

# **EXECUTIVE SUMMARY**



## Executive Summary

### Background

Goa is situated in the western coastal region known as Konkan, bounded by Arabian sea in the west, Maharashtra in the north and Karnataka to the east and south. Goa is the smallest State in terms of geographical area (3,702 sq. km.) and has a coastline of about 131 km. Goa was incorporated as a Union Territory with Legislature in 1962. It was granted Statehood on 30 May 1987.

The decadal population growth of the State was 8.23 *per cent* (0.13 crore in 2001 to 0.15 crore in 2011). The density of population in the State increased from 364 persons per sq. km. to 394 persons per sq. km. in the last decade (2001-2011) as against the all India average of 382. The population below poverty line was 9.90 *per cent* as compared to 21.90 *per cent* for the Country. The State's Gross State Domestic Product (GSDP) in 2018-19 at Current prices was ₹ 77,172 crore.

This Report on the finances of the Government of Goa is being brought out with a view to objectively assess the financial performance of the State during 2018-19 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged in Goa Fiscal Responsibility and Budget Management (First Amendment) Act, 2014 and budget and revised estimates of 2018-19.

### The Report

Based on the audited accounts of the Government of Goa for the year ended March 2019, this Report provides an analytical review of the Annual Accounts of the State Government. This Report is structured in three Chapters.

**Chapter I** is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2019. It provides an insight into trends of different components of the Government's receipts, expenditure and borrowing pattern, besides giving a brief account of fiscal imbalances.

**Chapter II** is based on audit of Appropriation Accounts and gives a grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

**Chapter III** is an inventory of the Government's compliance with various reporting requirements and financial rules.

The report also compiles the data collected from various Government Departments/Organisations in support of the findings.

## **Achievements of the State Government: A Brief Summary**

The per capita income of Goa at ₹ 5,02,420 during 2018-19 was the highest in the country.

During 2018-19, the State achieved two of the three major fiscal targets set under the Goa Fiscal Responsibility and Budget Management (First Amendment) Act, 2014 *i.e.* (i) it is a revenue surplus State from 2014-15 onwards, and (ii) the ratio of fiscal deficit to Gross State Domestic Product (GSDP) at 2.32 *per cent* was below the ceiling of three *per cent*. In respect of Debt-GSDP ratio fixed at 25 *per cent* by the Goa FRBM (First Amendment) Act, 2014, the current ratio stands marginally higher at 26.45 *per cent*.

Revenue receipts increased by ₹ 384 crore (three *per cent*) during the year, and the own tax revenue of the State also increased by ₹ 140 crore (three *per cent*) during the year over the previous year.

The State Government needs to improve its Tax-GSDP ratio (6.31 *per cent*), which was lower than the normative assessment of Fourteenth Finance Commission (FC XIV) (8.37 *per cent*).

## **Contents of the Report**

### **Chapter I**

#### **Finances of the State Government**

##### ***Fiscal correction***

The growth rate of GSDP was 9.48 *per cent* against the FC XIV projection of 14.52 *per cent* during the year.

During 2018-19, the State achieved only one of the three major parameters specified by the FC XIV *viz.* the ratio of fiscal deficit to GSDP at 2.32 *per cent* was lower than the norm of three *per cent*.

The ratio of interest payment to revenue receipt (second parameter) at 11.75 *per cent* was marginally higher than the projected ratio of 11.68 *per cent* prescribed by FC XIV. And, the third parameter of fiscal liabilities to GSDP ratio at 26.45 *per cent* in 2018-19 was higher than the target fixed (25 *per cent*) in the Goa FRBM (First Amendment) Act, 2014 and 25.31 *per cent* projected by FC XIV.

The State continued to maintain revenue surplus during the period 2014-19. Revenue surplus during 2018-19 stood at ₹ 355 crore and was lower than the previous year's surplus by ₹ 156 crore.

*(Paragraphs 1.9.2, 1.10.1 and 1.11.1)*

##### ***Resource mobilisation***

Revenue receipts at ₹ 11,438 crore during 2018-19 increased by ₹ 384 crore (three *per cent*) over the previous year. Though State's own taxes increased by ₹ 140 crore, the tax-GSDP ratio (6.31 *per cent*) was less than the normative assessment of 8.37 *per cent* made by FC XIV.

The collections under non-tax revenue fell for the first time during the last five years by ₹ 159 crore over the previous year. The share of State's own resources comprising tax and non-tax revenue to total revenue receipts was 68 *per cent* while the Central tax transfers including grants-in-aid contributed 32 *per cent*.

*(Paragraphs 1.3, 1.3.1, 1.3.4 and 1.3.5)*

### ***Expenditure management***

Revenue expenditure increased continuously from ₹ 7,410 crore in 2014-15 to ₹ 11,083 crore in 2018-19 and grew by 5.12 *per cent* (₹ 540 crore) during 2018-19 over the previous year. The growth rate of revenue expenditure fluctuated from 5.12 *per cent* in 2018-19 to a high of 18.91 *per cent* in 2017-18. Revenue expenditure as a *per cent* of GSDP stood at 14 *per cent* during 2018-19. Capital expenditure (₹ 2,149 crore) constituted 16 *per cent* of the total expenditure in 2018-19. During the five year period 2014-19, capital expenditure increased by 74 *per cent*, while the total expenditure increased by 53 *per cent* during the same period.

Financial assistance to local bodies and other institutions continuously increased from ₹ 1,022.53 crore in 2014-15 to ₹ 1,780.46 crore in 2018-19. Expenditure on Subsidies (₹ 301 crore) constituted 2.63 *per cent* of revenue receipts.

As of 31 March 2019, the State Government invested ₹ 631 crore in Statutory Corporations, Joint Stock Companies and Co-operative Banks and Societies. The average return on investments in these Companies/Corporations was 0.27 *per cent* during 2014-19 while the Government paid an average interest ranging from 6.90 *per cent* to 7.59 *per cent* on its borrowings during the same period.

*(Paragraphs 1.6.2, 1.6.3, 1.6.4, 1.6.6 and 1.8.3)*

### ***Quality of expenditure***

The overall development expenditure to total expenditure decreased from 69.01 *per cent* in 2014-15 to 67.44 *per cent* in 2018-19. The State Government has given higher fiscal priority to health and family welfare during 2014-15 and 2018-19, as their ratios to total expenditure were significantly higher than that of General Category States.

*(Paragraphs 1.7.1 and 1.7.2)*

### ***Transactions under reserve funds***

There were eight reserve funds earmarked for specific purposes during 2018-19 of which, two funds were inoperative with a balance of ₹ 3.07 crore. The total accumulated balance in these funds as on 31 March 2019 was ₹ 1,850.44 crore of which, ₹ 954.18 crore was invested.

*(Paragraph 1.9.3)*

### ***Debt sustainability***

The outstanding fiscal liabilities of the State increased by 47 *per cent* from ₹ 13,877 crore in 2014-15 to ₹ 20,412 crore at the end of 2018-19. The outstanding liabilities of the State Government at the end of financial year 2018-19 (₹ 20,412 crore) comprised internal debt of ₹ 14,019 crore (69 *per cent*), public account of ₹ 5,192 crore (25 *per cent*) and loans and advances from GoI of ₹ 1,201 crore (six *per cent*).

The net availability of borrowed funds for current operations after debt redemption (principal and interest payments) increased from ₹ 484 crore in 2017-18 to ₹ 516 crore in 2018-19.

*(Paragraphs 1.9.2 and 1.10.1)*

## **Chapter II**

### **Financial Management and Budgetary Control**

During 2018-19, expenditure of ₹ 16,729 crore was incurred against the total grants and appropriations of ₹ 19,024.42 crore resulting in savings of ₹ 2,295.42 crore. The overall savings were the net result of savings of ₹ 4,653.96 crore, offset by an excess of ₹ 2,358.54 crore in one grant and one appropriation. The excess expenditure of ₹ 2,358.54 crore requires regularisation under Article 205 of the Constitution of India. Excess over provisions relating to previous years (2008-09 to 2017-18) amounting to ₹ 5,865.65 crore had not been regularised.

*(Paragraphs 2.2 and 2.3.1)*

Of the total savings of ₹ 4,653.96 crore during 2018-19, savings of ₹ 100 crore or more amounting to ₹ 2,497.13 crore (54 *per cent*) occurred in nine grants pertaining to Municipal Administration, Sports and Youth Affairs, Public Works, Finance, Electricity, School Education, Health Services, Women and Child Development and Information Technology.

*(Paragraph 2.3.2)*

## **Chapter III**

### **Financial Reporting**

As on 31 March 2019, 12,148 Utilisation Certificates (UCs) aggregating ₹ 2,340.66 crore for grants disbursed up to 2017-18 remained outstanding. Of 12,148 cases, 25 *per cent* (3,089 UCs) pertained to the Directorate of Art and Culture while 24 *per cent* (2,942 UCs) pertained to the Directorate of Panchayats, North Goa.

As of March 2019, 377 Detailed Contingent (DC) bills amounting to ₹ 141.85 crore drawn by various Departmental authorities on Abstract Contingent (AC) bills were pending settlement.

Pendency of UCs and DC bills for long periods was fraught with the risk of fraud and misappropriation.

*(Paragraphs 3.1 and 3.6)*

During 2018-19, expenditure aggregating ₹ 4,039 crore constituting 31 *per cent* of the total expenditure was classified under Minor Head '800-Other Expenditure'. Similarly, revenue receipts aggregating ₹ 657 crore constituting six *per cent* of total receipts were classified under Minor Head '800-Other Receipts'. Accounting of large items of expenditure and receipts under omnibus Minor Head –800 affects transparency in financial reporting as disaggregated information on different activities of the State Government is not displayed separately in the accounts.

*(Paragraph 3.5)*