

Executive Summary

Background

Goa was incorporated with the Indian Union as a Union Territory with Legislative Assembly in 1962. It was granted Statehood on 30 May 1987. The social indicators of the State *viz.*, literacy rate, rate of infant mortality and life expectancy are better than the all India average. The State's literacy rate increased from 82.01 *per cent* (as per 2001 census) to 88.70 *per cent* (as per 2011 census). The population of the State grew by 8.17 *per cent* (2011 census) and the density of population increased to 394 persons per sq. km. as against the all India population density average of 382 persons per sq. km. During 2014-15, the percentage of population below poverty line was six *per cent* as compared to all-India average of 29.50 *per cent*.

This Report on the finances of the Government of Goa is being brought out with a view to objectively assess the financial performance of the State during 2014-15 and to provide the State Government and the State Legislature with timely inputs based on audit analysis of financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government's Fiscal Responsibilities and Budget Management (first amendment) Act, 2014 and budget estimates of 2014-15.

The Report

Based on the audited accounts of the Government of Goa for the year ended March 2015, this Report provides an analytical review of the Annual Accounts of the State Government. This Report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2015. It provides an insight into trends of committed expenditure and borrowing pattern.

Chapter II is based on audit of Appropriation Accounts and gives a grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

Chapter III is an inventory of the Government's compliance with various reporting requirements and financial rules. The report also compiles the data collected from various Government Departments/organisations in support of the findings.

Audit findings and recommendations

Chapter I

Finances of the State Government

Fiscal correction: The State Government has succeeded in improving the fiscal position of the State during 2014-15. The fiscal parameters *i.e.* revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period.

During 2014-15, the State achieved all the three major parameters specified by the Thirteenth Finance Commission (ThFC) and under Fiscal Responsibilities and Budget Management (first amendment) Act, Goa 2014 *viz.* (i) the ratio of fiscal liability to Gross State Domestic Product at 26.35 *per cent* was in line with the target fixed (27 *per cent*) in the Goa FRBM (first amendment) Act, 2014, and lower than the projections made in ThFC (29.10 *per cent*). (ii) the fiscal deficit at 1.80 *per cent* of Gross State Domestic Product was lower than the norms of three *per cent*. (iii) The third parameter of revenue surplus (₹ 279 crore) was achieved during the year. This was mainly due to increase in revenue receipts by 19.21 *per cent* against an increase in revenue expenditure by 8.92 *per cent* over the previous year.

Revenue receipts: The rate of growth of revenue receipts increased from 10.35 *per cent* in 2013-14 to 19.21 *per cent* in 2014-15. This was due to net effect of increase in non-tax revenue by ₹ 664 crore (39.95 *per cent*), tax revenue by ₹ 314 crore (8.77 *per cent*), grants from the GoI ₹ 209 crore (58.54 *per cent*) and share of Union taxes and duties by ₹ 52 crore (6.12 *per cent*).

Interest payments: Interest payments (₹ 1,007.53 crore) which increased by 13.12 *per cent* during the year over 2014-15, were within the projection made in the ThFC (₹ 1,039 crore) but was more than the projections made in the budget (₹ 972 crore).

Non-Plan revenue expenditure: The revenue expenditure (₹ 7,410 crore) constituted 85.69 *per cent* of the total expenditure. Out of this, 77.04 *per cent* was the Non-Plan component (₹ 5,709 crore). The Non-Plan Revenue Expenditure (NPRE) remained higher than the normative assessments of the ThFC and the projections made in the budget.

Capital expenditure: Capital expenditure constituted 14.27 *per cent* of the total expenditure during the current year. The ratio of Capital expenditure to Aggregate Expenditure in 2014-15 was higher than the ratio of General Category States.

Review of Government investments: The average return on Government's investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from 0.24 *per cent* in 2013-14 to 0.37 *per cent* in 2014-15. On the other hand, the Government paid an average interest rate of

7.44 *per cent* and 7.59 *per cent* in 2013-14 and 2014-15 respectively during the same period. Thus, this was an unsustainable position.

Debt Sustainability: The resource gap was positive during the period 2014-15, indicating capacity of the State to sustain the debt in the medium to long run. It happened mainly on account of 10.32 *per cent* increase in primary expenditure against 19.12 *per cent* increase in non-debt receipts during the current year.

Chapter II

Financial Management and Budgetary Control

During 2014-15, expenditure of ₹ 10,415.72 crore was incurred against total grants and appropriations of ₹ 11,871.34 crore, resulting in savings of ₹ 1,455.62 crore. However, this includes an excess of ₹ 1,161.23 crore in one grant and one appropriation. Excess expenditure of ₹ 1,161.23 crore requires regularisation under Article 205 of the Constitution of India. Besides, regularisation of excess expenditure of ₹ 178.81 crore was also pending from 2008-09 to 2013-14 as of March 2015.

Chapter III

Financial Reporting

There were delays in furnishing of utilisation certificates against loans and grants by various grantee institutions. Delays were also noticed in submission of annual accounts by autonomous bodies and departmentally managed commercial undertakings. There were instances of large outstanding cases of losses and misappropriations for which Departmental action was pending for long periods.

The Government may ensure timely receipt of utilisation certificates against the financial assistance provided to grantee institutions. Departmental enquiries in respect of misappropriation cases pending action may be expedited to bring the defaulters to book and internal controls in all organisations should be strengthened to prevent such cases in future.