

EXECUTIVE SUMMARY

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Background

Goa was incorporated 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 2015-16, the percentage of population below poverty line was 6.30 *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 2015-16 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 2015-16.

The Report

Based on the audited accounts of the Government of Goa for the year ended March 2016, 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 2016. 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 fiscal position of the State had declined in terms of the key parameters as compared to previous year. 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 2015-16, revenue surplus was ₹ 132 crore, less than the previous year's surplus of ₹ 279 crore due to reduced growth of receipts as compared to expenditure. Fiscal deficit during 2015-16 increased to ₹ 1,483 crore from ₹ 948 crore in 2014-15. Due to increase in fiscal deficit by 56.43 *per cent* and interest payment by 6.64 *per cent*, the primary deficit increased to ₹ 408 crore in 2015-16 from a primary surplus of ₹ 60 crore in 2014-15. However, the State managed to keep fiscal deficit relative to GSDP (2.44 *per cent*) which was within the limit of three *per cent* fixed by the GFRBM (first amendment) Act, 2014 and projection made by the Fourteenth Finance Commission (FC XIV).

The ratio of interest payments to revenue receipts (IP/RR) has been contained at 12.58 *per cent* as against the level (12.86 *per cent*) prescribed by the FC XIV.

Receipts and Expenditure: Major share of the total receipts (₹ 10,457 crore) was revenue receipts (₹ 8,552 crore) which included own tax revenue of ₹ 3,975 crore. While revenue receipt recorded a growth rate of 11.22 *per cent*, growth rate of own tax revenue was only 2.03 *per cent*. Capital receipts (₹ 1,857 crore) increased by 45.78 *per cent* due to increase in public debt receipts.

Total expenditure (₹ 10,045 crore) increased at an average annual growth rate of 12.61 *per cent* from ₹ 6,677 crore in 2011-12 to ₹ 10,045 crore in 2015-16. The revenue expenditure continued to constitute dominant portion (82 *per cent* to 87 *per cent*) of the total expenditure during this period.

During the current year the capital expenditure grew by ₹ 388 crore (31.44 *per cent*) over the previous year. The ratio of Capital expenditure to Aggregate Expenditure in 2015-16 was higher than the ratio of General Category States. Adequate priority was given to development as the share of development expenditure in total expenditure increased from 69.01 *per cent* in 2014-15 to 71.75 *per cent* in 2015-16. Funds aggregating ₹ 1,453 crore were locked up in 129 incomplete projects at the end of the year.

The average return on Government's investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives was 0.27 *per cent* in 2015-16. On the other hand, the

Government paid an average interest rate of 7.30 *per cent* during 2015-16. Thus, this was an unsustainable position.

Debt sustainability: Fiscal liabilities of the State increased from ₹ 13,877 crore in 2014-15 to ₹ 15,575 crore in 2015-16, a growth rate of 12.24 *per cent* which was 2.93 *per cent* more than the growth rate shown in the previous year. The liability as a percentage of GSDP was 25.58 *per cent*. This was higher than the target fixed (25 *per cent*) in the GFRBM (first amendment) Act, 2014, and lower than the projections made in FC XIV (25.82 *per cent*).

During the year, non-debt receipts of the State were not enough to meet the primary expenditure requirements resulting in primary deficit. During 2015-16, the net funds available from borrowed funds after providing interest and repayment was ₹ 623 crore.

Chapter II

Financial Management and Budgetary Control

During 2015-16, expenditure of ₹ 12,920.81 crore was incurred against total grants and appropriations of ₹ 14,695.56 crore, resulting in savings of ₹ 1,774.75 crore. This includes an excess of ₹ 2,330.45 crore in one grant and one appropriation. Excess expenditure of ₹ 2,330.45 crore requires regularisation under Article 205 of the Constitution of India. Besides regularisation of excess expenditure of ₹ 1,340.04 crore was also pending from 2008-09 to 2014-15 as of March 2016.

Chapter III

Financial Reporting

There were delays in furnishing of utilisation certificates against grants to 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.