

Executive Summary

About the Report

This Report of the CAG of India is on the State Finances of Government of Goa for the year 2022-23. It provides an overview of the finances, budgetary management, quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew from ₹ 71,853 crore in 2018-19 to ₹ 90,642 crore in 2022-23. Budget Outlay of the State grew from ₹ 19,024 crore in 2018-19 to ₹ 26,366 crore in 2022-23.

There was 9.73 *per cent* growth in GSDP over the previous year, 2021-22. The revenue receipts grew at 20.99 *per cent* and the percentage of revenue receipts over GSDP improved from 17.29 *per cent* in 2021-22 to 19.07 *per cent* in 2022-23. The tax revenue (own tax revenue plus State's share in Union taxes and duties) of the State increased by 25.43 *per cent* over the previous year whereas, State's own tax revenue increased by 34.83 *per cent* during the same period. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Goa increased from ₹ 16,912 crore in 2021-22 to ₹ 18,313 crore, registering an increase of 8.28 *per cent* over the previous year.

Revenue surplus increased from ₹ 59 crore in 2021-22 to ₹ 2,400 crore in 2022-23, while fiscal deficit decreased from ₹ 2,624 crore in 2021-22 to ₹ 1,027 crore in 2022-23.

Receipts of the State

The State has different sources of receipts such as own tax revenue, non-tax revenue, devolution of states' share in taxes, grants-in-aid and transfers from the Union Government. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, *etc.*).

From 2018-19 to 2022-23, revenue receipts grew by 51 *per cent* from ₹ 11,438 crore to ₹ 17,284 crore. Comparatively, capital receipts which consisted mostly of public debt receipts, registered a marginal increase of ₹ 44 crore, from ₹ 2,534 crore to ₹ 2,578 crore during 2018-23.

A significant portion of the revenue receipts (68 *per cent*) during 2022-23 came from the State's own resources, while central tax transfers and grants-in-aid together contributed 32 *per cent*.

Expenditure by the State

Revenue expenditure is incurred to maintain the current level of services and interest payments on past obligations. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 11,083 crore (15 *per cent* of GSDP) to ₹ 14,884 crore (16 *per cent* of GSDP). It consistently made up a significant portion (81 to 87 *per cent*) of the total expenditure during this period.

On the other hand, capital expenditure, which is primarily an expenditure on creation of fixed infrastructure assets such as roads, buildings, *etc.* increased from ₹ 2,149 crore in 2018-19 to ₹ 3,425 crore in 2022-23.

Result of expenditure beyond means

The gap between the revenue receipts and revenue expenditure of the Government results in a revenue surplus or deficit. During the period 2018-19 to 2022-23, Goa registered revenue surplus in three years *i.e.* 2018-19 (₹ 355 crore), 2021-22 (₹ 59 crore) and 2022-23 (₹ 2,400 crore). The revenue deficit in 2019-20 was ₹ 325 crore, while in 2020-21 the revenue deficit was ₹ 1,653 crore. However, it is pertinent to mention that the revenue receipts of the State Government during 2020-21 were negatively affected due to the COVID-19 pandemic, contributing to the significant increase in its revenue deficit in that year.

The State Government spent ₹ 3,425 crore on capital account. This was 19 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was more than the public borrowings (₹ 2,576 crore). Consequently, more fiscal space was available to the State Government for capital spending as compared to the previous four years.

The gap between the total expenditure and total non-debt receipts of the State results in fiscal deficit. The fiscal deficit of the State decreased to ₹ 1,027 crore (1.13 *per cent* of GSDP) in 2022-23 from ₹ 1,792 crore (2.49 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 49 to 52 *per cent* of revenue expenditure during 2018-19 (49 *per cent*) and 2022-23 (52 *per cent*). The committed expenditure increased from ₹ 5,458 crore in 2018-19 to ₹ 7,764 crore in 2022-23.

In addition to the committed expenditure, inflexible expenditure as a percentage of revenue expenditure decreased marginally from 3.67 *per cent* in 2018-19 to 3.58 *per cent* in 2022-23. The inflexible expenditure increased from ₹ 407 crore in 2018-19 to ₹ 533 crore in 2022-23.

Subsidies

Within the non-committed expenditure, subsidies as a percentage of revenue expenditure fluctuated between two *per cent* and three *per cent* during 2018-23. In absolute terms, the expenditure on subsidies ranged between ₹ 262 crore and ₹ 301 crore during the five-year period 2018-23.

Off-budget borrowings

During 2022-23, the State Government had a liability of ₹ 800 crore as off-budget borrowings (OBB). Hence, the total outstanding debt of the State Government at the end of March 2023 worked out to be ₹ 31,104 crore, instead of ₹ 30,304 crore depicted in the Finance Accounts. Consequently, the ratio of total outstanding debt to GSDP (31.57 *per cent*) at the end of the year was understated by 0.88 *per cent* and worked out to be 32.45 *per cent* taking OBB into consideration.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account.

During 2022-23, the State Government received ₹ 305.15 crore being Central share during the year and as on 31 March 2023, the Government transferred ₹ 360.09 crore (including previous year's untransferred balance of ₹ 54.94 crore) being Central share and corresponding State share of ₹ 209.27 crore to the SNAs. The total transfer of ₹ 569.36 crore was through fully vouched Contingent Bills. However, detailed vouchers and supporting documents of actual expenditure were not received by Directorate of Accounts from the SNAs.

As per PFMS SNA 01 Report, ₹ 376.31 crore was lying unspent in the bank accounts of SNAs as on 31 March 2023.

Contingent Liabilities on account of guarantees

In 2022-23, the outstanding guarantees of ₹ 405 crore were well within the limit of ₹ 1,500 crore prescribed under the Goa State Guarantees Act, 1993. Further, the closing balance under the Guarantee Redemption Fund was ₹ 401 crore, which was 99 *per cent* of the outstanding guarantees of ₹ 405 crore.

No amount was paid by the State Government on account of invocation of guarantees during 2022-23.

Debt sustainability

Debt is considered sustainable if the borrower, in this case the State, can service its debt now, and in future. Debt sustainability indicators accordingly seek to

assess the credit worthiness and the liquidity position of the borrower by examining the ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters: Domar approach and compliance of micro-fiscal parameters with the respective Fiscal Responsibility and Budget Management (FRBM) targets. The results of analysis are given in following paragraphs:

During 2022-23, the State registered a primary surplus, while maintaining a positive Domar gap. This indicated that public debt as a percentage of GSDP would converge to a stable level less than zero leading to public savings.

The ratio of public debt to GSDP was within a range of 21.18 to 28.17 *per cent* during 2018-23. During this period, interest payment (on public debt) to revenue receipts ranged from 9.05 to 12.91 *per cent*. In 2022-23, the percentage of public debt repayment to public debt receipts increased from 28 *per cent* in 2021-22 to 48 *per cent* over the previous year.

Trend analysis of achievements against fiscal targets

As per Goa Fiscal Responsibility and Budget Management (GFRBM) (First Amendment) Act, 2014, the State Government was required to eliminate revenue deficit by 2014-15 and maintain that level or generate surplus thereafter. The ceiling for fiscal deficit was fixed at three *per cent* of GSDP (up to 2019-20) which was increased to five *per cent* of GSDP (for 2020-21) and later decreased to four *per cent* of GSDP (for the years 2021-22 and 2022-23) through respective amendments in the GFRBM Act. The Act further envisaged that the State Government would limit the ratio of total outstanding debt to GSDP to 25 *per cent* by 2015-16 and maintain it thereafter. Furthermore, the State Government was expected to limit the outstanding guarantees to ₹ 1,500 crore.

The State registered revenue surplus in three out of five years during 2018-23, with the maximum surplus of ₹ 2,400 crore reported in 2022-23. The fiscal deficit was within permissible limit in all years during 2018-23. The State Government had breached the target of debt-GSDP ratio of 25 *per cent* in all five years during 2018-23. The guarantees were within the ceiling of ₹ 1,500 crore in the last five years.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with Budget Estimates was (-) 12.09 *per cent*. This was due to deviation between 0 *per cent* and

± 25 per cent in 43 grants including three appropriations, between ± 25 per cent and ± 50 per cent in 37 grants and between ± 50 per cent and ± 100 per cent in 11 grants. In Capital section, deviation in outturn compared with Budget Estimates was (-) 35.88 per cent. This was due to deviation between 0 per cent and ± 25 per cent in 72 grants, including two appropriations. No provision was made in respect of 18 grants and one appropriation of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure.

In Revenue section, deviation in outturn compared with Revenue Estimates was (-) 14.35 per cent. This was due to deviation between 0 per cent and ± 25 per cent in 37 grants including two appropriations, between ± 25 per cent and ± 50 per cent in 40 grants including one appropriation and between ± 50 per cent and ± 100 per cent in 14 grants.

In Capital section, deviation in outturn compared with Revenue Estimates was (-) 38.09 per cent. This was due to deviation between 0 per cent and ± 25 per cent in 13 grants, between ± 25 per cent and ± 50 per cent in 16 grants including one appropriation and between ± 50 per cent and ± 100 per cent in 43 grants including one appropriation. No provision was made in respect of 19 grants including one appropriation of the Capital section.

It was noticed that supplementary provisions (₹ five crore or more in each case) aggregating ₹ 880 crore obtained in 25 cases during the year proved unnecessary, as the expenditure incurred (₹ 6,416 crore) did not reach even the original provision of ₹ 8,183 crore.

Regularisation of Excess over grants/ appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Articles 204 and 205 of the Constitution. It was observed that excess expenditure amounting to ₹ 119.61 crore during the current year as well as ₹ 12,505.45 crore for the period from 2008-09 to 2021-22 was pending regularisation in terms of Article 205 of the Constitution.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the

Government accounts, non/ short discharging of liabilities and misclassification of transactions and data gaps.

Reconciliation

During the year 2022-23, receipts amounting to ₹ 19,053.12 crore (95.68 *per cent*) of total receipts (₹19,913.60 crore) and expenditure amounting to ₹ 19,561.61 crore (99.84 *per cent*) of total expenditure (₹ 19,593.66 crore) were reconciled by the State Government.

Compliance with Indian Government Accounting Standards

As against the requirements of the three Indian Government Accounting Standards (IGAS) notified, the State Government has only partially complied with these standards.

Operation of Personal Deposit Accounts

As on 31 March 2023, a sum of ₹ 102.99 crore was held under 93 Personal Deposit Accounts (PDAs)/Personal Ledger Accounts (PLAs) by 21 departments. Out of a total of 93 Administrators of PDAs in the State, only 78 had reconciled and verified their balances with the treasury figures, while 15 Administrators neither reconciled nor verified their balances with the treasury.

Delay in submission of Utilisation Certificates

Audit scrutiny revealed that 11,705 Utilisation Certificates in respect of Grants-in-aid aggregating ₹ 2,546.40 crore given to 24 Departments of the State Government had not been submitted as on 31 March 2023.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 474 AC bills of ₹ 124.75 crore were pending for submission of DC bills as on 31 March 2023, out of which 298 AC Bills amounting to ₹ 80.19 crore pertained to the period upto 2021-22.

Working of State Public Sector Enterprises (SPSEs)

As on 31 March 2023, there were 17 SPSEs in Goa, including two¹ Statutory Corporations (one non-working) and 15 Government Companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by the SPSEs and 59 accounts of 14 SPSEs were in arrears.

¹ Goa Industrial Development Corporation and Goa Information Technology Development Corporation (non-working)

Out of the total profit of ₹ 61.40 crore earned by eight SPSEs, 95 per cent was contributed by three SPSEs only. Out of total loss of ₹ 18.12 crore incurred by eight SPSEs, loss of ₹ 15.22 crore was incurred by two SPSEs.