and the office of the State Registrar cum Head of Notary Services, pertaining to the implementation of the project revealed that the Department did not have any time-bound plan of action for computerisation. Though the work of computerisation of the Department had started in July 2008t only seven out of 14 CRSR offices have been computerised as of July 2013.

Audit observed that there was no prompt and speedy action from the Registration Department though the Information Technology Department has been writing to them on various crucial issues connected with computerisation programme as highlighted below:

- Migration of GAURI software to centralised server as the present system based on client server architecture was not facilitating intra/inter- departmental data transfer and decision support system, generating Management Information System (MIS) reports, carrying out mutation process, etc.
- Entering into Annual Maintenance Contract with CDAC;
- Appointment of technical staff required to maintain the system, etc.

Though the proposal for maintenance of GAURI software was submitted by CDAC in July, 2012 with a validity period of 30 days from the date of submission, the Registration Department is yet to sign the Annual Maintenance Contract (AMC).

After this was pointed out, the Government stated (October 2013) that due to Administrative reasons the computerisation has been delayed and appropriate action will be taken to computerise the remaining offices at the earliest. Further it was stated that as regards AMC, it is in final stage and as regards appointment of Technical Staff, Information Technology Department has already deputed one Technical Assistant to this Department and also creation of the post of Technical Assistant is in process.

The fact, however, remains that out of nine offices where hardware was installed in August, 2011 it took two years for inauguration in four offices and is yet to be inaugurated in five offices (January 2014).

The Department in its written reply stated that the hardware is purchased and installed. This year all the offices have been computerized and GAURI Software is rolled out.

- Few of the offices which were remained to be computerized are now computerized.
- The Central Server has been installed and the required data will be transferred to it soon.



- Regarding Annual Maintenance Contract with C-DAC has been executed from November, 2017 and has been renewed from time to time.
- As regards appointment of technical staff, Information Technology Department has deputed three technical Assistant to this Department and they are looking after implementation of GAURI Software.

*The Committee makes a point that the computerisation and activating of GAURI at all Centres initially has taken an inordinately long time due to lack of co-ordination between the various parties. The Committee recommends a periodical review of the programmes to facilitate upgradation and error free operation with detailed reporting to the nodal office on a regular basis.*

## **DELAY IN CONSTITUTION OF SPECIAL COMMITTEE FOR VALUATION OF LAND**

As per the Government notification dated 9 January 2009 (published in official gazette on 5 February 2009) the minimum market value in case of transactions involving land admeasuring more than one lakh sq. mtrs. in Goa was to be fixed by a Special Committee appointed by the Government. However, the Committee was constituted only in January 2013, *i.e.* after a delay of 4 years. Thus during February 2009 to December 2012, there was no effective system to check valuation in respect of transactions of land involving more than one lakh sq. mtrs.

Thirty six cases of sale deeds/agreements for sale involving more than one lakh sq. mtrs. of land had been registered by various registering authorities in the State during February 2009 to March 2013 and 35 cases could not be referred to the Committee due to its non-constitution. Audit observed that in seven cases pertaining to CRSR Ponda out of the above 35 cases, the consideration amount was less than the minimum market value notified in June 2003 by the Government. Stamp duty of ₹ 26.52 lakh in these seven cases was paid on the consideration amount of ₹ 14.19 crore mentioned in the documents. The market value of the property as per the minimum rate fixed by the Government was ₹ 25.77 crore and stamp duty involved was ₹ 77.31 lakh.

Since the area of the land in the above cases were more than one lakh sq. mtrs. the valuation of these cases were required to be

scrutinised by the special committee. Non-constitution of the special committee resulted in forgoing of revenue on the amounts of undervaluation. The revenue forgone in respect of above seven cases amounted to ₹ 50.79 lakh.

After this was pointed out, the Government stated that though the Government of Goa had notified formation of the committee on 05 February, 2009 in the Official Gazette, it was constituted only in January 2013. As such the registering authorities were unable to refer the said cases to the Committee.

Thus, the delay in constitution of the special committee notified by the Government, did not permit the registering authority to take any action to safeguard the revenue even in the case in which the declared value on which stamp duty paid was as low as seven per sq. mtr. as against the minimum value of ₹ 200 per sq. mtr. fixed by the Government in June, 2003.

*The Committee strongly condemns the totally irresponsible attitude of the Government in not constituting the Special Committee for valuation of lands over one lakh sq. mtrs. in a time bound manner. This laxity shows a lack of transparency in the working of the Department allowing vested interests to get away with transfer of lands way below the stipulated minimum rate, thereby depriving the Government of levy of stamp duties and fees on true value of the lands in question. The Committee would like to be appraised of whether responsibility for the delay has been fixed. It also would like to be appraised of the status of the cases of undervaluation of land value and below minimum rate of tax levied from 2009, Taluka-wise for lands above 1 lakh sq. mtrs.*

#### **FORGOING OF REVENUE DUE TO NON-REVISION OF MINIMUM MARKET VALUE OF LAND**

The Goa Stamp (Determination of True Market Value of Property) Rules, 2003 notified by the Government in June, 2003 stipulated that the Government shall notify the annual statement of rates showing average rates of land situated in every taluka, under the heads "urban, developing, coastal, rural and similar areas" on the first day of January every year. Accordingly the village-wise minimum land rates were notified in June 2003. The rates were not revised till December, 2012.

The State Government notified (January 2013) revised village-wise minimum land rates applicable for the years 2013 and 2014, under sub-rule 3 of Rule-4 of the Rules. As per the new rates, the increase was 100 per cent (from ₹ 2,500 to ₹ 5,000 per sq. mtr) in Panaji City-1 and by 1,900% ₹ 250 to ₹ 5,000 per sq. mtr) in Marra village.

The inaction of the Government to revise the land rates annually after the year 2003 has resulted in revenue loss to the Government.

The Government has not furnished any reason for non-revision of the rates annually for almost ten years. Revision of rates to be made applicable for two years by one order is also not in conformity with the existing law which makes it mandatory for the rates to be notified annually. The reasons for delay in revision of the rates needs to be investigated and a system for revision of the rates annually as per provisions of the rules needs to be developed.

The Department in its written reply stated that the Revenue Department has already issued Circular that notified rates will be applicable till the new rates are notified. However, this Department has already requested Government Revenue Department to carry out the revision of market rates so that loss to Government exchequer will be protected. The action and decision is to be taken by Revenue Department. Revenue Department is required to take decision being authorized under the concerned Act, and accordingly the Para is referred to Revenue Department.

*The Committee seeks an explanation as to why there was no mandatory annual revision of land rates as per the Goa Stamp Rule, 2003 as this resulted in a loss to the Exchequer by way of wrongly levied Stamp Duty.*

## **SHORT LEVY OF REVENUE DUE TO APPLICATION OF LOWER LAND VALUE**

Rule 4(6) of the "Goa Stamp (Determination of True Market Value of Property) Rules, 2003" notified by the Government in June 2003, stipulated that every Registering Officer shall, while registering any instrument produced before him for registration, verify the market value of land from the statement of

rates fixed and if the market value as stated in the instrument was less than the minimum value prescribed in the statement, he shall refer the same to the Collector for determination of the true market value of the property.

Test check of the documents revealed that eleven documents with consideration amounts lesser than the minimum value fixed by the Government in 2003 were registered and stamp duty levied on such values even during the years 2010 and 2011.

Registering the documents without insisting for stamp duty on minimum value fixed by the Government resulted in a revenue loss of ₹12.18 lakh in the above 11 cases alone.

The Government replied (October 2013) that all the eleven cases have been referred to the Collector for further necessary action. Final outcome in the matter was awaited (January 2014).

The Department in its written reply stated that all the eleven cases have been referred to the Collector for further necessary action. Reminder has been sent to the Collector but reply is still awaited. Care will be taken while registering documents and action will be taken as per the instruction of Collector.

*The Committee recommends that responsibility be fixed for the allowing of registration at lower rates ignoring the Government Notification (2003). In this regard the Committee may be kept updated in the matter.*

#### **NON-REALISATION OF STAMP DUTY IN RESPECT OF (AGREEMENTS FOR SALE WITH POSSESSION"**

The rate of stamp duty for conveyance of property by sale deed ranged from two to 3% of the market value while the stamp duty for agreements for sale was only 1%. However as per the Indian Stamp Act if the possession of the property was delivered or agreed to be delivered the stamp duty shall be charged at conveyance rates.

An analysis of computerised data pertaining to three registration offices made available by the Department to Audit revealed that 875 documents have been registered as "agreements for sale with possession".

Recitals of agreements revealed that full payments of consideration were made against the agreements and the buyers got the actual possession of the property.

In view of the fact that the transaction is effectively concluded when the seller gets full value and the buyer gets possession of the property, the registering authority should have charged the stamp duty at the conveyance rates. This resulted in short levy of stamp duty amounting to ₹ 4.98 crores. Besides there was no system to ensure that the final sale deeds were executed by concerned parties.

The Department in its written reply stated that there is no provision in the Stamp Act to collect the entire stamp duty at the time of Agreement for Sale with possession however full registration fees collected by the Sub-Registrar at the time of registration of Agreement of sale and full stamp duty is collected at the time of Registration of Sale Deed. It is pertinent to note that the stamp duty on any instrument is determined by Revenue Department and not Registration Department. Further, registering authorities cannot take unilateral decision by undermining the prerogative of determination of stamp duty on instrument. Hence, registering authority were not and are not entitled, enabled and capable to charge the stamp duty at the conveyance rates, if the same is not prescribed/notified by Revenue Department. Further, registering authority cannot compel the parties to execute the final deed of sale if the parties does not require themselves to have a final deed. However, since Government has levied substantial stamp duty on agreement for sale adjustable with final deed, the instances have increased for final deed than agreement for sale.

### **RE-TRANSFER OF OWNERSHIP OF PROPERTIES ACQUIRED BY AGREEMENT FOR PURCHASE AVOIDING EXECUTION OF SALE DEED.**

Rule-40(c) of the Goa, Daman and Diu Registration Rules, 1965 stipulates that when the documents pertaining to transfer of ownership of properties are presented for registration, the registering authority has to verify whether the document was presented by a competent person.

Test check by Audit revealed that in transactions relating to 18 properties acquired by purchasers by agreement for sale only, were sub-divided or built upon and transferred to third parties. The recitals of the agreements for sale between second and third parties revealed that the third parties were making payments of consideration to the

second parties without any involvement of the first parties. This indicated that the second parties exercised full ownership rights on such properties even though no sale deeds were executed between the first and second parties.

While such transfers of properties defeated the provision of the above rule, it also resulted in loss of revenue due to clear avoidance of execution of conveyance deed between the first party and the second party. As the second parties in the cases were not required to execute sale deeds with the first parties, the balance stamp duty due against registration of sale deed amounting to ₹ 39.10 lakh for the transaction between the first and second parties cannot be realised.

The Department also accepted the Audit contention that there was no track to ensure execution of sale deeds after the execution of agreement for sale. However, it was stated that by a new amendment, *i.e.* Indian Stamp (Goa Amendment) Act, 2013 published in official gazette of 22 May 2013, this issue has been taken into consideration and hence there will be no evasion of stamp duty and registration fee in future.

The Department in its written reply stated that the Amendment to Indian Stamp Duty Act Rule 2013 has been made by the Revenue Department. However, the specific observation raised warrants amendment in Registration Act. Presently, re-transfer on more agreement is not prohibited under the present set of Legislation and hence cannot be disallowed. The matter will be taken up to the Government for ensuring that the title over any immovable property is not re-transferred on an agreement.

## **EVASION OF STAMP DUTY BY TRANSFER OF POSSESSION BY POWER OF ATTORNEY**

Test check by Audit revealed that ownership of a property admeasuring 8,180.50 sq. mtrs of land was effectively transferred for a consideration of ₹ 14.90 crore, based on agreement to sale together with a separate irrevocable power of attorney, as detailed below:

An 'Agreement for sale' of the property was entered into between two firms *viz.* M/s. Reis Magos Estates Pvt. Ltd. (vendor)

and M/s. Corniche Land Pvt. Ltd. (purchaser) and was registered with the CRSR Bardez, Mapusa on 03 July, 2008.

Full consideration amount of ₹ 14.90 crore was paid to the sellers of the property on the date of agreement itself. The stamp duty at the rate of one *per cent* amounting to ₹ 14.90 lakh and registration fee amounting to ₹ 50 only was paid. Though the final sale deed was to be executed within six months, i.e. before 03 January 2009 as per the recital of the agreement, it was not executed till date as confirmed by the Registering Authority in November 2013.

However, it was seen from the recital of the agreement that an irrevocable power of attorney was also executed by the seller on the same date giving full power and authority to the authorised signatory of the purchaser to sign and execute the deed of sale by presenting it before the sub-registrar and collect the sale deed on its registration.

The Government stated (October 2013) that the power of attorney stipulated a time period of six months for execution of the sale deed in favour of purchaser and if the purchaser failed to execute the sale deed in his favour within stipulated time period then the said power of attorney could not be utilised to transfer the title of the property to the purchaser. It further stated that by virtue of said power of attorney the said purchaser cannot transfer the said property in part or full to a third party since he has not acquired the ownership of the said property and thus the question of evasion of stamp duty by transfer of possession by power of attorney does not arise.

The reply of the Government is incorrect as failure to execute the sale deed within six months will negate the 'Agreement to sale' between the vendor and purchaser and not allow transfer of clear title to the purchaser. Also, as the agreement was executed subsequent to the power of attorney, the clauses in the agreement to sale would supersede the clauses in the power of attorney.

The purchaser of the property has paid full consideration of ₹ 14.90 crore on the date of agreement to the vendor. The balance stamp duty (₹ 14.90 lakh) and registration fees (₹ 29.80 lakh) stands recoverable from the purchaser.

The Department in its written reply stated that after Amendment to Indian Stamp Duty Act, 2013 Goa Government has clearly mentioned in the said amendment Act that Power of Attorney in favour of any 3<sup>rd</sup> party may be deemed as Conveyance and the Stamp Duty on Power of Attorney will be charged as per the market value of the property.

*The Committee recommends that the concerned Registering Authority should take due care to protect the interests of the Government in matters of levying of Stamp duties. The Committee would like to be informed whether the balance stamp duty and registration fee on the value of the property transferred has been collected from the parties.*

## **EVASION OF STAMP DUTY BY SPLITTING OF TRANSACTIONS**

The rate of stamp duty and registration fee prevailing in August 2012 for registration of sale deeds with value above ₹ one crore was 3% and 5% respectively, whereas it was only 2% and 3% respectively for transactions valuing upto ₹ 50 lakh.

Eight sale deeds were executed by the seller of a property on 13 August, 2012 in favour of two different parties, viz. Shri Sadiq Sheikh and Shri A.F.C. Pinto. Four documents each were executed in favour of both parties. Each of the documents was for sale of land admeasuring 75,921.875 sq. mtrs for a consideration of ₹ 45.55 lakh. As the value in each document was below ₹50 lakh, stamp duty at the rate of 2%, amounting to ₹ 0.91 lakh and registration fee at the rate of 3%, amounting to ₹ 1.37 lakh were levied against each document. Thus the total stamp duty and registration fee levied and paid amounted to ₹ 7.28 lakh and ₹ 10.96lakh respectively.

Scrutiny of documents revealed that the sale of one piece of land admeasuring 6,07,375 sq. mtrs. was made to two parties. These two transactions involving sale of 3,03,687.50 sq. mtrs. of land was for a consideration of ₹ 182.20 lakh each. Splitting of the transactions into four parts facilitated evasion of 1% stamp duty and 2% registration fee. Had the transactions been registered as one each instead of four, the total stamp duty and registration fee leviable would have been ₹ 10.93 lakh and ₹ 18.22 lakh respectively. Thus, the total loss of revenue due to splitting the two transactions into four each amounted to ₹ 10.91lakh.



After this being reported, the Government stated (October 2013) that the matter will be intimated to the Collector who is the proper authority to investigate the same under the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1975.

The Department in its written reply stated that under Registration Act 1908 there is no bar on the Sub Registrars to register a document of a piece of land or plot of land under any provisions of Registration Act. Sub divided property which is sold by making different plots the Civil Registrar-cum-Sub Registrar has no power to refuse such documents. However, an amendment to the Act will be proposed to curtail entered. Proposal is submitted to the Government.

*The Committee recommends that a suitable amendment be brought about in the Act to plug this loophole and avoid evasion of Stamp Duty at the prescribed rate. The Committee would like to be kept updated in the matter.*

## **SHORT REALISATION OF REVENUE DUE TO UNDER VALUATION OF PROPERTY**

As per Rule 4 (6) of the "Goa Stamp (Determination of true market value of property) Rules, 2003", notified in June 2003, every registering officer shall, while registering any instrument produced before him for registration, verify the market value of land from the statement of minimum value of rates fixed by the Government and if the market value as stated in the instrument is less than the minimum value prescribed, he shall refer the same to the Collector for determination of the true market value of the property.

Three sale deeds were registered between a vendor M/s. Reis Magos Estate Pvt. Ltd. and a buyer M/s. Prestige Structures Pvt. Ltd. in Panaji CRSR office on 20 May 2011.

Scrutiny revealed that the three sale deeds had the same survey number and thus the entire property was one piece of land. However, though the transactions were between the same parties on the same date, the rates shown in two documents were only ₹ 167 per sq. mtr. while in the third document it was shown as ₹ 308 per sq. mtr. The values adopted in the first two transactions were lower than the minimum land value of the area fixed by the Government which was ₹ 260 per sq. mtr.

The registering authority should have levied stamp duty and registration fee on the higher value, i.e. at the rate of ₹ 308 per sq. mtr. for these two sale deeds also. In the event of their refusal to accept such demand, the registering authority could refer the case to the Collector, as required under rules. As the transactions were pertaining to the same property, between the same parties and registered on the same date, there was no justification for the registering authority to accept three documents with different rates without resorting to any remedial action. The inaction of the registering authority to demand stamp duty and registration fee on the basis of ₹ 308 per sq. mtrs. in two documents resulted in short levy of revenue amounting to ₹ 21.00 lakh.

The Government stated (October 2013) that the matter will be intimated to the Collector who is the proper authority to investigate the same under the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1975.

The Department in its written reply stated that the matter has been referred to Collector of determination of value under Rule 4(6) of the “Goa Stamp (Determination of true market value of Property) Rules, 2003.

***The Committee finds a lapse in the actions of the Registering Authority for not having insisted on the levying of tax at the highest rate as all the properties were being transferred between the same parties for the same Survey Number and on the same date/ the Committee may be kept updated in the matter referred to the Collector under Rule 4/6 of the “Goa Stamp Duty (Determination of true market value of property) Rule 2003.***

## **NON-FIXATION OF MINIMUM TRUE MARKET VALUE FOR CONSTRUCTED PREMISES**

Though the Government has fixed minimum true market value in respect of open lands, it has not fixed any minimum value to be considered in respect of the constructed structures in the State for the purpose of levy of stamp duty and registration fees under Indian Stamp Act, 1899 and Indian Registration Act, 1908. As a result the purchasers of constructed properties such as flats and shops are able to declare only the value of undivided share of land on which the building is constructed without adding the cost of construction, resulting in considerable evasion of stamp duty and registration fee

besides many other related consequences such as investment of unaccounted money in real estate, avoidance of payment of Income Tax etc.

The State Registrar replied (October 2013) that the matter has been referred to the Government for taking suitable action and the Government has already started the process of fixing the market value for built up area.

## **APPENDIX-I**

### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 30<sup>TH</sup> OCTOBER 2017.**

Meeting of the Public Accounts Committee was held on 30<sup>th</sup> October 2017 at 3.00 pm in the PAC Room, Assembly Complex, Porvorim, Goa to examine the Para 2.1 pertaining to Forest Department reflected in the CAG's Report for the year 2010-2011, Para 2.1 pertaining to Public Works Department and Para 3.1.4 pertaining to Public Health Department reflected in the CAG's Report for the year 2012-13.

Following were present:

#### **CHAIRMAN**

Shri Pratapsingh Rane

#### **MEMBERS**

1. Shri Rajesh Patnekar
2. Shri Dayanand Sopte

#### **GOA LEGISLATURE SECRETARIAT**

1. Shri N.B. Subhedar, Secretary, Legislature
2. Smt. Celiza, Under Secretary, Legislature

## **AUDIT DEPARTMENT**

1. Shri Dattaprasad Sirsat, Dy. Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

1. At the outset the Chairman of the PAC welcomed the Committee Members. The Committee examined Para 2.1 pertaining to Forest reflected in the CAG Report for the year 2010-11. The Committee inquired about a new Industry which was going on and asked the Department to go and find out and renew the Industry which was not there in the Industries list
2. The Committee inquired about the number of vacancies that existed in the Forest Department.
3. The Committee questioned the Department as to how many times their Forest Officers were staying in the Forest Rest House. The Committees request was to fill up the posts which were vacant and to make it compulsory for all the forest guards and others to stay in the vicinity otherwise the rest houses would collapse.
4. The Committee requested to check the forest staff. It also inquired whether arboretum was visited. The Committee asked the Officer to get rid of the eucalyptus plantation by auction.
5. The Committee wanted to know about the pending cases before the Forest Settlement Officer. The Committee asked the Officer concerned to see that the mutation of the land records was done simultaneously.
6. The Committee also inquired about appointing the Tree Authority under the Preservation of Trees Act.
7. The Committee made a mention that Compensatory Afforestation (CA) from mines was not recovered and that there was a gap in CA charge rates and actual expenditure.
8. The Committee wanted to know the progress made by handing over the land by PWD for Mangrove Park. The Committee was informed that the proposal might have been something in Patto area to develop the mangrove park.
9. The Committee examined Para 3.1.4 pertaining to Public Health Department reflected in the CAG Report for the year 2012-13 regarding

irregularities in contract for supply of medical gases to the Goa Medical College and mentioned about the problem of consumption of medical gases in GMC, that there was excess consumption of oxygen cylinders, 16 to 24 per day in 2013. The Committee mentioned that the excess consumption of oxygen cylinders was stated due to leakage in the pipeline, which was noticed and that action should be initiated to plug the leakage

10. The Committee examined Para 2.1 pertaining to PWD reflected in the CAG Report for the year 2012-13 regarding Performance Audit on Water Supply Schemes in the State.

11. Digital and verbatim records of the proceedings of the meeting were kept.

12. The Committee adjourned its sitting at 4.28 pm.

## **APPENDIX-II**

### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 13<sup>TH</sup> NOVEMBER 2017.**

Meeting of the Public Accounts Committee was held on 13<sup>th</sup> November 2017 at 3.00 pm in the PAC Room, Assembly Complex, Porvorim, Goa to further examine the Para 2.1 pertaining to Public Works Department reflected in the CAG's Report for the year 2013.

2. The following were present:

#### **CHAIRMAN**

Shri Pratapsingh Rane

#### **MEMBERS**

1. Shri Dayanand Sopte
2. Smt Jennifer Monserrate
3. Shri Rajesh Patnekar
4. Shri Nilesh Cabral

#### **GOA LEGISLATURE SECRETARIAT**

1. Shri N.B. Subhedar, Secretary, Legislature

2. Smt. Celiza Fernandes, Under Secretary, Legislature

**AUDIT DEPARTMENT**

1. Shri Dattaprasad Sirsat, Dy. Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

3. The Committee examined Para 2.1 pertaining to Public Works Department reflected in the CAG Report for the year 2012-13. The Committee wanted to know about the Performance Audit on Water Supply Schemes in the State.

4. At the outset the Committee examined Para 2.7.2 regarding non-accountal of capital expenditure in Government accounts and stated that there was an observation by the Audit that Capital expenditure of ₹. 329.01 crore incurred under the Japan International Co-operation Agency (JICA) project during the period 2009-13 was not shown in the accounts of water supply Schemes and the revenue generated was ₹ 480.50 crore over the period 2008-13.

5. The Committee further examined Para 2.7.3 regarding short recovery of ₹ 480 crore and stated that the Department spent ₹ 850.61 crore for the maintenance but recovered only ₹ 370.11 crore as water charges. The loss due to unaccounted water per year was ₹ 77 crore. The Committee wanted to know the efforts made to reduce the unaccounted water.

6. The Committee wanted to know who paid for the water meters. The Committee was informed that initially the Department paid for the water meters and was recovered through the bill, loss of NRW was around 39% and the slab for the consumer was charged at the rate of 2.5 paise per 25 cubic meters.

7. The Committee wanted to know what was meant by unaccounted water wherein it was replied that certain amount of water was produced and when billed it was needed to bill for 100 cubic meters but only 90 cubic meters were billed the difference of 10 cubic was the loss which was due to leakage and improper reading.

8. The Committee examined Para 2.9.1 and wanted to know about the present position of implementation of JICA Project. The Committee was informed that 85% of the JICA works were completed and it was targeted for completion by May. 2018.

9. The Committee further examined Para 2.9.3 and wanted to know the actual cost of 11 packages. The Committee was informed that the actual cost was ₹ 458 crore. The estimated cost during that time was ₹ 459.85 crore. The packages which were tendered were ₹ 629 crore. The Committee brought to the notice of the officer that the delay in accepting a tender had resulted in the cost escalation of ₹ 69.02 crore.

10. Regarding Para 2.9.4 on the failure to capitalize earlier forest approvals that resulted in delay to start the work and the liability was ₹ 16.65 crore. The Committee questioned the Officer as to why four years were taken for depositing the afforestation charges and another one year was taken to give compliance report. The Committee was informed that three months prior to the expiry of the NOC of five years i.e. in December the money was deposited.

11. Regarding Para 2.9.5 on improper planning and lack of co-ordination that resulted in idle investment of ₹ 2.50 crore. The Committee questioned the concerned Officer as to who was responsible for drawing the demand draft with incorrect pay and the current position of the work at Padi village and Cupwada in Quepem Taluka. The Committee was informed that the main problem was that people were not handing over the land at the time the land was acquired

12. Para 2.9.6 regarding replacement of meters with automatic meter reading component-extra cost of ₹ 21.89 crore. The Committee wanted to know why such meters were purchased at such a high cost wherein 46% of the consumers pay minimum water charges of ₹ 50 per month.

13. Para 2.10.1 regarding irregularities in tendering of maintenance works costing ₹ 65.99 crore . The Committee informed that there are irregularities in tendering and that it had to be regularized.

14. Para 2.11.3 regarding high percentage of unaccounted water resulting in short collection of ₹ 77.37 crore per annum The Committee questioned whether the PWD had identified the spots of large leakages and unaccounted water and also wanted to know the corrective action taken. The Committee requested the officer to replace old pipes as they were very old and then the percentage of loss would reduce.

15. Regarding Para 2.11.4 on non-replacement of faulty/damaged water meters. The Committee had requested to replace the meters. The

Committee was informed that the total consumers in South Goa are around 3 lakhs and only 82,000 were replaced.

16. Regarding Para 2.11.5 on arrears of water charges. The Committee informed the officer about Western India Shipyard, Dalmia Resorts and Mandovi Hotel. Western India Shipyard 1.33 crore. It was informed that a proposal was put up to the Government for recovery. The Committee asked for the progress made in the next meeting.

17. Para 2.12.2 regarding non-functioning of SCADA network. The Committee stated that the SCADA network was installed at a cost of ₹ 1.52 crore. It was informed that the software which was used for that has now become exclusive, and certain parts are on mechanical basis and certain parts are on SCADA. The Software is being updated so that everything will be made functional.

17. Para 2.13.1 regarding manganese deposit in Salaulim water. The Committee informed the officer about the mining activities that resulted in high manganese deposits.

19. The Committee examined Para 2.13.2 regarding Waste dumping in Khandepar river affecting Opa plant and informed that after WRD and Air Pollution had given directions it was stopped, and after that mining also subsided. The Committee ordered stringent action on those dumping waste and plastic.

20. Digital and verbatim records of the proceedings of the meeting were kept.

21. The Committee adjourned its sitting at 4.14 pm.



### **APPENDIX-III**

#### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 27<sup>TH</sup> NOVEMBER 2017.**

Meeting of the Public Accounts Committee was held on 27<sup>th</sup> November 2017 at 3.00 pm in the PAC Room, Assembly Complex, Porvorim, Goa to further examine Para 2.1 pertaining to Public Works Department reflected in the CAG's Report for the year 2012-13 and Para 3.2 pertaining to Sports & Youth Affairs Department reflected in the CAG's Report for the year 2013-14.

The following were present:

#### **CHAIRMAN**

Shri Pratapsingh Rane

## **MEMBERS**

1. Shri Churchill Alemao
2. Shri Dayanand Sopte
3. Shri Rajesh Patnekar

## **GOA LEGISLATURE SECRETARIAT**

1. Shri N.B. Subhedar, Secretary, Legislature
2. Smt. Celiza Fernandes, Under Secretary, Legislature

## **AUDIT DEPARTMENT**

1. Shri Ashutosh Joshi, Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

2. The Committee examined Para 2.1 pertaining to Public Works Department reflected in the CAG Report for the year 2012-13 regarding Performance Audit on Water Supply Schemes in the State.

3. At the outset the Committee wanted to know as to why there was a delay in taking a decision. The concerned officer informed that for the first water supply weightages, Water Treatment Plant, the pipelines and the MBR, there was a delay because of the forest land which was explained in the last PAC meeting. The diversion of the forest land took a period of 11 to 12 months.

4. The A.G. stated that a performance Audit of the water supply Schemes in the State was conducted with the objective to assess the effectiveness of the planning process, the implementation of Schemes with due consideration to economy and efficiency.

5. The Committee wanted to know where the forest land was. The Committee was informed that the Water Treatment Plant was constructed into the forest land and that about 11.1 hectares had been taken from the Forest Department in Selaulim. It further stated that it was totally forest area which was obtained, at Rupees one crore, twenty-six lakhs towards diversion of the land. It was not acquired. What was acquired was for the first treatment plant which was existing. The Committee was also informed that they had the records of the diversion which was issued by the Government of Goa.

7. The Committee was informed that when the proposal was submitted, JICA Project did not exist. The JICA studies were taken up in the year 2006 onwards and the agreement was signed in 2007 with JICA. All efforts were made, the Executive Engineer was deputed there, and Mr. Paranjape visited Bangalore Office on many occasions but it was found to be difficult to get the approval.

8. The Committee examined Para 2.9.4 regarding failure to capitalize the earlier forest approval which resulted in a delay in starting work and consequent liability of 16.65 crore and informed the Department that something had gone wrong somewhere. The Committee was given an explanation as to how the escalation was worked out.

9. The Committee further examined Para 3.2 pertaining to Sports & Youth Affairs Department for the year 2013-14 regarding unavoidable expenditure of Rupees 1.33 crore due to faulty estimates. The Committee wanted to know as to who prepared the estimates. The Committee was informed that the estimates were prepared by the consultant Shashi Kapur from Mumbai. He had the task to prepare the estimates along with the stadium, with a couple of other stadiums. Similar to the athletic track in Peddem and the new door stadium at Peddem. The Consultant was penalized for the faulty estimates.

10. The Officer concerned informed the Committee that there were as many as 700 items in that particular contract. Some of the items were quoted abnormally high and some abnormally low by the contractor. It was a composite tender and hence could not go item wise. Importantly the rates were 61.82 crore, it was 7.6% below the reasonable cost. Entire tender put together was 4.76% below reasonable cost.

11. The Committee was further informed that total 65 lakhs have been penalized for the consultant. The Committee wanted to know what happened to the Sports City. It said that the Sports City offered a lot of things and wanted to know how much money had been invested in it.

25. The Committee made a comment about the avoidable expenditure that before doing anything contour survey needed to be carried out

12. Digital and verbatim records of the proceedings of the meeting were kept.

13. The Committee adjourned its sitting at 4.20 pm

#### **APPENDIX-IV**

#### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 11<sup>TH</sup> DECEMBER 2017.**

Meeting of the Public Accounts Committee was held on 11<sup>th</sup> December 2017 at 3.00 pm in the PAC Room, Assembly Complex, Porvorim, Goa to further examine Para 2.1 pertaining to Public Works Department reflected in the CAG's Report for the year 2012-13

The following were present:

**CHAIRMAN**

Shri Pratapsingh Rane

**MEMBERS**

1. Shri Churchill Alemao
2. Shri Rajesh Patnekar
3. Shri Dayanand Sopte

**GOA LEGISLATURE SECRETARIAT**

1. Shri N.B. Subhedar, Secretary, Legislature
2. Smt. Celiza Fernandes, Under Secretary, Legislature

**AUDIT DEPARTMENT**

1. Shri Ashutosh Joshi, Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

2. At the outset, the minutes of the meeting held on 27<sup>th</sup> November 2017 were circulated to the Members. The programme for the day included further examination of Para 2.1 pertaining to Public Works Department reflected in the CAG Report for the year 2012-13 regarding Performance Audit on Water Supply Schemes in the State.

3. The Committee examined Shri S.P. Singh, Secretary, Shri U.P. Parsekar, PCE and Shri G.M. Naik, Parrikar SE XII on Para pertaining to Public Works Department.

4. The Accountant General made a point that there was inordinate amount of delay in processing the tender as per the Rules which were framed by the Government.

5. The Committee requested that a written reply be prepared on the reasons for the mismanagement of the issue.

6. The Committee decided to visit the Salaulim plant, for which the date fixed for presentation was 8<sup>th</sup> January at 3.00 p.m. and 12<sup>th</sup> January at 3.00 p.m.

7. Digital and verbatim records of the proceedings of the meeting were kept.

8. The Committee adjourned its sitting at 4.01 pm.

## **APPENDIX-V**

### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 10<sup>TH</sup> AUGUST 2018.**

Meeting of the Public Accounts Committee was held on 10<sup>th</sup> August 2018 at 3.30 p.m in the PAC Room, Assembly Complex, Porvorim, Goa to further examine Paras reflected in the CAG's Report for the year 2011-12, 2012-13 and 2013-2014.

The following were present:

### **CHAIRMAN**

Shri Pratapsingh Rane

**MEMBERS**

1. Shri Rajesh Patnekar
2. Shri Nilesh Cabral

**GOA LEGISLATURE SECRETARIAT**

1. Shri N.B. Subhedar, Secretary, Legislature
2. Smt. Celiza Fernandes, Under Secretary, Legislature

**AUDIT DEPARTMENT**

1. Shri Ashutosh Joshi, Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

2. At the outset, the minutes of the meeting held on 17<sup>th</sup> July 2018 were circulated to the Members. The agenda for the day included further examination of Para 2.1 pertaining to Tourism and Para 3.6.3 pertaining to RDA reflected in the CAG's Report for the year ending 2011-12. Para 3.1.3 pertaining to PWD, Para PA-4.2 pertaining to Law and Para 3.1.5 pertaining to Women & Child reflected in the CAG's Report for the year ending 2012-13. Para 3.4 pertaining to Public Health GMC reflected in the CAG's Report for the year 2013-14.

3 The Committee examined the Officers of Tourism Department regarding Para 2.1 Performance Audit of promotion of Tourism in Goa. The Committee wanted to know about the 10 infrastructure projects proposed for execution with Central financial assistance at a total estimated cost of Rs 238.24 crores, out of which only one was under execution, three were yet to be sanctioned by GOI and execution of the remaining six projects were held up for want of various approvals/permissions.

4 In regards to Para 2.1.6.2 and Para 2.1.7.2, the Committee brought to the notice of the Officer that the Tourism Policy in 2001 was formulated without amending it and a single consultant was appointed without calling tenders.

5 Para 2.1.9.1 and Para 2.1.9.3 the Committee was informed that whatever are the Regulations and Norms and SOP's of Tourism Department the audit felt that they did not have an enforcement mechanism. Under the Beach Shack Policy certain conditions were put that they should have toilets and cameras. If any violations are noticed, show-cause notice is issued immediately. Security deposits are also kept.

6. Para 2.1.11.1, 2.1.11.2 and 2.1.11.4 the Committee was informed that marketing was carried out by the GTDC. It tendered out the empanelment of new event agencies and seven event management agencies were short listed in 'A' category only for the year 2013. The Department has recently taken over the promotion and marketing back from the GTDC.

7. In regards to Para 2.1.12 the Committee brought to the notice of the Officer Tourism that new tourism products like festival tourism, health tourism were not adequately promoted. The Government did not make any additional arrangements to start cruise activities in other parts of the State. A number of water sports operators carried out business without valid registration with the Department.

8. Para 2.1.13.2, 2.1.13.3 and 2.1.13.8 the Committee was informed about Salmona spring and the beach cleaning activities that Solid Waste Management Plant had been constructed at Saligao and it is in operation. Most of the requirements of ground water which is getting damaged because of this pollution have been handled.

9. Regarding Para 2.1.13.10 the Committee was informed that the Department is going to claim the money lost on account of prolonged grounding of ship, once the arbitration is done including the loss of land washed away amounting to 21 crore and due to reduced occupancy in hotels amounting to Rs 17 crores.

10. The Committee also examined the Officers of RDA in relation to Para 3.6.3 in which the Officer informed the Committee that an inquiry Committee was formed and the responsibility has been fixed on the concerned Officers and the file has been sent to the Government.

11. The Committee examined the Officers of Public Works Department in relation to Para 3.1.3 regarding extra cost due to re-alignment of pipeline. The Committee was informed that the point which was chosen for tapping the water line was changed and therefore there was extra



expenditure. The tender which was called was 20% below the estimated rate.

12. The Committee further examined Para 3.1.5 pertaining to Women and Child Development Department and was informed that the procurement of wheat and rice was made through the Goa marketing Federation which had resulted in a higher procurement cost which could have been avoided if it was procured through Wheat based Nutrition Programme of the Govt. of India. The reason was the rice and wheat was found to be of substandard quality.

13. The Committee also examined Public Health Department in relation to Para 3.4. The Committee was informed that the owner of the private firm who ran the pharmacy went to court. The same was challenged by him before the District Court and since 2011 matter had been pending and in 2017 the order was finalized. He was evicted and whatever had to be paid for that period has been collected and there are no dues.

14. The Committee examined the Officers in relation to Para 4.2 pertaining to Revenue/Law the Committee was informed that all the cases have been verified and the people claimed the remission and was implemented under the notification. Remission upto 80% was allowed in case of huge areas. The Committee desired to have the circulars and documents attached and annexures of the action taken, legislations and recommendations in its next meeting.

15. Digital and verbatim records of the proceedings of the meeting were kept.

16. The Committee adjourned its sitting at 5.49 p.m.

## **APPENDIX-VI**

**MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON 31<sup>ST</sup> AUGUST 2018.**

Meeting of the Public Accounts Committee was held on 31<sup>st</sup> August 2018 at 3.30 p.m in the PAC Room, Assembly Complex, Porvorim, Goa to further examine Paras reflected in the CAG's Report for the year 2012-13.

The following were present:

**CHAIRMAN**

Shri Pratapsingh Rane

**MEMBERS**

1. Shri Rajesh Patnekar
2. Shri Nilesh Cabral
3. Shri Dayanand Sopte

**GOA LEGISLATURE SECRETARIAT**

1. Smt. Celiza Fernandes, Under Secretary, Legislature

**AUDIT DEPARTMENT**

1. Shri Ashutosh Joshi, Accountant General
2. Shri Muralidharan Sr. Audit Officer (Report)

2. At the outset, the minutes of the meeting held on 10<sup>th</sup> August 2018 were circulated to the Members. The agenda for the day included further examination of Para 3.1.5 pertaining to Women & Child Development and Para PA – 4.2 pertaining to Revenue & Law reflected in the CAG's Report for the year 2012-13.

3 The Committee examined the Officers of Women & Child Development in relation to Para 3.1.5 regarding avoidable expenditure of Rs. 1.34 crore due to non-lifting of food grains under Wheat Based Nutrition Programme. The Committee was informed that the two issues with regards to procurement of wheat under the WNP programme was the substandard quality of wheat and the other was increase in the cost of transportation. The officer concerned has asked the Committee to give some reasonable time period to identify and fix responsibility for taking decision relating to cost.

4. The Committee also examined the Officers Revenue & Law pertaining to Para PA – 4.2 in relation to Performance Audit on levy and collection of Stamp Duty and Registration fee. The Committee wanted to know whether the Department had been computerized. The Committee was informed that all 12 Sub-Registrar's Offices have been digitized. The Committee was also informed that both registration fee and stamp duty would be calculated along with the area, survey number and the village. The Committee informed the officers that annually the rates have to be notified even if they are the same.

5. Digital and verbatim records of the proceedings of the meeting were kept.

6. The Committee adjourned its sitting at 4.33 p.m.

## **APPENDIX-VII**

### **MINUTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 2<sup>ND</sup> NOVEMBER 2018.**

Meeting of the Public Accounts Committee was held on 2<sup>nd</sup> November 2018 at 3.30 p.m. in the PAC Room, Assembly Complex, Porvorim, Goa, to further examine Paras reflected in the CAG's Report for the year 2014-15.

The following were present:

#### **CHAIRMAN**

Shri Pratapsingh Rane

#### **MEMBERS**

1. Shri Churchill Alemao

#### **GOA LEGISLATURE SECRETARIAT**

1. N.B. Subhedar, Secretary, Legislature
2. Smt. Celiza Fernandes, Under Secretary, Legislature

#### **AUDIT DEPARTMENT**

1. Shri Ashutosh Joshi, Accountant General
  2. Shri Murlidharan Sr. Audit Officer (Report)
2. The minutes of the meeting held on 7<sup>th</sup> September 2018 were circulated to the Members. The agenda for the day included further examination of Para 1.5 (P.A.) pertaining to Public Health, Para 1.11 pertaining to Education Department and Para 2.2 (P.A.) pertaining to Revenue Department reflected in the CAG's Report for the year 2014-15.
3. The Committee examined the Secretary Revenue in relation to Para 2.2 regarding Performance Audit on Management of Alvara Lands. The Officer concerned informed the Committee that the reply needs the

finance audit approval from the Finance Department. The Committee asked the Officer to submit the Alvara Land reply in the next meeting.

4. The Committee further examined the Secretary Education in relation to Para 1.11 regarding Faulty tendering under Laptop e- scheme. The Officer agreed to the fact that the tender was badly drafted. Further informed that the cyber age Scheme would be modified and the redrafting of the Scheme was under submission.

5. The Committee also examined the Secretary Health in relation to Para 1.5 regarding Performance Audit of functioning of Goa Medical College. The Committee was informed that the common point which was highlighted was the undue delay in processing and finalizing the tender process. It starts in one financial year and by the time it is completed it goes to the next financial year. Here the purpose of the price, which should have been procured for and making the services and product available to the public was defeated. Taking stock of the observations made by the Audit a circular had been issued recently in the month of October, whereby it was stated that all the purchase companies should keep in mind, that whenever the tender is processed the time gap between the opening of the technical and the financial bid should not exceed beyond two months so that within 2 to 3 months period from the date of opening of the tender, the tender should be finalized and send from their end. Secondly undue or unnecessary queries should not be raised which delays the processes.

6. Draft Reports for the year 2010-11, 2011-2012, 2012-2013 and 2013-2014 were circulated to the Members of the Committee and adopted.

7. Digital and verbatim records of the proceedings of the meeting were kept.

8. The Committee adjourned its sitting at 4.46 p.m.