

# **Executive Summary**



## Executive Summary

### Background

The State Finances Audit Report of the Government of Goa seeks to assess the financial performance of the State Government during 2020-21 and to provide the State Government and State Legislature with inputs, based on analysis of the financial data. In order to give a perspective to the analysis, an effort has been made to compare various fiscal parameters with the targets envisaged in the Goa Fiscal Responsibility and Budget Management Act, 2014 and 2021 (Goa FRBM Act), Finance Commission recommendations, budget estimates of 2020-21 and other financial data obtained from various Government departments.

### The Report

This report provides an analytical review of the audited annual accounts of the Government of Goa for the year ending March 2021. The Report is structured in four Chapters.

**Chapter 1** contains the basis and approach to State Finances Audit Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like revenue surplus/deficit, fiscal surplus/deficit *etc.*

**Chapters 2 and 3** contain audit findings on matters arising from examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2021. Information has been obtained from the Government of Goa, wherever necessary.

**Chapter 4** provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2020-21.

The Report also has additional data collated from several other sources in support of the findings.

### Contents of the Report

#### Chapter 1

##### Overview

##### *Per capita Gross State Domestic Product*

During 2020-21, per capita income of the State stood at ₹ 5,23,390 which was significantly higher than all India per capita income of ₹ 1,45,680.

*(Paragraph 1.1)*

## ***Fiscal position***

Goa recorded revenue surplus during 2016-17 to 2018-19 but, moved into revenue deficit of ₹ 325 crore and ₹ 1,653 crore during 2019-20 and 2020-21 respectively. The State was successful in containing the fiscal deficit below three *per cent* of GSDP during the last four years (2016-20) and below five *per cent* (4.48 *per cent*) during 2020-21.

During the last five years (2016-21), outstanding debt (excluding off-budget borrowings) of the State ranged from 26.71 *per cent* to 31.51 *per cent* of GSDP, breaching the ceiling of 25 *per cent* of GSDP set by the Goa FRBM Act.

***(Paragraph 1.5.1)***

The State Government collected ₹ 156.41 crore from its employees as contribution towards New Pension Scheme (NPS), contributed ₹ 156.43 crore as its share during 2020-21 and transferred ₹ 410.25 crore (including previous year balance of ₹ 150.19 crore) to the designated fund manager through NSDL. The State Government's residual liability towards NPS to NSDL as on 31 March 2021 was ₹ 52.78 crore.

***(Paragraph 1.6.1)***

Off-budget fiscal borrowings amounting to ₹ 789 crore during 2020-21 resulted in understating of the Government's overall debt by 0.97 *per cent* of GSDP.

***(Paragraph 1.6.2)***

## **Chapter 2**

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

#### ***State's own resources***

During 2020-21, revenue receipts decreased by ₹ 857 crore (7.59 *per cent*), State's own tax revenue decreased by ₹ 549 crore (11.68 *per cent*) and non-tax receipts grew by ₹ 166 crore (6.07 *per cent*) over the previous year.

***(Paragraphs 2.3.2.1 & 2.3.2.2)***

#### ***Share of Union taxes and duties and grants-in-aid***

Transfers from the Centre increased from ₹ 917 crore in 2011-12 to ₹ 3,386 crore in 2020-21. The State's share in Central taxes decreased by ₹ 184 crore and grants from the Centre decreased by ₹ 290 crore in 2020-21 over the previous year.

***(Paragraph 2.3.2.3)***

### ***Revenue expenditure***

Revenue expenditure constituted 86 *per cent* of the total expenditure of the State during 2020-21. The growth rate of revenue expenditure has declined consistently from 18 *per cent* in 2017-18 to four *per cent* in 2020-21.

***(Paragraph 2.4.2)***

### ***Capital expenditure***

Capital expenditure (excluding disbursement of loans and advances) of the State showed an increase from ₹ 1,639 crore in 2016-17 to ₹ 1,997 crore in 2020-21. During 2020-21, capital expenditure increased by 20 *per cent* over 2019-20. However, it was lower compared to that incurred during 2017-18 and 2018-19.

***(Paragraph 2.4.3)***

### ***Investment and returns***

As on 31 March 2021, the total Government investment in companies, corporations and other bodies was ₹ 650 crore. The return on this investment ranged from 0.15 *per cent* to 0.32 *per cent* during 2016-21, while the Government paid an average interest of up to 7.09 *per cent* on its borrowings.

***(Paragraph 2.4.3.2)***

### ***Expenditure priorities***

The State Government gave higher fiscal priority to health and family welfare during 2016-17 and 2020-21, as the ratio of State's expenditure to aggregate expenditure under this head was significantly higher than that of General Category States.

***(Paragraph 2.4.4)***

### ***Debt profile***

During 2020-21, the overall debt increased by ₹ 3,967 crore as compared to the previous year, mainly due to increase in market borrowings (₹ 3,054 crore). The overall debt-GSDP ratio sharply increased from 26.71 *per cent* in 2016-17 to 31.51 *per cent* in 2020-21.

***(Paragraph 2.6.1)***

### ***Debt profile: maturity and repayment***

The maturity profile of outstanding stock of public debt as on 31 March 2021 indicated that 49 *per cent* of the total public debt (₹ 10,211 crore) would be repayable within the next seven years which may put a strain on the Government budget during that period.

***(Paragraph 2.6.2)***

## Chapter 3

### Budgetary management

Supplementary provisions (₹ five crore or more in each case) aggregating ₹ 760 crore obtained in 20 cases during the year proved unnecessary, as the expenditure incurred (₹ 3,221 crore) did not reach even the original provision of ₹ 5,030 crore.

*(Paragraph 3.3.2)*

Of the total gross savings of ₹ 6,912 crore at the end of 2020-21, savings of ₹ 100 crore or more amounting to ₹ 3,902 crore (56 per cent) occurred in 11 out of 86 grants.

*(Paragraph 3.3.3)*

Excess expenditure of ₹ 11,990 crore pertaining to the period from 2008-09 to 2020-21 had escaped legislative oversight, as it was pending regularisation as per Article 205 of the Constitution of India.

*(Paragraph 3.3.4.2)*

## Chapter 4

### Quality of accounts and financial reporting practices

As on March 2021, 10,835 utilisation certificates aggregating ₹ 1,759 crore was outstanding against grants disbursed up to 2019-20.

*(Paragraph 4.3)*

As on 30 June 2021, there was pendency in submission of 423 Detailed Contingent Bills amounting to ₹ 186 crore drawn on Abstract Contingent Bills by various departmental authorities.

*(Paragraph 4.4)*

Finance Accounts 2020-21 of Government of Goa disclosed that expenditure aggregating ₹ 4,080 crore, constituting 29 per cent of the total revenue and capital expenditure of the State, was classified under Minor Head '800 – Other Expenditure' under 63 major heads in revenue and capital sections.

*(Paragraph 4.6)*

During 2020-21, 30 out of 89 Budget Controlling Authorities (BCAs) did not carry out reconciliation in respect of 2,111 units under their control for expenditure involving ₹ 4,942 crore. Of the 59 BCAs who carried out

reconciliations, four carried out reconciliations only for part of the year in respect of 276 units under their control involving ₹ 271 crore.

*(Paragraph 4.8)*

