

*Chapter 1*  
**Overview of State Finances**



## Chapter 1: Overview of State Finances

### 1.1 Profile of Goa

Goa is situated in the western coastal region of India, known as Konkan, bound by the Arabian Sea in the west, Maharashtra in the north and Karnataka on the east and south. Goa is the country's smallest State in terms of geographical area (3,702 sq. km.) and has a coastline of about 131 km. Administratively, Goa is divided into two districts namely, North Goa and South Goa, which are further divided into 12 talukas.

Goa's population increased from 0.15 crore in 2012 to 0.16 crore<sup>1</sup> in 2022, recording a decadal growth of 6.67 *per cent*. The State has a population density of 423 persons per sq. km. as against the all-India average of 418. Population below poverty line was 5.09 *per cent* as compared to 21.92 *per cent* in the country. The Gross State Domestic Product (GSDP) in 2021-22 at current prices was ₹ 85,380 crore. During 2021-22, the per capita income of the State stood at ₹ 5,44,865 which was significantly higher than the all-India per capita income of ₹ 1,72,913. Goa performed better on social indicators *viz.* literacy rate and infant mortality rate (except life expectancy) than the all-India average. Basic statistics pertaining to the State are given in Appendix 1.1.

### 1.2 Basis and approach to the State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the State Legislature.

The Government of Goa and those responsible for execution of budget such as Pay and Accounts Offices, treasuries, offices and departments of the Government of Goa are responsible for preparation and correctness of the initial and subsidiary accounts as well as for ensuring the regularity of transactions in accordance with the applicable laws, standards, rules and regulations. They are also responsible for rendering the initial and subsidiary accounts and information related thereto to the Director of Accounts and Finance Secretary, of the Government of Goa for compilation and preparation of the Finance Accounts.

Finance Accounts and Appropriation Accounts of the State for the year 2021-22 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2021-22, both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General, Goa;

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<sup>1</sup> Ministry of Statistics and Programme Implementation, Government of India

- Other data with departmental authorities and treasuries;
- GSDP data and other State related statistics from the Directorate of Planning, Statistics and Evaluation, Government of Goa; and
- Various audit reports of the CAG of India prepared during 2017-21.

This report also takes into account the recommendations of the Fifteenth Finance Commission (FC XV), the Goa Fiscal Responsibility and Budget Management (GFRBM) Act, and best practices and guidelines of the Government of India (GoI).

An exit conference was held on 24 February 2023 with the Principal Secretary (Finance), Government of Goa in which the findings of Audit and recommendations were discussed. Replies furnished during exit conference have been incorporated at appropriate places in the Report.

### 1.3 Report structure

The State Finances Audit Report (SFAR) is structured as follows:

<b>Chapter 1</b>	<b>Overview of State Finances</b> This chapter describes the basis and approach to the Report and the underlying data, provides an overview of the structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and the State’s fiscal position.
<b>Chapter 2</b>	<b>Finances of the State</b> This chapter provides a broad perspective of the finances of the State, analyses the key changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
<b>Chapter 3</b>	<b>Budgetary management</b> This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports deviations from Constitutional provisions relating to budget.
<b>Chapter 4</b>	<b>Quality of accounts &amp; financial reporting practices</b> This chapter comments on the quality of accounts rendered by various authorities of the State Government and compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
<b>Chapter 5</b>	<b>Financial performance of State Public Sector Enterprises</b> This chapter presents the summary of financial performance of Government companies and Statutory corporations of Government of Goa as reflected in their accounts/information furnished by them and results of oversight function of the Comptroller & Auditor General of India (CAG).

## 1.4 Overview of structure of Government accounts and budgetary processes

The accounts of the State Government are kept in three parts:

### 1. Consolidated Fund of the State (Article 266 (1) of the Constitution of India)

This fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from financial institutions, special securities issued to National Small Savings Fund, *etc.*), Ways and Means advances extended by the Reserve Bank of India (RBI) and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (*e.g.*, salaries of Constitutional authorities, loan repayments *etc.*), constitute a charge on the Consolidated Fund of the State (charged expenditure) and are not subject to vote by the Legislature. All other expenditure (voted expenditure) is voted by the Legislature.

### 2. Contingency Fund of the State (Article 267 (2) of the Constitution)

This fund is in the nature of an imprest established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional Major Head relating to the Consolidated Fund of the State.

### 3. Public Account of the State (Article 266 (2) of the Constitution)

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense Heads (both of which are transitory Heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Article 202 of the Constitution requires that a statement of estimated receipts and expenditures of the Government in respect of every financial year are presented before the House or Houses of the Legislature of the State. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

**Revenue receipts** consist of tax revenue, non-tax revenue, share of Union taxes/duties and grants from GoI.

**Revenue expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to expenses incurred on the functioning of Government departments and providing various services, interest payments on public debt and grants given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital receipts** consist of:

- **Debt receipts:** Market loans, bonds, loans from financial institutions, net transaction under Ways and Means Advances, loans and advances from Central Government *etc.*; and
- **Non-debt receipts:** Proceeds from disinvestment, recoveries of loans and advances;

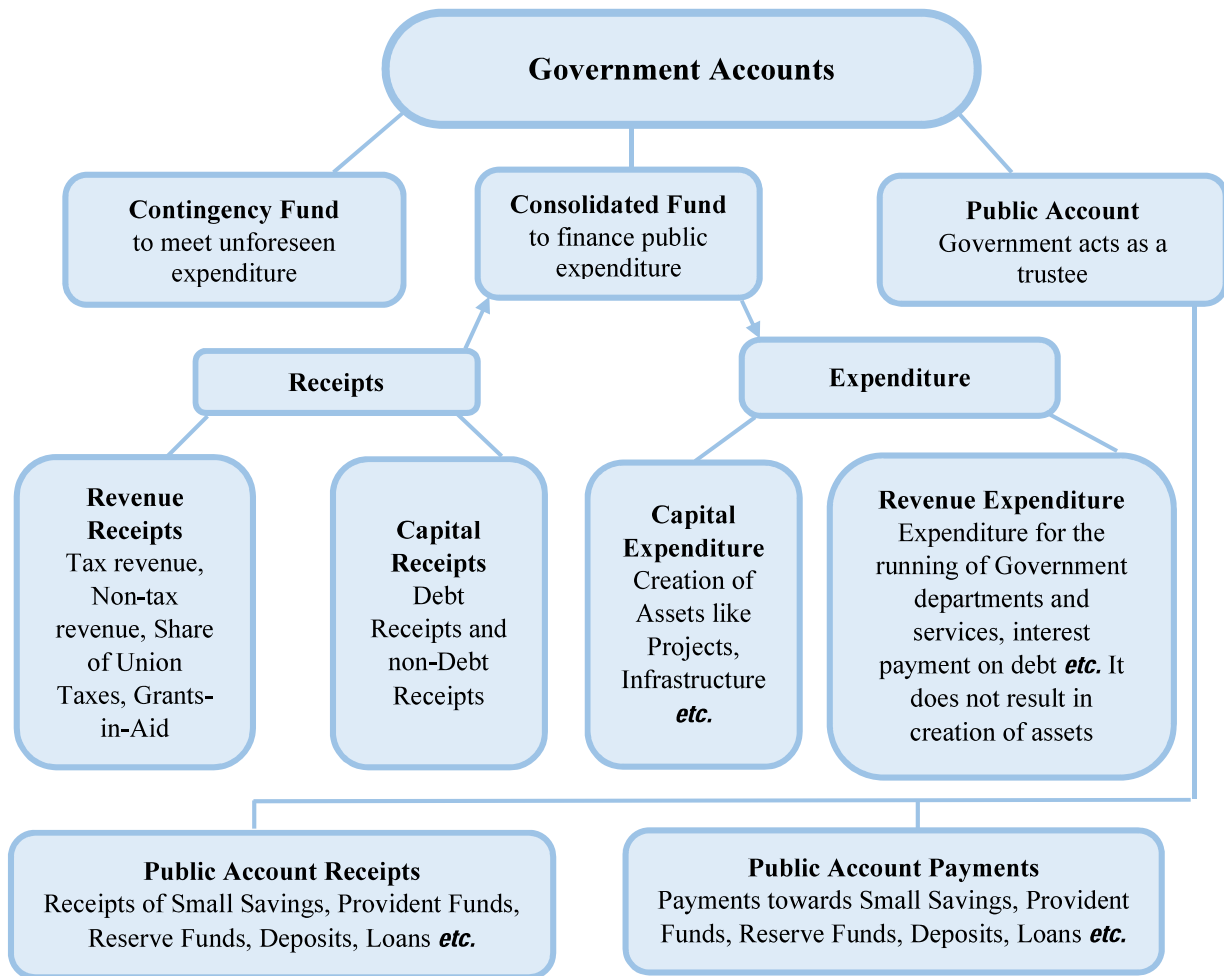
**Capital expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares and loans and advances by the Government to State Public Sector Enterprises (SPSE) and other parties.

Government accounts follow a five-tier classification structure that is both functional and economic in nature.

	Attribute of transaction	Classification
Standardised in LMMH by CGA	Function: Education, Health <i>etc.</i>	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Purpose/object of expenditure	Detailed Head (2-digit)

The functional classification indicates the department, function, scheme or programme and object of expenditure. Economic classification helps organize receipts and payments as revenue, capital *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure *etc.* Economic classification is also achieved by the inherent definition and distribution of some detailed heads. For instance, generally “salary” (detailed head) is revenue expenditure; “construction” (detailed head) is capital expenditure. Detailed head is the primary unit of appropriation in the budget documents.

Chart 1.1: Structure of Government Accounts



Fund-based accounting coupled with functional and economic classification of transactions facilitates in-depth analysis of Government activities/transactions and enables legislative oversight over public finances.

### Budgetary process

In terms of Article 202 of the Constitution, the Governor causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the financial year in the form of an Annual Financial Statement (referred to as the Budget).

In terms of Article 203, the above shall be submitted to the State Legislature in the form of Demands for Grants/Appropriations. After their approval, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

As mentioned in Paragraph 1.2, Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These accounts are based on actual receipts and expenditure of the State including various inter-Governmental and other adjustments carried out by the RBI during the year. Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is necessary

to study the annual budget of the State and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

The Budget orders issued by the Finance Department, Government of Goa guide the State departments in preparing their budgetary estimates. Further, the Directorate of Planning, Statistics and Evaluation, Government of Goa monitors departmental expenditure during the course of the year. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in Chapter 3 of this Report.

#### 1.4.1 Gross State Domestic Product of Goa

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. GSDP growth is an important indicator of the health of a State's economy. The trends in the annual growth rate of GSDP as compared to Gross Domestic Product (GDP) at current prices are indicated in Table 1.1.

**Table 1.1: Annual growth rate of GDP and GSDP at current prices**

Year	2017-18	2018-19	2019-20	2020-21	2021-22
GDP (₹ in crore) <sup>2</sup>	17090042	18899668 <sup>+++</sup>	20074856 <sup>++</sup>	19800914 <sup>+</sup>	23664637 (A)
Growth rate of GDP (in per cent)	11.03	10.59	6.22	(-)1.36	19.51
GSDP (₹ in crore) <sup>3</sup> (base year 2011-12)	69352	71853	74828 (P)	78338 (Q)	85380 (A)
Growth rate of GSDP (in per cent)	10.12	3.61	4.14	4.69	8.99

(Q) Quick estimates; (P) Provisional Estimates; (A) Advance Estimates ;(+) First Revised Estimates; (++) Second Revised Estimates; (+++) Third Revised Estimates

It can be seen from above that the GSDP growth rate declined from 10.12 **per cent** in 2017-18 to 8.99 **per cent** in 2021-22, though it was higher than the growth rate of 4.69 **per cent** during 2020-21. However, the GSDP (8.99 **per cent**) grew at a slower pace than the GDP (19.51 **per cent**) as well as the projections made by FC XV (15 **per cent**).

<sup>2</sup> Ministry of Statistics and Programme Implementation, GoI (<https://mospi.gov.in/web/mospi/download-tables-data/-/reports/view>)

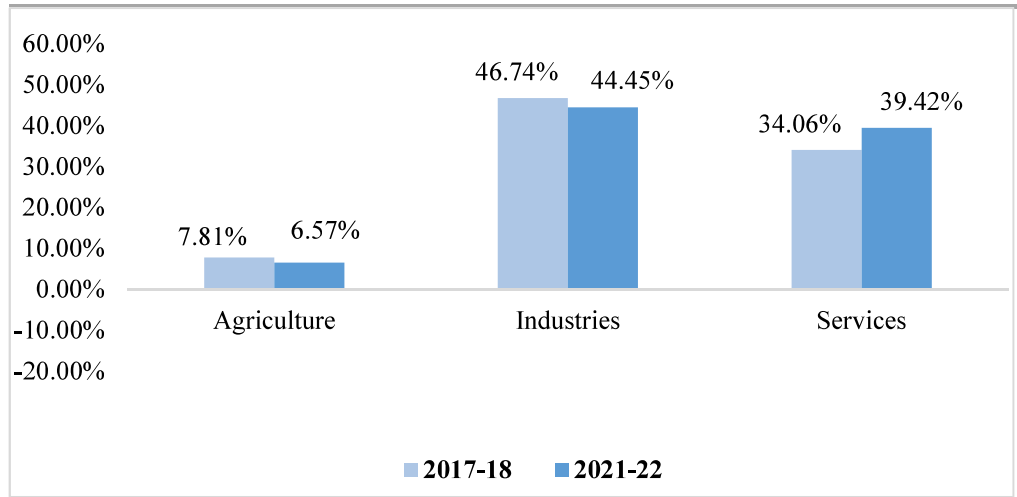
<sup>3</sup> Directorate of Planning, Statistics and Evaluation, Government of Goa



### 1.4.1.1 Change in sectoral contribution to GSDP at current prices during 2017-18 and 2021-22

The sectoral contribution to GSDP at current prices for the period 2017-18 and 2021-22 was as under:

**Chart 1.2: Change in sectoral contribution to GSDP at current prices (2017-18 and 2021-22)**



(Source: Directorate of Planning, Statistics and Evaluation, Government of Goa)

Chart 1.2 reveals that during the last five years the contribution of industries sector to the GSDP has declined by 2.29 *per cent* and agriculture by 1.24 *per cent*. Whereas, contribution by services sector increased by 5.36 *per cent* during the same period. Major factors that affected the contribution of agriculture and industries sector to GSDP were, decrease in production under mining/quarrying and manufacturing, respectively. On the other hand, services sector witnessed growth under trade and repair services, real estates, ownership of dwelling and professional services and public administration.

### 1.4.2 Snapshot of finances

The following table provides the details of budget estimates (BE) for the year 2021-22 *vis-à-vis* actuals of 2020-21 and 2021-22.

**Table 1.2: Budget estimates for the year 2021-22 *vis-à-vis* actuals of 2020-21 and 2021-22**

(₹ in crore)						
Sr. No.	Components	2020-21 Actuals	2021-22 BE	2021-22 Actuals	Percentage of Actuals to BE	Percentage of Actuals to GSDP
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Tax Revenue	6447	8041	9162	113.94	10.73
(a)	Own Tax Revenue	4151	5473	5805	106.07	6.80
(b)	Share of Union Taxes/Duties	2296	2568	3357	137.72	3.93
2	Non-Tax Revenue	2903	5009	3787	75.60	4.44
3	Grants-in-Aid and Contributions	1090	3537	1337	37.80	1.57

Sr. No.	Components	2020-21 Actuals	2021-22 BE	2021-22 Actuals	Percentage of Actuals to BE	Percentage of Actuals to GSDP
(1)	(2)	(3)	(4)	(5)	(6)	(7)
4	Revenue Receipts (1+2+3)	10440	16587	14286	86.13	16.73
5	Capital Receipts	2811	2658	2626	98.80	3.08
(a)	Recovery of Loans and Advances	3	7	2	28.57	00
(b)	Miscellaneous Capital Receipts	00	00	00	00	00
(c)	Borrowings and other Liabilities <sup>€</sup>	2808	2651	2624	98.98	3.07
6	Total Receipts (4+5)	13251	19245	16912	87.88	19.81
7	Revenue Expenditure, of which	12093	16529	14227	86.07	16.66
8	Interest payments	1590	1894	1783	94.14	2.09
9	Disbursement of Grants-in-Aid for creation of capital assets	00	00	00	00	00
10	Capital Expenditure, of which <sup>II</sup>	1998	5940	2685	45.20	3.14
(a)	Capital Outlay	1997	5920	2681	45.29	3.14
(b)	Loan and Advances disbursed	01	20	04	20.00	00
11	Total Expenditure (7+10)	14091	22469	16912	75.27	19.81
12	Revenue Deficit (-)/Revenue Surplus (+) (4-7)	(-)1653	58	59	101.72	0.07
13	Effective Revenue Deficit/Surplus (12-9)	(-)1653	58	59	101.72	0.07
14	Fiscal Deficit {(4+5(a)+5(b)-11)}	(-)3648	(-)5875	(-)2624	44.66	3.07
15	Primary Deficit (14-8)	(-)2058	(-)3981	(-)841	21.13	9.86

(Source: Annual Financial Statements and Finance Accounts of respective years)

€ Borrowings and Other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance

II Expenditure on Capital Account includes Capital expenditure and Loans and Advances disbursed

### 1.4.3 Snapshot of assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds while the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

Table 1.3: Summarised position of assets and liabilities

₹ in crore)

Liabilities					Assets				
		2020-21	2021-22	Increase %			2020-21	2021-22	Increase %
<b>Consolidated Fund</b>									
a	Internal Debt	18697.19	20321.17	8.69	a	Gross Capital Outlay	23709.85	26390.78	11.31
b	Loans and Advances from GoI	2032.75@	2950.38*	45.14	b	Loans and Advances	104.21	105.92	1.64
<b>Contingency Fund</b>		<b>99.92</b>	<b>100.00</b>	<b>-</b>	<b>Contingency fund</b>		<b>(-0.08)</b>	<b>-</b>	<b>-</b>
<b>Public Account</b>									
a	Small Savings, Provident Funds etc.	2533.93	2510.43	0.93	a	Advances	0.53	0.53	-
b	Deposits	2110.42	2182.77	3.43	b	Remittance	221.72	302.51	36.44
c	Reserve Funds	2115.04	2258.79	6.80	c	Suspense and Miscellaneous	1059.35	1193.33	12.65
d	Remittances	-	-	-	<b>Cash balance (including investment in Earmarked Fund)</b>		<b>1925.83</b>	<b>1822.02</b>	<b>-5.39</b>
<b>Total</b>		<b>27589.25</b>	<b>30323.54</b>	<b>9.91</b>			<b>27021.41</b>	<b>29725.09</b>	<b>10.01</b>
Cumulative excess of receipts over expenditure		-	-	-	Cumulative excess of expenditure over receipts		567.84	508.45	
<b>Total</b>		<b>27589.25</b>	<b>30323.54</b>	<b>9.91</b>	<b>Total</b>		<b>27589.25</b>	<b>30323.54</b>	<b>9.91</b>

(Source: Finance Accounts of the State)

@ Effective loans and advances would be ₹ 1,192.75 crore, as the Department of Expenditure, GoI had decided that GST compensation of ₹ 840 crore given to the State as back-to-back loans under debt receipts would not be treated as debt of the State for any norms which may be prescribed by Finance Commission.

\*Effective loans and advances would be ₹ 1,263.47 crore, as the Department of Expenditure, GoI had decided that GST compensation of ₹ 1,686.91 crore (₹ 840 crore pertaining to 2020-21 plus ₹ 846.91 crore pertaining to 2021-22) given to the State as back-to-back loans under debt receipts would not be treated as debt of the State for any norms which may be prescribed by Finance Commission.

During 2021-22, the assets increased by 10.01 **per cent** and liabilities increased by 9.91 **per cent** over the previous year.

### 1.5 Fiscal balance: Achievement of targets for deficits and total debt

Budgetary surplus/deficit is an indicator of prudent fiscal management by the Government. Further, the ways in which deficits are financed and the application of the resources raised have important implications for the fiscal health of the State.

This section presents the trends, nature, magnitude and the manner of financing of deficits and subsequently assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under GFRBM (First Amendment) Act, 2014; GFRBM (Amendment) Act, 2021 and GFRBM (Amendment) Ordinance, 2022.

### 1.5.1 Review of fiscal situation

In pursuance of the recommendations of the Twelfth Finance Commission (FC XII), Government of Goa enacted the GFRBM Act, 2006. It came into force on 15 May 2006 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit and greater transparency in fiscal operations of the Government in a medium-term fiscal framework. In compliance with the Act, GFRBM Rules, 2007 were made by the Government in November 2007. The Act was amended by passing the GFRBM (First Amendment) Act, 2014, GFRBM (Amendment) Act, 2021 and GFRBM (Amendment) Ordinance, 2022.

As per the GFRBM Act, 2006 and Rules, 2007, the State Government, in each financial year, was required to prepare and lay before the Legislative Assembly a Medium-Term Fiscal Plan (MTFP) along with the budget. The MTFP was to include three-year rolling targets in respect of the following fiscal indicators:

- Revenue deficit as a percentage of total revenue receipts;
- Fiscal deficit as a percentage of GSDP;
- Outstanding total liabilities as a percentage of GSDP; and
- Ratio of interest payment to total revenue receipts.

However, the State Government did not prepare the MTFP and set rolling targets in respect of the fiscal indicators specified above from 2011-12.

During the exit conference, Finance Department assured that MTFP would be placed in the upcoming budget (2023-24).

Review of fiscal situation of the State further revealed the following:

- As per provision of Section 5(a) of the GFRBM (First Amendment) Act, 2014, the State Government was to eliminate revenue deficit<sup>4</sup> from the financial year 2014-15 and maintain that level or generate revenue surplus thereafter. The State Government achieved this target in 2014-15 and maintained a revenue surplus till 2018-19. However, the same could not be sustained and the State had a revenue deficit during 2019-20 and 2020-21. During 2021-22, the State reported revenue surplus of ₹ 59 crore. The BE, revised estimates (RE) and actual figures in respect of revenue deficit/surplus during the last three years are summarised in Table 1.4.

**Table 1.4: Revenue deficit/surplus in last three years**

	(₹ in crore)		
Revenue deficit(-)/surplus(+) as per	2019-20	2020-21	2021-22
Budget estimates	455	422	58
Revised estimates	270	(-)133	(-)19
Actuals	(-)325	(-)1653	59

(Source: Finance Accounts and Budget documents of the State)

As can be seen from the above table, actual revenue deficit/surplus of 2019-20 deviated significantly from BE and RE. The reason for estimated deficit of ₹ 19 crore at the RE stage turning into surplus of ₹ 59 crore was

<sup>4</sup> Revenue deficit = Revenue receipts – Revenue expenditure; (+) indicates surplus and (-) indicates deficit

mainly due to reduced expenditure under revenue head than that provided for in RE.

- The GFRBM (First Amendment) Act, 2014 envisaged achievement of fiscal deficit<sup>5</sup> at three *per cent* of GSDP by 2013-14 and thereafter, to maintain the ratio or reduce it. Fiscal deficit to GSDP ratio was first brought below three *per cent* in 2014-15 and it remained so till 2019-20. However, the GFRBM (Amendment) Act, 2021 increased the target for fiscal deficit/GSDP ratio to five *per cent* for the financial year 2020-21. The target of fiscal deficit/GSDP was further revised to four *per cent* for the year 2021-22 in March 2022.

The fiscal deficit to GSDP ratio during the period 2019-20 to 2021-22 is summarised in Table 1.5.

**Table 1.5: Fiscal deficit/GSDP**

*(in per cent)*

Year	Budget estimates	Revised estimates	Actuals
2019-20	5.97	5.38	2.67
2020-21	6.95	6.54	4.66
2021-22	6.88	7.88	3.07

*(Source: Finance Accounts and Budget documents of the State)*

Above table shows that the State Government managed to keep the ratio of fiscal deficit to GSDP during the period 2019-22 within the prescribed limit under the GFRBM Act, as amended from time to time. The fiscal deficit during 2021-22 stood at ₹ 2,624 crore which was lower than the projections made in RE (₹ 6,730 crore).

- The provisions of section 5(d) of the GFRBM (First Amendment) Act, 2014 prescribed that total outstanding debt<sup>6</sup> to GSDP be brought down to 27 *per cent* by 31 March 2015 and thereafter, maintain it below 25 *per cent*. However, the ratio of outstanding debt to GSDP registered an increase from 26.75 *per cent* in 2017-18 to 32.78 *per cent* in 2020-21. However, it marginally decreased to 32.13<sup>7</sup> *per cent* during 2021-22.

Table 1.6 shows the extent of compliance by the State Government during 2017-22, against the targets set forth in the GFRBM Act, 2006, as amended from time to time.

<sup>5</sup> Fiscal deficit is the difference between the total income of Government (revenue receipts + non-debt capital receipts) and its total expenditure (revenue expenditure + capital expenditure + disbursement of loans and advances). This excludes the borrowings of the Government.

<sup>6</sup> Total outstanding debt includes public debt and Public Account liabilities. Public debt includes only internal debt and loans and advances from GoI. Public Account liabilities includes liabilities under small saving funds, GPF, reserve funds *etc.*

<sup>7</sup> As per Department of Expenditure, Ministry of Finance, GoI, borrowings under the special window shall not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 1,687 crore (₹ 840 crore pertaining to 2020-21 plus ₹ 847 crore pertaining to 2021-22) *in-lieu* of shortfall in GST compensation has not been considered as public debt/total outstanding liabilities of the State Government.

Table 1.6: Compliance with provisions of GFRBM Act

Fiscal Parameters	Fiscal targets set in the GFRBM Act	Achievement				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit(-)/ Surplus (+) ( <i>₹ in crore</i> )	Revenue	511	355	(-325)	(-1653)	59
	Surplus	✓	✓	✗	✗	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three <i>per cent</i> (up to 2019-20)	(-1610) (-2.32)	(-1792) (-2.49)	(-1994) (-2.66)	(-3648) (-4.66)	(-2624) (-3.07)
	Five <i>per cent</i> (for 2020-21) and four <i>per cent</i> (for 2021-22)	✓	✓	✓	✓	✓
Ratio of total outstanding debt to GSDP ( <i>per cent</i> )	Target	25	25	25	25	25
	Achievement	26.75	28.41	30.14	32.78 <sup>8</sup>	32.13 <sup>9</sup>
		✗	✗	✗	✗	✗

(Source: Finance Accounts of the State)

It may be seen that the State Government breached the ceiling of outstanding debt to GSDP ratio of 25 *per cent* every year during the last five years (2017-22).

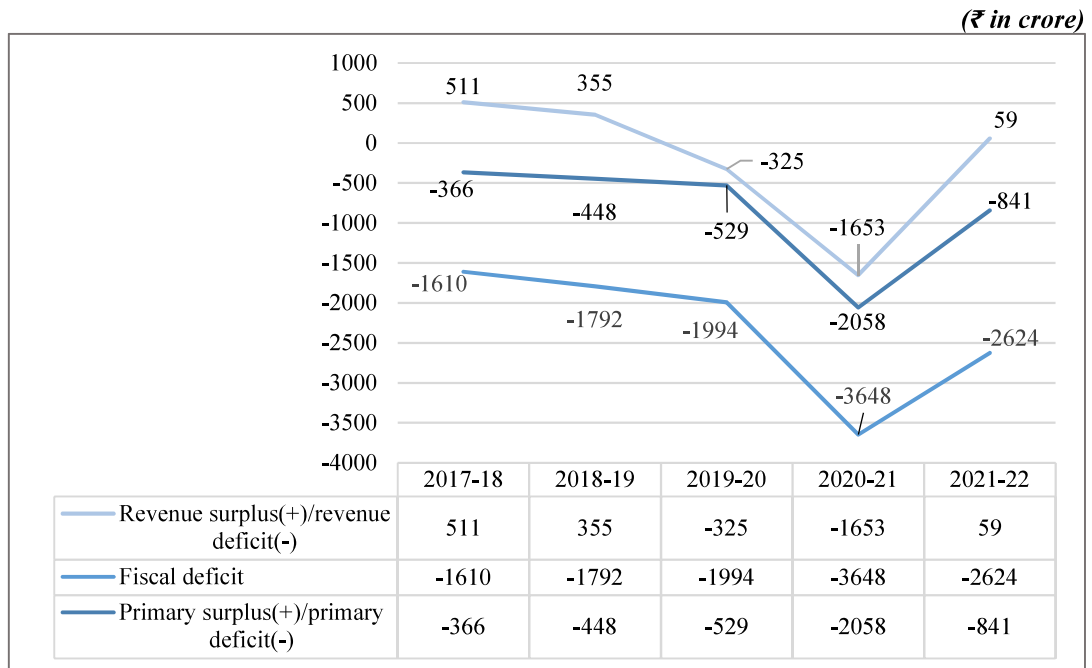
Further, revenue, fiscal and primary deficits<sup>10</sup> indicate the overall health of State Government finances during a specified period. Chart 1.3 presents the trends in these three key fiscal indicators over the period 2017-22.

<sup>8</sup> As per Department of Expenditure, Ministry of Finance, GoI, borrowings under the special window shall not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 840 crore pertaining to 2020-21 *in-lieu* of shortfall in GST compensation has not been considered as public debt/total outstanding liabilities of the State Government.

<sup>9</sup> As per Department of Expenditure, Ministry of Finance, GoI, borrowings under the special window shall not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 1,687 crore (₹ 840 crore pertaining to 2020-21 plus ₹ 847 crore pertaining to 2021-22) *in-lieu* of shortfall in GST compensation has not been considered as public debt/total outstanding liabilities of the State Government.

<sup>10</sup> Fiscal deficit minus interest payments

Chart 1.3: Trends in key fiscal indicators



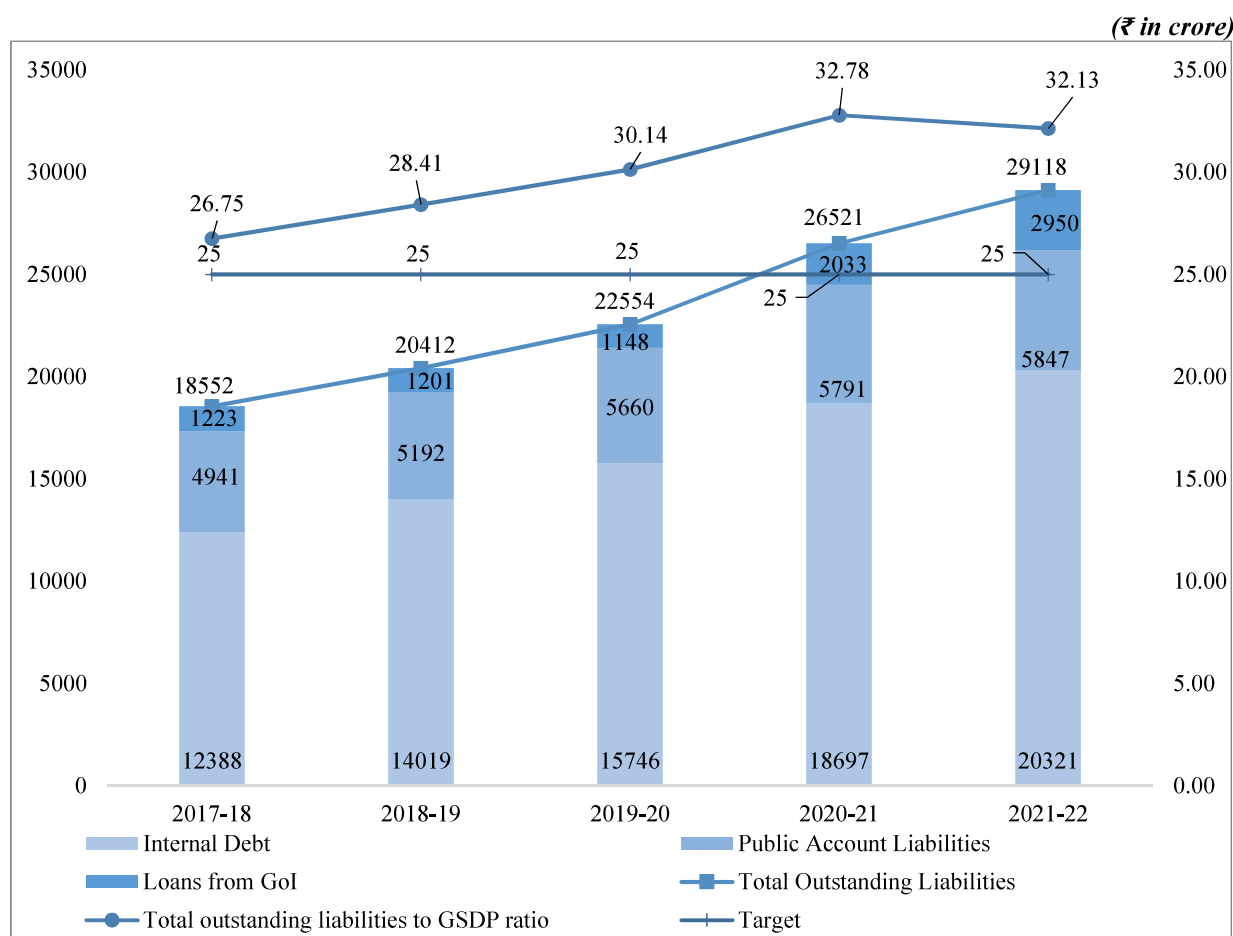
(Source: Finance Accounts of the State)

As may be seen from Chart above, the State Government has succeeded in improving the fiscal parameters *viz.* revenue, fiscal and primary deficits during 2021-22 compared to the previous year. The State's fiscal deficit decreased compared to the previous year from ₹ 3,648 crore to ₹ 2,624 crore. Further, during 2021-22, the State Government reported a revenue surplus of ₹ 59 crore. This was due to increase in revenue receipts by ₹ 3,846 crore (36.84 *per cent*) as against increase in revenue expenditure of ₹ 2,134 crore (17.65 *per cent*) over the previous year.

Primary deficit decreased by ₹ 1,217 crore during 2021-22 over the previous year. This was due to decrease in fiscal deficit by ₹ 1,024 crore and increase in interest payments by ₹ 193 crore compared to the previous year.

Chart 1.4 below shows the trends in fiscal liabilities of the State Government *vis-a-vis* GSDP during the last five years (2017-22).

Chart 1.4: Trends in fiscal liabilities vis-a-vis GSDP



(Source: Finance Accounts of the State)

As may be seen from chart above, total outstanding debt of the State Government during 2021-22 increased by ₹ 2,597 crore (9.79 *per cent*) over the previous year, due to increase in internal debt by ₹ 1,624 crore (8.69 *per cent*), Public Account liabilities by ₹ 56 crore (0.97 *per cent*) and loans and advances from GoI by ₹ 917 crore (45.11 *per cent*).

## 1.6 Deficits and total debt after examination in audit

Audit examined/verified misclassification of receipts and expenditure as well as non-accounting of quantifiable transactions, impacting the deficits/outstanding liabilities of the Government.

### 1.6.1 Post-Audit: Deficits

Off budget fiscal operations, deferment of clear-cut liabilities, non-deposit of cess/royalty to Consolidated Fund, short contribution to New Contributory Pension Scheme (NPS), Sinking and Redemption funds, *etc.* impact the State's revenue and fiscal deficit. Scrutiny of certain major transactions during 2021-22 revealed that revenue surplus and fiscal deficit were affected as brought out in paragraph 5(i) of Notes to Accounts of Finance Accounts, Volume I and as detailed in Table 1.7.



Table 1.7: Revenue and Fiscal Deficit - post examination by Audit

(₹ in crore)

Particulars	Impact on Revenue Surplus [understated (+)/overstated (-)]	Impact on Fiscal Deficit (understated)
Short-transfer of employees and Government contribution to National Securities Depository Limited (NSDL) under Defined Contributory Pension Scheme	(-)137.13	137.13

(Source: Notes to Accounts of Finance Accounts, Volume I)

Fiscal deficit of the State would increase from ₹ 2,624 crore to ₹ 2,761 crore after taking into account the deferred revenue expenditure as shown in the Table 1.7. Thus, fiscal deficit to GSDP ratio would be 3.23 *per cent*, instead of 3.07 *per cent*. Similarly, depiction of overstatement of ₹ 137 crore would turn the revenue surplus of ₹ 59 crore to a revenue deficit of ₹ 78 crore in 2021-22.

### 1.6.2 Post-Audit: Total Outstanding Debt

According to the GFRBM Act, 2006, total liabilities (herein termed as total outstanding debt) means the liabilities under the Consolidated Fund of the State and the Public Account of the State.

Table 1.8: Total outstanding debt: post-examination by Audit

1.	Total outstanding debt as per Finance Accounts 2021-22 (₹ 29,118.08 crore) (₹ in crore)	As percentage of GSDP (32.13 per cent) <sup>11</sup> (per cent)
2. Total outstanding debt understated due to: (i) Off-budget borrowings <sup>12</sup> by (i) Goa State Infrastructure Development Corporation Limited (₹ 219.77 crore) and (ii) Sewerage and Infrastructural Development Corporation of Goa Limited (₹ 150 crore) on behalf of the State Government where the principal and/or interest were to be serviced out of the State budget.	369.77	0.43
<b>Total of (1 + 2)</b>	<b>29487.85</b>	<b>32.56</b>

(Source: Information provided by SPSE)

<sup>11</sup> As per Department of Expenditure, Ministry of Finance, GoI, borrowings under the special window shall not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 1,687 crore (₹ 840 crore pertaining to 2020-21 plus ₹ 847 crore pertaining to 2021-22) *in-lieu* of shortfall in GST compensation has not been considered as public debt/total outstanding liabilities of the State Government.

<sup>12</sup> These two SPSE execute only Government works. For execution of works, these two SPSE borrow from financial institutions. The principal amount, interest on borrowings and professional fees of SPSE are then claimed from the State Government. ₹ 369.77 crore shows the amount reimbursed by the State Government to the SPSE.

Considering the off-budget fiscal liabilities amounting to ₹ 370 crore at the end of 2021-22, the total outstanding debt of the State Government at the end of March 2022 worked out to ₹ 29,488 crore, instead of ₹ 29,118 crore depicted in the Finance Accounts. Consequently, the ratio of total outstanding debt to GSDP (32.13 *per cent*) at the end of the year was understated by 0.43 *per cent*. Thus, post-audit total outstanding debt of the State Government was 32.56 *per cent*.