

25/10/2021

CAG: Consider closing down loss-making bodies

TIMES NEWS NETWORK

Banaji: Criticising the meagre returns on investments in loss-making corporations, the Comptroller and Auditor General of India (CAG) report for 2019-20 has recommended that the state should consider shutting down financially weak entities.

In its annual report, CAG said that while the state government invested Rs 640.7 crore over a five-year period in state-run corporations, the return on investment was a paltry 0.2% during 2015-20. The CAG criticised the state's investment policies, and has said that the return on investments did nothing to offset the interest of 7% on borrowings.

NOT PROFITABLE



"If the state government keeps on making investments in loss-making government companies, whose net worth is completely eroded, the chances of earning returns on such investments are remote," said the CAG in its report.

▶ Four SPSEs, P 2

Net worth of four SPSEs completely eroded due to accumulated losses

▶ From P 2

Similar experience has shown the inevitability of write-off of the loans given to loss-making corporations and other bodies such as sugar mills and financial corporations," said the CAG in its report.

The CAG has asked the state government to take requisite steps to infuse transparency in the financial operations of the state-run corporations.

"Financial support to non-functioning SPSEs places additional financial strain on the government budget, which is already reporting revenue deficit and a high debt-GSDP ratio," said CAG.

The state government needs to expeditiously deci-

WEAK ENTITIES

Name of the Corporation	Profits
Goa State Infrastructure Development Corporation Limited	₹1.97
Goa Tourism Development Corporation Limited	₹1.46
EDC Limited	₹33.89
Goa Electronics Limited	₹1.17
Total profits	₹38.49



de on the continuance or closure of non-functioning SPSEs," said the CAG.

Goa meat complex, Goa State Horticulture Development Corporation, Goa State Infrastructure Development Corporation (GSIDC), EDC Limited, Kadamba Transport Corporation

(KTC), Goa Tourism Development Corporation (GTDC), InfoTech Corporation of Goa, and Goa electronics limited (GEL) are among the 16 state-run companies in Goa.

Of the 16 state-run public sector enterprises (SPSE), two were non-operational.

"Five SPSEs registered accumulated losses of Rs 260.8 crore. Of the five companies, two SPSEs incurred losses of Rs 138.3 crore during 2019-20, while three SPSEs, though did not incur any loss in 2019-20, had accumulated losses of Rs 90.2 crore at the end of March 2020," said the CAG report.

The net worth of four out of five SPSEs had been completely eroded by accumulated losses and stood at -Rs 88.8 crore against an equity investment of Rs 170.1 crore as on 31 March. Six out of nine corporations registered profits of Rs 39.4 crore during 2019-20, but the data showed that the profits earned by these six entities had decreased from Rs 40.6 crore in 2018-19 to Rs 39.4 crore in 2019-20.

21/11/2020

CAG cautions state not to spend beyond its means

Panaji: The state government's borrowings may be within limits, but the use of the borrowed funds has drawn the Comptroller and Auditor General of India's (CAG) scrutiny and has evoked a word of caution. The CAG, in its report on state finances, has pointed out that a large chunk of Goa's loans are used to meet day-to-day expenditure and not for longterm projects that will benefit the state.

During 2019-20, the government's revenue income decreased by Rs 141 crore (1.2%) over the previous year, but revenue expenditure increased by 4.9%, which was 87.4% of the government's total in 2019-20. TNN.

► Less for devpt, P 2

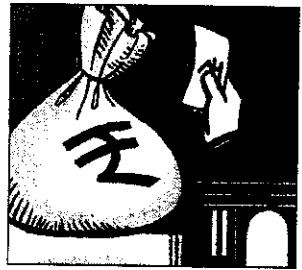
'More committed expenses means less for devpt'

► From P 1

During the same year, capital expenditure decreased by 23%, which suggests that just 12.5% of the government's total spending went towards infrastructure works or longterm projects that would benefit citizens.

In simple words, though the state government took loans to the tune of Rs 2,700 crore through state development loans and other sources, just Rs 1,660 crore was spent on capital expenditure.

Capital expenditure (capex) is primarily expenditure on creation of large infrastructure assets such as roads, buildings, bridges and tech-



PRUDENT SPENDING

nology parks that can bring or enhance future revenue for the state, while revenue expenditure refers to committed expenditure of the government such as interest payments, expenditure on salaries, daily wages and pensions.

"The expenditure on sala-

ries and wages during 2015-20 increased at an average annual growth rate of 11%. During 2019-20, expenditure on salaries and wages increased by 5% over 2018-19. As a percentage of revenue receipts, expenditure on salary and wages increased from 24.5% in 2018-19 to 26% in 2019-20," the CAG report states. The report was tabled in the House on Tuesday.

With an eye on the 2022 polls, CM Pramod Sawant announced a bonanza of 10,000 government. For an already bloated government, which has around 55,000 full-time and contract employees, additional personnel will add further stress on the state's ove-

rall fiscal imbalances.

"An upward trend in committed expenditure leaves the government with lesser flexibility for the development sector," said the CAG report.

With the state's committed expenses towards wages projected to go up, interest payments expected to go up and with revenue sources drying up, the government appears to be staring at an uphill task.

The CAG report pointed out that the state's own tax revenue decreased by Rs 171 crore, non-tax revenue decreased by Rs 137 crore and state's share of Union taxes decreased by Rs 398 crore in 2019-20. The decline was offset by grants from the Centre.

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~~CAG~~ asks govt to regulate cases of excess expenditure

Team Herald

PORVORIM: The Comptroller and Auditor General of India (CAG) has recommended that the government needs to regulate cases of excess expenditure at the earliest and the departments may monitor the expenditure against the allocations and avoid incurring expenditure excess of the grants except in cases of dire and extreme emergency.

The CAG report on State finances audit for the year ended March 31, 2020 was presented by Chief Minister Dr Pramod Sawant in the Legislative Assembly on Tuesday.

The CAG report said the government may ensure timely surrender of funds so that they could be utilised in other heads requiring additional funds.

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~~CAG~~ ASKS GOVT TO REGULATE CASES OF EXCESS EXPENDITURE

Late surrender of funds affected the availability of funds in certain priority areas and the outcomes. Excessive/unnecessary/inadequate re-appropriations of funds may also be avoided.

The government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.

Budget controlling officers need to be made aware of their responsibility to provide clear explanation of the variations in expenditure from the allocation to facilitate proper analysis of budget and accurate preparation of subsequent appropriation accounts, it said.

The CAG also observed that final action is pending in 31 cases of misappropriation of funds, defalcation, etc, involving government money totalling Rs 8.74 crore up to June 2020. Of these 31 cases, 12 were related to Directorate of Panchayats, Panjim and seven pertained to Vigilance Department. Of these 19 cases, three cases amounting to Rs 3.44 lakh pertaining to Directorate of Panchayats were pending for more than 10 years.

20/10/2021

Govt understated fiscal, revenue deficit, says CAG

Panaji: Goa's fiscal policies, although well within stipulated norms, still need a well thought-out "borrowing-repayment strategy" to prevent a debt trap, said the Comptroller and Auditor General of India (CAG) in its state finances audit report for 2019-20.

While acknowledging the state government's efforts to contain the fiscal deficit below the threshold of 3%, the CAG also gave the government a slap on the wrist for window-dressing the state's fiscal profile through off-budget borrowings and delayed pension payments. TNN

► 'Strain finances', P 3

'Repayment timelines will strain state finances'

► From P 1

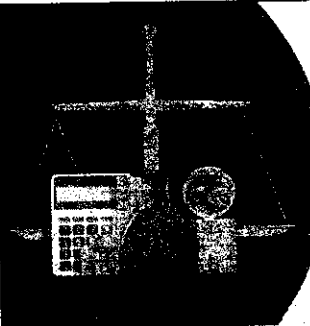
The CAG audit confirms an open secret that the state government has been playing with numbers and fiscal parameters.

"The state government short-transferred Rs 138.5 crore of employees and government contribution to NSDL under the defined contribution pension scheme during 2019-20, thus understating the revenue deficit and fiscal deficit to that extent," the CAG said.

The audit report, which was tabled in the state legislative assembly on the last day of the last session, also red-flagged the off-budget fiscal operations undertaken by

FISCAL MATURITY

- Goa posted revenue deficit of ₹325cr in 2019-20 against budget surplus of ₹355cr in 2018-19
- Interest payments increased by 9%
- Fiscal deficit stood at 2.47% in 2019-20, lower than the 3% target
- 87% of the state's total expenditure is revenue cost
- Capital expenses declined by 23%



Total debt of the state stands at ₹23,473cr

the state. Rs 919 crore was borrowed in 2019-20 through off-budget loans, which allowed the government to understa-

te its overall debt by 1.1% of the GSDP.

"Further, taking into account the off-budget borrowings of the state, the total outstanding debt at the end of March 2020 worked out to Rs 23,473 crore as against Rs 22,554 crore shown in the finance accounts," said the CAG report.

The CAG said that the Pramod Sawant government has taken steps for "better fiscal management", but at the same time, warned that the state government needs to improve its outstanding debt-GSDP (gross state domestic product) ratio, which stood at 28% in 2019-20 as against the cap of 25% prescribed in the Goa Fiscal Responsibility

and Budget Management Act. In an analysis of Goa debt profile, the CAG said that the government's repayment timelines will put strain on the state's finance within the next seven year since 51% or Rs 8,667 crore will have to be repaid during that period.

"Therefore, the state government would have to work out a well thought-out borrowing repayment strategy to avoid falling into debt trap," the report said. "The state needs to become revenue surplus state as per the target given in the Goa FRBM Act."

According to the CAG report, Goa's fiscal deficit is 2.5% for 2019-20.