

Executive Summary

About the Report

This Report of the CAG of India is on the State Finances of Government of Goa for the year 2023-24. 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 ₹ 75,032 crore in 2019-20 to ₹ 1,06,533 crore in 2023-24. Budget Outlay of the State grew from ₹ 21,557 crore in 2019-20 to ₹ 28,555 crore in 2023-24.

There was 13.73 *per cent* growth in GSDP over the previous year, 2022-23. The revenue receipts grew at 5.72 *per cent* and the percentage of revenue receipts over GSDP declined from 18.45 *per cent* in 2022-23 to 17.15 *per cent* in 2023-24. State's own tax revenue increased by 11.49 *per cent* during 2023-24 over the previous year. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Goa increased from ₹ 18,313 crore in 2022-23 to ₹ 20,423 crore, registering an increase of 11.52 *per cent* over the previous year.

Revenue surplus decreased from ₹ 2,400 crore in 2022-23 to ₹ 1,423 crore in 2023-24, while fiscal deficit increased from ₹ 1,027 crore in 2022-23 to ₹ 2,148 crore in 2023-24.

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 2019-20 to 2023-24, revenue receipts grew by 62 *per cent* from ₹ 11,297 crore to ₹ 18,272 crore. Comparatively, capital receipts which consisted mostly of public debt receipts, registered an increase of ₹ 1,452 crore, from ₹ 2,704 crore to ₹ 4,156 crore during 2019-24.

A significant portion of the revenue receipts (71 *per cent*) during 2023-24 came from the State's own resources, while central tax transfers and grants-in-aid together contributed 29 *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 2019-20 and 2023-24, revenue expenditure increased from ₹ 11,622 crore (15 *per cent* of GSDP) to ₹ 16,849 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 ₹ 1,660 crore in 2019-20 to ₹ 3,571 crore in 2023-24.

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 2019-20 to 2023-24, Goa registered revenue surplus in three years *i.e.* 2021-22 (₹ 59 crore), 2022-23 (₹ 2,400 crore) and 2023-24 (₹ 1,423 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 ₹ 3,571 crore on capital account. This was 17 *per cent* of the total expenditure in the year 2023-24.

During 2023-24, major portion of public debt receipts (₹ 4,153 crore) was deployed by the State Government towards Capital spending.

The gap between the total expenditure and total non-debt receipts of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 2,148 crore (2.02 *per cent* of GSDP) in 2023-24 from ₹ 1,994 crore (2.66 *per cent* of GSDP) in 2019-20.

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 2019-20 and 2023-24. The committed expenditure increased from ₹ 5,725 crore in 2019-20 to ₹ 8,257 crore in 2023-24.

In addition to the committed expenditure, inflexible expenditure as a percentage of revenue expenditure decreased from 5.76 *per cent* in 2019-20 to 4.21 *per cent* in 2023-24. The inflexible expenditure increased from ₹ 669 crore in 2019-20 to ₹ 710 crore in 2023-24.

Subsidies

Within the non-committed expenditure, subsidies as a percentage of revenue expenditure fluctuated between two *per cent* and four *per cent* during 2019-24. In absolute terms, the expenditure on subsidies ranged between ₹ 262 crore and ₹ 620 crore during the five-year period 2019-24.

Off-budget borrowings

During 2023-24, the State Government had a liability of ₹ 706 crore as off-budget borrowings (OBB). Hence, the total outstanding debt of the State Government at the end of March 2024 worked out to be ₹ 33,573 crore, instead of ₹ 32,867 crore depicted in the Finance Accounts. Consequently, the ratio of total outstanding debt to GSDP (29.27 *per cent*) at the end of the year was understated by 0.66 *per cent* and worked out to be 29.93 *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 2023-24, the State Government received ₹ 366.00 crore being Central share during the year and as on 31 March 2024, the Government transferred ₹ 338.76 crore being Central share and corresponding State share of ₹ 356.58 crore to the SNAs. The total transfer of ₹ 695.34 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, ₹ 349.07 crore was lying unspent in the bank accounts of SNAs as on 31 March 2024.

Contingent Liabilities on account of guarantees

In 2023-24, the outstanding guarantees of ₹ 298 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 ₹ 431 crore, which was 145 *per cent* of the outstanding guarantees of ₹ 298 crore.

No amount was paid by the State Government on account of invocation of guarantees during 2023-24.

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:

The nominal GSDP growth rate was less than the rate of growth of overall debt in the first two years (2019-20 and 2020-21). Thereafter it improved and surpassed the rate of growth of debt during 2021-24.

The Domar gap (Growth Interest Differential i.e. Real growth-Real effective rate of interest) remained positive in 2019-20 and 2023-24, while primary balances of the state remained negative in four out last five years.

The ratio of debt to GSDP ranged between 29.27 and 34.63 *per cent* of during 2019-24. During this period, interest payment on overall debt as percentage to revenue receipts ranged from 10.33 *per cent* to 15.23 *per cent*. In 2023-24, the percentage of debt repayment to receipts decreased from 115 *per cent* in 2022-23 to 89 *per cent* during 2023-24.

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 FD/GSDP was further changed to 3.0 *per cent* for 2023-24. 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 2019-24, with the maximum surplus of ₹ 2,400 crore reported in 2022-23. The fiscal deficit was within permissible limit in all years during 2019-24. The State Government had breached the target of debt-GSDP ratio of 25 *per cent* in all five years during 2019-24. 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 BE was (-) 13.61 *per cent*. This was due to deviation between zero *per cent* and ± 25 *per cent* in 41 grants including three appropriations, between ± 25 *per cent* and ± 50 *per cent* in 35 grants, between ± 50 *per cent* and ± 100 *per cent* in 16 grants.

In Capital section, deviation in outturn compared with BE was (-) 27.87 *per cent*. This was due to deviation between zero *per cent* and ± 25 *per cent* in 11 grants including two appropriations, 10 grants between ± 25 and ± 50 *per cent*, and 46 grants between ± 50 *per cent* and ± 100 *per cent* and more. No provision was made in respect of 24 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 RE was (-) 14.37 *per cent*. This was due to deviation between zero *per cent* and ± 25 *per cent* in 42 grants including three appropriations, between ± 25 *per cent* and ± 50 *per cent* in 34 grants and between ± 50 *per cent* and ± 100 *per cent* in 16 grants.

In Capital section, deviation in outturn compared with RE was (-) 22.83 *per cent*. This was due to deviation between zero *per cent* and ± 25 *per cent* in 11 grants including two appropriations, between ± 25 *per cent* and ± 50 *per cent* in nine grants, between ± 50 *per cent* and ± 100 *per cent* and more in 47 grants. No provision was made in respect of 24 grants and one Appropriation of the Capital section.

It was noticed that supplementary provisions (₹ five crore or more in each case) aggregating ₹ 562 crore obtained in 14 cases during the year proved unnecessary, as the expenditure incurred (₹ 5,831 crore) did not reach even the original provision of ₹ 7,416 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 no excess expenditure was incurred

during the current year 2023-24. However, previous balance of ₹ 12,625.06 crore for the period from 2008-09 to 2022-23 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 2023-24, revenue receipts amounting to ₹ 5,771.53 crore (31.59 *per cent* of total revenue receipts) and revenue expenditure amounting to ₹ 15,923.51 crore (94.51 *per cent* of total revenue expenditure) were reconciled by the State Government.

Compliance with Indian Government Accounting Standards

As against the requirements of the four Indian Government Accounting Standards (IGAS) notified, the State Government has only partially complied with standards IGAS 1, IGAS 2 and IGAS 3.

Operation of Personal Deposit Accounts

As on 31 March 2024, a sum of ₹ 104.11 crore was held under 93 Personal Deposit Accounts (PDAs)/Personal Ledger Accounts (PLAs) by 26 departments. Out of a total of 93 Administrators of PDAs in the State, only 63 had reconciled and verified their balances with the treasury figures, while 30 Administrators neither reconciled nor verified their balances with the treasury.

Delay in submission of Utilisation Certificates

Audit scrutiny revealed that 12,813 Utilisation Certificates (UCs) in respect of Grants-in-aid aggregating ₹ 3,027.52 crore given to 31 Departments of the State Government had not been submitted as on 31 March 2024. In the absence of submission of UCs, there is no assurance that the money disbursed had been used for the intended purpose.

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, 491 AC bills of ₹ 195.75 crore were pending for submission of DC bills as on 31 March 2024, out of which 276 AC bills amounting to ₹ 72.28 crore pertained to the period up to 2022-23. In the absence of submission of DC bills, there is no assurance that the expenditure had actually been incurred during the corresponding financial year for the purpose for which it was authorized by the Legislature.