Chapter I: Overview of State Finances

1.1 Profile of Goa

Situated in the west coast of India, Goa is the country's smallest State in terms of geographical area (3,702 sq. km.). Administratively, Goa is divided into two districts namely, North Goa and South Goa, consisting of five and seven talukas, respectively.

Goa's population increased from 14.80 lakh in 2013 to 15.75 lakh[1] in 2023, recording a decadal growth of 6.42 *per cent.* The State has a population density of 425 persons per sq. km. as against the all-India average of 422. Population below poverty line was 5.09 *per cent* in the State as compared to 21.92 *per cent* in the country. The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹ 90,642 crore. During 2022-23, the per capita GSDP of the State stood at ₹ 5,75,504 which was significantly higher than the all-India per capita Gross Domestic Product (GDP) of ₹ 1,96,983. Goa performed better on social indicators *viz.* literacy rate, population below poverty line and infant mortality rate (except life expectancy) than the all-India average. Key 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 (GoG) and those responsible for execution of budget such as Pay and Accounts Offices, treasuries, offices and departments of the GoG 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 GoG for compilation and preparation of the Finance and Appropriation Accounts.

Finance Accounts and Appropriation Accounts of the State for the year 2022-23 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2022-23, both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, and for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;

---

[1] Ministry of Statistics and Programme Implementation, Government of India (MoSPI)

- Results of audit carried out by the Office of the Principal Accountant General, Goa;
- Other data with departmental authorities and treasuries;
- GSDP data and other State related statistics from the Directorate of Planning, Statistics and Evaluation, GoG; and
- Various audit reports of the CAG prepared during 2018-22.

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). The Fourth, Fifth and Sixth State Finance Commissions, are yet to be constituted by the State Government. The interim report of the Third State Finance Commission (due in 2010 but constituted in January 2022) was submitted to the State Government in August 2023.

An exit conference was held on 21 February 2024 with the Principal Secretary, Finance Department, GoG in which the findings of audit and recommendations were discussed. Replies furnished during the exit conference have been incorporated at appropriate places in the Report.

1.3 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 is 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 Government of India (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.

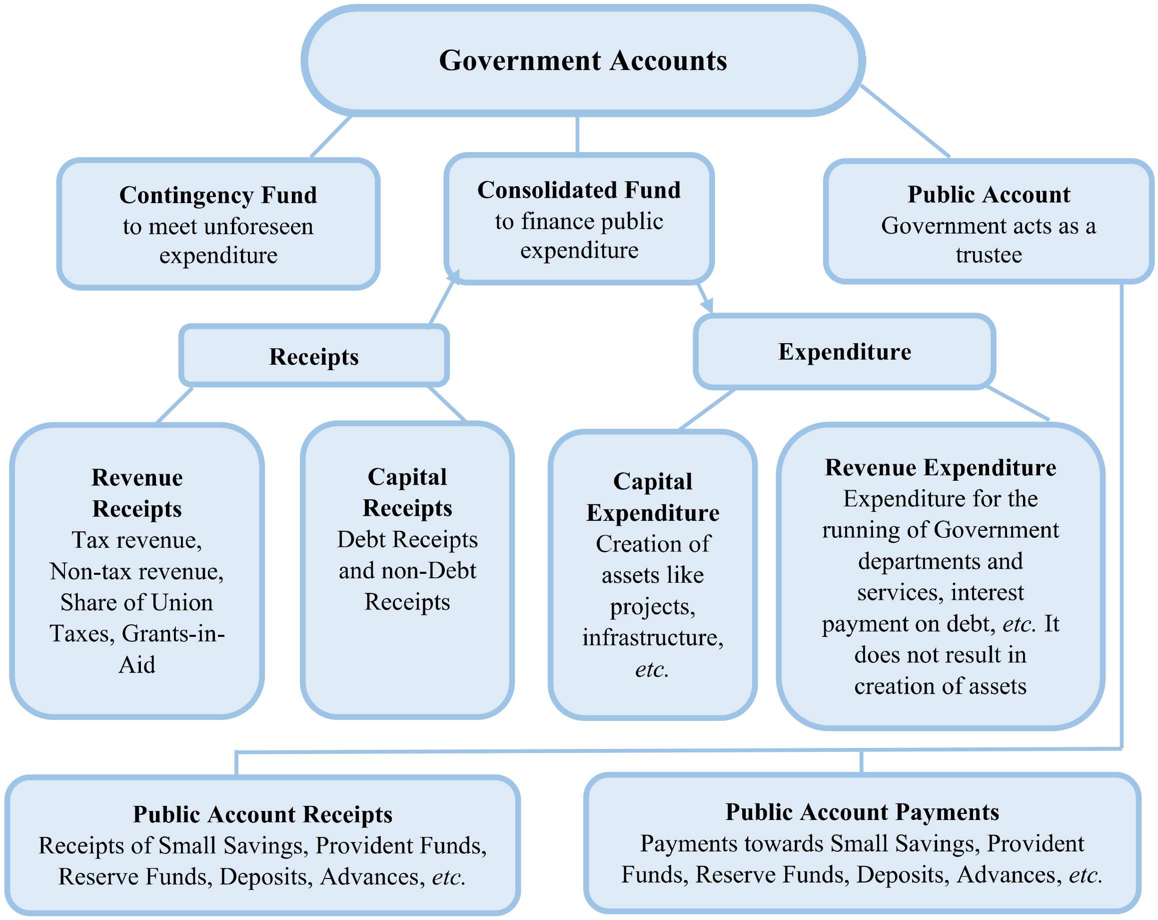
Capital expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to State Public Sector Enterprises (SPSEs) and other parties.

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

	Attribute of transaction	**Classification**
Standardised in List of Major and Minor Heads (LMMH) by CGA	Function: Education, Health, *etc*.	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 organise receipts and payments as revenue, capital, *etc*. The 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*. The 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 State Finances Audit Report (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 circulars/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 III** of this Report.

1.3.1 Gross State Domestic Product (GSDP) 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	2018-19	2019-20	2020-21	2021-22	2022-23
India					
GDP (₹ *in crore*)[2] (Base year 2011-12)	18899668	20103593	19829927 (2nd RE)	23471012 (1st RE)	27240712 (PE)
GVA# (Base year 2011-12)	17175128	18381117 (3rd RE)	18188780 (2nd RE)	21438883 (1st RE)	24742871 (PE)
Growth rate of GDP (in *per cent*)	10.59	6.37	(-)1.36	18.36	16.06
Growth rate of GVA (in *per cent*)	10.77	7.02	(-) 1.05	17.87	15.41
Per Capita GDP (in ₹)	142424	149915	146301	171498	196983
Goa					
GSDP (₹ *in crore*)[3] (Base year 2011-12)	71853	75032	75705 (P)	82604 (Q)	90642 (A)
Gross State Value Added (GSVA) (Base year 2011-12)	64422	67855	69075(P)	75182(Q)	82633(A)
Growth rate of GSDP (in *per cent*)	3.61	4.42	0.90	9.11	9.73
Growth rate of GSVA (in *per cent*)	4.83	5.33	1.80	8.84	9.91
Per Capita GSDP (in ₹)	467795	485645	486851	527146	575504

(Source: Ministry of Statistics and Programme Implementation, GoI, Directorate of Planning, Statistics and Evaluation, Government of Goa) (Q) Quick estimates; (P) Provisional Estimates; (A) Advance Estimates ;(RE) Revised Estimates
 # Gross Value Added

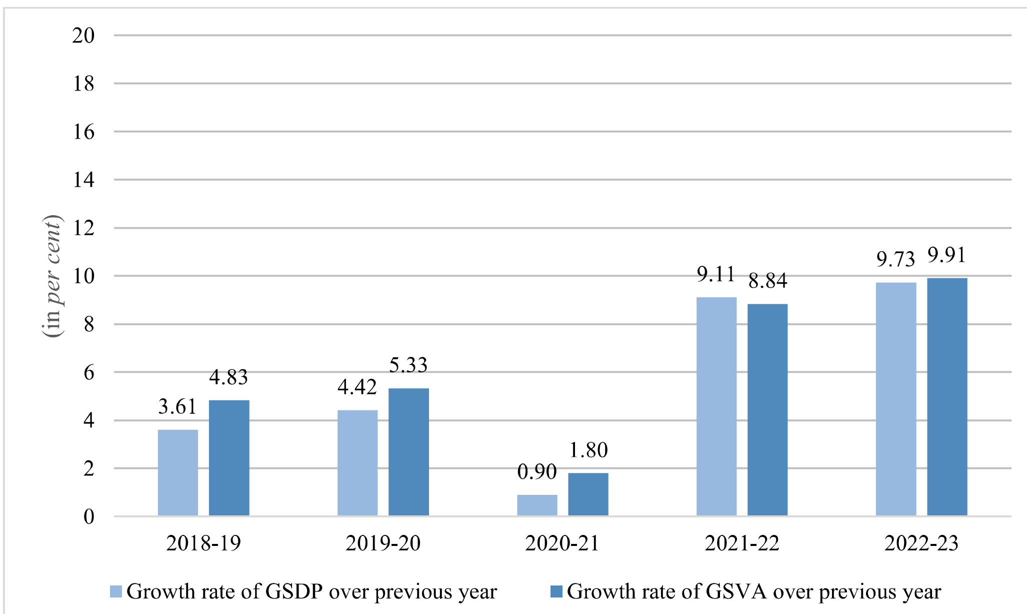
[2] Ministry of Statistics and Programme Implementation, GoI.
[3] Directorate of Planning, Statistics and Evaluation, Government of Goa.

It can be seen from **Table 1.1** that the GSDP growth rate increased from 3.61 *per cent* in 2018-19 to 9.73 *per cent* in 2022-23. However, it grew at a slower pace than the GDP (16.06 *per cent*) as well as the projections made by the Fifteenth Finance Commission (FC XV) (12 *per cent*) for the State of Goa.

Gross Value Added (GVA) is used for economic analysis by GoI and international organisations like International Monetary Fund as GVA is considered a better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. These measures vary in the treatment of net tax, as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective, it is therefore vital to have a comparison of the GVA and GSVA data for better analysis and making policy interventions.

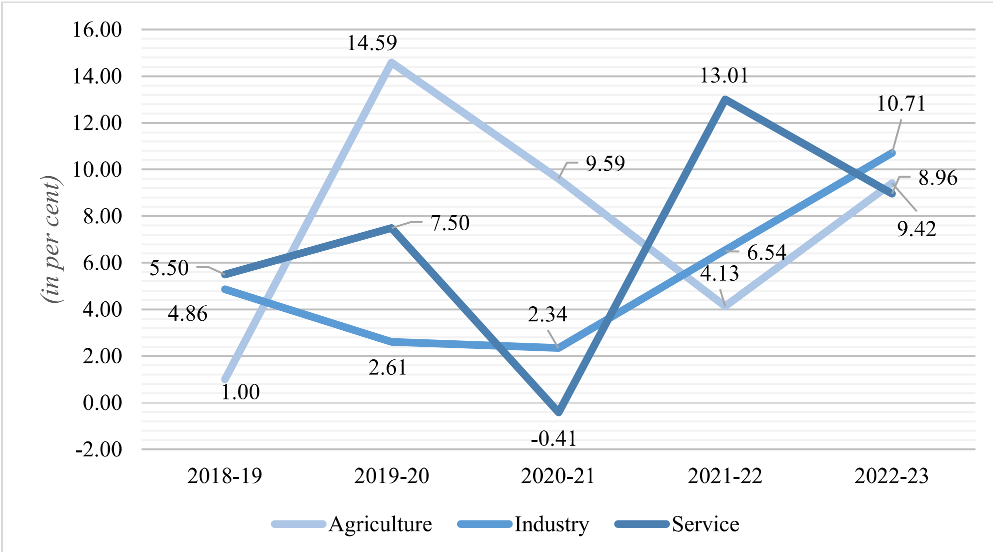
The trends of GSDP v*s*. GSVA and sectoral growth in GSVA for the period from 2018-19 to 2022-23 are indicated in the **Chart 1.2** and **Chart 1.3** respectively.

Chart 1.2: Growth rate of GSDP vs. GSVA (2018-19 to 2022-23)



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

Chart 1.3: Sectoral growth in GSVA (2018-19 to 2022-23)



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

The following observations can be made from the **Chart 1.3**.

Agriculture

In 2018-19, the Agriculture sector grew by one *per cent* over 2017-18. However, in the subsequent years the growth rate improved, registering a significant increase of 14.59 *per cent* in 2019-20, followed by 9.59 *per cent*, 4.13 *per cent* and 9.42 *per cent* increase during 2020-21, 2021-22 and 2022-23 over the corresponding previous years.

Industries

This sector demonstrated positive growth through 2018-23.

Under Industries sector, from 4.86 *per cent* in 2018-19, the growth rate slowed down during 2019-21, but gained momentum in the subsequent years and the sector recorded its highest growth rate at 10.71 *per cent* in 2022-23.

Services

The positive growth rates in 2018-19 and 2019-20 were followed by a decline in 2020-21(-0.41 *per cent*). However, the growth rate recovered in the following years and grew by 8.96 *per cent* in 2022-23.

1.3.2 Snapshot of finances

The following table provides the details of budget estimates (BE) for the year 2022-23 *vis-à-vis* actuals of 2021-22 and 2022-23.

Table 1.2: Budget estimates for the year 2022-23 *vis-à-vis* actuals of 2021-22 and 2022-23

(₹ in crore)

Sl. No.	Components	2021-22	2022-23	2022-23	Percentage of Actuals to BE	Percentage of Actuals to GSDP
		Actuals	Actuals	BE	2022-23	
1	**Tax Revenue**	**9162**	**11492**	**9416**	**122.05**	**12.68**
	(i) Own Tax Revenue	5805	7827	6241	125.41	8.64
	(ii) Share of Union taxes/duties	3357	3665	3175	115.43	4.04
2	Non-tax Revenue	3787	3869	5126	75.48	4.27
3	Grants-in-aid and Contributions	1337	1923	2808	68.48	2.12
4	**Revenue Receipts (1+2+3)**	**14286**	**17284**	**17350**	**99.62**	**19.07**
5	Recovery of Loans and Advances	02	02	38	5.26	-
6	Other Receipts	-	-	-	-	-
7	Borrowings and other Liabilities[4]	2624	1029	3603	28.55	1.14
8	**Capital Receipts (5+6+7)**	**2626**	**1031**	**3641**	**28.32**	**1.14**
9	**Total Receipts (4+8)**	**16912**	**18315**	**20991**	**87.25**	**20.21**
10	**Revenue Expenditure, of which**	**14227**	**14884**	**16916**	**87.99**	**16.42**
11	Interest payments	1783	1816	1988	91.35	2.00
12	**Capital Expenditure, of which**	**2685**	**3429**	**4776**	**71.80**	**3.78**
13	Capital Outlay	2681	3425	4759	71.97	3.78
14	Loan and advances	04	04	17	23.53	0.00
15	**Total Expenditure (10+12)**	**16912**	**18313**	**21692**	**84.42**	**20.20**
16	**Revenue Deficit (-)/Surplus (+) (4-10)**	**59**	**2400**	**434**	**553.00**	**2.65**
17	**Fiscal Deficit {(4+5+6)-15}**	**(-)2624**	**(-)1027**	**(-)4304**	**23.86**	**(-)1.13**
18	**Primary Deficit (-)/ Primary Surplus (+) (17-11)**	**(-)841**	**789**	**(-)2316**	**134.07**	**0.87**

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

The financial performance for the fiscal year 2022-23 reveals that the tax revenue surpassed the budget estimates by 22.05 *per cent* and constituted 12.68 *per cent* of the Gross State Domestic Product (GSDP). Notably, own tax revenue exceeded projections by 25.41 *per cent*. However, non-tax revenue fell short at 75.48 *per cent* against the Government's projections.

On the expenditure front, it can be seen that the actual revenue expenditure incurred by the State Government during 2022-23 was 88 *per cent* of the budget

[4] 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.

estimates. Capital expenditure witnessed a significant uptick from the previous year, reaching 71.80 *per cent* of the budgeted amount.

The revenue surplus exceeded the budget estimate by 553 *per cent*, leading to a primary surplus of ₹ 789 crore, which in turn contributed to restricting the fiscal deficit to 23.86 *per cent* of the budget estimate.

1.3.3 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				
		2021-22	**2022-23**	**Increase percentage**			**2021-22**	**2022-23**	**Increase percentage**
Consolidated Fund									
a	Internal Debt	20321.17	21174.06	4.20	a	Gross Capital Outlay	26390.78	29816.21	12.98
b	Loans and Advances from GoI	2950.38*	3445.85*	16.79	b	Loans and Advances	105.92	108.11	2.07
Contingency Fund		**100.00**	**100.00**	**-**	**Contingency fund**		**-**	**-**	**-**
Public Account									
a	Small Savings, Provident Funds, *etc.*	2510.43	2445.41	(-)2.59	a	Advances	0.53	0.53	-
b	Deposits	2182.77	2355.69	7.92	b	Remittance	302.51	442.99	46.44
c	Reserve Funds	2258.79	2162.67	(-)4.26	c	Suspense and Miscellaneous	1193.33	1241.81	4.06
d	Remittances	-	-	-	**Cash balance (including investment in Earmarked Fund)**		**1822.02**	**1964.75**	**7.83**
	Total	**30323.54**	**31683.68**	**4.49**			**29725.09**	**33574.43**[5]	**12.95**
	Cumulative excess of receipts over expenditure	**-**	**1890.75**	-	**Cumulative excess of expenditure over receipts**		**508.45**	**-**	-
Total		**30323.54**	**33574.43**	**10.72**	**Total**		**30323.54**	**33574.43**	**10.72**

(Source: Finance Accounts of the State)

**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 prescribed by Finance Commission.*

During 2022-23, assets increased by 12.95 *per cent* and liabilities increased by 10.72 *per cent* over the previous year.

5 Difference of ₹ 0.03 crore is on account of rounding.

1.4 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) Act, 2022.

1.4.1 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 through the GFRBM (First Amendment) Act, 2014, GFRBM (Amendment) Act, 2021 and GFRBM (Amendment) Act, 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:

(a) Revenue deficit as a percentage of total revenue receipts;

(b) Fiscal deficit as a percentage of GSDP;

(c) Outstanding total liabilities as a percentage of GSDP; and

(d) Ratio of interest payment to total revenue receipts.

The State Government did not prepare the MTFP for 2022-23. However, the same has been prepared for the year 2023-24 and rolling targets in respect of the fiscal indicators specified above have been set in the policy, except for ratio of interest payment to total revenue receipts.

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[6] from the financial year 2014-15 and maintain that level or generate revenue surplus

[6] Revenue deficit = Revenue receipts – Revenue expenditure; (+) indicates surplus and (-) indicates deficit

thereafter. A comparison of the State Government's estimates and the actual revenue deficit/surplus has been depicted in **Table 1.4.**

Table 1.4: Revenue deficit/surplus in last three years

(₹ in crore)

Revenue deficit (-)/ surplus (+) as	2020-21	2021-22	2022-23
Budget estimates	422	58	434
Revised estimates	(-)133	(-)19	545
Actuals	(-)1653	59	2400

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

- In 2022-23, the Government anticipated a ₹ 434 crore revenue surplus, revised it to ₹ 545 crore, while the actual surplus was ₹ 2,400 crore, indicating a significant increase from the estimates. It can also be seen from the table that in last three years (2020-23) the State Government progressed from a revenue deficit of ₹ 1,653 crore in 2020-21 to a surplus of ₹ 2,400 crore in 2022-23.

- As can be seen from the above table, actual revenue deficit/surplus of 2022-23 deviated significantly from BE and RE. The reason for estimated surplus of ₹ 545 crore at the RE stage increasing significantly into surplus of ₹ 2,400 crore was mainly due to reduced expenditure under revenue heads than that provided for in RE. Less than the estimated revenue expenditure was incurred across all three services, namely in social services (by ₹ 1,105 crore), economic services (by ₹ 1,034 crore) and General Services (by ₹ 683 crore).

- The GFRBM (First Amendment) Act, 2014 envisaged achievement of fiscal deficit[7] 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 and 2022-23 through amendments in the GFRBM Act.

  The fiscal deficit to GSDP ratio during the period 2020-21 to 2022-23 is summarised in **Table 1.5.**

[7] 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.

Table 1.5: Fiscal deficit/GSDP

(in per cent)

Year	Budget estimates	Revised estimates	Actuals
2020-21	6.14	5.60	4.82
2021-22	7.11	8.15	3.18
2022-23	4.75	4.86	1.13

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

- As can be seen from the table above, the actual Fiscal Deficit to GSDP ratio witnessed a decreasing trend over the last three years.
- In 2020-21, the actual fiscal deficit of 4.82 *per cent* of GSDP was below both the initial estimate of 6.14 *per cent* and the revised estimate of 5.60 *per cent*.
- During the fiscal year 2021-22, the actual fiscal deficit at 3.18 *per cent* of GSDP, was significantly lower than the revised estimate of 8.15 *per cent*.
- In 2022-23, the actual fiscal deficit stood at 1.13 *per cent* of GSDP, considerably below both the initial and revised estimates of 4.75 *per cent* and 4.86 *per cent*, respectively.

Table 1.6 shows the extent of compliance by the State Government during 2019-23, against the targets set forth in the GFRBM Act, 2006, as amended from time to time.

Table 1.6: Compliance with provisions of GFRBM Act

Fiscal Parameters	Fiscal targets set in the GFRBM Act	Achievement				
		2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Revenue Deficit(-)/ Surplus (+) (₹ *in crore*)	Revenue Surplus	355	(-)325	(-)1653	59	2400
		✓	✗	✗	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage *of* GSDP)	Three *per cent* (up to 2019-20)	(-)1792 (-2.49)	(-)1994 (-2.66)	(-)3648 (-4.82)	(-)2624 (-3.18)	(-)1027 (-1.13)
	Five *per cent* (for 2020-21) and four *per cent* (for 2021-22* and 2022-23*)	✓	✓	✓	✓	✓
Ratio of total outstanding debt to GSDP (*per cent*)[8]	Target ceiling	25	25	25	25	25
	Actual	28.41	30.06	33.92	33.21	31.57
		✗	✗	✗	✗	✗
Outstanding Guarantees	Below ₹ 1,500 crore	1093	883	967	662	405
		✓	✓	✓	✓	✓

(Source: Finance Accounts of the State)

**As per amendments made to the Goa Fiscal Responsibility and Budget Management Act on 18/07/2022 (2022-23) and 09/03/2022 (2021-22)*

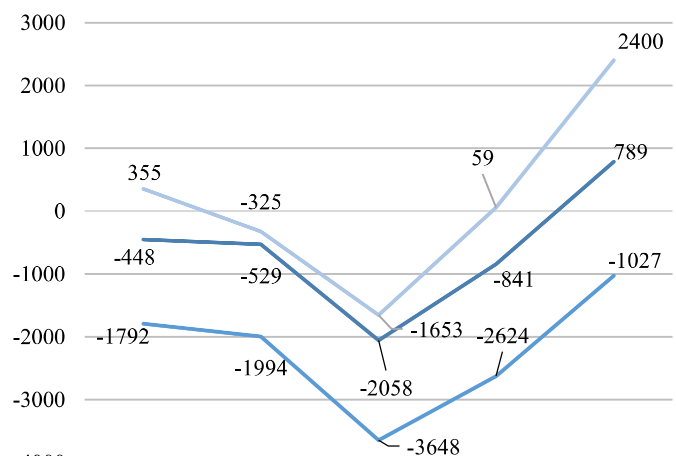
[8] As per Department of Expenditure, Ministry of Finance, GoI, borrowings under the special window shall not be treated as debt of the State for any norms prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 1,687 crore (₹ 840 crore pertaining to 2020-21 plus ₹ 847 crore pertaining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

The provisions of section 5(d) of the GFRBM (First Amendment) Act, 2014 prescribed that total outstanding debt[9] to GSDP be brought down to 27 *per cent* by 31 March 2015 and thereafter, maintain it below 25 *per cent*. It may be seen from the **Table 1.6** that the State Government breached the ceiling of outstanding debt to GSDP ratio of 25 *per cent* every year during the last five years (2018-23). However, the ratio registered a decline from 33.21 *per cent* in 2021-22 to 31.57 *per cent* during 2022-23. The State Government managed to keep the ratio of fiscal deficit to GSDP during the period 2018-23 within the limit prescribed under GFRBM Act, as amended from time to time.

Further, revenue, fiscal and primary deficits[10] indicate the overall health of State Government finances during a specified period. **Chart 1.4** presents the trends in these three key fiscal indicators over the period 2018-23.

Chart 1.4: Trends in key fiscal indicators

(₹ in crore)



	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue surplus(+)/revenue deficit(-)	355	-325	-1653	59	2400
Fiscal deficit	-1792	-1994	-3648	-2624	-1027
Primary surplus(+)/primary deficit(-)	-448	-529	-2058	-841	789

(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 2022-23 compared to the previous four years. The State's fiscal deficit decreased compared to the previous year from ₹ 2,624 crore to ₹ 1,027 crore. Further, during 2022-23, the State Government managed to increase its revenue

9 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, General Provident Fund, reserve funds, *etc.*

10 Fiscal deficit minus interest payments

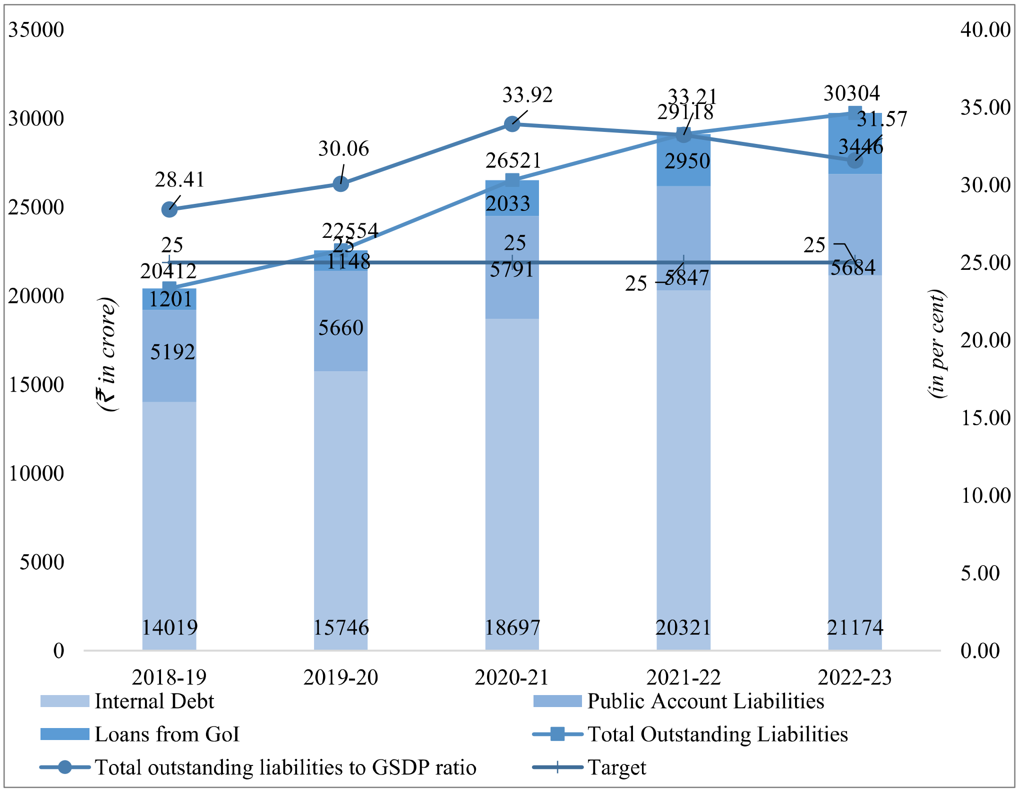
surplus exponentially from ₹ 59 crore in 2021-22 to ₹ 2,400 crore in the current year.

Primary deficit, 2018-19 and 2019-20 witnessed deficits of ₹ 448 crore and ₹ 529 crore, respectively. However, 2020-21 recorded a significant deficit of ₹ 2,058 crore, followed by deficits of ₹ 841 crore in 2021-22 and a surplus of ₹ 789 crore in 2022-23.

Chart 1.5 below shows the trends in fiscal liabilities of the State Government *vis-à-vis* GSDP during the last five years (2018-23).

Chart 1.5: Trends in fiscal liabilities *vis-à-vis* GSDP

(₹ in crore)



(Source: Finance Accounts of the State)

As may be seen from chart above, total outstanding debt of the State Government during 2022-23 increased by ₹ 1,186 crore (4.07 *per cent*) over the previous year, due to increase in internal debt by ₹ 853 crore (4.20 *per cent*), loans and advances from GoI by ₹ 496 crore (16.81 *per cent*) offset by decrease in Public Account liabilities by ₹ 163 crore (2.79 *per cent*).

1.5 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.

1.5.1 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 2022-23 revealed that revenue surplus and fiscal deficit were affected as brought out in the Notes to Accounts of Finance Accounts (2022-23) 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 [overstated (-)]	Impact on Fiscal Deficit (understated)
Short contribution to Consolidated Sinking Fund	(-)85.59	85.59
Non-payment/short payment of interest to State Compensatory Afforestation Deposit	(-)6.09	6.09
Non-Transfer of Cess/fee/surcharge	(-)77.00	77.00
Total	**(-)168.68**	**168.68**

(Source: Notes to Finance Accounts)

It was observed from the finance accounts revenue expenditure totalling ₹ 169 crore was either short-paid/unpaid or not booked by the State Government during 2022-23. This accounted for an overstatement of revenue surplus to that extent (by ₹ 169 crore) and hence, the revised figure for the revenue surplus would stand at ₹ 2,231 crore (₹ 2,400 crore minus ₹ 169 crore).

The fiscal deficit of the State would increase from ₹ 1,027 crore to ₹ 1,196 crore after taking into account the deferred revenue expenditure as shown in the **Table 1.7** above. Thus, fiscal deficit to GSDP ratio would be 1.32 *per cent* instead of 1.13 *per cent*.

1.5.2 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 2022-23 (₹ 30,303.62 crore) (₹ *in crore*)	As percentage of GSDP (31.57 *per cent*) [11] (*per cent*)
2.	Total outstanding debt understated due to: (i) Off-budget borrowings[12] by (i) Goa State Infrastructure Development Corporation Limited (₹ 676.61 crore) and (ii) Sewerage and Infrastructural Development Corporation of Goa Limited (₹ 123.89 crore) on behalf of the State Government where the principal and/or interest were to be serviced out of the State budget.	800.50	0.88
	Total of (1 + 2)	**31104.12**	**32.45***

(Source: Information provided by SPSEs)
**Excluding back-to-back loans*

Considering the off-budget fiscal liabilities amounting to ₹ 800 crore at the end of 2022-23, 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.* Thus, post-audit total outstanding debt of the State Government was 32.45 *per cent* of GSDP.

[11] 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 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.

[12] These two SPSEs execute only Government works. For execution of works, these two SPSEs borrow from financial institutions. The principal amount, interest on borrowings and professional fees of SPSEs are then claimed from the State Government. ₹ 800.50 crore shows the amount receivable by the SPSEs from the State Government.