



LEGISLATIVE ASSEMBLY OF THE STATE OF GOA

COMMITTEE ON PUBLIC UNDERTAKINGS

2018- 19

NINETEENTH REPORT

**Report of the Committee on Public Undertakings on the Report of
the Comptroller and Auditor General of India for the year
2011-2012**

**L Aid ON THE TABLE OF THE HOUSE ON
____ JANUARY, 2019**

**GOA LEGISLATURE SECRETARIAT
ASSEMBLY COMPLEX
PORVORIM**

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(i)

**COMPOSITION OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS
(2018-19)**

CHAIRMAN

SHRI DIGAMBAR KAMAT

MEMBERS

- 1. SHRI DEEPAK PAUSKAR**
- 2. SHRI MILIND NAIK**
- 3. SHRI GLENN TICLO**
- 4. SHRI CARLOS ALMEIDA**
- 5. SHRI CLAFASIO DIAS**
- 6. SHRI WILFRED D'SA**

LEGISLATURE SECRETARIAT

**SHRI N.B. SUBHEDAR, SECRETARY, LEGISLATURE
SMT. CELIZA FERNANDES, UNDER SECRETARY, LEGISLATURE**

(ii)

INTRODUCTION

I, Chairman of the Committee on Public Undertakings (2018-19), Goa Legislative Assembly having been authorized by the Committee to present the report on their behalf, present the Eighteenth Report based on the Report of the Comptroller and Auditor General of India for the year 2011-2012 pertaining to Government Companies, Economic Development Corporation, Infotech Corporation of Goa Limited, River Navigation and Goa Electricity Department. The Report was adopted at the meeting held on 30th November, 2018.

During its meeting held on 08/08/2018 & 25/09/2018 the Committee on Public Undertakings considered the explanation of the Departments in respect of the Paras reflected in the Report of the Comptroller and Auditor General of India for the year 2011-2012. The Minutes of the meeting are at Appendix I and II. 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 30th November, 2018. Minutes of the meeting are at Appendix III.

The Committee expresses its gratitude to Shri Ashutosh Joshi, Accountant General and Shri Muralidharam, Sr. Audit Officer (Report) Audit, Porvorim, 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 concerned staff members of the Goa Legislature Secretariat and commends their contribution towards the Report.

**ASSEMBLY HALL
PORVORIM, GOA
DATED: 30th November, 2018**

**DIGAMBAR KAMAT
CHAIRMAN**

REPORT

CHAPTER I

GOVERNMENT COMPANIES

PAYMENT OF EXCESS CONTRIBUTION TO 'EMPLOYEES CONTRIBUTORY PROVIDENT FUND'

Contribution to 'Employees Contributory Provident Fund' disregarding the ceiling fixed for salary, resulted in extra expenditure of ₹3.11 crore by eight state PSUs during 2009-10 to 2011-12.

As per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (Act) and the Employees' Provident Fund Scheme, 1952 every employer has to pay a matching contribution @ 12 per cent of salary towards the Employees Provident Fund in respect of employees drawing salary ₹6,500 per month. In respect of employees drawing salary of more than 6,500 per month, the employer's contribution shall be restricted to the amount payable on a monthly salary ₹6,500. Further, for any sick industrial establishment, the rate of employer's contribution shall be 10 per cent of salary.

The contribution made by ten State Government companies during the three year period (2009-12) were examined by Audit and it was found that:

- Eight companies (*as per Appendix 58*) had been contributing their share based on the full salary in respect of all employees who had been drawing salary of more than 6,500 per month. The restriction ₹6,500 per month per employee were not applied in these cases.
- One of the eight companies which had been declared sick, had been contributing to the Fund at the rate of 12 per cent instead of 10 per cent as envisaged in the scheme.

On being pointed out (December 2009) by Audit, two companies stopped (KTCL in December 2009 and GTDC in April 2010) practice of making excess payment. However, the remaining eight Companies continued to make the excess payment which amounted to 3.11 crore for years 2009-10 to 2011-12. Thus, these companies incurred an extra expenditure ₹3.11 crore during 2009-10 to 2011-12 in violation of the Act.

The Companies stated (EDCL in September 2012 and GSIDCL in November (2012) that the said Act did not restrict making of additional

contribution beyond the stipulated limit and that the requisite approval of the Board had been obtained. The reply is not acceptable since the contribution made was more than stipulated in the Act and the Board was not competent to revise the limits.

The matter was reported to the Government in May 2012; their reply was awaited as of February 2013.

GOA ELECTRONIC LTD LIMITED (GEL)

GEL has been paying the benefits to its employees as per the Employees Provident Fund Organization (EPFO) and these benefits are extended after due approval as per the procedure required by the EPFO.

As per the EPFO, the benefits were extended as per the revised rates from time to time which were revised to 10% and subsequently 12% of the salary.

As per the Act, GEL (Employer) contributes 12% of the salaries which are split into:

A) Employees Provident Fund Scheme 1995-part contribution limited to 12% of ₹6,500/- of the pay per month.

B) Provident Fund – balance contribution over and above (A)

There is no maximum contribution stipulated in the Act but ₹6,500/- is in the EPF Scheme for pension only. The Employee is entitled to a fixed pension under Employees Provident Fund Scheme, 1995 on Superannuation. The balance in the Employees Provident Fund can be withdrawn as per the Provisions under the Act.

The limit of ₹6,500/- picked up is that from the Scheme which is that from the Scheme which is absolutely correct. There is not maximum contribution limit stipulated in the “Employees Provident Funds & Miscellaneous Fund Act 1952”.

GEL has been incorporated under the Company’s Act 1956. The Memorandum & articles of Association authorizes the Board to “Give compensation to the employees of the Company”.

The parent company of GEL i.e. EDC Limited in the past has obtained a Written Opinion from Adv. P.J. Kamat, a reputed Labour Consultant in this

matter, who has re-affirmed that the EDC Limited action of payment of EPF is properly done with the approval of the Board and cannot be faulted or withdrawn, as this forms terms of employment of the employees.

Based on the Audit observations in the past M/s. Goa Auto Accessories Limited (GAAL) another subsidiary company of EDC Limited had approached EPFO for reduction of its EPF benefits to its employees as per the Audit observations. The office of the EPFO rejected the request by Reference to “Sec. 12 Employer not to reduce wages etc.” of the Act.

The payment of EPF, to the Employees of GEL is in line with similar public sector undertakings.

ECONOMIC DEVELOPMENT CORPORATION LIMITED

The Corporation in its written reply stated that EDC was required to extend benefits to its employees under the provisions of “The Employees Provident Funds and Miscellaneous Provident Fund Act 1952” (Act) as applicable with effect from 1976, when its number of employees exceed 20.

EDC initially extended the benefits under the “Economic Development Corporation of Goa, Daman and Diu Limited Employees” Contributory Provident Fund Rules 1976” and contributed 8.33% of the salary as per existing provision of the Act and Rules framed then.

Subsequently, in 1981 as the size of the Organization increased, the management of EDC decided to join the Employees Provident Fund Organization (EPFO) and extend the benefits to its employees after due approval as per the procedure required by the EPFO. The relevant resolutions have been made available during the course of Audit.

As per the EPFO, the benefits were extended as per the revised rates from time to time which were revised to 10% and subsequently 12% of the salary.

As per the Act, the EDC (Employer) contributes 12% of the salaries which are split into:

A) Employees Provident Fund Scheme 1995 – Part contribution limited to 12% of ₹6,500/- of the pay per month.

B) Provident Fund – balance contribution over and above (A)

There is no maximum contribution stipulated in the Act but ₹6,500/- is in the EPF scheme for pension only. The employee is entitled to a fixed Pension under Employees Provident Fund Scheme 1995 on Superannuation. The balance in the Employees Provident Fund can be withdrawn as per the Provisions under the Act.

The limit of ₹6,500/- picked up is that from the Scheme which is absolutely correct. There is no maximum contribution limit stipulated in the “Employees Provident Funds and Miscellaneous Fund Act 1952”.

The EDC has been incorporated under the Company’s Act 1956. The Memorandum and Articles of Association authorizes the Board to “Give compensation to the employees of the Company”.

The Corporation in the past has obtained a Written Opinion from Adv. P.J. Kamat, a reputed Labour Consultant on this matter, who has re-affirmed that the Corporation’s action of payment of EPF is properly done with the approval of the Board and cannot be faulted or withdrawn, as this forms terms of employment of the employees.

Based on the Audit observations in the past, Goa Auto Accessories Ltd. (GAAL) subsidiary of EDC Ltd., had approached the EPFO for reduction of its EPF benefits to its employees as per the Audit observations. The office of the EPFO rejected the request by Reference to “Sec. 12 Employer not to reduce wages etc.” of the Act.

The payment of EPF, to the Employees of EDC is in line with similar level public sector undertakings and Central Public Sector undertakings.

GOA STATE INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED.

The Corporation in its written reply stated that the Audit has stated that Corporation has contributed excess amount of Provident Fund disregarding the ceiling fixed for the salary. However, audit para does not clarify the provision of the Provident Fund which Audit believes to be violated by the Corporation.

Company believes that there has been no violation of any provision of Provident Fund Act and contribution made by this office is within the rules and regulations of Act and as per decision taken by the Board of GSIDC. To clarify this, following facts are brought to the notice of Audit.

Employees Provident Fund and the Miscellaneous Provisions Act, 1952 is applicable to the whole of India (except the state of Jammu & Kashmir) and to every establishment which employs 20 or more persons. Applicability of Act was extended to the State of Goa in 1964 vide Notification No. LC/6/64 dated 24/06/1964.

Section 6 of the Employees Contributory Provident Fund and Miscellaneous Provisions Act provides for the basis of contribution. As per the Section, contribution which shall be paid by the employer to the fund shall be (10% / 12%) of the basic wage, dearness allowance and retaining allowance (if any) and the employees contribution shall be equal to the contribution payable by the employer in respect of him and may, if any employee so desires be an amount exceeding of his basic wage, dearness allowance and retaining allowance subject to the condition that the employer shall not be under obligation to pay any contribution over and above his contribution payable under this section.

Para 29 of Employees Provident Fund Scheme also makes similar provision for contribution from employer and employee share under the scheme.

Provident Fund Act has not put any ceiling over the amount of basic wage, dearness allowance, retaining allowance rather, section 17 of the Act provides for the exemptions from applicability of the Act to the establishments which forms their own Provident Fund Schemes, which in the opinion of the Government are equal or more favourable in terms of the contribution than those specified in section 6 of the Act. Exemption is also provided to the establishment, wherein employees of establishment are in enjoyment of benefit in the nature of Provident Fund, pension or gratuity, which are more favourable than the Provident Fund Act. Provisions of section 17 make clear the intention of Government that the provision of the Act should not stand as hurdles to provide additional benefits for the employees welfare.

Para 2(f) of the Employee Provident Fund Act define “excluded employee” means:

- (i) an employee who, having been a member of the Fund, withdrew the full amount of his accumulations in the Fund under [clause (a) or (c) of sub-paragraph (1) of Paragraph 69;]
- (ii) an employee whose pay at the time he is otherwise entitled to become a member of the Fund, exceeds [six thousand and five hundred rupees per month]

However, Para 26(6) of the scheme provides that Notwithstanding anything contained in this paragraph, an officer not below the rank of an Assistant Provident Fund Commissioner may, on the joint request in writing, of any employee of a factory or other establishment to which this Scheme applies and his employer, enroll such employee as a member or allow him to contribute on more than [rupee six thousand and five hundred] of his pay per month if he is already a member of the Fund and thereupon such employee shall be entitled to the benefits and shall be subject to the conditions of the Fund, provided that the employer gives an undertaking in writing that he shall pay be administrative charges payable and shall comply with all statutory provisions in respect of such employee.

All the above provisions put no bar on the employer to contribute more than the minimum amount stipulated in the Act and Scheme. The Employees Provident Fund Act being a social welfare legislation aimed at promoting and securing the well-being of the employees narrow interpretation will have the effect of defeating the very object and purpose of the Act. Supreme Court in several cases have also expressed similar views.

Considering the provision of the Act and the Scheme, GSIDC Board of Directors in its 23rd Board Meeting held on 9th January, 2004 decided to contribute an employer's share with a upper limit of ₹2,000/- p.m. (i.e. 12% of ₹16,665/-).

GOA ANTIBIOTICS & PHARMACEUTICALS LTD.

The Corporation in its written reply stated as follows:

1. GAPL had made contribution to the employees contributory provident fund @ 12% of actual salary (Basic plus DA) during 2009-10 to 2011-12. Though the Company was under BIFR and bound to contribute only 10%, PF contribution continued at 12% as the Company was in the process of

- revival. Any action affecting the employee benefits at that juncture would have adversely affected the morale of the employees.
2. HLL Lifecare Ltd (A Government of India Enterprises) under Ministry of Health & Family Welfare acquired 74% stake in the Company in March 2014. GAPL was discharged from purview of BIFR in June 2014 and is a profit making unit.
 3. The Company had taken opinion from consultant and he has advised not to withdraw the benefit already given to the employees nor effect recovery of contribution already made in previous years at this stage to maintain harmonious industrial relation.

Considering the above it is requested that recovery of excess amount made to employees contributory provident fund during the period 2009-10 to 2011-12 may not be insisted.

INFOTECH CORPORATION

The Corporation in its written reply stated that considering various factors, as a staff welfare measure, the Board of Directors had decided to extent to all the employees the benefit of giving 12% of pay as employer's contribution, irrespective of the ceiling limit of ₹6,500/-.

The most of the State Government owned Corporations in Goa had an EPF scheme where the employees were contributing 12% of (BP+DP+DA) and the employer was contributing it in equal amount. This Corporation also had adopted the same policy regarding contribution of employer's share.

The Comptroller and Auditor General (CAG) vide letter dated 27/07/2012 had raised objections on the scheme of EPF contribution under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the employees Scheme 1952 as amended in 2001.

In pursuance to the audit para raised by CAG, the Board of Directors of ITG in the 89th Board Meeting held on 19th June, 2013 decided give effect to the aforementioned objections of the CAG and decided to stop the practice of excess contribution to E.P.F. of all employees drawing salary of more than ₹6,500/- per month w.e.f. 01/06/2013.

GOA STATE HORTICULTURE CORPORATION LTD.

The Corporation in its written reply stated that GSHCL has been incorporated under the company's Act 1956. The memorandum & Articles of Association authorizes the Board to "Give compensation to the employees of the company."

GSHCL has been paying the benefits to its employees as per the Employees Provident Fund Organization (EPFO) and these benefits are extended after due approval as per the procedure required by the EPFO.

As per the EPFO the benefits were extended as per the revised rates from time to time which were revised to 10% and subsequently 12% of the salary.

As per the Act GSHCL (Employer) contributes 12% of the salaries to Employees Provident Fund Scheme 1995 – part contribution limited to 12% of the pay per month.

The limit of ₹6,500/- as per the Scheme which is absolutely correct and accordingly GSHCL has restricted the employers contribution 12%.

It is clarified that this corporation has paid an amount of ₹14.57 lakhs of total contribution actually paid on total wages which is 12% of the total usage paid i.e. ₹121.16 lakhs. In view of above it is submitted that this corporation has not paid any extra contribution towards EPF.

The Committee sees that each Corporation has been following its own board recommendation as far as contribution to EPF is concerned which is seen as being not financially prudent. The Committee strongly recommends that uniformity be reached for all Corporations as to the percentage and slab of EPF, so that all the Corporations are operating at the same footing in the matter. It further recommends that the Finance Department take cognizance of the matter and issue the relevant instructions that could be followed by all Corporations uniformly.

CHAPTER II

ECONOMIC DEVELOPMENT CORPORATION LIMITED

IMPROPER /IRREGULAR SANCTIONING OF TERM LOAN

The Company disbursed loan of 4.00 crore in October 2008/February 2010 by relaxing prescribed norms of obtaining collateral security which led to insufficient security. Resultantly, dues of ₹5.52 crore could not be recovered.

The Company sanctioned (July 2008) a term loan of ₹4.00 crore to M/s Giovanni & Zibronni Shipping Pvt. Ltd. (GZSPL) for acquiring a new 2,200 tonne barge. As per the security norms of the Company, the loan was to be secured by a principal/collateral security of not less than 150 *per cent* of the loan exposure. For this purpose, the barge was to be hypothecated to the extent of 50 *per cent* of its value and the remaining portion was to be secured by a collateral security. Accordingly, the above loan was sanctioned with condition to secure the loan by hypothecation of the barge (₹3.25 crore being 50 *per cent* value) and the remaining portion of ₹2.75 crore by way of a

collateral security of urban immovable property of the loanee with a clear and marketable title.

Audit observed that the Board of Directors of the Company reduced the amount of collateral security from ₹2.75 crore to ₹1.38 crore as per the borrower's request (October 2008) and disbursed ₹2.00 crore without obtaining any collateral security with the contention that the same would be obtained subsequently. The collateral security was offered by the borrower later on but as its title was defective it could not be mortgaged. Further, on the request of the borrower, the Company released the balance loan amount of ₹2.00 crore also in February 2010. Thus, the security available with the Company was 81.25 per cent of the loan amount as against the norms of 150 per cent.

The borrower defaulted in payment of principal as well as interest. Accordingly, the Company recalled the loan in November 2010 and directed the borrower to clear the entire outstanding dues of ₹4.49 crore (including interest). As no dues were remitted by the borrower, notice for attachment of the barge was issued (June 2011). However, the Company could neither attach the barge nor realize the dues which increased to ₹5.52 crore (May 2012). The loan has now been classified as a doubtful debt and the amount

has not been realized so far. Thus, by relaxing the conditions governing the loan the company extended undue benefit to the loanee.

The management stated (June 2011) that the disbursement was made considering the 'realistic value of the barge' as well as the net worth of the promoters. The reply is not convincing since there was no justification for relaxing any of the basic terms and conditions governing the sanction of loan.

The Corporation stated that the norms for financing of barge stipulate that the term loan should be secured by principal/collateral security of value of 150% of the term loan sanctioned. As per these norms, the loan of ₹4.00 crore to M/s Giovanni & Zibronni Shipping Pvt. Ltd. (GZSPL) was sanctioned against the hypothecation and collateral security as under:

(₹ in lakhs)

Realistic security of barge (50% of estimated cost of ₹653.00 lakh)	325.00
Add: Additional Security to be furnished	275.00
Total security (150% of loan sanction amount)	600.00

In (October 2008) the borrower requested for reduction in the collateral security, in view of the personal guarantees of the directors, of the company, who have high net-worth. They also requested that pending title investigation/valuation of the properties offered by them as collateral, an amount of ₹2.00 crore (i.e. 50% of the sanctioned amount be released, as the barge was in an advanced stage of completion and it was felt that a dearth of funds at this stage would hamper project implementation. The promoter further informed that they have already lined up business for the coming season and delay in implementation would be detrimental for the cash flows/profitability of the project.

Considering the security position valuation of barge (₹4.75 crore), the net worth of the promoters and urgent requirement of funds by the company, the Board in its 315th Board Meeting held on 20/10/2010 approved the disbursement of ₹200.00 lakhs was secured by principal security and net worth of the promoter as under:-

(₹ in lakhs)

50% valuation of barge	235.00
Add: Networth of Promoters/directors	200.00
Total	435.00
Security = $435/200 = 217\%$	

In October 2009 the Company informed that the barge is lying idle for over 10 months, and the barge builder is insisting on the balance payments to release the barge from the yard. Further, the EDC dues were mounting. The company therefore requested for release of the balance disbursement of ₹2.00 crore which be paid directly to the barge builders to obtain the release of the barge. They also assured that EDC dues would be paid from receipts of business and that they would explore the possibility of alternate collateral securities.

The matter was placed before the Board and the Board felt that EDC may make further term loan disbursement of ₹2.00 crore to enable the release of the barge builders and the operation of the barge during the business season. The realistic value of the security then was estimated as under:

(₹ in Lakhs)

50% of value of completed barge	326.00
Add: Networth of promoters/ directors	200.00
Total minimum security value	526.00

The Board thus felt that there is enough security cover against the value of the barge and net-worth of the promoters/directors.

Since the company defaulted in payment of principal and interest despite regular follow-up and persuasion, the Corporation filed application for recovery u/s 31(1)(a)(aa) and u/s 31(1)(c) of the SFC Act in the District and Sessions Court, South Goa. An application u/s 32(7)(b) of the SFC Act was filed for an order for the sale of the attached property i.e. barge. A separate application u/s 31(1)(aa) of the SFC Act has also been filed for order directing the attachment and sale of the personal properties of the guarantors.

The relaxing of the conditions governing the sanction of the loan was done after ensuring adequate security cover for the disbursed loan.

As stated earlier the Corporation released the disbursement to the company in two installments. The disbursement of the first installment of was made after ensuring sufficient security cover of principal security and the estimated networkth of the promoters/ directors of the company. The second installment of ₹2 crore was made directly to the barge builders, so as to release the barge from their yard and put in operation. This disbursement was done after obtaining assurance from the company that the receipts from business after the barge is put in operation would be paid directly to EDC.

It was felt that on release of the barge, the barge could be put in operation and earn business, instead of lying idle in the yard of the barge builders.

It is reiterated that the decisions of the Corporation to release the disbursement to the company were only after ensuring adequate security cover and based purely on commercial considerations.

The Committee points out a total lack of responsibility and transparency by the Corporation during the course of disbursement of the loan amount

against securities and collaterals. The decision to reduce the collateral security at the request of the borrower and accepting the high net worth of the Directors of the company as a probable source of security shows either lack of financial prudence by the Corporation and the officials dealing in the matter. The committee now would like to be appraised of the current factual position of the recoveries and the outcome on progress of the cases being filed.

CHAPTER III

INFOTECH CORPORATION OF GOA LIMITED

AVOIDABLE EXPENDITURE ON PROPOSED IT PARK

Execution of community development works for the proposed IT park even after the High Court had stayed the acquisition of land meant for the project, resulted in avoidable expenditure of ₹10.65 crore.

The Board of Directors of the Company approved (November 2005) the proposal to set up an IT Park at Socorro/Salvador-do-Mundo Village in North Goa for which 8.73 lakh square metres of land was to be acquired. The State Government also approved (April/October 2006) the proposal to acquire ₹8.73 lakh square metres of land for the IT Park. Accordingly, the Company deposited (May 2006) ₹86.42 lakh towards the cost of land and Notification for the acquisition of land was published in June 2006. A writ petition was filed by the 'Goa Foundation' in October 2006 stating that a part of the proposed land was under forest area and a stay order was issued in April 2007 by the Hon'ble High Court of Bombay at Goa. Therefore, the land acquisition process could not be completed.

Audit observed that the Company went ahead and executed (October 2006 onwards) various community development works which were not at all connected with the proposed IT Park. The works costing ₹7.69 crore were completed by March 2008 on unrelated activities viz., development of gardens, cricket grounds, widening of road, paving of church steps *etc.*

The Company stated that these works were necessary to attract investment at the proposed IT park and continued to incur expenditure on these works till May 2009 which amounted to ₹10.65 crore.

Subsequently, in May 2012, the State Government communicated its decision to withdraw the proposal to set up the IT Park. Thus, expenditure of ₹10.65 crore on community development works, without vacation of the stay order, was not in the best interest of the Company and was avoidable.

The Corporation in its written reply stated as follows:

1) The Government of Goa had notified the Goa Information Technology policy, 2005 with a vision to attract large investments particularly in the area of Information Technology (IT) & Information Technology Enabled Services (ITES). Considering the requirement of large built-up spaces, it was felt necessary to create additional infrastructure to facilitate the establishment of IT/ITES industries which would in turn create job opportunities to graduates / undergraduates of the State of Goa. The Rajiv Gandhi IT Habitat which was proposed in an area measuring 70 acres at Dona Paula was mainly focused on the Small IT Industries which was not suitable for the Medium and Large scale IT/ITES Industries. As such it was felt appropriate, at that point of time to identify the land which would cater to the requirements of the Medium and

Large scale IT/ITES Industries. Accordingly M/s. ITG had identified the land at Socorro and Salvador-Do-Mundo, in Bardez Taluka for establizing IT Park.

2) The proposal was then submitted to the State Government by ITG for acquiring of the said land and the Government of Goa, approved the proposal of acquisition of land, for the project of setting up of IT Park at Socorro and Salvador-Do-Mundo, in village Panchayat of Succorro & Salvador-Do-Mundo in the year 2006. The park was envisaged to be developed in an area of around 250 acres which was aimed at attracting medium scale and large scale IT/ITES companies, with a targeted employment potential of around 8,000 persons. Accordingly Commuidade of Serula had handed over provisional possession of the Socorro land to ITG for development of IT/ITES Industries.

3) the details of the land identified for the purpose are indicated here below:

Sr. No.	Village	Survey No.	Area (in sq.mts.)
1.	Socorro	271	17,600.00
		273	93,425.00
		274	1,19,000.00
		275	2,00,500.00
		277	1,65,650.00
		Total Area	5,96,175.00
2.	Salvador-do-Mundo	297	53,675.00
		268	1,45,000.00
		271	55,875.00
		267	14,250.00
		237(Part)	7,824.00
		Total Area	2,76,624.00

4) Accordingly the Notification bearing No. 22/12/2006-RD dated 8th June, 2006 from the Under Secretary (Revenue) was published in Extraordinary Gazette on 8th June, 2006 under section 17 (Sub Section 4) of the Land Acquisition Act, 1894 and also published in the newspapers "Navhind Times" dated 10th June, 2006 and "Pudhari" dated 10th June, 2006. Further vide Notification No. 22/12/2006 dated 18th August, 2006; the Under Secretary

(Revenue) Notified Section 6 of Land Acquisition Act 1894 which was published in the Official Gazette on 22nd August, 2006 and also published the same in the newspapers “Navhind Times” dated 23rd August, 2006 and “Gomantak” dated 24th August, 2006 in respect of land at Sucorro Village. Survey works were also started. As per procedure followed for land acquisition under urgency clause, 80% of the compensation was deposited on 3rd May, 2006 with EDC Limited, computed at the rate of ₹18.12 per m², amounting to ₹86,42,153/- for 5,96,175 m² of land proposed for acquisition.

5) Subsequently, the Government had given accord to acquire additional land in village Salvador-do-Mundo; wherein the proposal was forwarded to Collectorate of North Goa. Thereafter, the Under Secretary (Revenue) vide Notification No. 22/23/2006-RD dated 19th July, 2006 published Section 4 under Land Acquisition Act in the Official Gazette on 21st July, 2006 and in the newspaper “Gomantak” dated 22nd July, 2006. Subsequently, section 6 vide Notification No. 22/23/2006-RD dated 4th October, 2006 was published in official Gazette dated 9th October, 2006 and in the newspaper “Pudhari dated 12th October, 2006 and Herald dated 11th October 2006.

6) Subsequently, Goa Foundation, NGO, filed a Writ Petition / PIL no.465 of 2006 before the Hon’ble High Court of Bombay at Goa, praying for quashing of the decisions or orders of the Government relating to development (including IT Park). The Hon’ble High Court vide order dated 23rd April, 2007 directed that no development activities shall be carried out in the area identified as “forest” without permission from appropriate authority under the Forest Conservation Act. The setting up of IT Park is the subject matter of petition pending before the Hon’ble High Court. This petition was then transferred to NGT vide Application No.24 (THC)/2013.

7) The National Green Tribunal disposed the application on 03.04.2014 in view of submission that the State Government in principle has decided to withdraw the setting up of IT park.

8) ITG has incurred expenditure on the development of creating infrastructure in surrounding areas under community welfare scheme as listed below.

Sr. No.	Name of the Projects	Expenditure incurred (₹)
1.	Construction of Gutters, Retaining wall and Culverts	33,12,472.00
2.	Improvement & widening of road leading to IT Park at Socorro / Salvador-do-Mundo	4,60,33,920.00
3.	Supply, Erection, Testing & Commissioning of 250 Watts Street Light at approached road to Socorro IT Park and surrounding areas.	2,39,78,792.00
4.	Supply, Installation, Testing & Commissioning of High masts, substations and poles for lighting system at different locations around IT Park.	77,45,421.00
5.	Development of Open Space in Sunrise Valley Association	40,32,357.00
6.	Development of open spaces under Aldona Corjuem bridge	30,55,759.00
7.	Development of Cricket ground at DIET, Porvorim in 3 phases	1,28,85,001.00
8.	Development of Garden, Penaha-de-France	17,97,662.00
9.	Providing pavement blocks to Alto Porvorim Sports Club	2,75,475.00
10.	Providing pavers in front of Holy Family Church	5,32,415.00
11.	Providing pavers in front of Chapel at Sucorro	5,80,303.00
12.	Community Welfare Expenses (Other Welfare Schemes)	16,99,178.00
	Total Expenditure incurred	10,59,28,755.00

Furthermore, ITG has incurred the following expenditure directly on the projects:-

Sr. No.	Activities	Expenditure incurred (₹)
1.	Compensation towards land	86,42,153.00
2.	Advertisements regarding notices under Land acquisition & survey works pertaining to IT Park Socorro / Salvador-do-Mundo	4,26,267.00
3.	Electrical Consultancy Fees	4,36,302.00
4.	Legal Fees- IT Park Socorro in connection with Writ	

	Petition filed in Hon'ble High Court by Goa Foundation	4,59,500.00
5.	Survey, Demarcation Expenses for IT Park Socorro/ Salvador-do Mundo	13,65,829.00
6.	Other miscellaneous expenses	1,89,898.00
	Total Expenditure incurred	1,15,19,949.00

ITG submissions to CAG is summarized as under:

1. The development of Infrastructure was necessary for attracting investments at the proposed IT Park and in the process would help to develop the community in and around the area.
2. As a matter of fact when the IT park get established in an area, it was necessary to ensure that the burden of infrastructure should not be felt by common citizens residing in the area.
3. The IT Park was a totally new business concept in Goa and meet up the ongoing trends at that point of time and to attract the Industries to this location; it was felt necessary to develop the infrastructure of surrounding areas under community welfare of IT Park. Setting up of an IT Park would have definitely attracted the IT Industries which would have created large employment opportunities and would have also generated huge revenue to the State.
4. Considering the above and to have a balance ecosystem between the IT Industries and the surrounding community, M/s ITG being responsible company had laid a great emphasis on social and community service. As the land was provided ultimately by the community of the villages, ITG as an ethical obligation and to provide some comforts to the community, living in the villages surrounding the IT Park had carried out the development works.
5. The Corporation had received communications from the residents of surrounding area of IT Park in relation to number of issues also regarding providing facilities like Improvement & Widening of Road, Street lights, High masts, Development of Gardens etc. which were essential for peaceful possession of land for establishing IT park.

6. The land acquisition process initiated was stayed by Hon'ble High Court, Panaji Bench in view of writ petition filed by Goa Foundation on account of some of area being private Forest. Since the matter was subjudice the planning of the project was on hold.

7. ITG initiated the development of infrastructure in the villages surrounding IT Park Socorro and Salvador-do-Mundo in the nature of community welfare activities to provide some comforts to the community, living in the villages surrounding the IT Park.

8. the expenditure towards the above community welfare activities was to be loaded on the prospective IT/ITES companies, however expenditure could not be absorbed due to the fact that the project was abandoned by the Government on the basis of the various objection and complaints received from the various section of the society.

9. The Government of Goa (Department of Information Technology) vide letter No. 1(416) 2011/DOIT/Issue/IT Park at Sucorro/2826 dated 15th May, 2012 conveyed that, the Government in principle had decided to withdraw the proposal of IT Park at Socorro.

10. Furthermore, the Government has referred the matter for enquiry to the Directorate of Vigilance and enquiries are underway. Final outcome/response is awaited.

Present status of Infrastructure:

The infrastructure in surrounding areas under community welfare schemes like Roads, Streetlights and High masts. Cricket Ground, Pavers etc. for community are being used/utilized by the community since completion of the projects respectively i.e. from 2007-2008 onwards and it would not be appropriate to say that the expenditure incurred in the name of IT Park is wasteful as the community has already benefited from the scheme.

The Committee notes that a lot of expenditure was carried out as part of a project that was stayed by Court. It sees a lack of foresightedness, advance planning and research by all concerned. There should have been awareness that part of the land was in private forest area before commencement of the

project. The Committee recommends that in future all projects should be studied and a report submitted taking into account all factors including land use and surrounding public sentiments.

CHAPTER IV

RIVER NAVIGATION DEPARTMENT

NON-LEVY OF RENT ON A CRUISE OPERATOR

The Department did not collect rent of ₹93.77 lakh from a Cruise operator for using Betim jetty on river Mandovi since July 2009.

The River Navigation Department of Government of Goa has two boat jetties, one on the southern side of river Mandovi (Panjim boat jetty) and the other on the opposite side (Betim boat jetty). These jetties were being used by four private cruise/casino operators to board their passengers.

Considering the strategic/favourable location and economic value of the Panjim boat jetty, the Department decided (March 2009) to collect rent from the three cruise/casino operators with retrospective effect. Accordingly, a valuation report was obtained from the PWD for levying a monthly rent for the boat jetty. The rent as evaluated at ₹1,705 per metre was considered abnormally low by the Department and so it decided in June 2009 to levy rent from the existing cruise/casino operators at three times of the PWD rates from April 2009 onwards, with 10 *per cent* increase every year. It was also decided to collect rent for the past period (July 2007 to March 2009) at PWD rates. All cruise/casino operators paid the entire dues as per the demand raised by the Department.

Audit observed (June 2011) that Betim boat jetty (35 Metres length) was being exclusively used since August 2002 by one cruise operator (M/s Swastik Cruises) with the permission of the Department. However, the Department did not claim any rent from this cruise operator by applying the same criteria by which rent was levied for the Panjim boat jetty. Audit observed that had the same criteria been adopted for levying rent then the

Department would have earned ₹93.77 lakh for the period from July 2007 to March 2012.

The Department stated (October 2011) that rent would be collected on sorting out ownership issues of the Betim jetty. The reply is not acceptable as the Department itself had permitted M/s Swastik Cruises in August 2002 to use the Betim jetty and, therefore, the ownership records should be available with the Department.

The Department informed the following:-

- 1) along the Southern bank of Mandovi, there are four jetties out of which three are belonging to Fisheries, Captain of Ports and River Navigation Department. These jetties are being used by Casino Operators who are paying substantial rent to the Fisheries Department, Captain of Ports Department and River Navigation Department. And fourth one near the Mandovi bridge is used by cruise operators only.
- 2) Similarly one jetty on Northern side i.e. other bank of Mandovi (Betim side) is also being used by the Cruise Operator, M/s. Swastik Cruise.
- 3) Two jetties which are being used by Cruise Operators are paying 'Riverine land' charges as per port rule @ ₹ 10/- m² per month. M/s. swastika Cruise is paying 52,596/- per year for 1461 m² (1111 m²(land area) + 350m² water frontage.)
As these jetties are used by Cruise Operators and not by Casino Operators only Riverine land charges are charged as per port Rules and hence, the difference in rates between jetties used by Cruise and Casino Operators.

Further the Department informed that a letter to the Executive Engineer, P.W.D. works Div-V, Patto, Panaji Goa has been written to depute their engineer for measurement of Captain of Ports jetty at Betim and further to work out usage charges as per P.W.D rates for onwards rental charges to be charged on passenger cruise vessels for using the jetty space at the Jetty.

This department has issued N.O.C No.I-11017/NOC/B.Jetty/2036 dated 5/8/02 to M/s. Swastik Cruise for use of Captain of ports jetty space at Betim and thereafter renewed/ annually which is now valid upto 30/8/2019 on accepting advance payment of Ports dues/ Rental charges. However, this office will not renew the NOC for further period and will inform M/s. Swastik cruise of the new

rate to be fixed on approval of Government in future or auction the jetty to the highest bidder for occupying the jetty space after obtaining Government approval.

As M/s. Swastik cruise is a passenger cruise vessel and has till date paid all present applicable dues towards rental charges as per ports rules in force including Service Tax. The observation made by audit in the RND Department of ₹93.77 Lakh is the rate existing for casino vessels and not passengers cruise vessels. Hence the audit observation at para 5.5 made by the audit in the RND may be withdrawn reference to M/s. Swastik Cruise.

The Committee recommends that the PWD completes the task of measurement of Captain of ports jetty at Betim and further work out charges of rentals to be applied henceforth.

CHAPTER V

GOA ELECTRICITY DEPARTMENT

AVOIDABLE EXPENDITURE ON THE CONSTRUCTION OF 11 KV SUPPLY LINE.

In violation of codal provisions the Electrical Division XI at Vasco executed the work of 'line strengthening' at its own cost for providing an additional load to an existing consumer and incurred avoidable expenditure of ₹38.69lakh during August 2008 to January 2012.

As per clause 4(1) of the Conditions of Supply of Electrical Energy in case a consumer requires an additional load and the service line requires to be strengthened for giving the additional load the entire cost of such line strengthening shall be borne by the consumer on the basis of actual estimated cost plus 15 *per cent* supervision charge. Birla Institute of Technology, Sancoale, an existing HT consumer with a connected load of 2000 KVA requested (October 2007) the Electrical Division XI (Vasco) of the Goa Electricity Department for an additional electrical connection with a load of 1000 KVA. The consumer, in view of the urgency, offered to undertake the line strengthening work on its own or to bear the entire cost of drawing the feeder in case the Department executes the work. The formal application for the additional load was made by the consumer in January 2008. Accordingly the Division prepared (March 2008) an estimate of ₹38.48 lakh for carrying out the line

strengthening work. The scope of work was erection of 11 KV Single Circuit lines (4 Kms), installation of 11 KV metering structure and laying of underground cable.

Audit observed (July 2011) that the Department issued (August 2008) the work order for the line strengthening work to a contractor at a cost of ₹36.72 lakh with a stipulation to complete the same by November 2008. Subsequently deviations/certain additional works were considered for further extension of the line for meeting the requirements of the Department. Accordingly, the estimate was revised (July 2009) to ₹77.54 lakh and the work was completed by January 2012. The cost of erection of 11 KV line up to Birla Institute of Technology worked out to ₹38.69 lakh and by adding supervision charges, the total recoverable amount worked out to ₹44.20 lakh. However, the Department did not recover any amount from the consumer. The reasons for not collecting the cost of line strengthening work despite the willingness of the consumer to bear the cost were not on record.

The Department in its reply stated (July 2012) that the connection was a new one and hence the provisions under clause 4(1) of the Conditions of Supply of Electrical Energy would not apply. It was also stated that the cost of the line strengthening work incurred on behalf of the consumer would be recovered in the form of fixed charges through the monthly bill within a period of seven years.

The reply is not acceptable since the connection was an additional/standby one which is evident from the fact that during the interim period, the entire requirement of the consumer including the additional 1000 KVA were being met from their existing 2000 KVA connection. Further, the contention that recovery of the construction cost would be made by way of fixed cost is not correct as fixed cost is recovered from all the consumers in a routine manner as a part of the tariff. Thus, additional cost incurred on line strengthening work would still remain unrecovered.

The Department in its reply stated that as per rules in force the consumer M/s. BITS Pilani has executed an agreement with the Department to avail HT connection for a load of 1000 KVA.

The consumer request to bear the cost of line strengthening work was in contravention of clause 10 of HT Agreement and hence the same could not be considered.

A copy of HT Agreement executed between the department and M/s. Bits Pilani is enclosed herewith for ready reference.

From the above, it is evident that this Department has executed the work for arranging power supply to M/s. BITS Pilani in due compliance of the above H.T. Agreement and recovery of ₹38.69 lakhs from Birla Institute of Technology would result in breach of this agreement.

The Committee sees that the concerned official did not act in a manner benefitting the Government, but gave consent to a new connection which cost the Government ₹ 38.69 lakhs. The Committee recommends that the Officials should be more responsible and follow procedures as laid down by Rules so that the Government does not get saddled with the costs that should be borne by the Consumer. The Committee would like to be kept updated on the recovery of dues and the action taken in the matter.

APPENDIX – I

MINUTES OF THE MEETING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS HELD ON 8TH AUGUST 2018.

The meeting of the Public Undertakings Committee was held on 8th August 2018 at 3.30 pm in the PAC Room, Assembly Complex, Porvorim, to examine Paras reflected in the CAG's Report for the year 2011-12.

The following were present:

CHAIRMAN

Shri Digambar Kamat

MEMBERS

- | | |
|-----------------------|--------|
| 1. Shri Clafasio Dias | Member |
| 2. Shri Wilfred D'sa | Member |

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 Chairman of the Public Undertakings Committee welcomed the Committee Members and the Officers. The programme for the day included the examination of the representatives of EDC, GAAL, GEL, GHRSSIDC, GSHCL, GSIDC, ITCGL, GAPL in relation to Para 5.2, EDC Limited in relation to Para 5.3, Info Tech Corporation of Goa Ltd. in relation to Para 5.4, River Navigation in relation to Para 5.5, and Goa Electricity Department in relation to Paras 5.6 reflected in the CAG's Report 2011-12.

3. The Committee submitted that replies to Para 5.2 pertaining to EDC, GAAL, GEL, GHRSSIDC, GSHCL, GSIDC, ITCGL, GAPL, Para 5.4 pertaining to Info Tech Corporation of Goa Ltd. and Para 5.5 pertaining to River Navigation had not been received by this Secretariat. It further stated that proper procedure should be followed.

4. The Committee examined the Officers of EDC, in relation to Para 5.3 regarding Improper/Irregular sanctioning of term loan. The Company disbursed loan of ₹ 4.00 crore in October 2008/February 2010 by relaxing prescribed norms of obtaining collateral security which led to insufficient security. As such the dues of ₹ 5.52 crore could not be recovered. The Committee wanted to know when the barge was operating, the amount the company has paid and the date the money was paid back with all the disbursement details.

5. In regards to Para 5.4 regarding Avoidable expenditure on proposed IT Park pertaining to Info Tech Corporation of Goa Ltd. The officer concerned informed the Committee that the reply was prepared and would be sent for vetting to Audit and later to the Department before the next meeting.

6. Para 5.5 regarding Non-levy of rent on a cruise operator pertaining to River Navigation Department was not discussed as the reply was not received by the Committee.

7. The Committee examined Para 5.6 regarding avoidable expenditure on the construction of 11 KV supply line pertaining to Goa Electricity Department in violation of codal provisions the Electrical Division XI at Vasco executed the work of 'line strengthening' at its own cost for providing an additional load to an existing consumer and incurred avoidable expenditure of ₹ 38.69 lakhs during August 2008 to January 2012. The Officer requested the Committee for 30 days to examine the matter in detail as the old records needed to be called for to which the Committee agreed.
8. Digital and verbatim records of the proceedings of the meeting were kept.
9. The Committee adjourned its sitting at 4.19 pm.

APPENDIX – II

MINUTES OF THE MEETING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS HELD ON 25TH SEPTEMBER 2018.

The meeting of the Public Undertakings Committee was held on 25th September 2018 at 3.30 pm in the PAC Room, Assembly Complex, Porvorim, to examine the Para 5.2 reflected in the CAG's Report for the year 2011-12.

The following were present:

CHAIRMAN

Shri Digambar Kamat

MEMBERS

1. Shri Deepak Pauskar
2. Shri Wilfred D'sa
3. Shri Glen Ticlo

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 Chairman of the Public Undertakings Committee welcomed the Committee Members and the Officers. The programme for the day included the examination of the representatives of Economic Development Corporation, Goa Auto Accessories Ltd., Goa Electronic Ltd., Goa Handicraft Rural & Small Scale Industries Development Corporation Ltd., Goa Horticultural Corporation Ltd., Goa State Infrastructure Development Corporation Ltd., Goa Information Technology Development Corporation Ltd., and Goa Antibiotics & Pharmaceuticals Ltd. in relation to Para 5.2, reflected in the CAG's Report 2011-12.

3. The Committee examined the Secretary Finance in relation to Para 5.2 regarding payment of excess contribution to 'Employees Contributory Provident Fund'. The Committee was informed that as per the Act, earlier the contribution rate was 12% of ₹ 6,500/-, now exceeded to ₹ 15,000/- i.e. 12% on the amount or ₹ 2,000/- whichever was less. Since all the staff had crossed the limit they were contributing ₹ 2,000/-. This practice was continued from 2003 onwards. The Corporation staffs were on contract basis. Besides PF and Gratuity there was no other benefit like in Govt. service. Their pension was ₹ 2,500/- . They were never eligible for other terminal benefits.

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

5. The Committee adjourned its sitting at 4.15 pm.

APPENDIX – III

**MINUTES OF THE MEETING OF THE COMMITTEE ON PUBLIC
UNDERTAKINGS HELD ON 30TH NOVEMBER 2018.**

The meeting of the Public Undertakings Committee was held on 30th November 2018 at 3.30 pm in the PAC Room, Assembly Complex, Porvorim, to examine the Paras reflected in the CAG's Report for the year 2014-15.

The following were present:

CHAIRMAN

Shri Digambar Kamat

MEMBERS

1. Shri Clafasio Dias
2. Shri Wilfred D'sa

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 Chairman of the Public Undertakings Committee welcomed the Committee Members and the Officers. The programme for the day included the examination of the representatives of Goa Industrial Development Corporation in relation to Para 3.2 and Goa State Infrastructure Development Corporation in relation to Para 3.3 for the year 2014-2015 reflected in the CAG's Reports.

3. The Committee did not examine Para 3.2 regarding Performance Audit of Estate Management of Goa Industrial Development Corporation as the Secretary Industries, and other officers of Goa IDC were not present as they had to attend the Hon'ble Supreme Court in connection with the filing of application for extension of time in the SEZ matter.

4. The Committee examined the Link Officer/MD GSIDC in relation to Para 3.3 for the year 2014-15 regarding Execution of works by Goa State Infrastructure Development Corporation for Government Departments. The Committee wanted to know about the works under taken by the Corporation and not

completed. The Committee wanted to know the status of the construction of Kala Bhavan at Sancoale. The Committee informed that it would take a review of GSIDC for the last 5 years.

5. Draft Reports of the years 2011-12 and 2012-13 were circulated to the Members of the Committee and adopted.
6. Digital and verbatim records of the proceedings of the meeting were kept.
7. The Committee adjourned its sitting at 4.55 pm.