

CHAPTER I

Finances of the State Government

Summary

During 2003-04, the revenue deficit was Rs. 141 crore, which was Rs.26 crore (16 *per cent*) less than that of the previous year. The fiscal deficit during the year increased by Rs.67 crore (18 *per cent*) compared with the previous year's fiscal deficit of Rs.378 crore.

Revenue receipts decreased from Rs.1833 crore in 2002-2003 to Rs.1623 crore in 2003-04. Tax revenues of the Government increased by Rs.108 crore from Rs. 602 crore during the previous year; non-tax revenues declined by Rs.314 crore during the year primarily on account of stoppage of lottery business in Goa. About 89 *per cent* of revenue receipts came from its own sources while Central tax transfers and grants in aid from the Central Government together contributed about 11 *per cent*.

Revenue Expenditure also declined from Rs.2000 crore in 2002-03 to Rs.1764 crore during 2003-04 a decrease of Rs.236 crore. This decrease was also due to stoppage of lottery business run by the State Government. Interest payments increased steadily from Rs.178 crore in 1999-2000 to Rs.321 crore during 2003-04 due to continued reliance on borrowings to meet its fiscal deficit. Interest payments constituted 18 *per cent* of revenue expenditure during the year. Developmental expenditure during the year however increased by Rs.175 crore from Rs.1280 crore during 2002-03 to Rs.1455 crore during 2003-04.

Balance from current revenue (BCR) plays an important role in plan expenditure. It was consistently negative upto 2002-03; however, it improved during 2003-04 and was on the positive side.

Fiscal Liabilities for the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-04. The ratio of Assets to Liabilities of the State declined from 0.83 in 1999-2000 to 0.73 in 2003-04, indicated that one-fourth of State's fiscal liabilities ceased to have an asset back-up.

1.1 Introduction

The Finance Accounts of the Government of Goa are laid out in nineteen Statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in Box 1.

Box 1

Lay out of Finance Accounts

Statement No 1 presents the Summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the consolidated fund, contingency fund and public account of the state.

Statement No 2 contains the Summarised Statement of capital outlay showing progressive expenditure to the end of 2003-04.

Statement No.3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No.4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the Summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the Summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporation, local bodies and other institutions.

Statement No. 7 gives the Summary of cash balances and investments made out of such balances.

Statement No.8 depicts the Summary of balances under consolidated fund, contingency fund and public account as on 31 March 2004.

Statement No.9 shows the revenue and expenditure under different heads for the year 2003-2004 as a percentage of total revenue/expenditure.

Statement No.10 indicates the distribution between the charge and voted expenditure incurred during the year.

Statement No.11 indicates the detailed account of revenue receipts by minor heads.

Statement No.12 provides accounts of revenue expenditure by minor heads under non plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of 2003-04.

Statement No.14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2003-04.

Statement No.15 depicts the capital and other expenditure to the end of 2003-04 and the principal sources from which the funds were provided for that expenditure.

Statement No.16 gives the detailed account of receipts disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No.17 presents detailed account of debt and other interest bearing obligations of the Government of Goa.

Statement No.18 provides the detailed account of loans and advances given by the Government of Goa, the amount of loan repaid during the year, the balance as on 31 March 2004, and the amount of interest received during the year.

Statement No.19 gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to previous year

Finances of the State Government during the current year compared to the previous year were as under.

Table 1

(Rupees in crore)

2002-03	Sl. No	Major Aggregates	2003-04
1833	1.	Revenue Receipts (2+3+4)	1623
602	2.	Tax Revenue	710
1039	3.	Non-Tax Revenue	725
192	4.	Other Receipts*	188
7	5.	Non-Debt Capital Receipts	7
7	6.	Of which, recovery of Loans	7
1840	7.	Total Receipts (1+5)	1630
1772	8.	Non-Plan Expenditure (9+11+12)	1480
1782	9.	On Revenue Account	1480
292	10.	Of which interest Payments	321
(-) 10	11.	On Capital Account	-
-	12.	Of which loans disbursed	-
446	13.	Plan Expenditure (14+15)	585
218	14.	On Revenue Account	284
216	15.	On Capital Account	301
12	16.	Loans disbursed	10
2218	17.	Total Expenditure (8+13+16)	2075
378	18.	Fiscal Deficit (17-1-5)	445
167	19.	Revenue Deficit (9+14-1)	141
86	20.	Primary Deficit (18-10)	124

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Goa for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and Public Account

* Includes assignment of Union Taxes and grants in aid from GOI

receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed Statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2003-2004
(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
Section-A: Revenue							
					Non-Plan	Plan	Total
1833.01	I. Revenue receipts	1623.12	2000.05	I. Revenue expenditure	1479.61	283.98	1763.59
602.20	Tax revenue	710.26	911.52	General services	575.76	5.90	581.66
1039.17	Non-tax revenue	724.73	549.84	Social Services	384.60	179.65	564.25
114.62	Share of Union Taxes/Duties	135.58	538.69	Economic Services	519.25	98.43	617.68
77.02	Grants from Govt. of India	52.55		Grants-in-aid / Contributions			
Section-B: Capital							
-	II. Misc. Capital Receipts	-	206.40	II. Capital Outlay	0.48	300.94	301.42
6.60	III. Recoveries of Loans and Advances	6.55	12.20	III. Loans and Advances disbursed	2.56	7.27	9.83
497.52*	IV. Public Debt Receipts	791.73	182.39	IV. Repayment of Public Debt	-	362.65 *	362.65
2754.75	V. Public Account Receipts	3239.35	2692.75	V. Public Account Disbursements	-	3217.60	3217.60
14.24	VI. Net receipts from Contingency Fund	-	-	VI. Expenditure from Contingency Fund	-	1.17	1.17
25.02	Opening Balance	37.35	37.35	Closing Balance	-	41.84	41.84
5131.14	Total	5698.10	5131.14	Total	1482.65	4215.45	5698.10

* includes net ways and means advances and overdraft

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in major fiscal aggregates of receipts and expenditure from the Statements of the Finance Accounts for the year 2003-04 and, wherever necessary, show these in the light of time series data and periodic comparisons (*Appendix 1.1 to 1.4*).

The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations also take into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in Box 1.2

Box 1.2
Reporting Parameters
<p>Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage of the GSDP at current market prices. The New GSDP series as indicated in the Budget at a glance by the Finance Department of the State Government have been used.</p>
<p>For tax revenues, non-tax revenues, revenue expenditure etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.</p>
<p>For most series a trend growth during 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in <i>Appendix 1.5</i>.</p>

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in Box 1.3

Box 1.3 - State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
<p>All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled the Consolidated Fund of the State' established under Article 266(1) of the Constitution of India.</p>	<p>The Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor for meeting urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, in order to recoup the advances from the Contingency Fund.</p>	<p>Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the related disbursements are made from it.</p>

State Finances by key Indicators

1.5 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipt. Revenue receipts consist of tax and non-tax revenues, state's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc., and loans and advances from Government of India as well as accruals from the Public Account.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs.5661 crore. Of these, revenue receipts were Rs.1623 crore, constituting only 29 per cent of the total receipts. The balance of the receipts came from borrowings and (2003-04) public account receipts.

Table 2 – Resources of Goa

		(Rupees in crore)
I	Revenue Receipts	1623
II	Capital Receipts	799
<i>a</i>	<i>Miscellaneous Receipts</i>	-
<i>b</i>	<i>Recovery of Loans and Advances</i>	7
<i>c</i>	<i>Public Debt Receipts</i>	792
III	Public Account Receipts	3239
<i>a</i>	<i>Small Savings, Provident Fund, etc.</i>	111
<i>b</i>	<i>Reserve Fund</i>	20
<i>c</i>	<i>Deposits and Advances</i>	119
<i>d</i>	<i>Suspense and Miscellaneous (CSS Account, RBI (CAO) suspense, PAO suspense etc.)</i>	1537
<i>e</i>	<i>Remittances (PWD, Forest)</i>	1452
IV	Receipts from Contingency Fund	-
Total Receipts		5661

The revenue receipts, capital receipts under different heads and GSDP during 1999-2004 are indicated in Table 3.

Table 3 – Sources of Receipts: Trends

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1999-00	1228	5	228	1785	3246	6748
2000-01	1483	11	347	2132	3973	7761
2001-02	1873	6	397	2464	4740	8925
2002-03	1833	7	497	2755	5092	▼ 9947
2003-04	1623	7	792	3239	5661	11438

▼ GSDP figures for 2002-03 have been revised by the State Government as Rs.9947 crore.

1.5.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in Table 4.

Table 4: Revenue Receipts – Basic Parameters

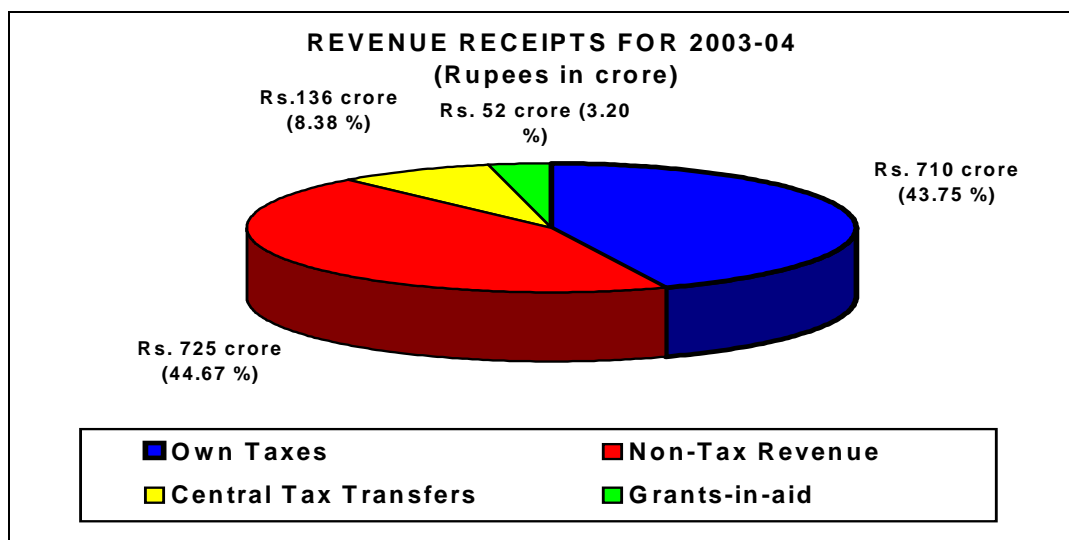
	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Receipts (Rs in crore)	1228	1483	1873	1833	1623
Own taxes (<i>in per cent</i>)	37.3	34.7	30.4	32.84	43.75
Non-Tax Revenue (<i>in per cent</i>)	51.63	53.67	60.65	56.68	44.67
Central Tax Transfers (<i>in per cent</i>)	7.82	7.08	5.77	6.27	8.38
Grants-in-aid(<i>in per cent</i>)	3.26	4.52	3.15	4.20	3.20
Rate of Growth(<i>in per cent</i>)	7.06	20.77	26.3	(-) 2.14	(-) 11.46
Revenue Receipts/GSDP(<i>in per cent</i>)	18.20	19.11	20.99	18.43	14.19
Revenue Buoyancy (ratio)	0.64	1.38	1.75	*	*
GSDP Growth (<i>per cent</i>)	11.08	15.01	15.00	11.45	14.99
Tax Buoyancy*	2.55	0.83	0.70	0.51	1.20

Revenue receipts of the State increased from Rs.1288 crore in 1999-2000 to Rs.1623 crore in 2003-2004. However there was an overall decrease in revenue receipts by Rs.210 crore in the current year compared to the previous year. There were significant inter year variations in the growth rates. The increase in the tax revenue during the year 2003-2004 over the previous year was mainly on account of Sales Tax (increased by Rs.63 crore). Similarly, decrease in non-tax revenue (Rs.314 crore) was due to stoppage of State lottery in August 2002. There was also a decrease of Rs.25 crore in grants in aid from Government of India during the year as compared with the previous year's figure of Rs.77 crore.

About 89 *per cent* of the revenue had come from the State's own resources. Central tax transfers and grants-in-aid together contributed 11 *per cent* of the total revenue. During 2003-04, sales tax was the major source of State's own tax revenue having contributed 71 *per cent* of the tax revenues followed by State excise (seven *per cent*), taxes on vehicles (seven *per cent*) and taxes on goods and passengers (six *per cent*). Of non-tax revenue sources, sale of power (82 *per cent*) was the principal contributor. During the year the receipts under sale of power were Rs.592.15 crore which was Rs.43.80 crore more over the previous year. Net receipts (after deducting expenditure) from the sale of power also increased by Rs.5.49 crore over the previous year.

* Revenue Receipts had a negative growth

* Tax buoyancy is the ratio of rate of growth of tax revenue to the rate of growth of GSDP.



1.5.2 Analysis of arrears of revenue

The arrears of revenue increased by 94 per cent in five years from Rs.165 crore in 1999-2000 to Rs.321 crore at the end of 2003-04. In 2003-04, arrears were 22 per cent of total of tax and non-tax revenue. Of this, Rs.59.99 crore were outstanding for a period of more than three years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs. 88.46 crore), power (Rs.194.69 crore) and taxes on vehicles (Rs.7.00 crore). The increasing arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.1574 crore in 1999-2000 to Rs.2075 crore in 2003-2004.

Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below.

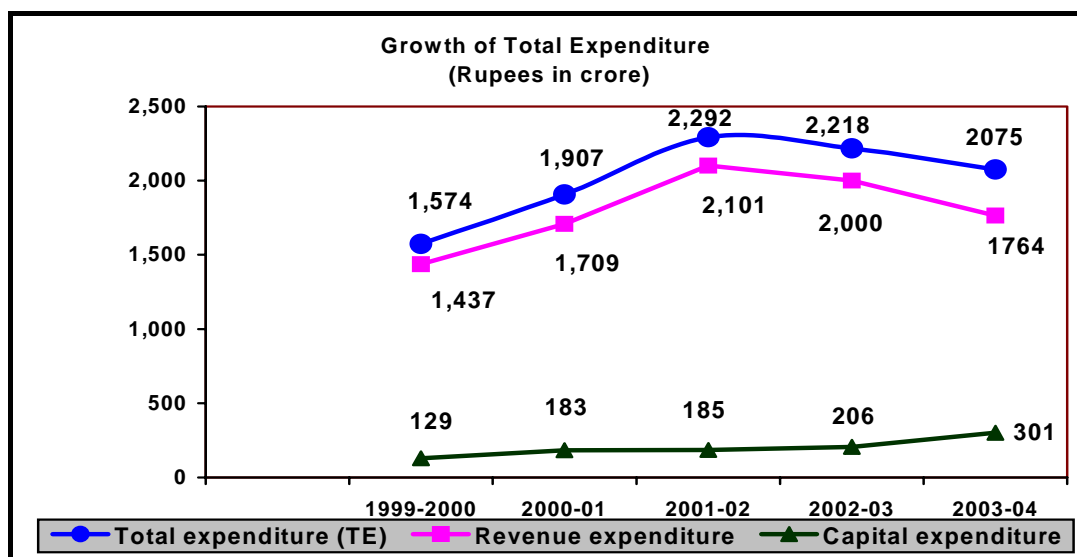
Table 5: Total Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Total Expenditure (in crore)	1574	1907	2292	2218	2075
Rate of Growth (in per cent)	10.69	21.16	20.19	(-) 3.23	(-) 6.45
TE/GSDP (in per cent)	23.33	24.57	25.68	22.30	18.14
Revenue Receipts/TE (in per cent)	78.02	77.77	81.72	82.64	78.22
RE as per cent to Revenue Receipts	117.02	115.24	112.17	109.11	108.69
Buoyancy of Total Expenditure with					
GSDP (ratio)	0.96	1.41	1.35	*	*
Revenue Receipts (ratio)	1.51	1.02	0.77	#	#

* Total Expenditure had a negative growth

Revenue Receipt had a negative growth

There was a declining trend in the ratio of revenue receipts to total expenditure during 1999-2000 and 2000-2001, whereas an increasing trend was noticed during 2001-03. However during 2003-04, there was again a decline indicating that only 78 per cent of State's total expenditure was met from its current revenue and the balance financed mostly from borrowings.

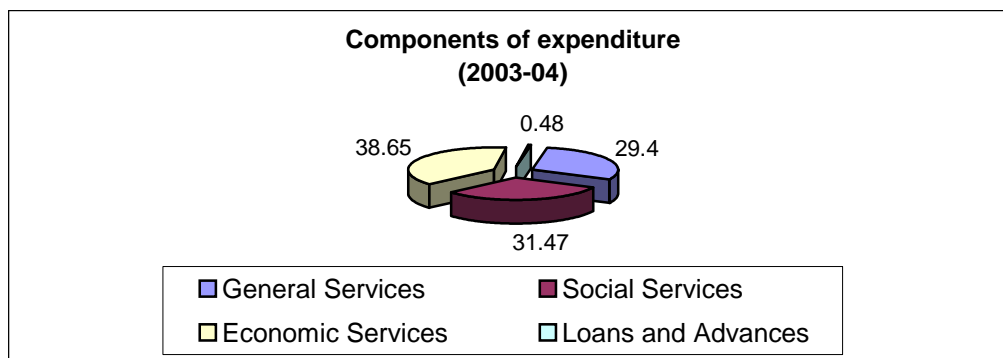


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative shares of these components in total expenditure are indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Services including interest payments	39.33	41.06	47.43	41.75	29.40
Social Services	28.65	26.48	22.86	27.28	31.47
Economic Services	31.51	31.88	29.45	30.43	38.65
Loans and advances	0.51	0.79	0.26	0.54	0.48

While the expenditure on General Services which was on increasing trend upto 2001-02, it has been declining with effect from 2002-03. The relative shares of Social and Economic Services showed an improving trend during the period 2002-2004. Sharp decline in the relative share of expenditure on general services was due to the discontinuation of State Lotteries.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts are indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue Expenditure (Rs. in crore)	1437	1709	2101	2000	1764
Rate of Growth (<i>in per cent</i>)	11.57	18.93	22.94	(-) 4.81	(-) 11.80
RE/ GSDP (<i>in per cent</i>)	21.30	22.02	23.54	20.11	15.42
RE as <i>per cent</i> of TE	91.30	89.62	91.67	90.17	85.01
RE as <i>per cent</i> to Revenue Receipts	117.02	115.24	112.17	109.11	108.69
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.04	1.26	1.53	*	*
Revenue Receipts (ratio)	1.64	0.91	0.87	*	*

Revenue expenditure of the State increased from Rs.1437 crore in 1999-2000 to Rs.1764 crore in 2003-2004. However, compared to the previous year, the revenue expenditure in 2003-04 decreased by Rs.236 crore. This was because of decline in expenditure under State lotteries to the extent of Rs. 354.86 crore, which was partly offset by increase in expenditure under interest payments and servicing of debt (Rs.42 crore), more expenditure towards purchase of power (Rs.51 crore) and increased expenditure under child welfare and welfare of the aged, infirm and destitute (Rs.11 crore).

Though the ratio of revenue expenditure to revenue receipts declined from 117 *per cent* in 1999-2000 to 108.7 *per cent* in 2003-04, dependence of the State on borrowings for meeting its current expenditure continued primarily due to the fact that Salaries (Rs.406* crore), Interest payments (Rs.321 crore) and Pensions (Rs.113 crore) together consumed 52 *per cent* of total revenue receipts of the State during the year.

* Revenue Receipts and Revenue Expenditure had a negative growth.

* Provisional with reference to Revised Estimate.

1.6.3 Expenditure on pension and gratuity payments

Pension payments increased by 62 *per cent* from Rs.70.09 crore in 1999-2000 to Rs.113.33 crore in 2003-2004. However, in 2003-04, it decreased by Rs.27.21 crore compared to previous year's figure of Rs.140.54 crore due to less number of cases under the Voluntary Retirement Scheme. Year-wise details are as under.

Table 8

Year	Expenditure (Rupees in crore)	Percentage to total revenue
1999-2000	70.09	5.7
2000-2001	89.00	6
2001-2002	118.67	6.3
2002-2003	140.54	7.7
2003-2004	113.33	7

1.6.4 Interest payments

The Eleventh Finance Commission (August 2000) recommended that as a medium term objective, States should endeavour to keep interest payment as a percentage of revenue receipts pegged at 18 *per cent*. From Table 9 below it would be observed that interest payment as a percentage of revenue receipts increased steadily from 14 *per cent* in 1999-2000 to 20 *per cent* in 2003-04. Interest payments as a percentage of Revenue Expenditure increased from 12 *per cent* in 1999-2000 to 18 *per cent* in 2003-04. If the receipts on account of power were excluded, as there was an equally high level of revenue expenditure against these receipts, the interest payments as a percentage of revenue receipts during 2003-04 would be 31 *per cent* with reference to Revenue Receipts and 24 *per cent* to that of Revenue Expenditure.

Table 9

Year	Interest Payment (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
1999-2000	178	14	12
2000-2001	212	14	12
2001-2002	261	14	12
2002-2003	292	16	15
2003-2004	321	20	18

In absolute terms, interest payments increased steadily by 80 *per cent* from Rs.178 crore in 1999-2000 to Rs.321 crore in 2003-04 primarily due to continued reliance on borrowings for financing the fiscal deficit for plan schemes.

1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of

expenditure. Table 10 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 10: Quality of expenditure (per cent of total expenditure)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Plan Expenditure	16.03	17.39	16.10	19.67	28.3
Capital Expenditure	8.24	9.67	8.09	9.34	14.58
Developmental Expenditure	60.47	58.83	52.45	58.02	70.46

Out of the developmental expenditure (Rs.1455 crore), social services (Rs.653 crore) accounted for 45 per cent during the year. General Education (Rs.292 crore), Health and Family Welfare (Rs.109 crore) and Water supply and Sanitation (Rs.145 crore) consumed nearly 78 per cent of the expenditure on social sector.

Table 11: Social Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	244	233	247	286	292
Medical and Public Health	82	86	89	97	109
Water Supply and Sanitation	87	144	120	136	145
Total	413	463	456	519	546

Similarly, the expenditure on Economic Services (Rs.802 crore) accounted for 55 per cent of the developmental expenditure. Power (Rs.472 crore), Irrigation and Flood Control (Rs.54 crore) and Transport (Rs.131 crore) accounted for 82 per cent of the expenditure on Economic sector.

Table 12: Economic Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Power	328.60	393.08	429.15	420.30	472.09
Irrigation and flood control	41.97	70.54	61.38	44.10	54.07
Transport	57.56	73.59	88.84	100.06	131.04
Total	428.06	537.21	579.37	564.46	657.20

1.7.1 Financial Assistance to local bodies and other institutions

Extent of assistance

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies and authorities receive substantial financial assistance from the Government. The Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of the Government. The grants are given by the Government mainly for salaries of teaching and non-teaching staff, maintenance of educational institutions, construction and maintenance of schools and other development works of municipalities and local bodies.

The quantum of assistance provided to different bodies during the period of five years ending 2003-2004 was as follows:

Table 13

(Rupees in crore)

Sr. No.	Bodies/authorities, etc.	1999-00	2000-01	2001-02	2002-03	2003-04
1.	Universities and Educational Institutions	143.64	129.90	115.22	170.67	162.36
2.	Municipal Corporations and Municipalities	4.67	7.25	14.55	21.29	17.72
3.	Zilla Parishads and Panchayati Raj Institutions	5.35	3.84	10.50	24.44	24.87
4.	Development Agencies	2.17	1.96	4.80	-	-
5.	Other Institutions (including statutory bodies)	8.33	13.51	11.17	9.48	9.54
	Total	164.16	156.46	156.24	225.88	214.49
6.	Percentage increase(+)/decrease (-) over previous year	(+)23	(-) 4.69	(-)0.14	(+)44.57	(-) 5.04
7.	Assistance as a percentage of revenue receipts	13.37	10.55	8.35	12.32	13.22
8.	Percentage of assistance to revenue expenditure	11.42	9.15	7.43	11.29	12.16

Delay in furnishing utilisation certificates

The General Financial rules which are followed by the Government of Goa require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Director of Accounts within 18 months from the date of sanction of the grant unless specified otherwise.

Of 2344 utilisation certificates due in respect of grants-in-aid of Rs.75.45 crore paid upto the end of March 2003, only 160 utilisation certificates for Rs.10.85 crore were furnished by the concerned Departments to the Director of Accounts by 30 September 2004 and 2184 certificates for Rs.64.60 crore were in arrears. Department-wise and year-wise break up is given in *Appendix 1.6*.

Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2003 is given below.

Table 14

Sr. No.	Name of the Body/Authority	Entrustment of audit	Year for which Accounts due	Year upto which Accounts received	Year upto which Audit Report issued	Year upto which Audit Report laid in the legislature
1.	Goa Tillari Irrigation Development Corporation	1.4.2004 to 31.3.2008	2003-04	2002-03	2001-02	Not placed since 2000-01
2.	Goa State Commission for Backward Classes	1.4.2004 to 31.3.2009	2003-04	2002-03	2002-03	Not placed since 1998-99
3.	Goa University	1.4.2000 to 31.3.2005	2003-04	2002-03	2002-03	2001-02
4.	Goa Khadi & Village Industries Board	1.4.2003 to 31.3.2008	2003-04	2002-03	2001-02	2000-01
5.	Goa Housing Board	1.4.2002 to 31.3.2007	2003-04	2003-04	2002-03	2001-02

1.7.2 Misappropriation and defalcations

State Government reported 22 cases involving Rs.77.96 lakh on account of misappropriation and defalcations of Government money till 2003-04 on which final action was pending at the end of June 2004. The department-wise, year-wise and category-wise break-up of pending cases is given in the **Appendix 1.7 & 1.8.**

1.7.3 Write off of losses

During the year 2003-04, losses due to theft, irrecoverable revenue etc. amounting to Rs.4.11 lakh in 147 cases were written off by competent authorities. The department-wise details of write off are given in **Appendix 1.9.**

1.8 Assets & Liabilities

Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of the Finance Accounts, show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Appendix 1.1** presents an abstract of such liabilities and the assets as on 31 March 2004, compared with the corresponding position on 31 March 2003. While the liabilities in this Statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government.

The ratio of assets to liabilities of the State declined from 0.83 in 1999-2000 to 0.73 in 2003-04. It indicated that *27 per cent* of liabilities are without an asset back up. The liabilities of Government of Goa depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving/retired Government employees. **Appendix 1.4** depicts the Time Series Data on State Government Finances for the period 1999-2004.

1.8.1 Incomplete projects

As on 31 March 2004, there were 17 incomplete projects in which Rs.466.93 crore were blocked. The major projects involved were (i) Tillari Irrigation Projects (Rs. 408.16 crore); (ii) Augmentation of Opa water supply scheme (Rs.39.12 crore); (iii) Improvement of Accident prone zone of National Highway (Rs.1.83 crore);(vi) Special repair for improvement of riding quality of National Highway (Rs.1.31 crore) and (v) Construction, repairs and strengthening of various roads of Village Panchayats in South Goa (Rs.10.18 crore). Blockage of funds resulted in investment of own as well as borrowed funds without any return.

1.8.2 Investments and returns

As on 31 March 2004, the Government had invested Rs.202.93 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. The Government's return on this investment was meagre (less than one *per cent*) as indicated in table 15 below. Of this, one statutory corporation and eight Government companies with capital employed^β amounting to Rs.499.45 crore upto 2003-2004, were incurring losses and their accumulated losses amounted to Rs.157.63 crore as per the latest accounts furnished by these companies (*Appendix 7.2*).

Table 15: Return on Investment

(Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
1999-2000	132.06	0.33	0.25	8.92
2000-2001	133.51	0.25	0.19	9.07
2001-2002	182.12	0.44	0.24	9.47
2002-2003	189.81	0.19	0.10	9.25
2003-2004	202.93	0.03	0.01	9.01

1.8.3 Loans and advances by the State Government

In addition to its investment, the Government has also been providing loans and advances to many bodies. Total outstanding balance of the loans advanced was Rs.47.78 crore as on 31 March 2004 (Table 16). Overall interest received against these advances declined from 4.76 *per cent* in 1999-2000 to 3.45 *per cent* during 2003-2004.

Table 16: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	1999-00	2000-01	2001-02	2002-03	2003-04
Opening Balance	32.43	35.23	39.30	38.90	44.50
Amount advanced during the year	7.91	15.43	5.85	12.20	9.83
Amount repaid during the year	5.11	11.36	6.25	6.60	6.55
Closing Balance	35.23	39.30	38.90	44.50	47.78
Net Addition (+) / Reduction (-)	(+) 2.80	(+) 4.07	(-) 0.40	(+) 5.60	(+) 3.28
Interest Received (Rupees in crore)	1.61	1.86	1.47	1.70	1.65
Interest received as <i>per cent</i> to outstanding Loans and advances	4.76	4.99	3.76	4.08	3.45
Average rate of interest paid by the State	8.92	9.07	9.47	9.25	9.01
Difference between interest paid and received	(-) 4.16	(-) 4.08	(-) 5.71	(-) 5.17	(-) 5.56

^β Capital employed represents the average of the aggregate of the opening and closing balances of paid up capital, bonds and debentures, reserves and surplus, borrowings (including refinance) and deposits.

1.8.4 Commercial activities

Lack of accountability for use of public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by certain departmental undertakings of the Government. These undertakings prepare *proforma* annual accounts in the prescribed format showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in the Government are to ensure that the undertakings, which are funded through budgetary release, prepare the accounts in time and submit the same to the Accountant General for audit.

As of March 2004, there were two departmental undertakings with the Government of Goa. Rupees 311.23 crore had been invested by the State Government in these two undertakings at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as follows:

Table 17

Department	No. of undertakings under the department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Inland Water Transport	1	River Navigation Department	2000-01	64.24
Power	1	Chief Electrical Engineer	2001-02	246.99
Total				311.23

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. The State had a WMA limit of Rs.50 crore. During the year, the State Government used this mechanism for 249 days as against 259 days in the previous year besides resorting to borrowings of Rs.240 crore from the market. States also resort to overdraft over and above the WMA limits for meeting resources mismatch. The State Government availed of overdraft facilities on 21 occasions for 21 days during the year for Rs.112.92 crore as against Rs.137.80 crore in the previous year. Out of the overdraft, Rs. 12.15 crore was outstanding at the end of March 2004 as against Rs.33.59 crore at the end of the previous year. The amount availed under WMA decreased by Rs.82.47 crore as compared to the previous year.

Table 18: Ways and Means and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Ways and Means Advances					
Taken in the Year	29.78	243.25	309.87	619.21	536.74
Outstanding	-	9.35	28.25	53.41	53.61
Interest Paid	0.09	0.55	0.78	2.18	1.34
Overdraft					
Taken in the Year	43.28	25.44	128.10	137.80	112.92
Outstanding	-	-	11.04	33.59	12.15
Interest Paid	0.07	0.09	0.17	0.19	0.23
No. of Days State was in Overdraft	22	16	36	34	21

1.8.6 Undischarged Liabilities

Fiscal liabilities – public debt

The Constitution of India provides that a State may borrow within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by an act of Legislature. However, the State Government had not passed any law to limit its borrowings. Statement 4 read with Statements 16 and 17 of the Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-2004. This included Rs.409.35 crore being loan given by GOI to the erstwhile Union Territory of Goa, Daman and Diu. These liabilities as ratio to GSDP marginally decreased from 33.5 *per cent* in 2002-03 to 33.16 *per cent* in 2003-2004 and stood at 2.34 times of its revenue receipts and 2.64 times of its own resources comprising its own tax and non-tax revenue.

Table 19 below gives the fiscal Liabilities of the State, its rate of growth, the ratios of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities.

Table 19: Fiscal Imbalances–Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Fiscal Liabilities (Rs. in crore)	2144	2531	2979	3335	3793
Rate of growth (<i>in per cent</i>)	15.95	18.05	17.7	11.95	13.73
Ratio of Fiscal Liabilities to					
GSDP (<i>in per cent</i>)	31.8	32.6	33.4	33.5	33.2
Revenue Receipts (<i>in per cent</i>)	174.6	170.7	159.0	181.9	233.7
Own Resources (<i>in per cent</i>)	196.3	193.1	174.7	203.2	264.3
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	1.44	1.20	1.18	1.04	0.92
Revenue Receipts (ratio)	2.26	0.87	0.67	(-) 5.6	-1.2
Own Resources (ratio)	1.92	0.9	0.59	(-) 3.18	-1.09

The Goa State Infrastructure Development Corporation (GSIDC) was formed by the State Government to finance as well as to undertake various developmental and infrastructure projects in the State. The Corporation raises

funds from the market mainly from banks and financial institutions. The State Government not only guarantees the loans but also repays the Corporation in instalments by way of annuity payments. These borrowings do not feature either in the budget or the State Government Accounts. Concerns have been expressed over these “Off budget borrowings” in the previous Audit Report (Para 1.8.6 (ii) of the C & AG’s Report 2002-03).

During this year also the GSIDC raised loans of Rs. 91.44 crore for financing various projects of the State Government and its outstanding borrowings as on 31 March 2004 were Rs.151.04 crore. Had the outstanding borrowings of Rs.151 crore of GSIDC been taken into account, the fiscal liabilities of the State would have been Rs.3944 crore. The percentage increase in fiscal liabilities including the above borrowings over the previous year would be 18.41.

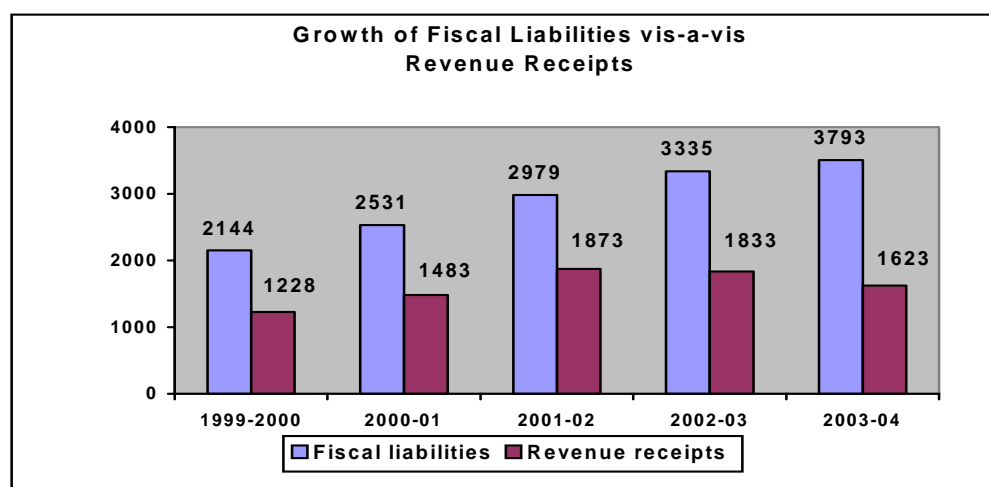
1.8.7 Guarantees

In addition to these liabilities, the Government had guaranteed loans to its various Corporations and others, which in 2003-04 stood at Rs.628.20 crore. As per article 293(1) of the Constitution, the Government may give guarantees within such limits as may be fixed by State Legislature. The State Legislature in September 2001, fixed a ceiling limit of Rs.700 crore for the purpose. The guarantees are in the nature of contingent liabilities of the State, in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities are more than two times of the revenue receipts of the State.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 20.

Table 20: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Weighted Interest Rate	8.92	9.07	9.47	9.25	9.01
GSDP Growth	11.08	15.01	15.00	11.45	14.99
Interest spread	2.16	5.94	5.53	2.20	5.98



Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted

liabilities and interest. Table 21 below gives the position of the receipts and repayments of internal debt over the last 5 years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments showed wide inter year variations and declined to six *per cent* in 2002-03. However the position improved in 2003-04 as net availability of funds increased from six *per cent* from 2002-03 to 23 *per cent* in 2003-04.

Table 21: Net Availability of Borrowed Funds (Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Internal Debt*					
Receipts	97	127	126	181	273
Repayments (Principal + Interest)	44	83	126	197	202
Net Funds Available	53	44	-	(-) 16	71
Net Funds Available (<i>per cent</i>)	55	35	-	-	26
Loans and Advances from Government of India					
Receipts	131	210	241	269	519
Repayments (Principal + Interest)	126	136	145	226	409
Net Funds Available	5	74	96	43	110
Net Funds Available (<i>per cent</i>)	4	35	40	16	21
Total					
Receipts	228	337	367	450	792
Repayments (Principal + Interest)	170	219	271	423	611
Net Funds Available	58	118	96	27	181
Net Funds Available (<i>per cent</i>)	25	35	26	6	23

* Internal debt excluding ways and means advances

Out of loans and advances of Rs.409 crore repaid during 2003-04, repayment of Rs.262.43 crore (Rs.172.99 crore towards small savings collections and Rs.89.44 crore towards Block Loans) was to be carried out under Debt Swap Scheme. Out of Rs.262.43 crore to be repaid under debt swap scheme, an amount of Rs.255.51 crore was paid leaving a balance of Rs.6.92 crore. Similarly under Modernisation of Police Force as against Rs.0.38 crore shown as repaid towards principal, the actual amount paid was only Rs.0.17 crore as interest component of Rs.0.21 crore was wrongly classified under principal amount.

The State Government raised market loans of Rs.240 crore during 2003-04 with an average rate of interest of 6.82 *per cent* whereas the State Government borrowed Rs.457.84 crore from National Small Saving Fund at the rate 10.5 *per annum*. As on 31 March 2004, 44 *per cent* of the existing market loans of the State Government carried the interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans was much higher than the rate at which they were able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 27 *per cent* of the total market loans are repayable within the next five years while the remaining 73 *per cent* loans are required to be repaid after 5 to 10 years.

1.9 Management of deficits

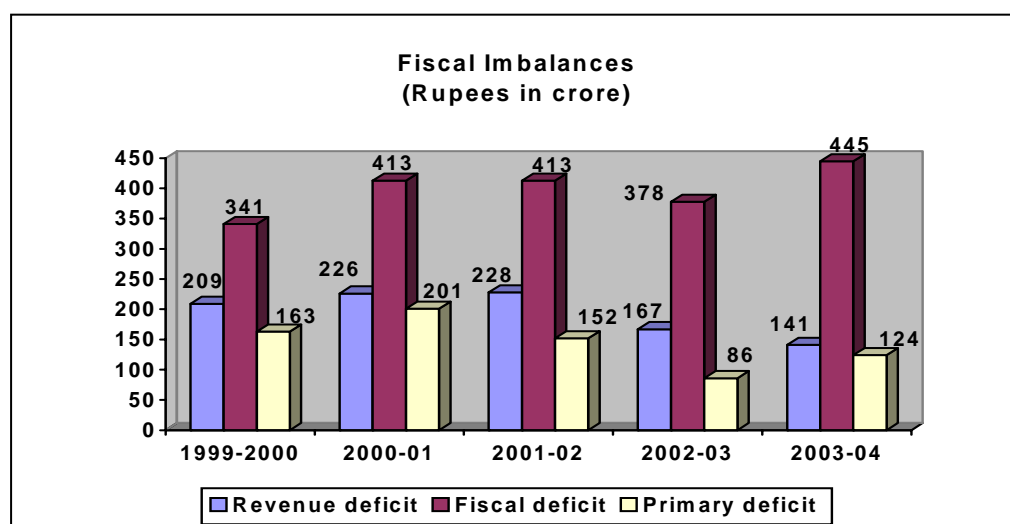
1.9.1 Fiscal imbalances

The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health.

The revenue deficit (Statement-1 of the Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.209 crore in 1999-2000 to Rs.228 crore in 2001-2002 and declined from Rs.167 crore in 2002-03 to 141 crore in 2003-04. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap increased from Rs.341 crore in 1999-2000 to Rs. 445 crore in 2003-04. This however, does not take into account the expenditure of Rs.43.95 crore incurred by the Goa State Infrastructure Development Corporation on behalf of Government of Goa including the expenditure of Rs.2.21 crore on International Film Festival of India. Had this been taken into account fiscal deficit would have been Rs.489 crore. The State's primary deficit which increased from Rs.163 crore in 1999-2000 to Rs.201 crore in 2000-01 declined to Rs.86 crore in 2002-03. However in 2003-04, it again increased to Rs. 124 crore.

Table 22: Fiscal Imbalances – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04
Revenue deficit (Rs. in crore)	209	226	228	167	141
Fiscal deficit (Rs. in crore)	341	413	413	378	445
Primary Deficit (Rs. in crore)	163	201	152	86	124
RD/GSDP (<i>in per cent</i>)	3.10	2.91	2.55	1.68	1.23
FD/GSDP (<i>in per cent</i>)	5.05	5.32	4.63	3.80	3.89
PD/GSDP (<i>in per cent</i>)	2.42	2.59	1.70	0.86	1.08
RD/FD (<i>in per cent</i>)	61.29	54.72	55.21	44.18	31.69



The ratio of revenue deficit to fiscal deficit was between 55 and 61 *per cent* during 1999-2002 and it came down to 44 *per cent* in 2002-03 and 31.69 *per cent* in 2003-04. As proportion to GSDP, revenue deficit had decreased to 1.23 *per cent* in 2003-04 from 1.68 *per cent* in 2002-03 and fiscal deficit increased to 3.89 *per cent* compared with previous year's fiscal deficit of 3.80 *per cent*.

1.10 Fiscal Ratios

The finances of a State should be sustainable and flexible. Table 23 below presents a summarized position of Government finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Various ratios concerning the expenditure management of the State indicate the quality of its expenditure and the sustainability of these in relation to its resource mobilization. The ratio of revenue expenditure to total expenditure during the current year was 85 *per cent* against 90 *per cent* in 2002-03. The ratio of both capital expenditure and developmental expenditure to total expenditure which declined in 2001-2002 as compared to earlier years has shown increase in 2002-03 and 2003-04.

Table 23: Ratios of Fiscal Efficiency

(in per cent)

Fiscal Ratios	1999- 2k	2000-01	2001-02	2002-03	2003-04
Resources Mobilization					
Revenue Receipts/GSDP	18.20	19.11	20.99	18.43	14.19
Revenue Buoyancy (ratio)	0.64	1.38	1.75	-0.18	-0.76
Own Tax/GSDP	6.79	6.64	6.38	6.05	6.21
Expenditure Management					
Total Expenditure/GSDP	23.33	24.57	25.68	22.30	18.14
Revenue Receipts/ Total Expenditure	78.02	77.77	81.68	82.64	78.22
Revenue Expenditure/Total Exp.	91.30	89.62	91.67	90.17	85.01
Capital Expenditure/ Total exp	8.24	9.67	8.09	9.34	14.58
Developmental Expenditure/ Total Expenditure (RE+CE)	60.47	58.83	52.45	58.02	70.46
Buoyancy of TE with RR	1.51	1.02	0.77	1.55	0.56
Buoyancy of RE with RR	1.64	0.91	0.87	2.31	1.03
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	209	226	228	167	141
Fiscal deficit (Rs in crore)	341	413	413	378	445
Primary Deficit (Rs in crore)	163	201	152	86	124
Revenue Deficit/Fiscal Deficit	61.29	54.72	55.21	44.18	31.69
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	31.8	32.6	33.4	33.5	33.2
Fiscal Liabilities/RR	174.6	170.7	159.0	181.9	233.7
Buoyancy of FL with RR	2.26	0.87	0.67	(-) 5.6	(-) 1.2
Buoyancy of FL with OR	1.92	0.9	0.59	(-) 3.18	(-) 1.09
Interest Spread	2.16	5.94	5.52	2.20	5.98
Net Funds Available	25	35	26	6	23
Other Fiscal Health Indicators					
Return on Investment (Percentage)	0.25	0.19	0.24	0.1	0.01
BCR (Rs in crore)	(-) 116.22	(-) 128.44	(-)88.24	(-)18.48	(+)109.65
Financial Assets/Liabilities	0.83	0.76	0.63	0.74	0.73

Reduction in revenue receipts, non-plan revenue expenditure and revenue deficit were due to stoppage of lottery business in Goa. Tax Revenues did increase during the year over the previous year. However, borrowings as well as total liabilities increased. Consequently net funds available for development expenditure also increased.

The Debt/GSDP ratio increased over a period of five years from 31.8 in 1999-2000 to 33.2 in 2003-04. If the borrowings of GSIDC are taken into account, the ratio would be varying from 31.8 in 1999-2000 to 34.58 in 2003-04. Further, due to increase in borrowings the fiscal deficit also increased from Rs. 341 crore to Rs. 445 crore. If the expenditure incurred by GSIDC on Government of Goa projects were considered, the fiscal deficit would increase to Rs. 489 crore. These are the matters of concern which need to be addressed.