

CHAPTER 2
FINANCES OF THE STATE

Chapter 2: Finances of the State

Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2015-16 to 2019-20, debt sustainability of the State and key Public Account transactions, based on the finance accounts of the State and the information provided by the State Government.

2.1 Major Changes in Key Fiscal Aggregates

A summary of the State Government's fiscal transactions during 2019-20 *vis-à-vis* previous four years (2015-19) is presented in **Table 2.1**.

Appendix 2.1 shows the abstract of receipts and disbursements of the State Government's during 2019-20 *vis-à-vis* the previous year while **Appendix 2.2** presents the time series data on the State Government finances for the five-year period from 2015-16 to 2019-20.

Table 2.1: Summary of fiscal transactions during 2015-20

Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue receipts	8552	9565	11054	11438	11297
Tax revenue	3975	4261	4731	4871	4700
Non-tax revenue	2432	2712	3033	2874	2737
Share of Union Taxes/Duties	1924	2299	2544	2878	2480
Grants from Government of India	221	293	745	815	1380
Capital Receipts	1857	1528	2013	2534	2704
Miscellaneous Capital Receipts	-	-	-	-	-
Recoveries of Loans and Advances	10	9	7	5	4
Public debt receipts*	1847	1519	2006	2529	2700
Appropriation to Contingency Fund	130	-	-	-	-
Public Account Receipts	10941	11128	13377	13684	12736
Opening Cash Balance					
a) Earmarked Balances	634	671	762	847	954
b) Cash balance	158	96	220	149	351
Total	22273	22987	27426	28652	28042

(₹ in crore)

Disbursements	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue expenditure	8420	8866	10543	11083	11622
General services	2560	2872	3517	3793	3942
Social services	2191	2266	2732	2646	2739
Economic services	2472	2403	2659	2869	3137
Grants-in-aid and Contributions	1197	1325	1635	1775	1804
Capital Outlay	1622	1639	2094	2149	1660
General services	271	204	409	515	300
Social services	343	432	654	763	587
Economic services	1008	1003	1031	871	773
Loans and Advances disbursed	3	3	34	3	13
Repayment of Public Debt*	439	468	790	920	1025
Appropriation from Contingency Fund	130	-	-	2	(-)1
Public Account Disbursements	10893	11029	12969	13189	12237
Closing Cash Balance					
a) Earmarked Balances	671	763	848	954	1031
b) Cash balance	96	220	148	352	455
Total	22273	22987	27426	28652	28042

(Source: Finance accounts of the State)

*Excluding net transactions under ways and means advances and overdrafts

Changes in key fiscal aggregates in 2019-20 compared to 2018-19

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State decreased by 1.23 per cent. ➤ Own tax receipts of the State decreased by 3.51 per cent. ➤ Own non-tax receipts decreased by 4.77 per cent. ➤ State's share of Union taxes and duties decreased by 13.83 per cent. ➤ Grants-in-aid from Government of India increased by 69.33 per cent.
Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue expenditure increased by 4.86 per cent. ➤ Revenue expenditure on General Services increased by 3.93 per cent. ➤ Revenue expenditure on Social Services increased by 3.51 per cent. ➤ Revenue expenditure on Economic Services increased by 9.34 per cent. ➤ Expenditure on grants-in-aid increased by 1.63 per cent.

Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital expenditure decreased by 22.75 per cent. ➤ Capital expenditure on General Services decreased by 41.75 per cent. ➤ Capital expenditure on Social Services decreased by 23.07 per cent. ➤ Capital expenditure on Economic Services decreased by 11.25 per cent.
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of loans and advances increased by ₹ 10 crore during 2019-20 compared to previous year. ➤ Recoveries of loans and advances decreased by 20 per cent.
Public Debt	<ul style="list-style-type: none"> ➤ Public debt receipts increased by 6.76 per cent. ➤ Repayment of public debt increased by 11.41 per cent.
Public Account	<ul style="list-style-type: none"> ➤ Public account receipts decreased by 6.93 per cent. ➤ Disbursement of public account decreased by 7.22 per cent.
Cash Balance	<ul style="list-style-type: none"> ➤ Cash balance increased by ₹ 179 crore (13.71 per cent) during 2019-20 compared to previous year.

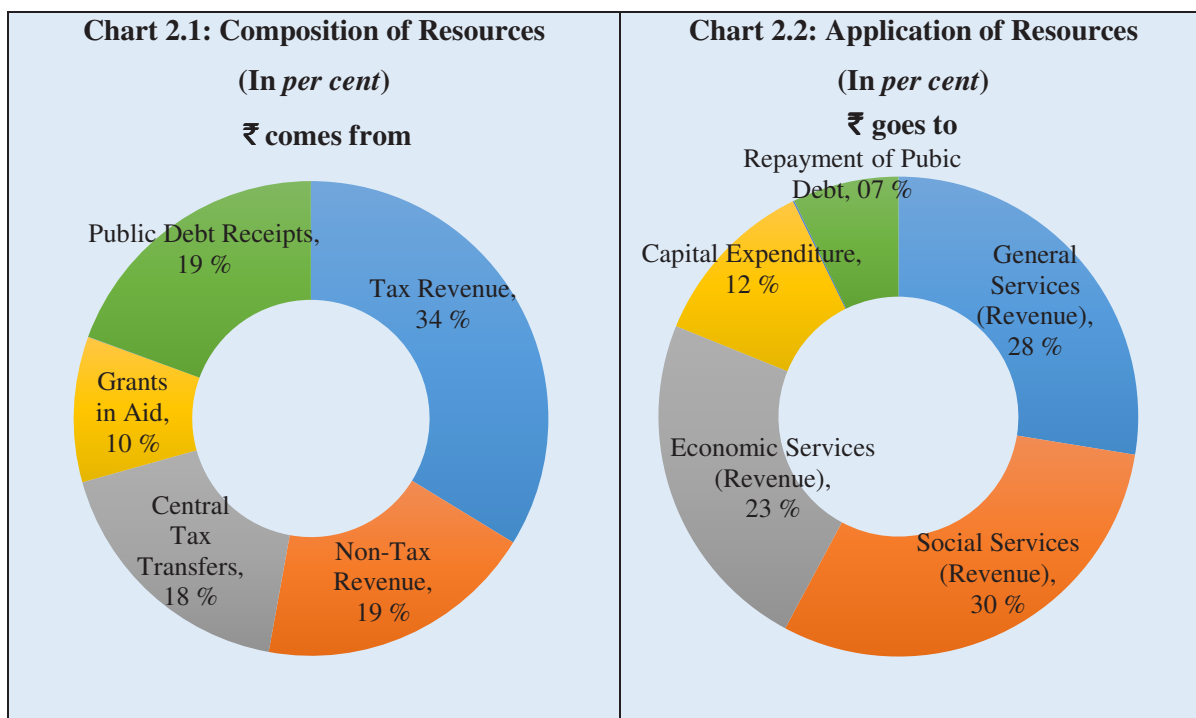
2.2 Sources and Application of Funds

Table 2.2 compares the figures of sources and application of funds of the State during 2019-20 with 2018-19, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2019-20 in percentage.

Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20

		(₹ in crore)		
	Particulars	2018-19	2019-20	Increase/ Decrease
Sources	Opening Cash Balance with RBI	997	1305	308
	Revenue Receipts	11438	11297	(-)141
	Miscellaneous Capital Receipts	-	-	-
	Recoveries of Loans and Advances	05	04	(-)1
	Public Debt Receipts (Net)	1609	1675	66
	Public Account Receipts (Net)	495	499	4
	Total	14543	14780	236
Application	Revenue Expenditure	11083	11622	539
	Capital Expenditure	2149	1660	(-)489
	Disbursement of Loans and Advances	03	13	10
	Closing Cash Balance with RBI	1306	1485	179
	Expenditure from contingency fund (un-recouped)	2	(-)1	(-)3
	Total	14543	14780	236

(Source: Finance accounts of the State)



(Source: Finance accounts of the State)

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

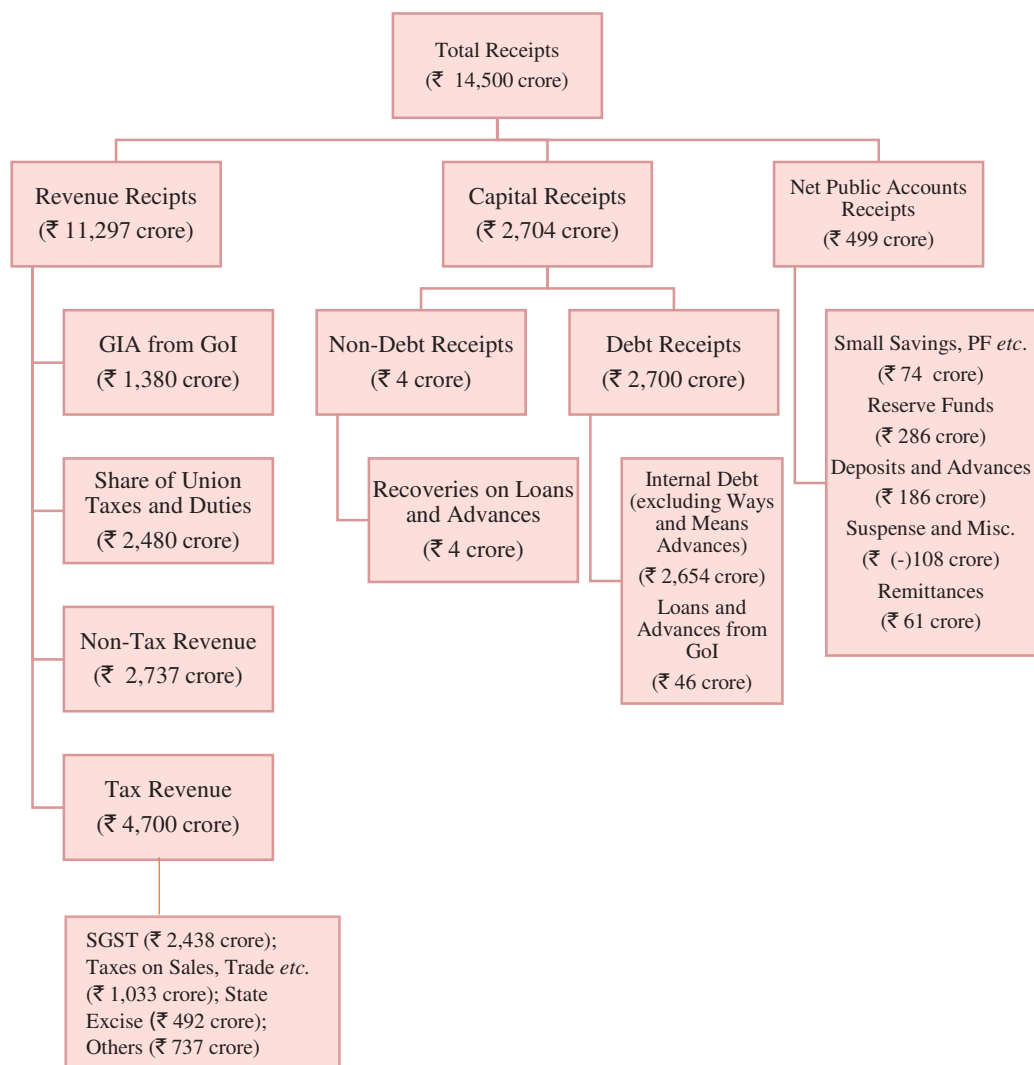
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the State

Revenue receipts and capital receipts are the two streams of receipts that constitute the resources of the State Government. Besides, the funds available in the Public Account after disbursements are also utilised by the Government to finance its deficit.

Chart 2.3: Components and sub-components of financial resources during 2019-20



(Source: Finance accounts of the State)

2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the Government of India and State's own receipts.

2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2015-20. Further, trends in revenue receipts relative to GSDP and composition of revenue receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trend in Revenue Receipts

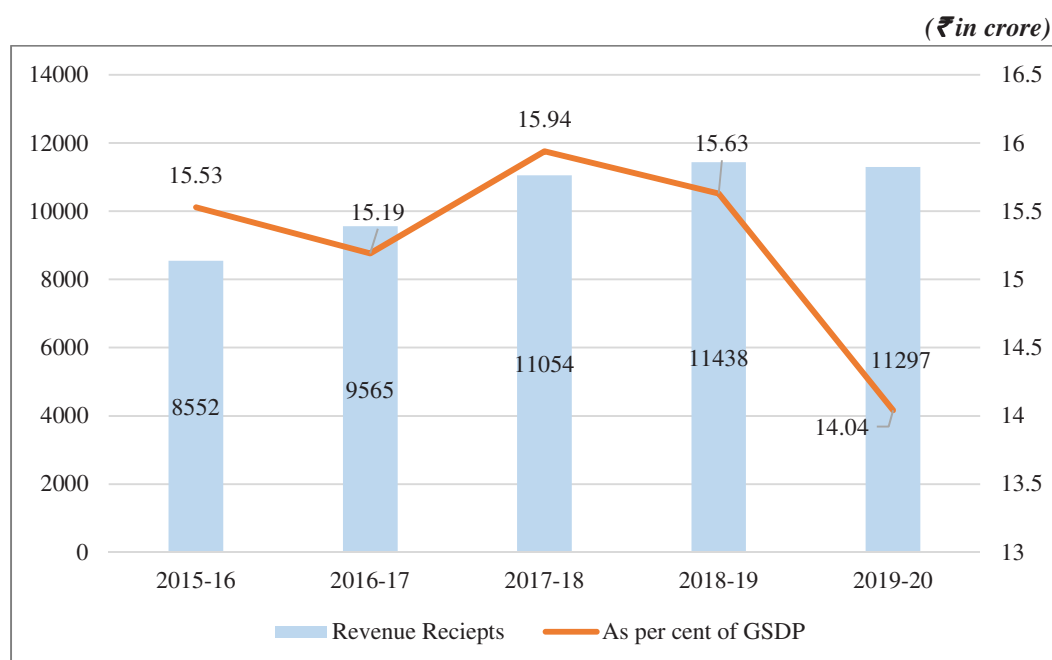
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR)	8552	9565	11054	11438	11297
Rate of growth of RR (<i>per cent</i>)	11.22	11.84	15.56	3.48	(-)1.23
Tax Revenue	3975	4261	4731	4871	4700
Non-Tax Revenue	2432	2712	3033	2874	2737
State's Own Resources	6407	6973	7764	7745	7437
Rate of growth of State's Own Resources (<i>per cent</i>)	2.97	8.83	11.34	(-)0.24	(-)3.98
GSDP	55054	62976	69352	73170	80449
Rate of growth of GSDP (<i>per cent</i>)	15.14	14.39	10.12	5.51	9.95
RR/GSDP (<i>per cent</i>)	15.53	15.19	15.94	15.63	14.04
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	0.74	0.82	1.54	0.63	(-)0.12
State's Own Resources Buoyancy w.r.t. GSDP	0.20	0.61	1.12	(-)0.04	(-)0.40

(Source: Finance accounts of the State)

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

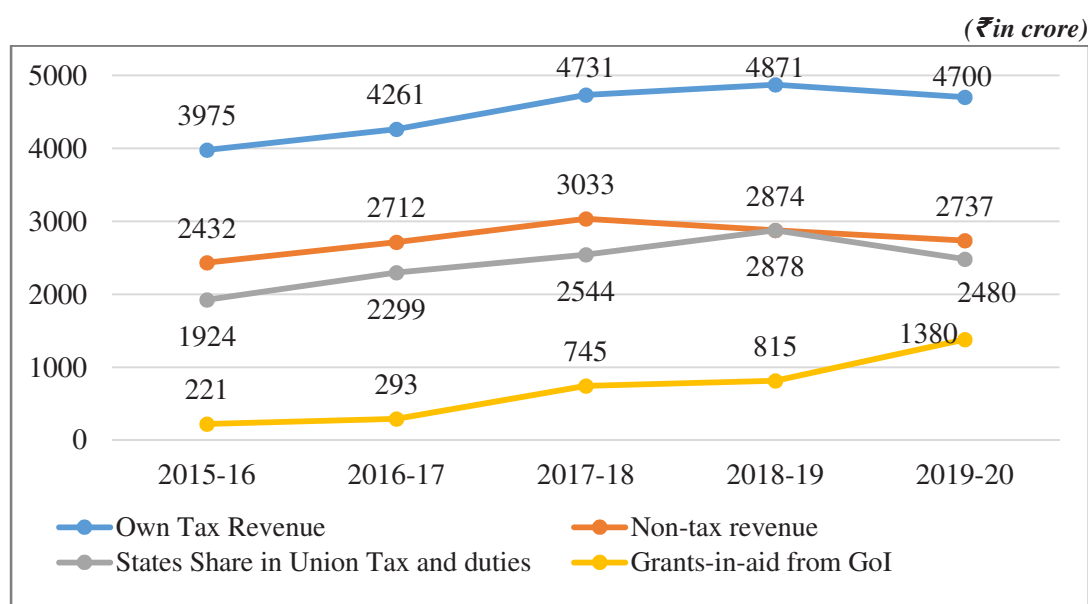
¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one *per cent*.

Chart 2.4: Trend of Revenue Receipts relative to GSDP



(Source: Finance accounts of the State)

Chart 2.5: Trend of components of Revenue Receipts



(Source: Finance accounts of the State)

General trends of revenue receipts of the State were as follows:

- Revenue receipts increased by 32.10 per cent from ₹ 8,552 crore in 2015-16 to ₹ 11,297 crore in 2019-20. During 2019-20, revenue receipts decreased by ₹ 141 crore (1.23 per cent) over the previous year. The State's own tax revenue decreased by ₹ 171 crore (3.51 per cent), non-tax revenue by ₹ 137 crore (4.77 per cent) and State's share of union taxes by ₹ 398 crore (13.83 per cent), offset by increase in grants from GoI by ₹ 565 crore (69.33 per cent).

- The rate of growth of revenue receipts declined substantially from 15.56 *per cent* in 2017-18 to a negative of 1.23 *per cent* in 2019-20.
- The combined revenue receipts for the months of August 2019 (₹ 1,247 crore), December 2019 (₹ 1,093 crore) and March 2020 (₹ 1,105 crore) contributed 30 *per cent* of the revenue receipts of the entire year.
- During 2019-20, revenue receipts to the extent of 65.83 *per cent* came from the State's own resources² while central tax transfers and grants-in-aid together contributed 34.17 *per cent*. The State's own resources showed a negative growth during the past two years (2018-20). Decline in growth of State's own resources during 2019-20 over 2018-19 was mainly due to less collections under 'Fee towards Casino Operations' (₹ 180.06 crore), Goa Tax on Infrastructure Act, 2009 (₹ 25.20 crore) and fees, rent and royalties (₹ 20.26 crore).
- Ratio of revenue receipts to GSDP decreased from 15.63 *per cent* in 2018-19 to 14.04 *per cent* in 2019-20.
- There were wide fluctuations in the revenue buoyancy and own revenue buoyancy to GSDP. During 2019-20, buoyancy ratios of State's revenue receipts and own resources to GSDP were negative, indicating that revenue receipts grew at a much slower pace than GSDP.
- During 2010-11 to 2018-19 the CAGR of revenue receipts at 9.73 *per cent* was lower than 13.65 *per cent* registered by the General Category States (GCS). The rate of growth of revenue receipts in the State was negative (- 1.23 *per cent*) during 2019-20 compared to previous year while it was 2.08 *per cent* for GCS (**Appendix 1.1**).

2.3.2.2 State's Own Resources

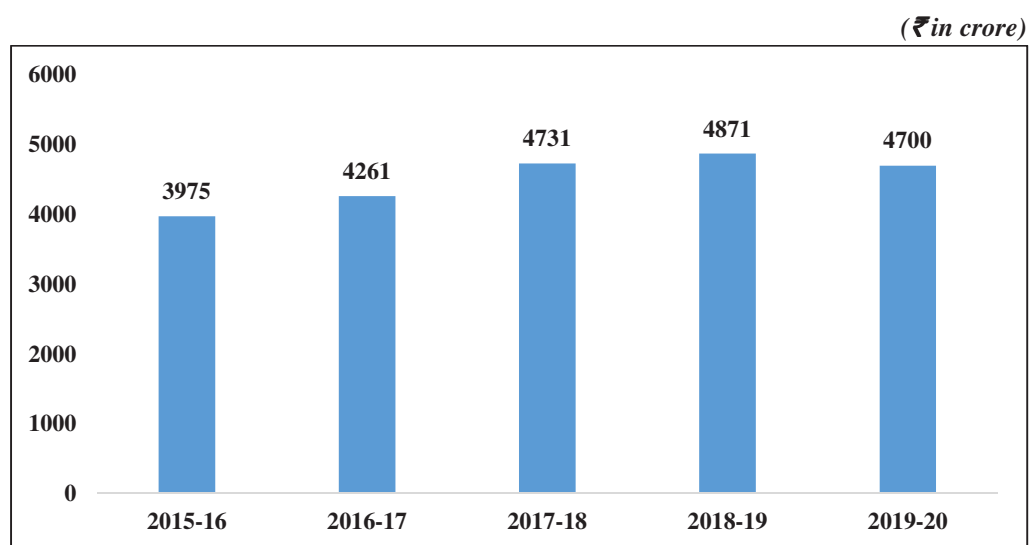
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central Government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

Own Tax Revenue

The own tax revenues of the State consist of taxes such as State GST, Sales tax, State excise, taxes on vehicles, stamp duty and registration fees, land revenue, taxes on goods and passengers, *etc.*

² Own tax revenue and non-tax revenue

Chart 2.6: Growth of Own Tax Revenue during 2015-20



(Source: Finance accounts of the State)

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Revenue head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
State Goods and Services Tax (SGST)	<i>Not applicable</i>		1464	2529	2438	
Taxes on sales, trades etc.	2116	2438	1622	1013	1033	
State excise	319	321	410	478	492	
Taxes on vehicles	196	244	314	299	269	
Stamp duty and Registration fees	525	365	529	432	393	
Land revenue	24	39	42	67	37	
Taxes on goods and passengers	464	454	210	30	32	
Other taxes	331	400	140	23	6	
Total	3975	4261	4730	4871	4700	

(Source: Finance accounts of the State)

The State's own tax revenue in 2019-20 decreased by ₹ 171 crore (3.51 per cent) over the previous year. The decrease was mainly due to less collections under SGST (₹ 91 crore), stamp duty and registration (₹ 39 crore) and land revenue (₹ 30 crore).

During the year 2019-20, major contributors of tax revenue were State Goods and Services Tax (51.87 per cent), taxes on sales, trades etc. (21.98 per cent) and State excise (10.47 per cent).

During 2010-11 to 2018-19, the CAGR of tax revenue (10.83 per cent) in the State was lower than the GCS (12.21 per cent). The growth rate of tax revenue in the State was negative (-3.51 per cent) during 2019-20 compared to previous year and was lower than GCS (2.12 per cent) (Appendix 1.1).

State Goods and Services Tax (SGST)

Goa implemented GST with effect from 01 July 2017. GST is levied on *intra-State* supply of goods or services (except alcohol for human consumption and five³ specified petroleum products) and its components are shared by the Centre (CGST) and the State (SGST). Further, Integrated GST (IGST) is levied and collected by the Central Government on *inter-State* supply of goods and services. The IGST so collected is apportioned between the Centre and the concerned State where the goods and services are consumed.

The GoI enacted the Goods and Services Tax (Compensation to States) Act, 2017 to compensate the States for the shortfall in revenue arising on account of implementation of GST, considering an annual growth of 14 *per cent* from the base year (2015-16), for a period of five years.

For the State of Goa, the audited base year (2015-16) revenue to be subsumed⁴ by the GST regime was fixed by GoI at ₹ 2,181.38 crore. Thus, the protected revenue for Goa worked out to ₹ 3,684 crore⁵ for the year 2019-20.

Against the protected revenue of ₹ 3,684 crore, the State Government earned a revenue of ₹ 2,438 crore⁶ during 2019-20 and therefore, was entitled to a compensation of ₹ 1,246 crore. The revenue earned was inclusive of ₹ 74 crore representing advance apportionment of unsettled IGST on *ad hoc* basis, in terms of Section 11(3) of GST Settlement of Funds Rules, 2017, which was subject to adjustment in 10 instalments in the next financial year *i.e.*, 2020-21 against the amount finally apportioned. GoI released compensation of ₹ 819 crore (excluding ₹ 227 crore pertaining to previous year) to the State in the form of grants-in-aid against its entitlement of ₹ 1,246 crore during the year.

As per Section 7 of the GST (Compensation to the States) Act 2017, actual GST revenue collected by the State is to be audited/certified by Comptroller and Auditor General of India for receiving compensation from the Central Government on account of loss of revenue arising out of implementation of GST.

The GoI's decision to provide Audit access to Pan-India data at GSTN premises was conveyed on 22 June 2020. The administrative action to implement the decision in Goa was taken in January 2021. The Accounts of Government of Goa for the year 2019-20 have, therefore, been certified on the

³ Petroleum crude, High speed diesel, Motor spirit (Petrol), Natural gas and aviation turbine fuel

⁴ Taxes that have been subsumed under GST are: Value Added Tax, Central Sales Tax, Entertainment Tax, Luxury Tax, Entry tax, Cesses & Surcharges, Duties on Excise on medicinal and toilet preparations excluding VAT and CST on alcohol for human consumption and five specified petroleum products.

⁵ Base year revenue of ₹ 2,181.38 crore escalated at compound rate of 14% annually for three years (2016-17 to 2019-20) worked out to ₹ 3,684 crore for 2019-20.

⁶ SGST collection by State: ₹ 1,484 crore; Provisional apportionment of IGST: ₹ 880 crore; Advance apportionment of IGST: ₹ 74 crore. Provisional apportionment and Advance apportionment of IGST are released by GoI

basis of test audit, as was being done when records were being maintained manually, pending full implementation of GoI's decision to provide Audit access to GSTN data.

Analysis of Arrears of Revenue

The arrears of revenue indicate delayed realisation of revenue which is due to the Government. This deprives the Government of potential revenue receipts and ultimately impact the revenue deficit.

The arrears of revenue as on 31 March 2020 amounted to ₹ 3,597.76 crore of which ₹ 1,398.50 crore was outstanding for more than three years. Of the total revenue arrears of ₹ 3,597.76 crore, ₹ 1,535 crore was under legal adjudication, thus, leaving arrears of ₹ 2,062.76 crore, which were yet to be recovered. The details are shown in **Table 2.5**.

Table 2.5: Revenue arrears as of 31 March 2020

Head of Revenue	Amount of arrears as on 31 March 2020	Arrears more than three years old	Cases pending in Court		Revenue arrears pending recovery	Amount of arrears as on 31 March 2016
			No.	Amount		
Commercial Taxes	1882.28	1089.54	749	27.50	1854.78	1297.67
State Excise	6.37	0.56	01	0.38	5.99	2.69
Taxes on vehicles	14.55	7.12	47	0.08	14.47	13.64
Chief Engineer – Water Resources Department						
i) Water Tax	29.38	0.90	194	0.10	29.28	3.83
ii) Water Charges	1516.24	258.81	12	1492.34	23.90	45.69
iii) Rent on shops	2.71	2.55	-	-	2.71	3.01
iv) Hire charges of machinery	0.33	0.33	-	-	0.33	0.33
Principal Chief Engineer - Public Works Department	136.87	36.82	3923	14.16	122.71	64.64
Chief Electrical Engineer Energy charges*	-	-	-	-	-	297.43
Agriculture	0.26	0.22	-	-	0.26	0.81
Printing & Stationery *	-	-	-	-	-	0.62
Tourism	1.18	0.54	5	0.26	0.92	0.91
Director General of Police	7.46	1.11	02	0.05	7.41	3.63
River Navigation Department Barge Tax	0.13	-	02	0.13	-	1.14
Collector, South Goa*	-	-	-	-	-	-
Land Tax Revenue recovery cases*	-	-	-	-	-	-
Total	3597.76	1398.50	4935	1535	2062.76	1736.04

(Source: Information received from Departments)

*Information not furnished by concerned Departments

The arrears of revenue increased by 107 per cent or more than twice from ₹ 1,736.04 crore in 2015-16 to ₹ 3,597.76 crore in 2019-20. This accounted

for 48.37 per cent of the State's own resources (₹ 7,437 crore) during the year. The State Government may ensure speedy recovery of huge arrears of revenue.

Evasion of Tax Detected by Department and Refund Cases

The cases of evasion of tax detected by the Excise & Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is also an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, etc.

As per information furnished by the Commercial Tax Department, one case of tax evasion was detected during the year. The assessment/investigation into the case was conducted and additional demand with penalty of ₹ 10.09 crore was raised during the year. At the end of year, there was no case of evasion of tax pending with the Department.

Pendency of Refund Cases

The refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20, as reported by the Departments are given in **Table 2.6**.

Table 2.6: Details of refund cases

(₹ in crore)

Sr. No.	Particulars	GST		Sales tax/VAT		State Excise ⁷	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	41	19.55	696	142.80	-	-
2.	Claims received during the year	581	233.34	590	80.81	-	-
3.	Refunds made during the year	356	175.57	522	90.67	-	-
4.	Refunds rejected during the year	137	34.49	01	0.01	-	-
5.	Balance outstanding at the end of year	129	42.83	763	132.93	-	-

(Source: Information furnished by Departments)

⁷ Information not furnished by the Department

Non-Tax Revenue

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc.

The main components of the State's non-tax revenue receipts during 2015-16 to 2019-20 are shown in **Table 2.7**.

Table 2.7: Components of State's non-tax revenue

						(₹ in crore)
Revenue head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
Interest receipts	18	20	27	24	63	
Other Administrative Services.	109	152	140	451	260	
Water Supply and sanitation	115	120	130	146	148	
Power	1709	1766	2119	1920	1960	
Non-Ferrous Mining and Metallurgical Industries	217	348	333	34	9	
Other Non-Tax receipts	264	306	284	299	297	
Total Non-Tax revenue	2432	2712	3033	2874	2737	

(Source: Finance accounts of the State)

Non-tax revenue accounted for 24 per cent to 28 per cent of the revenue receipts of the State during the five-year period (2015-20). The collections under non-tax revenue fell for the second consecutive year. During 2019-20, the non-tax revenue (₹ 2,737 crore) decreased by ₹ 137 crore (4.77 per cent), as compared to the previous year mainly due to significant decrease in collections under 'Other Administrative services' (₹ 191 crore), urban development (₹ 37 crore), 'Non-ferrous Mining and Metallurgical Industries' (₹ 26 crore) and 'Miscellaneous General Services' (₹ 12 crore). This was partially offset by increase in receipts under 'Power' (₹ 41 crore).

During 2010-11 to 2018-19, the CAGR of non-tax revenue (three per cent) in the State was lower than the GCS (11.19 per cent). The growth rate of non-tax revenue in the State was negative (-4.77 per cent) during 2019-20 compared to previous year while the growth rate in GCS was substantially higher at 23.44 per cent (**Appendix 1.1**).

2.3.2.3 Transfers from the Centre

Transfers from Central Government are mainly dependent on the Finance Commission recommendation. The trend of Central transfers for 10 years covering the periods of FC XIII and FC XIV is shown in **Table 2.8**.

Table 2.8: Transfers from Centre during last 10 years

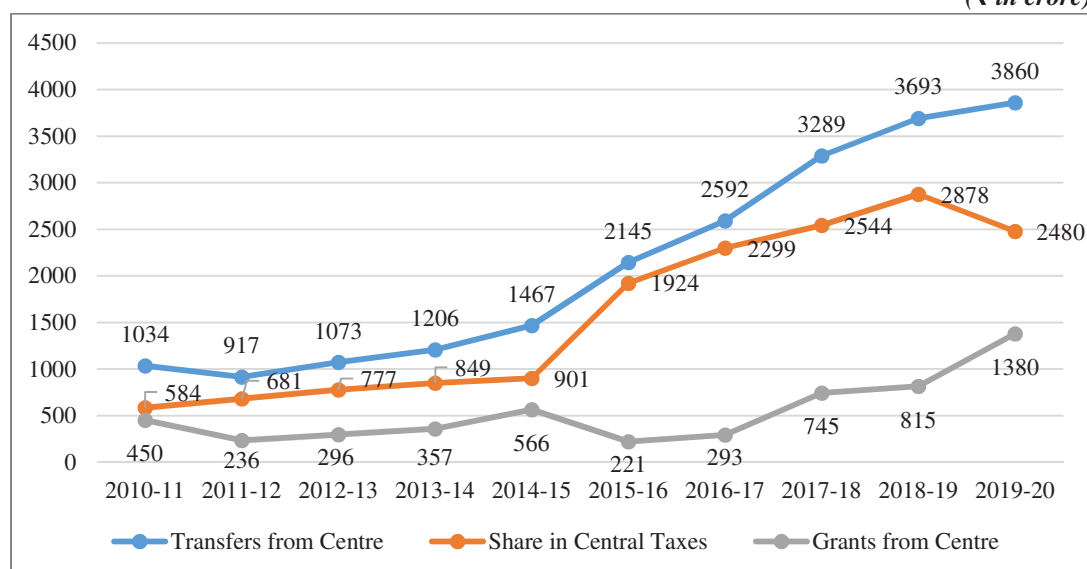
(*₹ in crore*)

Year	State's share in Central Taxes	Grant from Centre	Transfers from Centre
1	2	3	4=(2+3)
2010-11	584	450	1034
2011-12	681	236	917
2012-13	777	296	1073
2013-14	849	357	1206
2014-15	901	566	1467
2015-16	1924	221	2145
2016-17	2299	293	2592
2017-18	2544	745	3289
2018-19	2878	815	3693
2019-20	2480	1380	3860
Total	15917	5359	21276

(Source: Finance accounts of the State)

Transfers from the Centre increased from ₹ 1,034 crore in 2010-11 to ₹ 3,860 crore in 2019-20. The State's share in Central taxes decreased by ₹ 398 crore while grants from the Centre increased by ₹ 565 crore in 2019-20 over the previous year.

Chart 2.7: Trend in transfers from Centre

(*₹ in crore*)

(Source: Finance accounts of the State)

Central Tax Transfers

FC XIV recommended an increase in the share of the States in Central taxes from 32 per cent (recommended by FC XIII) to 42 per cent. The State's share in the net proceeds of Central tax and service tax was fixed at 0.378 per cent and 0.379 per cent respectively. The components of State's share of Union taxes and duties from GoI during the period 2015-16 to 2019-20 is given in **Table 2.9**.

Table 2.9: Transfer of different components of State's share of Union taxes during 2015-20

Components	2015-16	2016-17	2017-18	2018-19	2019-20
	(₹ in crore)				
Central Goods and Services Tax (CGST)	Not Applicable		351	767	704
Integrated Goods and Services Tax (IGST)	Not Applicable		257	-	-
Corporation tax	610	739	780	1001	845
Taxes on income other than corporation tax	427	513	658	737	663
Other taxes on Income and Expenditure	-	-	-	05	-
Taxes on wealth	0.10	02	(-)0.02	0.37	0.04
Customs	307	318	188	204	157
Union Excise duties	253	363	194	136	109
Service tax	326	364	116	26	-
Others taxes and duties on commodities and services	0.98	0.01	-	02	02
Total share of net proceeds of tax	1924	2299	2544	2878	2480
Percentage increase over previous year	113.54	19.49	10.66	13.13	(-)13.83
Central tax transfers as percentage of revenue receipts	22.50	24.03	23.02	25.16	21.95

(Source: Finance accounts of the State)

Over the five-year period, Central Tax Transfers increased by 29 per cent from ₹ 1,924 crore in 2015-16 to ₹ 2,480 crore in 2019-20. In 2019-20, the State Government's share of Union taxes and duties decreased by ₹ 398 crore over the previous year and constituted 22 per cent of the State's revenue receipts.

The decreased receipts can be attributed to less allocation under corporation tax by ₹ 155 crore (16 per cent), taxes on income other than corporation tax by ₹ 75 crore (10 per cent) and customs by ₹ 47 crore (23 per cent).

Grants-in-aid from GoI

Grants-in-aid (GIA) received by the State Government from GoI during 2015-20 are detailed in **Table 2.10**.

Table 2.10: Grants-in-aid from GoI

(₹ in crore)					
Head	2015-16	2016-17	2017-18	2018-19	2019-20
Grants for State Plan Schemes	45	91	20	02	-
Non-Plan Grants	21	17	66	68	169
Grants for Central Plan Schemes	28	26	24	17	25
Grants for Centrally Sponsored Schemes	127	159	277	252	367
Other transfers/Grants to States/Union Territories with Legislature	Not applicable		358	476	819
Total	221	293	745	815	1380
Percentage increase over the previous year	(-)61.02	32.58	154.27	9.40	69.33
Percentage of GIA to Revenue Receipts	2.59	3.06	6.74	7.12	12.22

(Source: Finance accounts of the State)

The GIA from GoI increased by ₹ 565 crore (69 per cent) during the year compared to the previous year. GIA constituted 12 per cent of revenue receipts during the year 2019-20. Grants to the State for centrally sponsored schemes (₹ 367 crore) constituted 27 per cent of the total grants during the year. This increase was mainly due to significant increase in assistance for Central road fund by ₹ 190 crore, FC XIV grants by ₹ 66 crore for rural local bodies and ₹ 29 crore for urban local bodies, Sarva Shiksha Abhiyan Programme by ₹ five crore and upgradation of Government Industrial Training Institutes (ITIs) into model ITIs by ₹ three crore.

During 2010-11 to 2018-19, the CAGR of GIA from GoI at 7.71 per cent in Goa was lower than the GCS (15.18 per cent). The growth rate of GIA in the State (69.33 per cent) during 2019-20 compared to previous year was significantly higher than GCS (21.24 per cent) (**Appendix 1.1**).

Fourteenth Finance Commission Grants

The FC XIV had recommended only three types of grants-in-aid to States viz. local Government grants, disaster management grants and post-devolution revenue deficit grants. During 2019-20, the State received two types of grants from GoI i.e., grants for local Government and disaster management amounting ₹ 151.26 crore⁸. The details of amounts awarded and received during the year 2018-19 and 2019-20 are shown in **Table 2.11**.

⁸ This includes instalments of ₹ 59.38 crore pertaining to previous two years.

Table 2.11: Details of amounts awarded and received during 2018-20

(₹ in crore)

Sr. No.	Transfers	2018-19		2019-20	
		Amount awarded	Amount received	Amount awarded	Amount received
1.	Local Bodies				
	General Basic Grants to PRIs	26.73	-	36.12	62.85
	General Performance Grants to PRIs	3.37	-	4.41	3.37
	General Basic Grants to ULBs	39.05	19.52	52.76	72.28
	General Performance Grants to ULBs	11.08	-	14.51	9.76
2.	State Disaster Relief Fund	3.00	1.80	3.00	3.00
	Total	83.23	21.32	110.80	151.26

(Source: Information provided by Directorate of Municipal Administration and Directorate of Panchayats)

Two installments of general basic grants to PRIs (₹ 26.73 crore) and one installment of general basic grant to ULBs (₹ 19.52 crore) for the year 2018-19 was received by the State Government in 2019-20, due to late submission of UCs for the previous year (2017-18). Similarly, general performance grants of ₹ 9.76 crore to the ULBs for the year 2017-18 and ₹ 3.37 crore to PRIs for the year 2018-19 were received in 2019-20.

Further, Directorate of Panchayats (DoP) received (31 March 2020) basic grants amounting to ₹ 6.12 crore. However, it failed to disburse the amount to the PRIs within the stipulated time and held on to the grants for 154 days. Subsequently, the DoP released the amount (16 September 2020) and paid an interest of ₹ 66.23 lakh to the PRIs for late transfer.

2.3.3 Capital Receipts

Capital receipts comprises miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

The following table shows the trends in growth and composition of net capital receipts.

Table 2.12: Trends in growth and composition of capital receipts

(*₹ in crore*)

Sources of capital receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Capital receipts	1857	1528	2013	2534	2704
Miscellaneous capital receipts	-	-	-	-	-
Recovery of loans and advances	10	09	07	05	04
Net Public Debt Receipts	1847	1519	2006	2529	2700
Internal Debt	1736	1427	1928	2459	2654
Growth rate	63.16	(-)17.80	35.10	27.54	7.93
Loans and advances from GoI	111	92	78	70	46
Growth rate	(-)45.32	(-)17.12	(-)15.22	(-)10.26	(-)34.29
Rate of growth of debt capital receipts (per cent)	45.78	(-)17.76	32.06	26.09	6.76
Rate of growth of non-debt capital receipts (per cent)	-	(-)10.00	(-)22.22	(-)28.57	(-)20.00
Rate of growth of GSDP (per cent)	15.14	14.39	10.12	5.51	9.95
Rate of growth of capital receipts (per cent)	45.42	(-)17.72	31.74	25.88	6.71

(Source: Finance accounts of the State)

Capital receipts increased by 6.71 per cent from ₹ 2,534 crore in 2018-19 to ₹ 2,704 crore in 2019-20. The public debt receipt during the year (₹ 2,700 crore) comprised internal debt of ₹ 2,654 crore (98 per cent) and loans and advances from GoI of ₹ 46 crore (two per cent). Market borrowings (₹ 2,600 crore) had a predominant share of 96 per cent in the total borrowings (₹ 2,700 crore) while the remaining ₹ 54 crore (two per cent) and ₹ 46 crore (two per cent) comprised of negotiated loans and loans from GoI respectively.

2.3.4 State's Performance in Mobilisation of Resources

As the State's share in Central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources was assessed in terms of its own resources comprising tax and non-tax receipts.

The State's actual own tax and non-tax revenue *vis-à-vis* assessment made by FC XIV and revised estimates (RE) are given in **Table 2.13**.

Table 2.13: Tax and non-tax receipts vis-à-vis projections*(₹ in crore)*

	FC XIV projections	Revised Estimates	Actual	Percentage variation of actual over	
				Revised Estimates	FC XIV projections
Own Tax revenue	9130	5182	4700	(-)9.27	(-)48.52
Non-tax revenue	949	3251	2737	(-)15.81	188.41

(Source: Finance accounts of the State and Fourteenth Finance Commission report)

The own tax revenue of the State in 2019-20 was lower than the projections made in FC XIV and RE. The actual tax revenue was lower than RE mainly due to less collection under stamps and registration fees (₹ 238 crore) and State Goods and Services Tax (₹ 55 crore). The actual non-tax revenue was less than RE by ₹ 514 crore primarily due to less collection under urban development (₹ 41 crore), power (₹ 283 crore) and non-ferrous mining and metallurgical industries (₹ 52 crore).

2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.4.1 Growth and Composition of Expenditure

Table 2.14 presents the trends in total expenditure over a period of five years (2015-20) depicting its composition in terms of 'economic classification'.

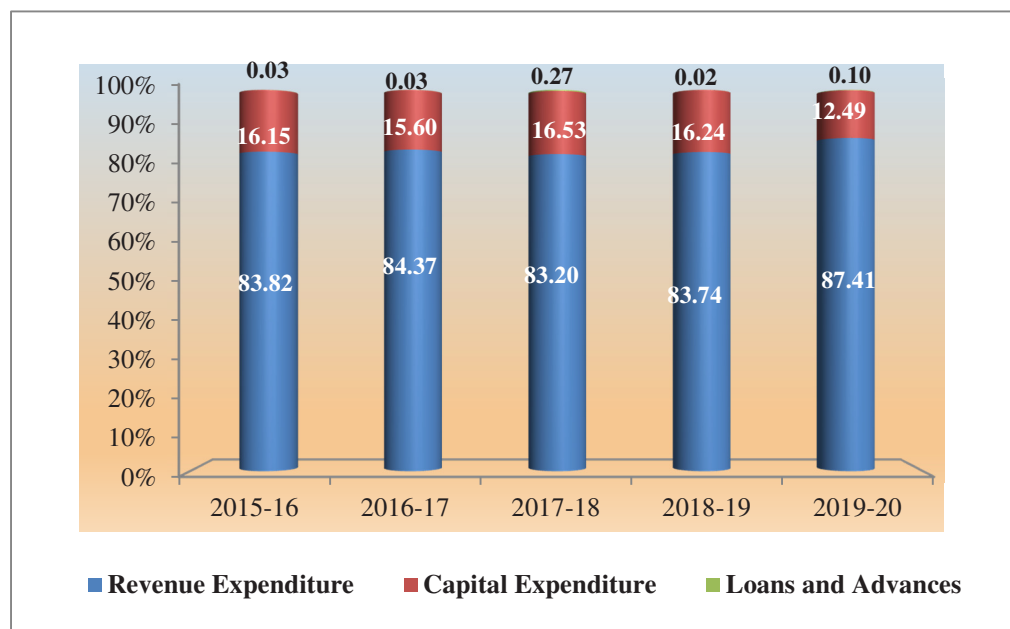
Table 2.14: Total expenditure and its composition

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	10045	10508	12671	13235	13295
Revenue Expenditure (RE)	8420	8866	10543	11083	11622
Capital Expenditure (CE)	1622	1639	2094	2149	1660
Loans and Advances	03	03	34	03	13
As a percentage of GSDP					
TE/GSDP	18.25	16.69	18.27	18.09	16.53
RE/GSDP	15.29	14.08	15.20	15.15	14.45
CE/GSDP	2.95	2.60	3.02	2.94	2.06
Loans and Advances/GSDP	-	-	-	-	-

(Source: Finance accounts of the State)

Total expenditure of the State increased at an average annual growth rate of 9.24 per cent during 2015-20. During 2019-20, it increased by ₹ 60 crore (0.45 per cent) over the previous year on account of an increase in revenue expenditure by ₹ 539 crore and disbursement of loans and advances by ₹ 10 crore, offset by a decrease in capital expenditure by ₹ 489 crore. As a percentage of GSDP, the total expenditure remained in the range of 16.53 per cent to 18.27 per cent during the period 2015-20. Ratio of capital expenditure to GSDP was in the range of 2.06 per cent to 3.02 per cent during the five-year period.

Chart 2.8: Total Expenditure: Trends in share of its components



(Source: Finance accounts of the State)

The share of revenue expenditure in total expenditure increased from 83.20 per cent in 2017-18 to 87.41 per cent in 2019-20. On the other hand, the share of capital expenditure in total expenditure decreased from 16.53 per cent to 12.49 per cent during the last three-year period.

Capital expenditure decreased by ₹ 489 crore over the previous year mainly on account of decrease in expenditure towards education, sports, arts and culture (₹ 63 crore); water supply, sanitation, housing and urban development (₹ 165 crore) and transport (₹ 99 crore).

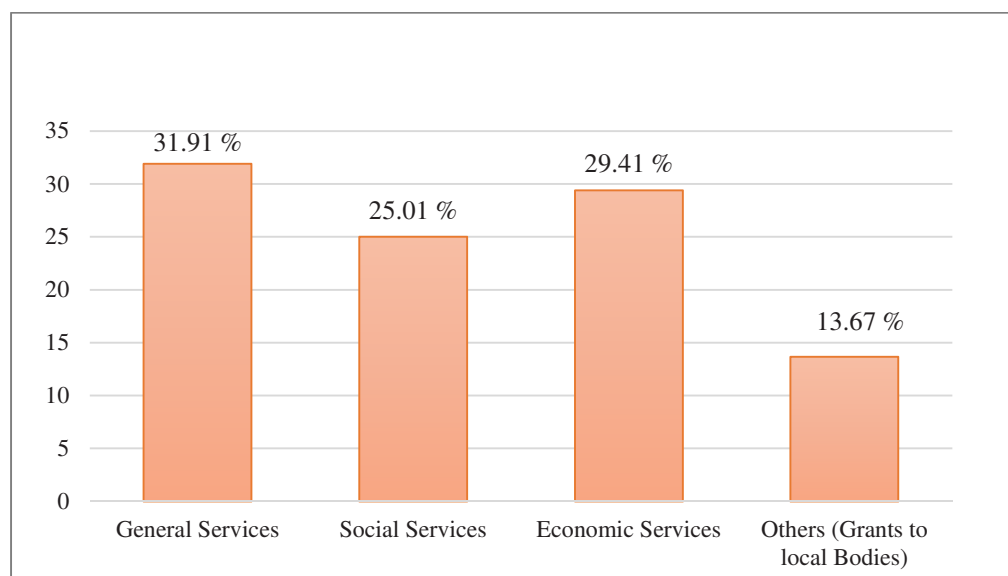
During 2010-11 to 2018-19, the CAGR of total expenditure (10.35 per cent) of the State was lower than the GCS (13.87 per cent). The growth rate of total expenditure in the State was 0.45 per cent during 2019-20 over the previous year, which was significantly lower than the growth rate of 4.09 per cent registered by GCS (Appendix 1.1).

Table 2.15: Relative shares of various sectors of expenditure

Parameters	(in per cent)				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	28.17	29.27	30.98	32.55	31.91
Social Services	25.23	25.68	26.73	25.76	25.01
Economic Services	34.65	32.41	29.12	28.25	29.41
Others (Grants to Local Bodies and Loans and Advances)	11.95	12.64	13.17	13.44	13.67

(Source: Finance accounts of the State)

Chart 2.9: Composition of expenditure during 2019-20



(Source: Finance accounts of the State)

In term of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances.

It may be seen from above that the share of economic services, grants-in-aid and loans and advances in total expenditure increased during 2019-20 compared to previous year. Whereas, there was decrease in the share of general services and social services mainly due to decline in expenditure under public works; education, sports, arts and culture; and transport.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth and ratio to GSDP for the last five years are indicated in **Table 2.16**. Sector wise distribution of revenue expenditure is presented in **Chart 2.10**.

Table 2.16: Revenue Expenditure – Basic Parameters

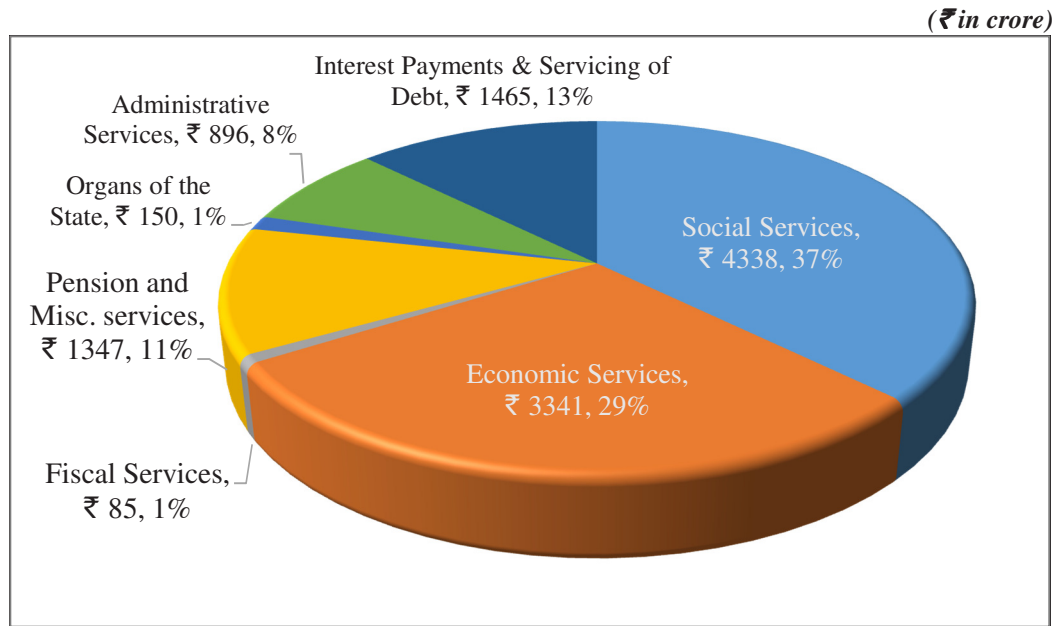
(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	10045	10508	12671	13235	13295
Revenue Expenditure (RE)	8420	8866	10543	11083	11622
Rate of Growth of RE (per cent)	13.63	5.30	18.91	5.12	4.86
Revenue Expenditure as percentage of TE	83.82	84.37	83.20	83.74	87.42
RE/GSDP (per cent)	15.29	14.08	15.20	15.15	14.45
RE as percentage of RR	98.46	92.69	95.38	96.90	102.88
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.90	0.37	1.87	0.93	0.49
Revenue Receipts (ratio)	1.21	0.45	1.22	1.47	-*

(Source: Finance accounts of the State)

*Revenue receipts growth in 2019-20 being negative, buoyancy cannot be calculated

Revenue expenditure constituted 87.42 per cent of total expenditure during 2019-20. It increased at an average annual growth rate of 9.57 per cent from ₹ 8,420 crore in 2015-16 to ₹ 11,622 crore in 2019-20. During 2019-20, revenue expenditure increased by 4.86 per cent (₹ 539 crore) over the previous year. The growth rate of revenue expenditure fluctuated from a low of 4.86 per cent in 2019-20 to a high of 18.91 per cent in 2017-18. Revenue expenditure stood at 14.45 per cent of GSDP during 2019-20.

Buoyancy of revenue expenditure to revenue receipts was more than one during 2015-16, 2017-18 and 2018-19, indicating that growth of revenue receipts was not keeping pace with revenue expenditure. However, in 2019-20, the growth of revenue receipts was negative, hence buoyancy was not calculated.

Chart 2.10: Sector-wise distribution of revenue expenditure

(Source: Finance accounts of the State)

2.4.2.1 Major Changes in Revenue Expenditure

Table 2.17 shows significant variations under various heads of account with regard to revenue expenditure of the State during the current year and the previous year.

Table 2.17: Variation in revenue expenditure during 2019-20 compared to 2018-19

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-)
2801- Power	1894	2220	326
2210 – Medical and Public Health	827	960	133
2049 – Interest Payments	1344	1465	121
2215 – Water Supply and Sanitation	298	379	81
2202- General Education	1776	1682	(-)94
2225 – Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	150	76	(-)74
2235 – Social Security and Welfare	666	614	(-)52

(Source: Finance accounts of the State)

Revenue expenditure under ‘General Education’ decreased primarily due to less assistance released to non-Government Secondary Schools and non-Government colleges. Decrease in expenditure under ‘Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes’ and ‘Social

Security and Welfare’ was due to less release of aid to voluntary organisations and receipt of less claims under *Swatantrata Sainik Samman* Scheme. Revenue Expenditure under ‘Power’ increased significantly due to increase in expenditure under transmission and distribution.

During 2010-11 to 2018-19, the CAGR of revenue expenditure (11.07 per cent) of the State was lower than the GCS (13.79 per cent). The growth rate of revenue expenditure in the State was 4.86 per cent during 2019-20 over previous year, which was lower than the growth rate of 5.71 per cent registered by GCS (**Appendix 1.1**).

2.4.2.2 Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge on Government resources. An upward trend in committed expenditure leaves the Government with lesser flexibility for development sector. **Table 2.18** and **Chart 2.11** presents the trend in the expenditure on these components during 2015-20.

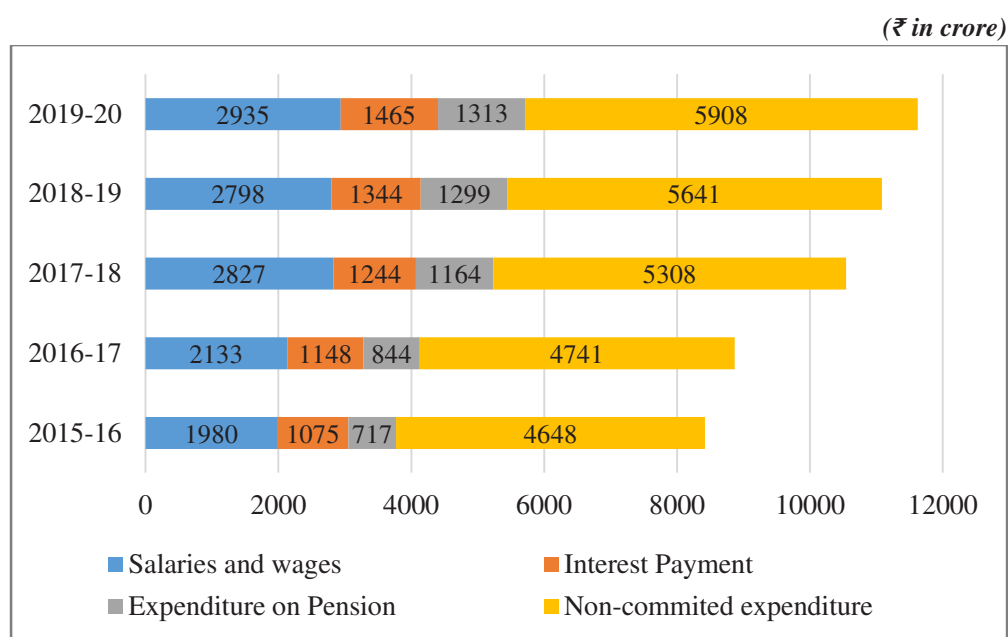
Table 2.18: Components of committed expenditure

(₹ in crore)

Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages (₹ in crore)	1979.70	2132.79	2827.20	2798.54	2935.36*
Expenditure on Pensions (₹ in crore)	716.85	844.33	1163.59	1299.13	1313.18
Interest Payments (₹ in crore)	1074.70	1148.03	1244.28	1344.45	1465.09
Total	3771.25	4125.15	5235.07	5442.12	5713.63
As percentage of Revenue Receipts (RR)					
Salaries & Wages	23.15	22.30	25.57	24.47	25.98
Expenditure on Pensions	8.38	8.83	10.53	11.36	11.62
Interest Payments	12.57	12.00	11.26	11.75	12.97
Total	44.10	43.13	47.36	47.58	50.57
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	23.51	24.06	26.82	25.25	25.26
Expenditure on Pensions	8.52	9.52	11.04	11.72	11.30
Interest Payments	12.77	12.95	11.80	12.13	12.61
Total	44.79	46.53	49.65	49.10	49.17

(Source: Finance accounts of the State)

*Salaries: ₹ 2,893.90 crore and Wages: ₹ 41.46 crore

Chart 2.11: Share of committed expenditure in total revenue expenditure

(Source: Finance accounts of the State)

The committed expenditure of ₹ 5,714 crore in 2019-20 was 50.57 per cent of revenue receipts and 49.17 per cent of the revenue expenditure. The share of non-committed expenditure in total revenue expenditure during 2019-20 was 51 per cent.

Salaries and Wages

The expenditure on salaries and wages during 2015-20 increased at an average annual growth rate of 11 per cent. During 2019-20, expenditure on salaries and wages increased by five per cent over 2018-19. Expenditure on salaries and wages (₹ 2,935 crore) in 2019-20 was lower by ₹ 291 crore against the projections made in RE (₹ 3,226 crore). As percentage of revenue receipts, expenditure on salary and wages increased from 24.47 per cent in 2018-19 to 25.98 per cent in 2019-20.

During 2010-11 to 2018-19, the CAGR of salaries and wages (11.74 per cent) in the State was higher than the GCS (10.78 per cent). The growth rate of salaries and wages in the State was 4.90 per cent in 2019-20 over previous year and lower than GCS (9.51 per cent) (**Appendix 1.1**).

Pension Payments

The expenditure on pension payments during 2015-20 increased at an average annual growth rate of 15 per cent. There was an increase in pension payments of ₹ 14 crore (one per cent) during 2019-20 over the previous year. Expenditure on pension in 2019-20 accounted for 11.62 per cent of the total revenue receipts of the State.

Actual expenditure on pension vis-à-vis assessment made by the FC XIV and the projections of the State Government in RE is shown in **Table 2.19**.

Table 2.19: Actual pension payments vis-à-vis assessment of the XIV FC and State's projections

(₹ in crore)			
Year	Assessment made by FC XIV	Assessment made by State Government in RE	Actuals
2019-20	863	1376	1313

(Source: Finance accounts of the State, fourteenth finance commission report and budget estimates of the State)

During 2010-11 to 2018-19, the CAGR of pension (16.84 per cent) in the State was higher than the GCS (14.14 per cent). The growth rate of expenditure on pension in the State was 1.08 per cent in 2019-20 over the previous year, which was significantly lower than GCS (9.74 per cent) (Appendix 1.1).

Interest Payments

Interest payments increased at an average annual growth rate of eight per cent from ₹ 1,075 crore in 2015-16 to ₹ 1,465 crore in 2019-20. Interest payments (₹ 1,465 crore) during 2019-20 increased by nine per cent over the previous year (₹ 1,344 crore). Component-wise details of interest payments made by the State Government during 2015-20 are shown in Table 2.20.

Table 2.20: Component-wise details of interest payments made by the State Government during 2015-20

(₹ in crore)					
Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Interest payments	1075	1148	1244	1344	1465
Of which, interest payments made on					
1. Internal debt	814	907	981	1080	1188
i. Market loans	478	579	669	792	934
ii. National small savings fund (NSSF)	284	276	265	242	221
iii. National bank for agriculture and rural development (NABARD)	40	41	39	37	25
Loans from other financial institutions	07	05	05	04	04
Ways and means advances & overdrafts	04	04	01	03	01
Management of debt (payable to RBI for open market borrowings)	02	02	02	02	03
2. Loans from GoI	21	19	18	16	19
Deposits, small savings and PF etc.	239	222	245	248	258
i. Small savings and PF	159	156	172	178	176
ii. Deposits and Advances	80	66	73	70	82

(Source: Finance accounts of the State)

The ratio of interest payments to revenue receipts determines the debt sustainability of the State. The ratio of interest payments to revenue receipts of the State was 12.97 per cent during 2019-20, which was higher than FC XIV projection of 11.34 per cent.

Interest payments with reference to assessment made by the FC XIV and the projections of the State Government in RE are given in Table 2.21.

Table 2.21: Interest payments vis-à-vis assessment of the FC XIV and State's projections

			(₹ in crore)
Year	Assessment made by FC XIV	Assessment made by State Government in RE	Actuals
2019-20	1935	1512	1465

(Source: Finance accounts of the State, fourteenth finance commission report and budget estimates of the State)

The table indicates that the actual outgo towards interest payments was less than the assessment of FC XIV and State Government's own projections made in RE for 2019-20.

2.4.2.3 Undischarged Liabilities in National Pension System

In order to limit future pension liabilities, the State Government introduced the Defined Contribution Pension Scheme known as New Contributory Pension Scheme (NPS) for employees recruited after 05 August 2005. As per Scheme guidelines, it is mandatory for every employee to contribute 10 per cent of his/her basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depository Limited (NSDL)/Trustee Bank. The State Government signed (January 2010) an agreement with the NPS trust for fund management of the Scheme and adopted the Central framework for implementation of the Scheme. The State Government is transferring its share of NPS and the employee's contribution to NSDL on regular basis.

During the year 2019-20, the State Government collected ₹ 144.13 crore from the employees as contribution towards NPS and also contributed an equal amount of ₹ 144.13 crore as its share towards the Scheme. Further, against the total collected funds of ₹ 379.26 crore (including previous year's balance of ₹ 91 crore), the State Government transferred ₹ 240.77 crore to NSDL during the year. The balance ₹ 138.49 crore together with interest of ₹ 11.70 crore (for late transfer) totaling ₹ 150.19 crore was transferred in seven installments between April 2020 and November 2020.

The Directorate of Accounts, Government of Goa stated (February 2020) that the process of developing software (in consultation with NIC) for enabling transfers to NSDL on a monthly basis had been taken up.

2.4.2.4 Subsidies

The subsidies as a percentage of revenue receipts and revenue expenditure during 2015-20 were as under:

Table 2.22: Expenditure on subsidies during 2015-20

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies	244	248	263	301	262
Subsidies as percentage of total revenue expenditure	2.89 (8420)	2.80 (8866)	2.49 (10543)	2.71 (11083)	2.25 (11622)
Subsidies as percentage of revenue receipts	2.85 (8552)	2.59 (9565)	2.38 (11054)	2.63 (11438)	2.32 (11297)

(Source: Finance accounts of the State, fourteenth finance commission report and budget estimates of the State)

During 2019-20, a large portion of subsidy went to Kadamba Transport Corporation Limited (KTCL) (₹ 80 crore), Dairy Development (₹ 47 crore) and Crop Husbandry (₹ 41 crore).

The expenditure on subsidies decreased by 13 *per cent* from ₹ 301 crore in 2018-19 to ₹ 262 crore in 2019-20. The decrease was mainly due to decrease in disbursements of subsidy for transport (₹ 21 crore) and agriculture and allied activities (₹ 16 crore). During the current year, subsidies constituted 2.32 *per cent* of revenue receipts and about 2.25 *per cent* of the total revenue expenditure.

2.4.2.5 Financial Assistance by the State Government to Local Bodies and Other Institutions

Financial assistance to local bodies and other institutions constituted 15.57 *per cent* of the revenue expenditure during 2019-20.

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during 2019-20 relative to the previous four years is presented in **Table 2.23**.

Table 2.23: Financial assistance to local bodies and other institutions

(₹ in crore)

Sr. No.	Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
1	Panchayati Raj Institutions	81.18	96.62	92.31	86.12	86.65
2	Urban Local Bodies	59.09	75.52	180.48	74.01	135.52
3	Public Sector Undertakings	63.43	73.65	60.25	41.59	26.85
4	Autonomous Bodies	768.23	862.18	990.41	1278.11	1201.26
5	Others	227.10	219.12	315.54	300.63	358.82
	Total	1199.03⁹	1327.09¹⁰	1638.99¹¹	1780.46¹²	1809.10¹³
	Assistance as percentage of revenue expenditure	14.24	14.97	15.55	16.06	15.57

(Source: Finance accounts of the State)

Financial assistance to local bodies and other institutions continuously increased at an annual average growth of 12.32 *per cent* from ₹ 1,199.03 crore in 2015-16 to ₹ 1,809.10 crore in 2019-20. The assistance in 2019-20 increased marginally by two *per cent* compared to previous year. As percentage of revenue expenditure, the assistance decreased from 16.06 *per cent* in 2018-19 to 15.57 *per cent* in 2019-20.

2.4.3 Capital Expenditure

Capital expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.* The overall capital expenditure, its rate of growth and ratio to total expenditure during 2015-20 are indicated in **Table 2.24** and **Chart 2.12**.

⁹ Excludes ₹ 2.45 crore pertaining to refund of grants-in-aid of the previous years

¹⁰ Excludes ₹ 1.79 crore pertaining to refund of grants-in-aid of the previous years

¹¹ Excludes ₹ 3.74 crore pertaining to refund of grants-in-aid of the previous years

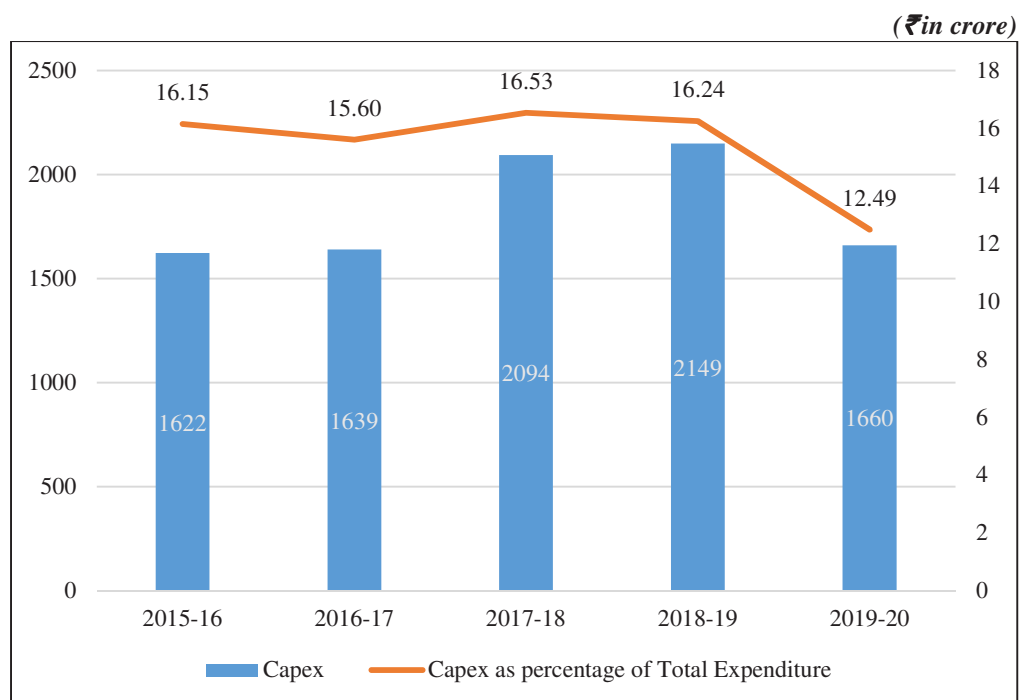
¹² Excludes ₹5.18 crore pertaining to refund of grants-in-aid of the previous years

¹³ Excludes ₹5.20 crore pertaining to refund of grants-in-aid of the previous years

Table 2.24: Capital expenditure-basic parameters

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Total expenditure (TE) (₹ in crore)	10045	10508	12671	13235	13295
Capital expenditure (CE) (₹ in crore)	1622	1639	2094	2149	1660
Rate of growth of capital expenditure (in per cent)	31.44	1.05	27.76	2.63	(-)22.75
CE/TE (per cent)	16.15	15.60	16.53	16.24	12.49

(Source: Finance accounts of the State)

Chart 2.12: Capital expenditure in the State

(Source: Finance accounts of the State)

During 2019-20, capital expenditure decreased by 23 per cent (₹ 489 crore) over the previous year. The percentage share of capital expenditure in the total expenditure has continuously declined from 16.53 per cent in 2017-18 to 12.49 per cent during 2019-20. During 2019-20, capital expenditure (₹ 1,660 crore) was less than total public debt receipts (₹ 2,700 crore) by ₹ 1,040 crore.

2.4.3.1 Major Changes in Capital Expenditure

Table 2.25 highlights cases of significant increase or decrease of capital expenditure in various heads of account during 2019-20 vis-à-vis the previous year.

Table 2.25: Capital expenditure during 2019-20 compared to 2018-19*(₹in crore)*

Major Heads of Accounts	2018-19	2019-20	Increase (+)/ Decrease (-)
4059- Capital Outlay on Public Works	133	68	(-)65
4070- Capital Outlay on Other Administrative Services	50	05	(-)45
4075- Capital outlay on Other Misc. Services	330	225	(-)105
4202- Capital Outlay on Education, Sports, Art and Culture	238	175	(-)63
4210- Capital Outlay on Medical and Public Health	113	152	39
4215- Capital Outlay on Water Supply and Sanitation	300	206	(-)94
4217- Capital Outlay on Urban Development	99	28	(-)71
5054- Capital Outlay on Roads & bridges	300	234	(-)66

(Source: Finance accounts of the State)

The decrease under capital outlay on public works (₹ 65 crore) was primarily due to less expenditure on buildings and less contribution towards Goa State Infrastructure Development Corporation under miscellaneous general services.

During 2010-11 to 2018-19 the CAGR of capital expenditure in the State at 7.32 per cent was lower than the GCS (14.64 per cent). The growth rate of capital expenditure in the State was negative (-22.75 per cent) in 2019-20 over previous year and was substantially lower than GCS (-3.86 per cent) (Appendix 1.1).

2.4.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss-making Government Companies whose net worth is completely eroded, the chances of earning returns on such investments are remote. Similarly, experience has shown the inevitability of write off of the loans given to loss-making corporations and other bodies such as sugar mills, financial corporations, etc. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

Quality of Investments in Companies, Corporations and Other Bodies

Investments made and loan given to companies, corporations and co-operatives, which are loss-making and whose net worth is completely eroded, affect quality of capital expenditure. Return on investment in share

capital invested in State Public Sector Enterprises (SPSEs) and history of repayment of loans given to various bodies are important determinant of quality of capital expenditure.

Statement No. 19 of finance accounts of the State Government contains the details of investments of the Government. As per the statement, as on 31 March 2020, the total Government investment was ₹ 640.71 crore. The average return on this investment was 0.24 *per cent* during 2015-20, while the Government paid an average interest of 7.03 *per cent* on its borrowings, indicating that the returns on investment of the State Government had been very low.

Table 2.26: Returns on investment

(₹ in crore)

Investment/Returns/Cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹ in crore)	525.00	560.94	613.02	630.76	640.71
Return (₹ in crore)	1.43	0.86	1.96	1.46	1.42
Return (<i>per cent</i>)	0.27	0.15	0.32	0.23	0.22
Average rate of interest on Government borrowings (<i>per cent</i>)	7.30	7.09	7.03	6.90	6.82
Difference between interest rate and return (<i>per cent</i>)	7.03	6.94	6.71	6.67	6.60
Difference between interest on Government borrowings and return on investment	834	925	997	1095	1206

(Source: Finance accounts of the State)

There were differences with regard to investment figures as per records of SPSEs and those appearing in the finance accounts. The State Government was yet to reconcile the differences.

The table shows that during 2015-20, the State Government's investments increased by ₹ 116 crore. The increase in investments by ₹ 10.04 crore¹⁴ during 2019-20 over the previous year was on account of increased capital contribution in Co-operative sugar mill by ₹ 10 crore.

There were 16 SPSEs as on 31 March 2020, of which, 14 were Government Companies and two were Statutory Corporations. Of the 16 SPSEs, two SPSEs were non-working (one Government Company and one Statutory Corporation each).

The equity investments of the State Government in 14 working SPSEs at ₹ 394.71 crore was 1.82 *per cent* of the progressive capital expenditure (₹ 21,713 crore) up to 2019-20. However, the returns were a meager

¹⁴ The actual increase in 2019-20 over 2018-19 was ₹ 10.04 crore. Hence, there was a difference of ₹ 0.09 crore, which was due to refund of share capital investments of previous years during 2019-20.

₹ 1.42 crore (0.36 *per cent* of the total investment) during 2019-20. Even during the last five years, the highest percentage of returns to the investments was merely 0.32 *per cent*.

As the chances of earning return on investment made in SPSEs incurring losses and where the accumulated losses have resulted in erosion of the net worth are remote, the State Government may consider making future payments to these SPSEs in the form of grants-in-aid instead of share capital, so as to reduce the disparity in investments *vis-à-vis* returns.

Financial Performance of State Public Sector Enterprises

Definition of Government Companies/Corporations

The term State Public Sector Enterprises or SPSEs encompasses the State Government-owned companies set up under the Companies Act, 2013 and Statutory Corporations set up under the statutes enacted by the legislature. A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

The SPSEs in the context of Goa State, thus, meant those Government companies besides statutory corporations, wherein more than 50 *per cent* of the share in equity is held by the State Government. The subsidiaries of these companies, if registered in India are also categorised as SPSEs. It does not cover Departmentally-run public enterprises, banking institutions and insurance companies.

Mandate of Audit

Audit of Government companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the regulations made there under. Under the Companies Act, 2013, the CAG appoints the chartered accountants as statutory auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor.

The acts governing Goa Industrial Development Corporation (Goa-IDC) and Goa Information Technology Development Corporation (GITDC), both Statutory Corporations, contain provisions whereby the State Government can appoint the CAG, at any time, as the auditor to examine and report upon the accounts of these institutions. No such appointment was made till 2019-20.

Number of SPSEs Covered in the Report

Of the 16 SPSEs, financial performance of nine¹⁵ SPSEs has been covered in this Report while performance of seven SPSEs, whose accounts were in arrears for three years or more or non-working has not been covered in this report. The details of seven SPSEs are shown in **Appendix 2.3**. The coverage and nature of nine SPSEs is indicated in **Table 2.27**.

Table 2.27: Coverage of nine SPSEs

Nature of SPSE	Total No.	No. of SPSEs covered				Number of SPSEs not covered
		Accounts up to			Total	
		2017-18	2018-19	2019-20		
Government Companies	14	00	07	01	08	06
Statutory Corporations	2	00	01	00	01	01
Total	16	00	08	01	09	07

(Source: Information compiled by office of AG, Goa)

There were no SPSEs which came under or went out from the purview of CAG's audit during 2019-20.

Table 2.28: Summary of financial performance of SPSEs

Summary of financial performance of SPSEs covered in this Report	
No. of SPSEs	16
SPSEs covered	09
Paid-up capital (09 SPSEs)	₹ 350.10 crore
Long-term loans (09 SPSEs)	₹ 989.84 crore
Market capitalisation	Not applicable
Net profit (06 SPSEs)	₹ 39.40 Crore
Net loss (03 SPSEs)	₹ 139.74 Crore
Zero profit/loss	None
Dividend declared (01 SPSE) ¹⁶	₹ 1.01 Crore
Total assets (09 SPSEs)	₹ 3413.87 Crore
Value of production (09 SPSEs)	None
Net worth (09 SPSEs)	₹ 394.40 Crore

(Source: Latest accounts of SPSEs)

¹⁵ Eight Government Companies viz., (i) Goa State Scheduled Tribes Finance and Development Corporation Limited (GSSTFDCL), (ii) Goa Handicrafts, Rural & Small-Scale Industries Development Corporation Limited (GHRSSIDCL), (iii) Goa State Infrastructure Development Corporation Limited (GSIDCL), (iv) Sewage and Infrastructural Development Corporation of Goa Limited (SIDCGL), (v) Goa Tourism Development Corporation Limited (GTDCL), (vi) Kadamba Transport Corporation Limited (KTCL), (vii) EDC Limited (EDCL), (viii) Goa Electronics Limited (GEL) and one Statutory Corporation viz., (ix) Goa Industrial Development Corporation (Goa-IDC)

¹⁶ EDC Limited

Quantum of Investments in SPSEs

The quantum of investments in equity and loans in nine SPSEs as at the end of 31 March 2020 is given in **Table 2.29**.

Table 2.29: Equity investments and loans to nine SPSEs

Sources of investment	As on 31 March 2019			As on 31 March 2020		
	Equity	Long-term loans	Total	Equity	Long-term loans	Total
State Government	283.62	1.55	285.17	283.62	2.75	286.37
Central Government	49.90	425.09	474.99	49.90	425.09	474.99
Holding Company	1.80	-	1.80	1.80	-	1.80
Others	14.78	562.00	576.78	14.78	562.00	576.78
Total	350.10	988.64	1338.74	350.10	989.84	1339.94
Percentage of investment of State Government to total investment	81.01	0.16	21.30	81.01	0.28	21.37

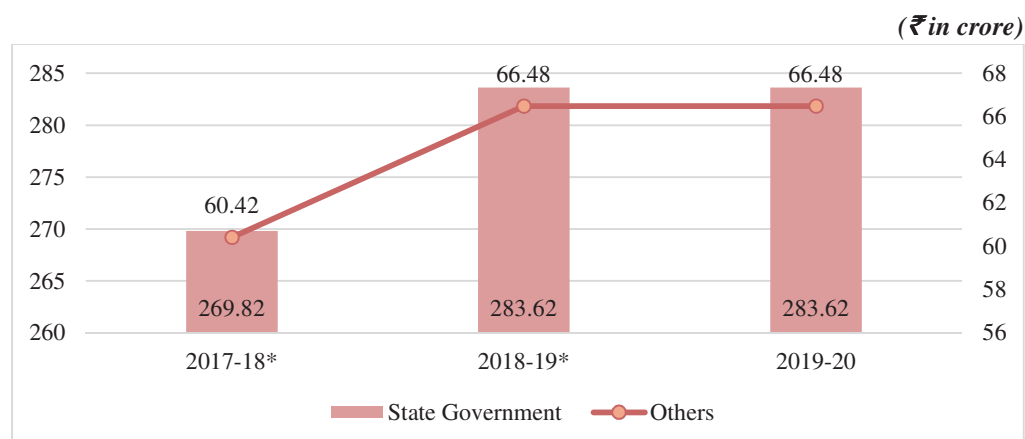
(Source: Latest accounts of SPSEs and information provided by SPSEs)

Investment in Equity

During 2019-20, the total investment at face value of equity in the nine SPSEs did not register any net increase compared to previous year 2018-19.

Equity investment by State Government and others in nine SPSEs during last three years ended 31 March 2020 is depicted in **Chart 2.13**.

Chart 2.13: Equity investment in nine SPSEs



*Figures of 2017-18 and 2018-19 updated as the latest accounts were received in 2019-20.

As per latest finalised accounts, there were no significant investments made by the State Government during 2019-20 in the paid-up capital of nine SPSEs.

Budgetary Support to SPSEs

Government of Goa provides financial support to SPSEs in various forms through annual budget.

The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of nine SPSEs for the period 2017-18 to 2019-20 are given in **Table 2.30**.

Table 2.30: Budgetary support to nine SPSEs during 2017-20*(₹ in crore)*

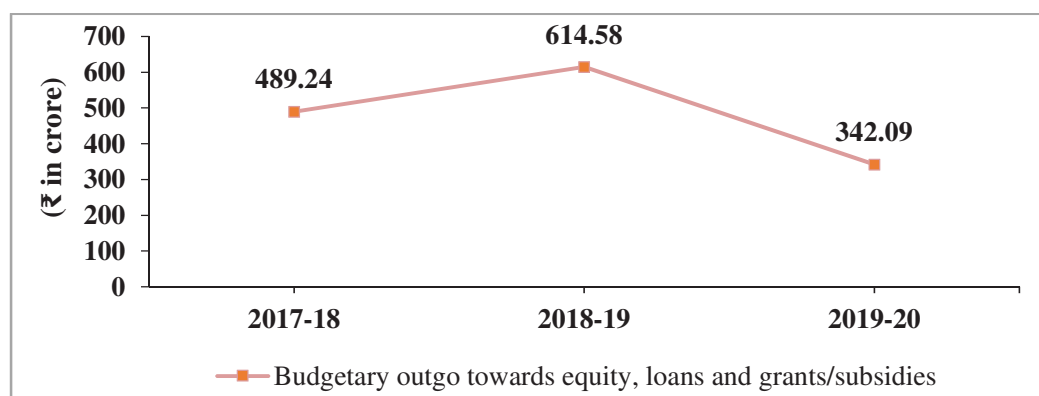
Particulars	2017-18		2018-19		2019-20	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity/Capital outgo	-	-	1	13.81	1	7.55
Loans given	-	-	-	-	1	1.20
Grants/Subsidy provided	5	489.24	5	600.77	5	333.34
Total budgetary outgo	-	489.24	-	614.58	-	342.09
Loan repayment written off	-	-	-	-	-	-
Loans converted into equity	-	-	-	-	-	-
Guarantees issued	1	25.00	1	30.00	1	30.00
Guarantee Commitment outstanding at the end of the year	2	385.33	2	474.09	2	468.53

(Source: Compiled based on information received from nine SPSEs)

Out of total grant/subsidy of ₹ 333 crore provided during 2019-20, ₹ 225 crore was allotted for capital purposes while remaining ₹ 108 crore was granted to be used for revenue purposes such as salary, arrears, maintenance, subsidy for bus service Schemes and vegetable subsidy, etc. The budgetary support to nine SPSEs declined by 44.33 per cent from ₹ 615 crore in 2018-19 to ₹ 342 crore in 2019-20.

The budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2020 are depicted in **Chart 2.14**.

Chart 2.14: Budgetary outgo towards equity, loans and grants/subsidies



(Source: Compiled based on information received from nine SPSEs)

Further, of the 16 SPSEs in the State, two SPSEs were non-functioning as under:

- Goa Meat Complex Limited (Government Company; non-functioning since 2019-20), and
- Goa Information Technology Development Corporation (Statutory Corporation; non-functioning since 2009-10)

Of these two SPSEs, only Goa Meat Complex Limited received financial support of ₹ six crore from the State Government during 2019-20. No financial support was provided to Goa Information Technology Development Corporation and it had an outstanding liability of ₹ 4.75 crore as on 31 March 2018.

Financial support to non-functioning SPSEs places additional financial strain on the Government budget which is already reporting revenue deficit and a high debt-GSDP ratio. The State Government needs to expeditiously decide on the continuance/closure of non-functioning SPSEs.

Disinvestment, Restructuring and Privatisation of SPSEs

During 2019-20, no disinvestment, restructuring or privatisation was done by the State Government in SPSEs, except in respect of one inactive SPSE (Goa Auto Accessories Limited or GAAL) where the National Company Law Tribunal (NCLT) appointed (20 August 2019) a liquidator for conducting liquidation process as per Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016. The powers of the Board of Directors of GAAL and its key managerial personnel *etc.* ceased to exist and all the powers are now vested with the liquidator.

Returns from SPSEs

Profits Earned by SPSEs

Six¹⁷ out of nine SPSEs registered profits of ₹ 39.40 crore during 2019-20. However, profits earned by these six SPSEs decreased from ₹ 40.60 crore in 2018-19 to ₹ 39.40 crore in 2019-20. The statutory corporation (Goa-IDC) did not register profits during 2019-20; instead, it incurred a loss of ₹ 115.39 crore during 2019-20.

The list of SPSEs which earned profit of more than one crore during 2019-20 is shown in **Table 2.31**.

Table 2.31: List of SPSEs which earned profit of more than one crore

(₹ in crore)		
Sr. No.	Name of SPSE	Profit
1	Goa State Infrastructure Development Corporation Limited	1.97
2	Goa Tourism Development Corporation Limited	1.46
3	EDC Limited	33.86
4	Goa Electronics Limited	1.17
Total		38.46

(Source: Latest accounts of SPSEs)

The above four SPSEs contributed 98 *per cent* of the total profits earned by the six SPSEs during 2019-20. These four SPSEs could register profits largely because they were working in a monopolistic or near monopolistic environment. For instance, EDCL, a premier financial institution lends primarily to the Government Companies; GTDCL works primarily in the tourism sector; and GSIDCL executes works on behalf of the State Government for which it gets development fee over and above the total cost incurred for the projects executed. The remaining two SPSEs (GHRSSIDCL and GSSTFDCL) earned marginal profits during the year and were mostly engaged in social sector and other activities.

Dividends Paid by SPSEs

Only one out of nine SPSEs declared dividend during 2019-20, as shown in the **Table 2.32**.

¹⁷ GSIDCL, GTDCL, EDCL, GEL, GHRSSIDCL and GSSTFDCL

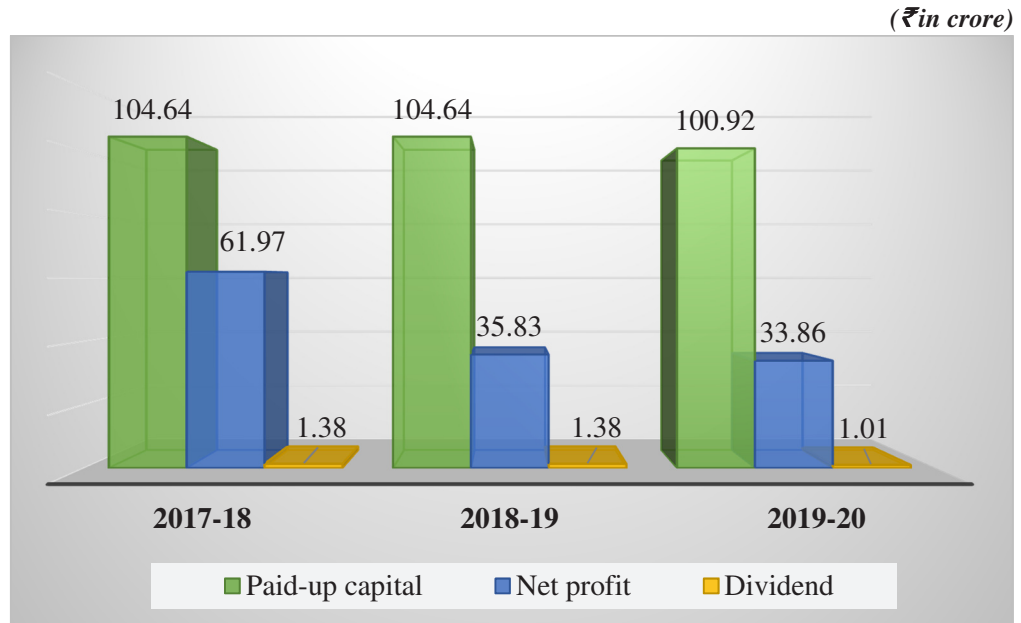
Table 2.32: Profit earned and dividend declared

SPSEs	No. of SPSE	Paid-up capital (₹ in crore)	Profit (₹ in crore)	Dividend declared (₹ in crore)
EDC Limited	1	100.92	33.86	1.01
Statutory Corporations	-	-	-	-
Total	1	100.92	33.86	1.01

(Source: Latest accounts of SPSEs)

Dividend declared by EDCL as percentage of total profits earned by all the six profit-earning SPSEs decreased from 3.40 per cent in 2018-19 to 2.56 per cent in 2019-20.

Chart 2.15 depicts dividends declared *vis-à-vis* profits earned and paid-up capital of SPSEs during the last three years.

Chart 2.15: Dividend declared *vis-à-vis* net profit earned and paid-up capital

(Source: Latest accounts of SPSEs)

The return on aggregate investment of ₹ 284 crore made by the State Government in equity capital of nine SPSEs was 0.36 per cent.

Operating Efficiency of Government Companies

Rate of Real Return on Government Investment

In view of the significant investment in eight¹⁸ out of nine SPSEs where funds had been infused by the State Government, return on such investment is essential from the perspective of the State Government and therefore, an analysis of the earnings *vis-à-vis* investments was carried out to assess the profitability of these SPSEs.

In order to assess the rate of real return (RORR), the present value (PV) of State Government investment in eight PSEs has been computed *vis-à-vis* their historical costs. In order to bring the historical cost of investments to its PV at the end of each year up to 31 March 2020, the past investments/year-wise funds infused by the State Government in the SPSEs have been compounded at the year-wise weighted average interest rate on State Government securities which is considered as the minimum cost of funds to the Government for the concerned year.

The PV of the State Government investment in eight SPSEs was computed on the basis of following assumptions:

- In addition to actual infusion by the State Government in the SPSEs in the form of equity, interest free loans and grants/subsidy for operational and administrative expenses given by the State Government to the SPSEs have been considered as investment infusion by the State Government.
- The weighted average interest rate¹⁹ on State Government securities for the concerned financial year was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and therefore, considered as the minimum expected rate of return on investments made by the Government.
- For the purpose of PV calculation of State Government investment, the period beginning 2000-01 till 2019-20 has been taken, considering the investment of State Government in eight SPSEs as on 31 March 2000 as PV of State Government investment at the beginning of 2000-01.

The details of State Government investment in eight SPSEs in the form of equity, interest free loans and grants/subsidy since 2000-01 till 2019-20 is indicated in **Appendix 2.4**. The consolidated position of the PV of such State Government investment in these SPSEs is indicated in **Table 2.33**.

¹⁸ GHRSSIDCL, GSSTFDCL, GSIDCL, SIDCGL, GTDCL, KTCL, EDC and Goa-IDC

¹⁹ The weighted average interest rate on Government securities was adopted from the Reports of the C&AG of India on State Finances, Government of Goa for the concerned year, wherein the average rate of interest paid was calculated as: $\text{Interest payment} / \{(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2\} * 100$

Table 2.33: Year-wise details of investments made by the State Government in SPSEs and their present value till 2019-20

(₹ in crore)

Financial Year	Present Value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free loans granted by the State	Grant/Subsidy by State Government	Interest free loan converted into equity	Disinvestment by the State Government	Total investment during the year	Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds	Total earnings (+)/losses (-) for the year
1	2	3	4	5	6	7	8= (3+4+5-6-7)	9= (2+8)	10	11=9{1+(10/100)}	12=9*10/100	13
2000-01	-	71.41	-	8.00	-	-	79.41	79.41	9.07	86.61	7.20	(7.18)
2001-02	86.61	10.10	-	5.62	-	-	15.72	102.33	9.47	112.02	9.69	(16.10)
2002-03	112.02	4.55	-	7.56	-	-	12.11	124.13	9.25	135.61	11.48	(32.64)
2003-04	135.61	12.37	-	8.72	-	-	21.09	156.70	8.95	170.72	14.02	(40.55)
2004-05	170.72	9.53	-	11.35	-	-	20.88	191.60	7.89	206.72	15.12	(18.39)
2005-06	206.72	1.93	-	8.88	-	-	10.81	217.53	8.54	236.11	18.58	(0.92)
2006-07	236.11	31.15	1.00	12.15	-	-	44.30	280.41	7.97	302.76	22.35	54.14
2007-08	302.76	25.80	-	8.65	-	-	34.45	337.21	7.46	362.37	25.16	96.97
2008-09	362.37	20.80	6.39	1.06	-	-	28.25	390.62	7.64	420.46	29.84	24.35
2009-10	420.46	12.59	-	1.11	-	-	13.70	434.16	7.79	467.98	33.82	25.40
2010-11	467.98	12.42	(0.60)	42.32	-	-	54.14	522.12	7.62	561.91	39.79	6.18
2011-12	561.91	16.90	(1.33)	30.95	-	-	46.52	608.43	7.59	654.61	46.18	(3.19)
2012-13	654.61	36.10	-	30.82	-	-	66.92	721.53	7.69	777.02	55.49	31.92
2013-14	777.02	0.50	(0.53)	88.15	-	-	88.12	865.14	7.44	929.51	64.37	22.64
2014-15	929.51	-	(0.53)	84.67	-	-	84.14	1013.65	7.59	1090.59	76.94	7.35
2015-16	1090.59	5.50	(0.53)	106.50	-	-	111.47	1202.06	7.30	1289.81	87.75	50.98
2016-17	1289.81	-	(0.72)	98.58	-	-	97.86	1387.67	7.09	1486.06	98.39	47.83
2017-18	1486.06	-	(0.55)	100.83	-	-	100.28	1586.34	7.03	1697.86	111.52	49.52
2018-19	1697.86	11.97	(0.54)	125.67	-	-	137.10	1834.96	6.95	1962.49	127.53	53.01
2019-20	1962.49	0.01	-	133.47	-	-	133.48	2095.97	6.82	2238.92	142.95	(101.51)
Total		283.63	2.06	915.06	-	-	1200.75					

(Source: Compiled from the latest accounts of SPSEs and information furnished by SPSEs) (Figures in parenthesis indicate losses)

The State Government investment in these eight SPSEs in the form of equity, interest-free loans and grants/subsidies increased from ₹ 79 crore in 2000-01 to ₹ 1,201 crore in 2019-20. The State Government made further investment of ₹ 1,121 crore²⁰ in the shape of equity (₹ 212 crore), interest-free loans (₹ two crore) and grants/subsidies (₹ 907 crore) during 2001-02 to 2019-20 as detailed in **Table 2.33**.

The RORR measures the profitability and efficiency with which equity and similar non-interest-bearing capitals have been employed after adjusting them for their time value and assume significance when compared with the conventional rate of return (ROR) which is calculated by dividing the profit after tax (PAT) by the sum of all such investments counted on historical cost basis.

²⁰ ₹ 1,200.75 crore - ₹ 79.41 crore

The investments of the Government in eight SPSEs in the form of equity, interest free loans, and grants/subsidies for operational and management expenses are indexed to their PV and summated as indicated in **Table 2.34**. The RORR is thereafter calculated by dividing PAT by the sum of the PV of the investments as shown in **Table 2.34**.

Table 2.34: RORR on State Government investments

(₹ in crore)

Year	Total earnings (+)/losses (-) for the year	At historical cost		At Present Value ²¹ (PV)	
		Investment by Govt. in form of equity, IFL and grants	Return on Govt. investment (per cent)	PV of Govt. investment at end of year	Return on PV of Govt. investment (per cent)
2015-16	50.98	732.03	6.96	1289.81	3.95
2016-17	47.83	829.89	5.76	1486.06	3.22
2017-18	49.52	930.17	5.32	1697.86	2.92
2018-19	53.01	1067.27	4.97	1962.49	2.70
2019-20	(-101.51)	1200.75	(-8.45)	2238.92	(-4.53)

(Figures in parenthesis indicate losses)

As could be seen from the table above, when historical cost of investment of State Government is considered, return on investment ranged from (-) 8.45 per cent to 6.96 per cent during the last five years. Whereas, when the PV of funds infused by the State Government up to 31 March 2020 is considered, the RORR ranged from (-) 4.53 per cent to 3.95 per cent during the same period.

Return on Equity of SPSEs

Return on Equity or ROE²² is a measure of financial performance of Companies calculated by dividing net income by shareholders' equity.

The ROE of all the nine SPSEs (six profit-making and three loss-making) was 13.10 per cent in 2017-18, which turned to (-) 25.44 per cent in 2019-20.

Table 2.35: ROE of nine SPSEs

(₹ in crore)

Year	Net Income	Shareholders' Fund	Return on Equity (in per cent)
2017-18	63.61	485.41	13.10
2018-19	(-99.14)	393.72	(-25.18)
2019-20	(-100.34)	394.40	(-25.44)

(Source: Compiled from the latest accounts of SPSEs)

²¹ Present value has been worked out based on the extent of information pertaining to grants/ subsidies furnished by SPSEs as on 31 October 2020.

²² Return on Equity is calculated by dividing net income (i.e., net profit after taxes) by equity. Equity is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure.

The ROE of the six profit-making SPSEs was 8.90 *per cent* in 2019-20 as compared to 9.19 *per cent* in 2018-19.

The sector-wise ROE of SPSEs where total equity of the sector was more than ₹ 20 crore during 2017-20 is depicted in **Table 2.36**.

Table 2.36: Sector-wise ROE where total equity was more than ₹ 20 crore

<i>(In percentage)</i>				
Sr. No.	Sector	ROE during 2017-18	ROE during 2018-19	ROE during 2019-20
1	Industries & Commerce	16.94	9.63	9.63
2	Health & Welfare	0.74	3.88	1.38
3	PWD	16.39	5.44	5.44
4	Culture & Tourism	6.97	7.01	7.01

(Source: Latest accounts of SPSEs)

There was no monopoly²³ SPSE in Goa during 2019-20.

SPSEs Incurring Losses

Three²⁴ out of nine SPSEs incurred losses during 2019-20. The losses incurred by these three SPSEs increased from ₹ 11.10 crore in 2017-18 to ₹ 139.74 crore in 2019-20 as shown in **Table 2.37**.

Table 2.37: SPSEs that incurred losses during 2017-20

Year	No. of SPSEs that incurred losses	Net loss for the year (₹ in crore)	Accumulated losses (₹ in crore)	Net worth (₹ in crore)
Statutory Corporations				
2017-18 ²⁵	00	-	-	-
2018-19	01	115.39	70.71	(-)18.85
2019-20	01	115.39	70.71	(-)18.85
Government Companies				
2017-18	02	11.10	148.71	(-)46.07
2018-19	02	24.35	159.87	(-)29.26
2019-20	02	24.35	159.87	(-)29.26
Total				
2017-18	02	11.10	148.71	(-)46.07
2018-19	03	139.74	230.58	(-)48.11
2019-20	03	139.74	230.58	(-)48.11

(Source: Latest accounts of SPSEs)

²³ A SPSE is classified as 'Monopolist' if there is no competition in the geographical area in which it operates (For instance: Konkan Railway Corporation).

²⁴ KTCL, SIDCGL and Goa-IDC

²⁵ During 2017-18, Goa-IDC (Statutory Corporation) earned profits.

Out of total loss of ₹ 139.74 crore incurred by three SPSEs during 2019-20, loss of ₹ 115.39 crore (83 per cent) was incurred by one statutory corporation (Goa-IDC) which falls under industries, trade and commerce sector.

Two SPSEs listed in **Table 2.38** incurred losses of more than ₹ 10 crore during 2019-20.

Table 2.38: SPSEs that incurred losses of more than ₹ 10 crore

Sr. No.	Name of SPSE	Net loss (₹ in crore)
1	Kadamba Transport Corporation Limited	22.88
2	Goa Industrial Development Corporation Limited	115.39
Total		138.27

(Source: Latest accounts of SPSEs)

Losses incurred by these two SPSEs accounted for 99 per cent of the total losses incurred by three SPSEs during 2019-20.

Erosion of Capital in SPSEs

As on 31 March 2020, five²⁶ out of nine SPSEs registered accumulated losses of ₹ 260.77 crore. Of the five SPSEs, two²⁷ SPSEs incurred losses amounting to ₹ 138.27 crore during 2019-20 while three²⁸ SPSEs did not incur any loss during 2019-20, even though they had accumulated losses of ₹ 30.19 crore at the end of March 2020.

Due to accumulated losses, net worth of four²⁹ out of five SPSEs had been completely eroded, as they registered a negative net worth of ₹ 88.83 crore against equity investment of ₹ 170.11 crore at the end of March 2020 (**Appendix 2.5**). Out of four SPSEs, whose capital had been completely eroded, two³⁰ SPSEs had earned profits of ₹ 1.43 crore during 2019-20. One SPSE (KTCL) with negative net worth of ₹ 51.42 crore had outstanding Government loans of ₹ 22.57 crore as on 31 March 2020.

During 2019-20, the State Government did not make any investments in loss-making Companies or Companies whose net worth were completely eroded.

Loans and Advances by the State Government

In addition to investments in co-operative societies, corporations and companies, the State Government has also provided loans and advances to many institutions/organisations. **Table 2.39** presents the outstanding loans and advances as on 31 March 2020, interest receipts *vis-à-vis* interest payments during the last five years.

²⁶ GHRSSIDCL, GTDCL, KTCL, GEL & Goa-IDC

²⁷ KTCL and Goa-IDC

²⁸ GHRSSIDCL, GTDCL and GEL

²⁹ GHRSSIDCL, GEL, KTCL & Goa-IDC

³⁰ GHRSSIDCL and GEL

Table 2.39: Status of loans and advances

(₹ in crore)

Quantum of loans/interest receipts/cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance	83.65	76.14	71.03	97.81	95.77
Amount advanced during the year	2.69	3.41	33.93	3.10	13.42
Amount repaid during the year	10.20	8.52	7.15	5.14	3.58
Closing balance	76.14	71.03	97.81	95.77	105.61
Interest received (₹ in crore)	2.58	2.30	1.79	2.29	2.05
Interest receipts as <i>per cent</i> to average of outstanding loans and advances	3.22	3.12	2.12	2.37	2.04
Interest payments as <i>per cent</i> to outstanding borrowings of the Government	6.90	6.82	6.71	6.58	6.50
Difference between interest receipts and interest payments (<i>per cent</i>)	3.68	3.70	4.59	4.21	4.46

(Source: Finance accounts of the State)

The total amount of outstanding loans and advances increased from ₹ 76 crore in 2015-16 to ₹ 106 crore in 2019-20. The disbursements during the year were ₹ 13 crore compared to ₹ three crore in the previous year (2018-19).

The loans were disbursed to housing boards (₹ 10 crore), co-operatives under NCDC Programme (₹ 0.16 crore), village and small-scale industries (₹ two crore) and ₹ 0.86 crore to Government Servants for purchase of motor conveyances and computers. The interest earned by the State Government on disbursed loans decreased from 2.29 *per cent* in 2018-19 to 2.05 *per cent* during 2019-20 while the State Government paid an average interest of 6.50 *per cent* to 6.90 *per cent* on its borrowings during 2015-20.

Capital Locked in Incomplete Projects

An assessment of trends in capital blocked in incomplete capital works would also indicate the quality of capital expenditure. The year-wise details and age analysis of incomplete projects (more than ₹ one crore each) as on 31 March 2020 are shown in **Table 2.40** and **Table 2.41** respectively.

Table 2.40: Year-wise details of incomplete projects as on 31 March 2020

Year of commencement	No. of incomplete projects	Estimated cost (₹ in crore)	Expenditure (as on 31 March 2020) (₹ in crore)
2009-10	03	24.49	29.86
2010-11	04	33.22	30.35
2011-12	07	50.73	45.40
2012-13	04	65.42	51.18
2013-14	13	101.73	52.97
2014-15	13	162.11	147.11
2015-16	22	101.22	89.15
2016-17	16	58.36	40.60
2017-18	18	59.22	30.20
2018-19	76	229.58	69.68
2019-20	31	121.16	18.22
Total	207	1007.24	604.72

(Source: Finance accounts of the State)

Table 2.40 shows that projects which commenced as early as 2009-10 remained incomplete as of 2019-20.

Table 2.41: Age-analysis of incomplete projects as on 31 March 2020

Sr. No.	Range of delay (in years)	Incomplete projects		
		No.	Estimated cost (₹ in crore)	Expenditure (as on 31 March 20) (₹ in crore)
1.	1-3	125	409.96	118.10
2.	3-5	38	159.58	129.75
3.	5-7	26	263.84	200.08
4.	7 and above	18	173.86	156.79
	Total	207	1007.24	604.72

(Source: Finance accounts of the State)

It could be seen from **Table 2.41** that expenditure of ₹ 156.79 crore had been incurred as on March 2020 in respect of 18 incomplete projects which were delayed by more than seven years.

Department-wise profile of incomplete projects as on 31 March 2020 is shown in **Table 2.42**.

Table 2.42: Department-wise profile of incomplete projects as on 31 March 2020

Department	No. of incomplete projects	Estimated cost (₹ in crore)	Expenditure (as on 31 March 2020) (₹ in crore)
Roads, Bridges and Buildings	157	524.18	347.86
Irrigation, Water Supply and Sanitation	50	483.06	256.86
Total	207	1007.24	604.72

(Source: Finance accounts of the State)

As per the information furnished by the State Government, there were 207 incomplete projects (more than ₹ one crore each) as on 31 March 2020 on which ₹ 604.72 crore had been spent. Significant time and cost escalation was noticed in Tillari Irrigation Project (a joint venture of Government of Maharashtra and Government of Goa) which remained incomplete due to delay in land acquisition. The cost escalation, if any, in other projects was not disclosed by the State Government in the finance accounts.

Blocking of funds in incomplete projects/works negatively impacts the quality of expenditure and deprives the State of the intended benefits. Further, the funds borrowed for implementation of these projects during the respective years led to the additional fiscal burden in terms of servicing of debt and interest liabilities. Effective steps need to be taken to expeditiously complete all the projects so that the benefits may reach the people and further cost overruns is avoided.

2.4.4 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the better is the quality of expenditure.

Table 2.43 shows the fiscal priority of the State with regard to aggregate expenditure, development expenditure, social sector expenditure, economic sector expenditure and capital expenditure *vis-à-vis* GCS in 2015-16 and 2019-20.

Table 2.43: Fiscal priority of the State in 2015-16 and 2019-20

	AE/ GSDP	CE/AE	SSE/AE	ESE/AE	DE/AE	Education/ AE	Health /AE
General Category States Average (2015-16)	16.97	14.81	36.09	34.19	70.29	15.68	4.79
Goa State	18.25	16.15	35.10	36.65	71.75	14.88	5.71
General Category States Average (2019-20)	15.15	12.97	36.73	28.69	65.42	15.91	5.21
Goa State	16.53	12.49	37.04	30.94	67.99	16.26	8.48

(Source: Finance accounts of the State and information sent by Economic Advisor)

Analysis of the fiscal priorities of the State as shown in **Table 2.43** reveals the following:

- The ratio of aggregate expenditure (AE) to GSDP for Goa in 2015-16 and 2019-20 was higher as compared to GCS. This meant that Goa was spending more as a proportion of its GSDP when compared to GCS.
- Development expenditure (DE) consists of both economic sector expenditure and social sector expenditure. The expenditure on

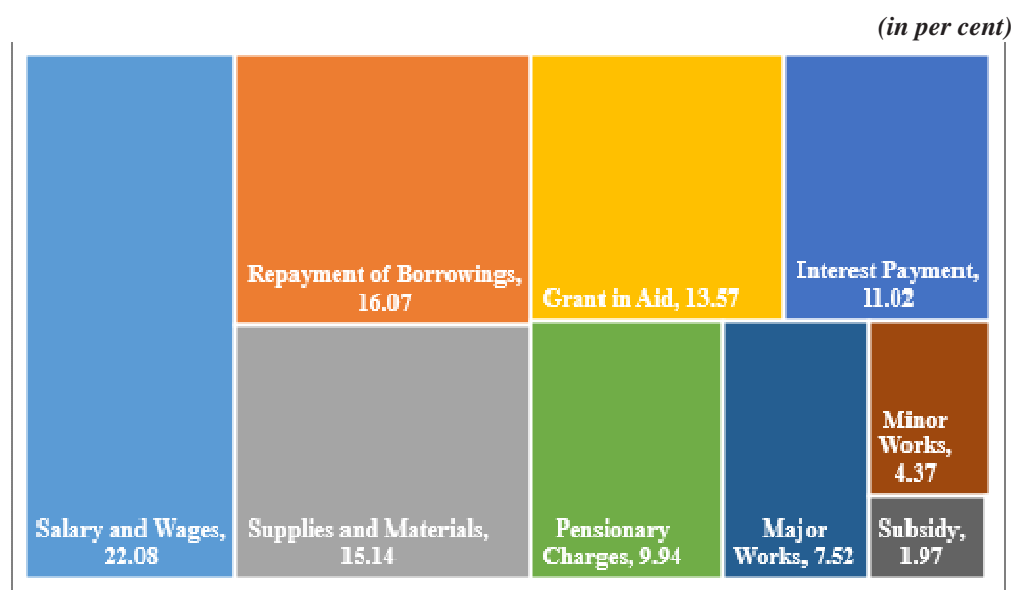
economic sector as a proportion of AE in the State was higher than the GCS average in 2015-16 and 2019-20. The ratio of social sector expenditure to AE was lower in 2015-16 and higher in 2019-20 as compared to GCS.

- DE as a proportion of AE for Goa was higher than GCS in 2015-16 and 2019-20.
- Capital expenditure (CE) increases asset creation and generates opportunities for higher growth. In respect of CE to AE, the State spent more than GCS in 2015-16 but marginally less than GCS in 2019-20.
- Goa’s spending on education, sports, art and culture as a proportion of AE was less than GCS in 2015-16 but the State spent more than GCS in 2019-20.
- The State Government has given higher fiscal priority to health and family welfare during 2015-16 and 2019-20, as their ratios to AE were significantly higher than that of GCS.

2.4.5 Object Head Wise Expenditure

The object head wise expenditure during 2019-20 showing information regarding specific object/purpose of the expenditure is presented in Chart 2.16.

Chart 2.16: Object head wise expenditure



(Source: Finance accounts of the State)

During 2019-20, 56.61 per cent of total expenditure was spent on salary, pension, grants-in-aid (non-salary) and interest payments while the remaining 43.39 per cent was spent on other purposes.

2.5 Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances *etc.*, which do not form part of the Consolidated Fund are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

Component-wise net balances in public account during the last five years are given in **Table 2.44**.

Table 2.44: Component-wise net balances in public account as of 31 March 2020

(₹ in crore)						
Sector	Sub-Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	113	122	236	107	74
J. Reserve Funds	(a) Reserve Funds bearing Interest	07	06	06	04	249
	(b) Reserve Funds not bearing Interest	279	163	178	127	37
	Sub-total:	286	169	184	131	286
K. Deposits and Advances	(a) Deposits bearing Interest	(-)44	(-)52	129	111	142
	(b) Deposits not bearing Interest	(-)28	51	48	10	44
	(c) Advances	-	(-)01	-	-	-
	Sub-total:	(-)72	(-)02	177	121	186
L. Suspense and Miscellaneous	(b) Suspense	(-)125	(-)56	23	(-)18	12
	(c) Other Accounts	(-)60	05	(-)48	94	(-)120
	(d) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(e) Miscellaneous	-	-	-	-	-
	Sub-total:	(-)185	(-)51	(-)25	76	(-)108
M. Remittances	(a) Money Orders, and other Remittances	(-)94	(-)139	(-)164	60	61
	(b) Inter-Governmental Adjustment Account	-	-	-	-	-
	Sub-total:	(-)94	(-)139	(-)164	60	61
	Total	48	99	408	495	499

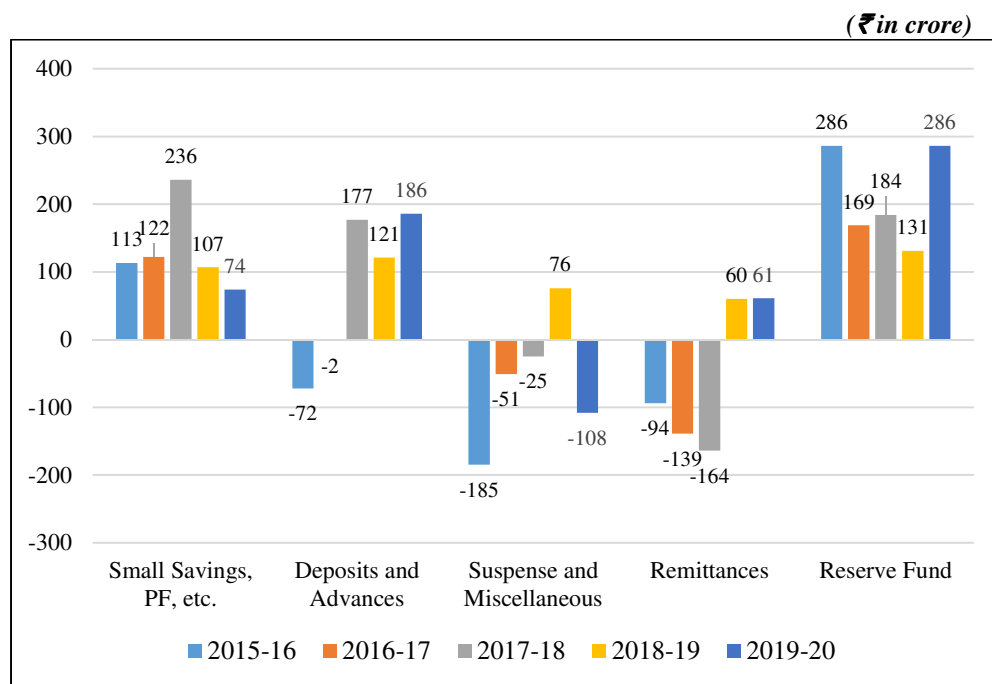
(Source: Finance accounts of the State)

The net public account receipts increased at an average annual growth rate of 84.94 per cent during 2015-20 and increased from ₹ 48 crore in 2015-16 to

₹ 499 crore in 2019-20. The net public account receipts available for use to the State Government during 2019-20 stood at ₹ 499 crore.

The yearly changes in composition of balances in public account over the five-year period (2015-20) are given in **Chart 2.17**.

Chart 2.17: Yearly changes in composition of public account balances



(Source: Finance accounts of the State)

2.5.2 Reserve Funds

Reserve funds are created for specific and defined purposes under the public account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

There were nine reserve funds earmarked for specific purposes during 2019-20 of which, two funds were inoperative with a balance of ₹ three crore. The total accumulated balance in these funds as on 31 March 2020 was ₹ 2,137 crore of which, ₹ 1,031 (48 per cent) crore was invested. Transactions under reserve fund during 2019-20 are shown in **Table 2.45**. An account of these funds is included in Statement No. 21 & 22 of finance accounts 2019-20.

Table 2.45: Transactions under reserve funds

(₹ in crore)				
Classification	Opening balance	Receipts	Payment	Closing balance
Active reserve funds				
8121-122-State Disaster Response Fund	49.82	11.20	0.01	61.01
8121-129- State Compensatory Fund	-	238.16	-	238.16
8222-101-Sinking Fund	612.62	38.99	-	651.61
8229-110-Electricity Development Fund	851.65	145.00	172.88	823.77
8235-117-Guarantee Redemption Fund	309.24	21.28	-	330.52
8235-200-Beaches Improvement Fund	23.84	4.59	-	28.43
8229-123-State Consumer Welfare Funds	0.20	0.02	-	0.22
Total	1847.37	459.24	172.89	2133.72
Inoperative reserve funds				
8235-119-National Calamity Contingency Fund	2.99	-	-	2.99
8235-200-Special Fund for Compensatory Afforestation	0.08	-	-	0.08
Total	3.07	-	-	3.07
Grand Total	1850.44	459.24	172.89	2136.79

(Source: Finance accounts of the State)

2.5.2.1 Consolidated Sinking Fund

The State Governments have set up sinking fund in line with the recommendations of FC XII for amortisation of market borrowings as well as other loans and debt obligations. The fund is managed by the RBI.

The Government of Goa constituted a consolidated sinking fund from 1999-2000 for amortisation of outstanding liabilities. The Scheme for 'Constitution and Administration of the Consolidated Sinking Fund of Government of Goa' notified on 17 December 2009 provided for a minimum annual contribution by the State Government at 0.5 per cent of the outstanding liabilities at the end of the previous financial year.

The fund had an opening balance of ₹ 613 crore on 01 April 2019 and interest earned on the fund during the year was ₹ 39 crore. The State Government did not make any contribution to the fund during the year. The fund had a closing balance of ₹ 652 crore as on 31 March 2020.

2.5.2.2 State Disaster Response Fund

As per recommendations of FC XIII, the State Government had been operating the 'State Disaster Response Fund' with effect from 2010-11. In terms of GoI guidelines (September 2010), the Central and State Governments were required to contribute to the fund in the ratio of 75:25.

The contributions were to be transferred to the Public Account to Major Head – 8121. Expenditure during the year is incurred by operating Major Head – 2245.

As on 01 April 2019, the fund had an opening balance of ₹ 50 crore. During 2019-20, the State Government transferred ₹ 11 crore³¹ to the fund. Of the total available balance of ₹ 61.02 crore, an expenditure of ₹ 0.016 crore was incurred during the year, leaving a balance of ₹ 61 crore in the fund at the end of March 2020. Out of ₹ 61 crore, Government invested ₹ 49 crore (81 per cent) during the year and the remaining ₹ 12 crore was held in cash.

Table 2.46: Details of expenditure charged to SDRF during 2019-20

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2019-20
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	3.71
	106-Repairs and Restoration of Damaged Roads and Bridges	-
	122-Repairs and Restoration of Damaged Irrigation and Flood Control Works	-
	193-Assistance to Local Bodies and Other Non-Government Bodies/ Institutions	-
	911- Deduct-Recoveries of Overpayments	-
	Sub-Total	3.71
2245- Relief on Account of Natural Calamities 80- General	800-Other Expenditure	0.67
	911- Deduct-Recoveries of Overpayments	-
	Sub-Total	0.67
	Grand Total	4.38
05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	-

(Source: Finance accounts of the State)

2.5.2.3 Guarantee Redemption Fund

The State Government set up a Guarantee Redemption Fund (GRF) during 2003-04 with the objective of meeting payment obligations arising out of guarantees issued by it in respect of bonds issued and other borrowings by the SPSEs or other bodies. The accumulations in the fund are to be utilised only towards payment of guarantees issued by the Government and not paid by the institution on whose behalf guarantees were issued.

At the beginning of the year, ₹ 309 crore was available in the fund. Interest received on investment at the end of the year was ₹ 21 crore and the closing balance in the fund was ₹ 330 crore. There was no contribution by the State

³¹ Central share: ₹ three crore; State share: ₹ one crore; interest earned: ₹ 2.78 crore; and maturity amount on fixed deposit made on 29 March 2019: ₹ 4.42 crore

Government towards the fund during the year. The entire balance of ₹ 330 crore was reinvested in Government securities. During 2019-20, no amount was paid by the State Government on account of invocation of guarantees.

2.6 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

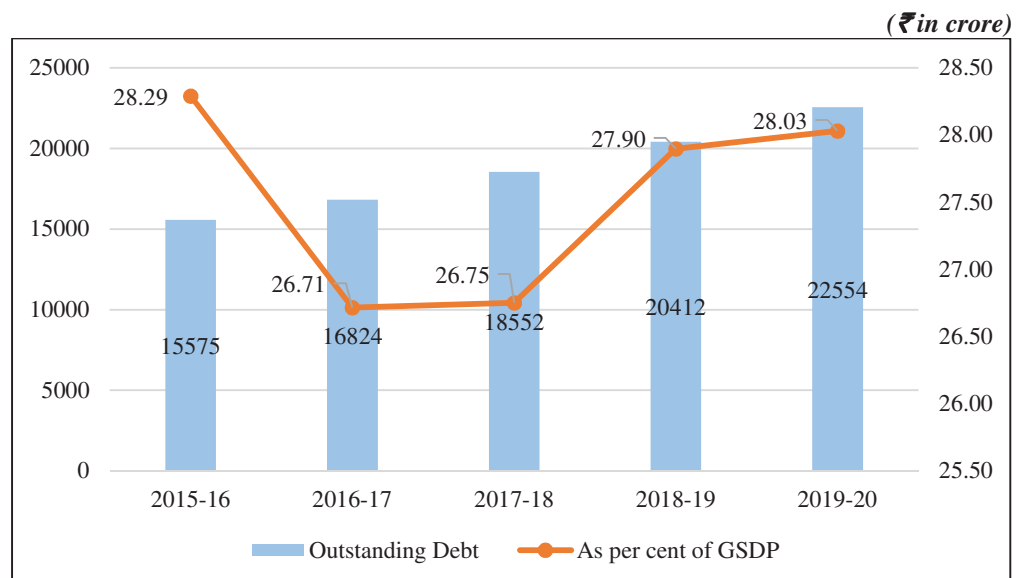
According to the Goa Fiscal Responsibility and Budget Management Act, 2006, "total liabilities" (herein termed as total outstanding debt) means the liabilities under the Consolidated Fund of the State and the public account of the State.

Table 2.47: Total outstanding debts during 2015-20

	2015-16	2016-17	2017-18	2018-19	2019-20
Total outstanding Debt³²	15575	16824	18552	20412	22554
Rate of growth of outstanding Overall debt (percentage)	12.24	8.02	10.27	10.03	10.49
Gross State Domestic Product (GSDP)	55054	62976	69352	73170	80449
Debt/GSDP (per cent)	28.29	26.71	26.75	27.90	28.03

(Source: Finance accounts of the State)

Chart 2.18: Trend of outstanding debts during 2015-20



(Source: Finance accounts of the State)

³² Includes liabilities under the Consolidated Fund of the State and the public account of the State

The overall debt of the State Government increased at an average annual growth rate of 10.21 *per cent* from ₹ 15,575 crore in 2015-16 to ₹ 22,554 crore in 2019-20. During 2019-20, it increased by 10.49 *per cent* over the previous year. These liabilities were nearly twice the revenue receipts (₹ 11,297 crore) and more than three times the State's own resources (₹ 7,437 crore) during 2019-20.

2.6.1 Debt Profile: Components

Table 2.48 presents the components-wise overall debt indicators for the period 2015-20.

Table 2.48: Component-wise debt trends

		(₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Total outstanding debt		15575	16824	18552	20412	22554
Public Debt	Internal Debt	10176	11162	12388	14019	15746
	Loans from GoI	1168	1233	1223	1201	1148
Public Account Liabilities		4231	4429	4941	5192	5660
Rate of growth of outstanding debt (per cent)		12.24	8.02	10.27	10.03	10.49
Gross State Domestic Product (GSDP)		55054	62976	69352	73170	80449
Debt/GSDP (per cent)		28.29	26.71	26.75	27.90	28.03
Interest payments		1075	1148	1244	1344	1465
Burden of interest payments (IP/RR)		12.57	12.00	11.25	11.75	12.97
Total Debt Receipts		5293	4432	4616	6444	5351
Total Debt Repayments (Debt redemption)		4670	4331	4132	5928	4674
Total Debt Available		623	101	484	516	677
Debt Repayments/Debt Receipts (per cent)		88	98	90	92	87

(Source: Finance accounts of the State)

The overall debt (₹ 22,554 crore) of the State Government at the end of financial year 2019-20 comprised internal debt of ₹ 15,746 crore (70 *per cent*), public account liability of ₹ 5,660 crore (25 *per cent*) and loans and advances from GoI of ₹ 1,148 crore (five *per cent*). The internal debt comprised of market loans (₹ 13,010 crore), special securities issued to NSSF (₹ 2,138 crore), NABARD (₹ 546 crore) and loans from financial institutions (₹ 52 crore).

During 2019-20, the overall debt increased by ₹ 2,142 crore as compared to previous year mainly due to increase in public debt (₹ 1,674 crore), small savings and provident funds³³ (₹ 74 crore), reserve funds (₹ 209 crore) and deposits³⁴ (₹ 185 crore).

³³ Small Savings and Provident Fund include State Provident Fund and Pension Funds which are liable to be repaid by the Government to the subscribers and depositors.

³⁴ Deposits include Security Deposits, Deposits from Government Companies, Corporations *etc.*, Defined Contribution Pension Scheme for Government Employees and Civil Deposits, which are liable to be repaid by the Government to the subscribers and depositors.

The overall debt-GSDP ratio increased from 26.71 *per cent* in 2016-17 to 28.03 *per cent* in 2019-20. The State, thus, could not achieve the target of 25 *per cent* fixed under Goa FRBM (First Amendment) Act, 2014 and 24.92 *per cent* set forth by FC XIV.

Chart 2.19 presents the break-up of total outstanding debt at the end of March 2020 while the component-wise debt trend during last five years is shown in **Chart 2.20**.

Chart 2.19: Break-up of total outstanding debt at the end of March 2020

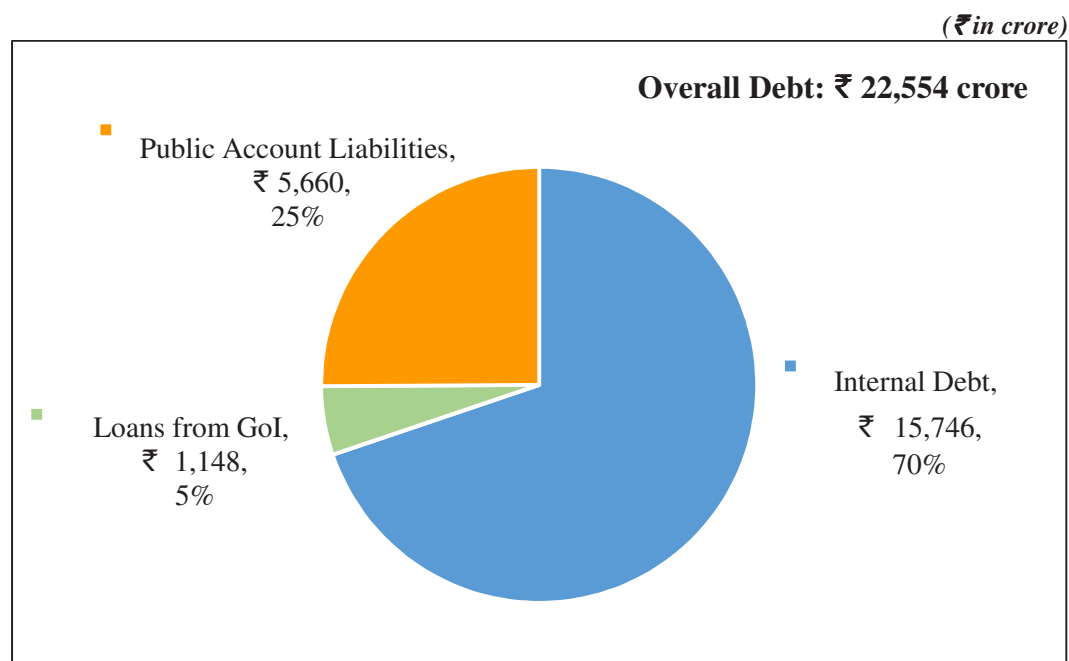
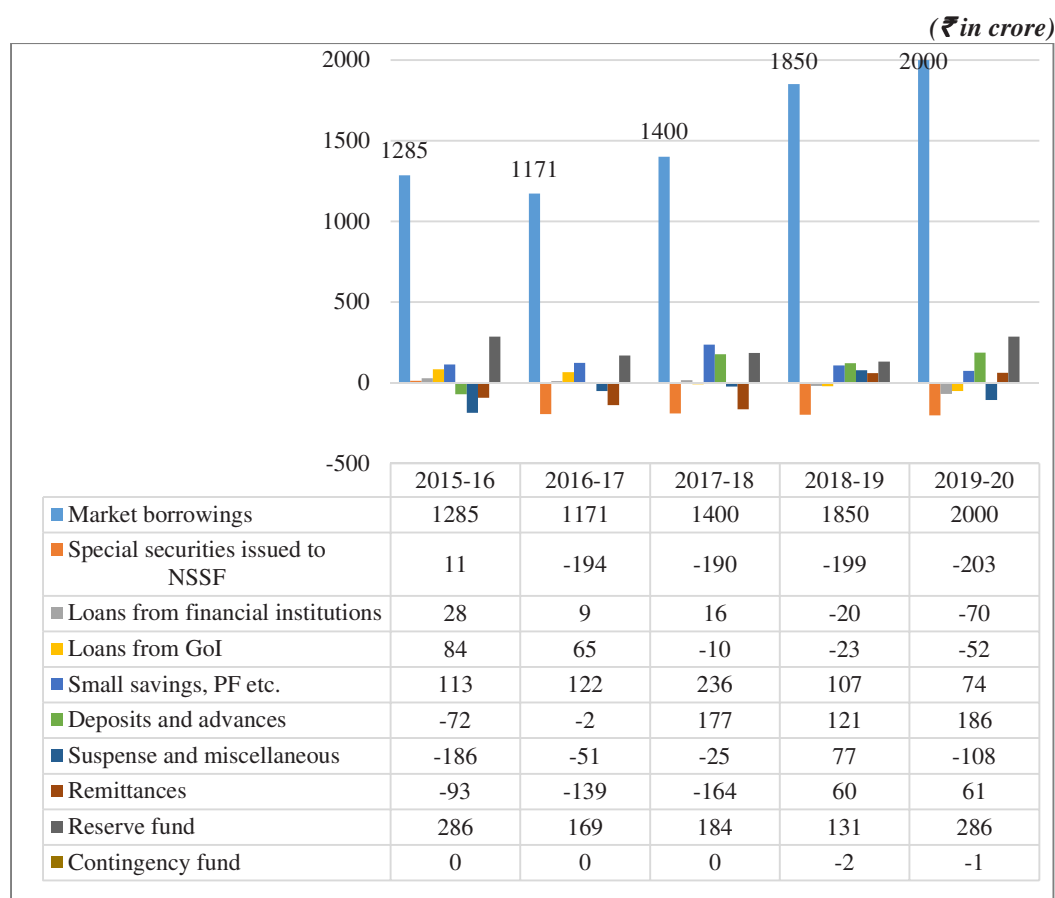
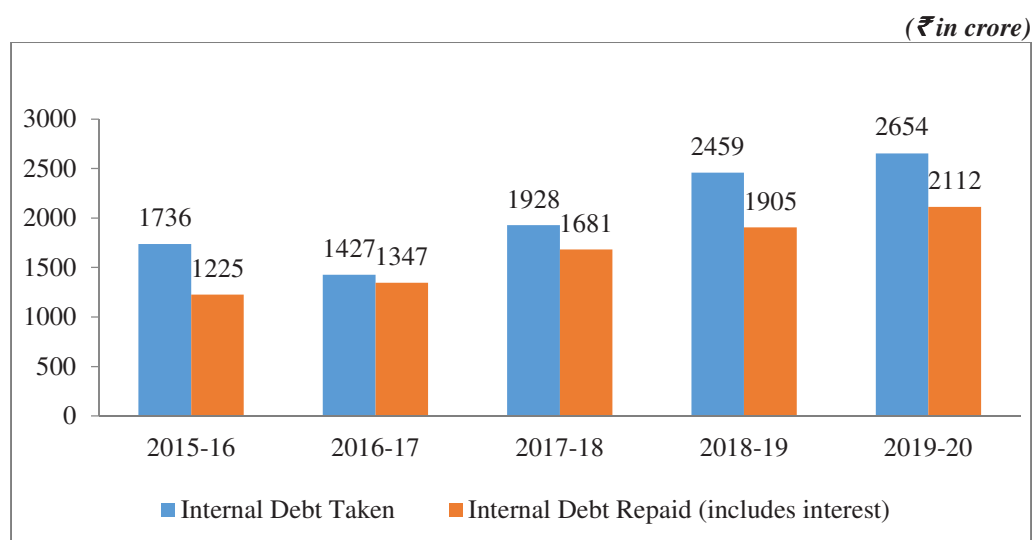


Chart 2.20: Component-wise debt trend



(Source: Finance accounts of the State)

Chart 2.21: Trend of internal debt taken vis-à-vis repaid



(Source: Finance accounts of the State)

Components of Fiscal Deficit and its Financing Pattern

Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from public account.

Table 2.49 shows the item-wise net disbursements/outflow financing pattern of fiscal deficit during 2015-20.

Table 2.49: Components of fiscal deficit and its item-wise financing pattern

		(₹ in crore)				
Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	
Components of Fiscal Deficit	(-1483)	(-934)	(-1610)	(-1792)	(-1994)	
1 Revenue Deficit	132	699	511	355	(-325)	
2 Net Capital Expenditure ³⁵	(-1622)	(-1639)	(-2094)	(-2149)	(-1660)	
3 Net Loans and Advances	07	06	(-27)	02	(-9)	
Financing Pattern of Fiscal Deficit						
1 Market Borrowings	1285	1171	1400	1850	2000	
2 Loans from GoI	84	65	(-10)	(-23)	(-52)	
3 Special Securities issued to NSSF	11	(-194)	(-190)	(-199)	(-203)	
4 Loans from Financial Institutions	28	09	16	(-20)	(-70)	
5 Small Savings, PF, etc.	113	122	236	107	74	
6 Deposits and Advances	(-72)	(-2)	177	121	186	
7 Suspense and Miscellaneous	(-186)	(-51)	(-25)	77	(-108)	
8 Remittances	(-93)	(-139)	(-164)	60	61	
9 Reserve Fund	286	169	184	131	286	
10 Contingency Fund	-	-	-	(-02)	(-01)	
Overall Deficit	1456	1150	1624	2102	2173	
11 Increase(-)/Decrease in cash balance(+)	27	(-216)	(-14)	(-310)	(-179)	

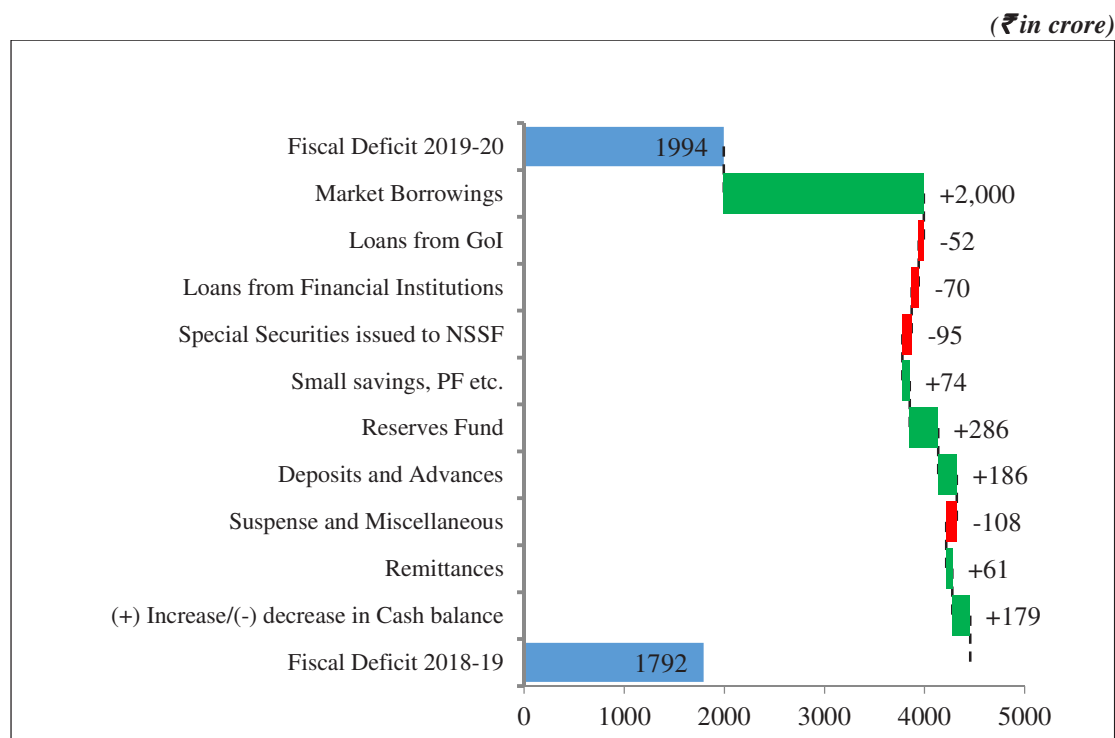
(Source: Finance accounts of the State)

Table 2.49 reveals that during the last five years, market borrowings and net accretions to public account (small savings, deposits and advances, reserve fund etc.) had been the main sources utilised by the State Government to finance its fiscal deficit. During 2019-20, net market borrowings (₹ 2,000 crore), net accretions to reserve fund (₹ 286 crore), deposits and advances (₹ 186 crore) and small savings, PF etc. (₹ 74 crore) were used for bridging the fiscal deficit of the State.

During 2019-20, the State Government raised ₹ 2,600 crore as market loans at an average interest rate of 7.27 per cent and ₹ 54 crore from NABARD. The State Government also received loans amounting to ₹ 45.68 crore from GoI at an average interest rate of 4.11 per cent for externally aided projects during the year.

Chart 2.22 shows the financing of fiscal deficit during 2019-20, expressed through a water flow chart.

³⁵ Net capital expenditure is the total of miscellaneous capital receipts minus capital expenditure

Chart 2.22: Financing of fiscal deficit expressed through a water flow chart

(Source: Finance accounts of the State)

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the State Government to repay the debt or service the debt.

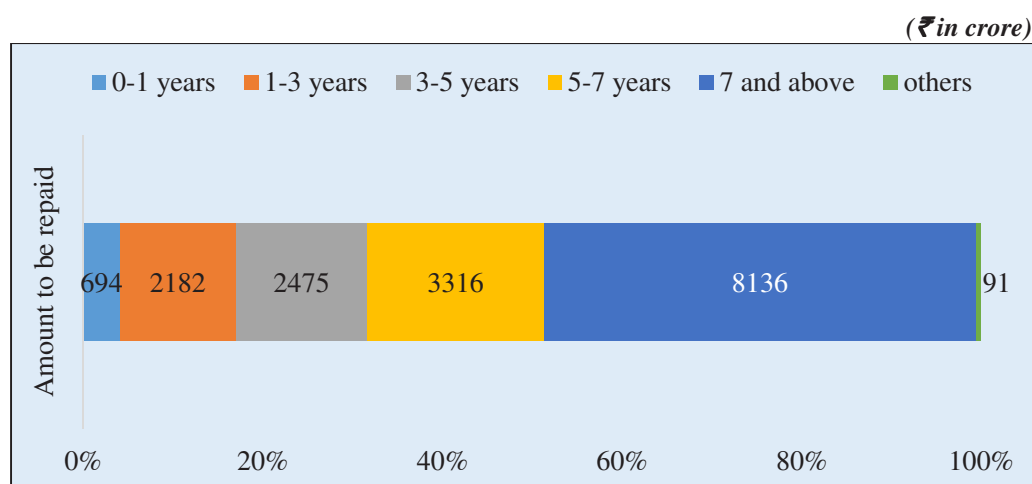
Of the total outstanding debt of ₹ 22,554 crore as at the close of 2019-20, ₹ 5,660 crore pertained to 'Other Liabilities'. The maturity profile of the remaining public debt (₹ 16,894 crore) is shown in **Table 2.50** and **Chart 2.23**.

Table 2.50: Debt maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. public debt)
0 – 1	694.34	4.10
1 – 3	2182.43	12.92
3 – 5	2474.87	14.65
5 – 7	3315.66	19.63
7 and above	8135.52	48.16
Loans pertaining to Union Territory	91.30	0.54
Total	16894.12	100

(Source: Finance accounts of the State)

Chart 2.23: Debt maturity profile



(Source: Finance accounts of the State)

The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that 51 *per cent* of the total public debt (₹ 8,667 crore) would be repayable within the next seven years which may put a strain on the Government budget during that period. Remaining 49 *per cent* (₹ 8,227 crore) would become due for servicing after seven years.

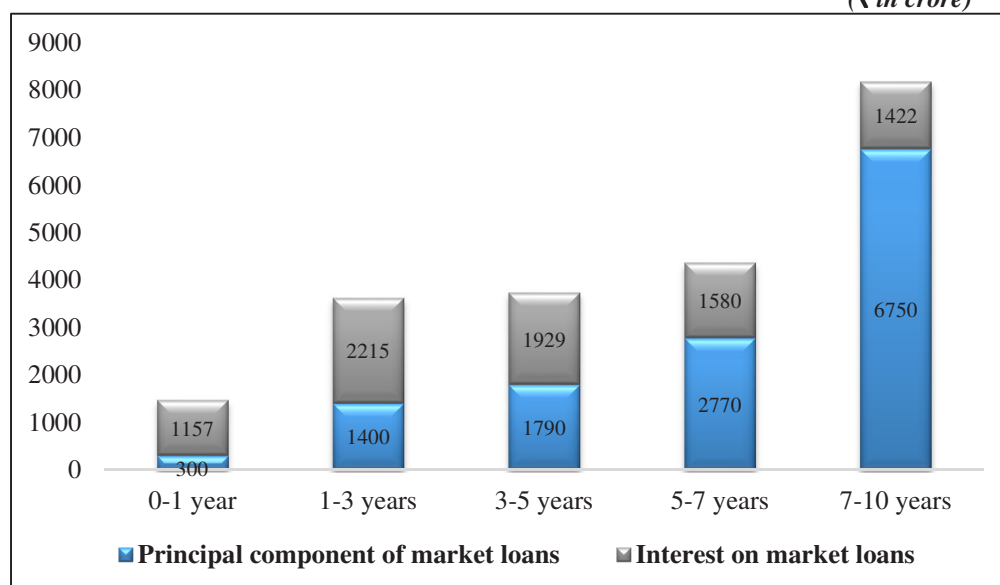
Further, the State has repeatedly breached the target of debt-GSDP ratio of 25 *per cent* set out in Goa FRBM (First Amendment) Act, 2014 during the last five years. In fact, the debt-GSDP ratio increased from 26.75 *per cent* in 2017-18 to 28.03 *per cent* in 2019-20. Besides, mounting committed expenditure over the last five years and a revenue deficit during the current year are other compelling grounds for the State Government to work out a well-thought out debt management strategy so as to avoid falling into a debt trap.

Repayment Schedule of Market Loans

Market borrowings continued to finance a major portion of fiscal deficit. Of the public debt of ₹ 16,894 crore, the share of market borrowings amounts to ₹ 13,010 crore (77 *per cent*). The repayment schedule of outstanding market loans and interest on these loans are depicted below in **Table 2.51** and **Chart 2.24**.

Table 2.51: Repayment schedule of market loans and interest on market loans*(₹ in crore)*

Period of repayment (Years)	Repayment of market loans (Principal component)	Repayment of market loans (Interest component)
0 – 1	300	1156.92
1 – 3	1400	2214.61
3 – 5	1790	1929.11
5 – 7	2770	1580.17
7 -10	6750	1422.28
Total	13010	8303.09

*(Source: Information received from Directorate of Accounts)***Chart 2.24: Repayment schedule of market loans and interest on market loans***(₹ in crore)**(Source: Information received from Directorate of Accounts)*

The State Government would have to repay market loans of ₹ 1,700 crore and pay interest of ₹ 3,371.53 crore in next three financial years *i.e.*, up to 2022-23. In the following two years *i.e.*, up to 2024-25, principal of ₹ 1,790 crore and interest of ₹ 1,929 crore would be payable. The total principal repayment along with interest would be approximately ₹ 8,791 crore during next five years up to 2024-25.

During the subsequent periods between 2025-26 and 2029-30, the State Government would have to repay the principal amount of ₹ 9,520 crore together with interest of ₹ 3,002 crore. As such, the annual outgo on account of principal and interest during the five-year (2025-30) would be approximately ₹ 2,504 crore.

2.7 Debt Sustainability Analysis

Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

This section assesses the sustainability of debt of the State Government in terms of debt-GSDP ratio, fiscal deficit, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of the State Government debts.

Table 2.52 analyses the debt sustainability of the State according to relevant indicators for a period of five years beginning from 2015-16.

Table 2.52: Trends in debt sustainability indicators

Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding public debt* (₹ in crore)	11344	12395	13611	15220	16894
Rate of growth of outstanding public debt (per cent)	14.17	9.26	9.81	11.82	11.00
GSDP (₹ in crore)	55054	62976	69352	73170	80449
Rate of growth of GSDP (per cent)	15.14	14.39	10.12	5.51	9.95
Outstanding public debt/GSDP (per cent)	20.61	19.68	19.63	20.80	21.00
Debt maturity profile of repayment of State debt – including default history, if any (₹ in crore)	11344	12395	13611	15220	16894
Public debt receipts (₹ in crore)	1847	1519	2006	2529	2700
Public debt payments (₹ in crore)	439	468	790	920	1025
Interest paid on outstanding public debt (₹ in crore)	836	926	999	1096	1207
Average interest rate of outstanding public debt (per cent)	7.85	7.80	7.68	7.60	7.52
Percentage of interest payment to revenue receipts	9.77	9.68	9.03	9.58	10.68
Percentage of public debt repayment to public debt receipts	23.77	30.81	39.39	36.38	37.96
Net debt available to the State# (₹ in crore)	572	126	217	513	468
Net debt available as per cent to public debt receipts	30.97	8.29	10.82	20.28	17.33

(Source: Finance accounts of the State)

*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

#Net debt available to the State Government is calculated as excess of public debt receipts over public debt repayment and interest payment on public debt.

Analysis of various debt sustainability indicators as shown in **Table 2.52** revealed the following.

- During the past two years (2018-20), public debt grew at a faster rate than the rate of growth of GSDP.

- During the past three years, the debt-GSDP ratio increased from 19.63 per cent in 2017-18 to 21 per cent in 2019-20.

The burden of interest payment on public debt as percentage of revenue receipts increased from 9.58 per cent in 2018-19 to 10.68 per cent in 2019-20. The percentage of public debt repayment to public debt receipts during 2019-20 also increased over the previous year. This indicated the need to review the sustainability of debt of the State.

2.7.1 Utilisation of Borrowed Funds

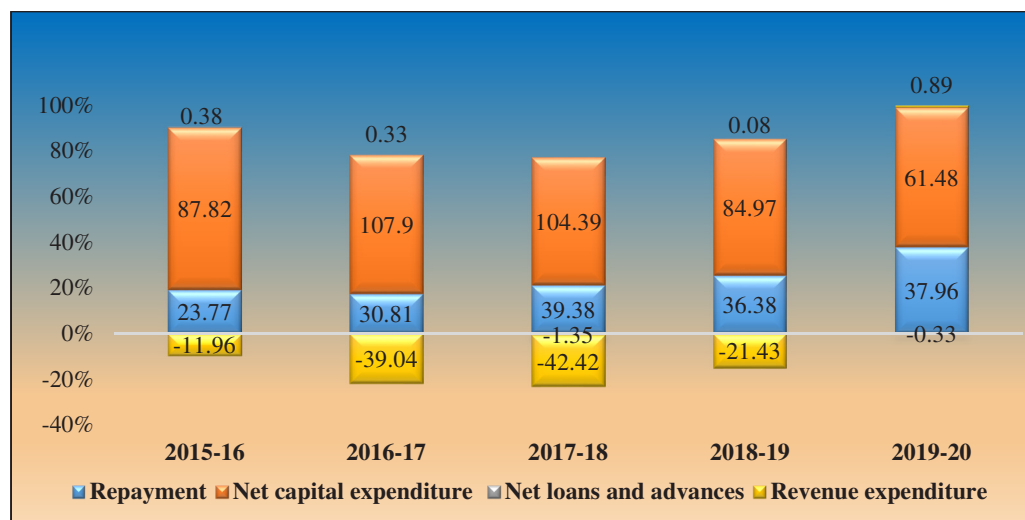
Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.53: Utilisation of borrowed funds

(₹ in crore)						
Year		2015-16	2016-17	2017-18	2018-19	2019-20
Total Borrowings	2	1847	1519	2006	2529	2700
Repayment of earlier borrowings (Principal) (percentage)	3	439 (23.77)	468 (30.81)	790 (39.38)	920 (36.38)	1025 (37.96)
Net capital expenditure (Percentage)	4	1622 (87.82)	1639 (107.90)	2094 (104.39)	2149 (84.97)	1660 (61.48)
Net loans and advances	5	07	05	(-)27	02	(-)9
Portion of Revenue expenditure met out of net available borrowings	6=2-3-4-5	(-)221	(-)593	(-)851	(-)542	24

(Source: Finance accounts of the State)

Chart 2.25: Trend of utilisation of borrowed funds



(Source: Finance accounts of the State)

Table 2.53 shows that surplus on revenue account provided more fiscal space to the State Government during 2015-16 to 2018-19 to increase its capital spending. During 2015-19, funds to the extent of 12 per cent to 42 per cent were used from the revenue account³⁶ for capital creation. However, during

³⁶ Excluding interest paid on earlier borrowings

2019-20, borrowing of ₹ 24 crore (0.89 per cent) was used for meeting the revenue expenditure.

2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated fund of the State in cases of defaults by borrowers for whom guarantees have been extended by the State Government. The maximum amount for which guarantees were given by the State Government and outstanding guarantees for the last five years is given in **Table 2.54**.

Table 2.54: Guarantees given by the State Government

(₹ in crore)

Guarantees	2015-16	2016-17	2017-18	2018-19	2019-20
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	1500.00	1500.00	1500.00	1500.00	1500.00
Outstanding amount of guarantees including interest	622.55	841.91	740.94	1092.90	882.85

(Source: Finance accounts of the State)

The Goa Legislature fixed (September 2015) a limit of ₹ 1,500 crore on the outstanding guarantees. The outstanding guarantees at ₹ 883 crore during 2019-20 decreased by ₹ 210 crore from the previous year and was within the ceiling limit specified by the State Legislature. Of the total outstanding guarantees of ₹ 883 crore, ₹ 461 crore (52.21 per cent) pertained to Goa State Infrastructure Development Corporation and ₹ 49 crore (5.54 per cent) pertained to Sewerage and Infrastructural Development Corporation of Goa Limited. The outstanding guarantees also included ₹ 318 crore (36.01 per cent) pertaining to Bank of India for loans sanctioned to Housing Development Finance Corporation and Government servants against construction/purchase of houses and motor cars. The outstanding guarantees accounted for 7.82 per cent of the total revenue receipts of the State Government (₹ 11,297 crore). The State Government has exempted the borrowing institutions from the payment of guarantee fees.

During 2019-20, no amount was paid by the State Government on account of invocation of guarantees.

2.7.3 Cash Balances

As per an agreement with the RBI, State Government has to maintain a minimum daily cash balance of ₹ 0.19 crore with the Bank. The balance in excess of ₹ 0.19 crore is invested by the RBI in 14 days intermediate treasury bills for a minimum amount of ₹ 0.01 crore and in multiple of ₹ 0.01 crore. If

the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

The limit for ordinary WMA to the State Government was ₹ 272 crore with effect from 01 April 2019 to 31 March 2020 while it was ₹ 274.04 crore for SWMA for the same period.

Table 2.55 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 2.55: Cash balances and their investment

(₹ in crore)

	Opening balance (01 April 2019)	Closing balance (31 March 2020)
A. General Cash Balance		
Cash in treasuries	-	-
Deposits with Reserve Bank of India	0.45	64.26
Deposits with other Banks	-	-
Remittances in transit – Local	-	-
Investments held in cash balance investment account	349.14	387.64
Total (A)	349.59	451.90
B. Other Cash Balances and Investments		
Cash with Departmental Officers <i>viz.</i> , Public Works Department, Forest Department, District Collectors <i>etc.</i>	1.48	1.52
Permanent advances for contingent expenditure with Departmental officers	0.32	0.33
Investment in earmarked funds	954.18	1031.37
Total (B)	955.98	1033.22
Total (A + B)	1305.57	1485.12
Interest realised	6.22	45.66

(Source: Finance accounts of the State)

Cash Balance of the State Government worked out by the office of the Director of Accounts, Government of Goa as on 31 March 2020 was ₹ 64.26 crore (Debit). The cash balance reported by RBI as on 31 March 2020 was ₹ 64.78 crore (Credit). Thus, there was a difference of ₹ 0.52 crore (Debit) between the two figures. The Directorate of Accounts stated that the difference of ₹ 0.52 crore (Debit) was under reconciliation.

The State Government's cash balances of ₹ 1,485.12 crore at the end of the current year showed an increase of ₹ 179 crore (14 per cent) over the previous year. During the year, the State Government invested ₹ 387.64 crore in GoI treasury bills which earned an interest of ₹ 45.66 crore. Further,

₹ 1,031 crore was invested in earmarked/reserve funds which earned an interest of ₹ 63.05 crore³⁷ during the year.

During 2019-20, the State Government obtained WMA on 96 occasions³⁸ totaling ₹ 1,112.12 crore. The entire amount was repaid by the State Government along with an interest of ₹ 1.01 crore.

Table 2.56: Cash Balance Investment Account (Major Head-8673)

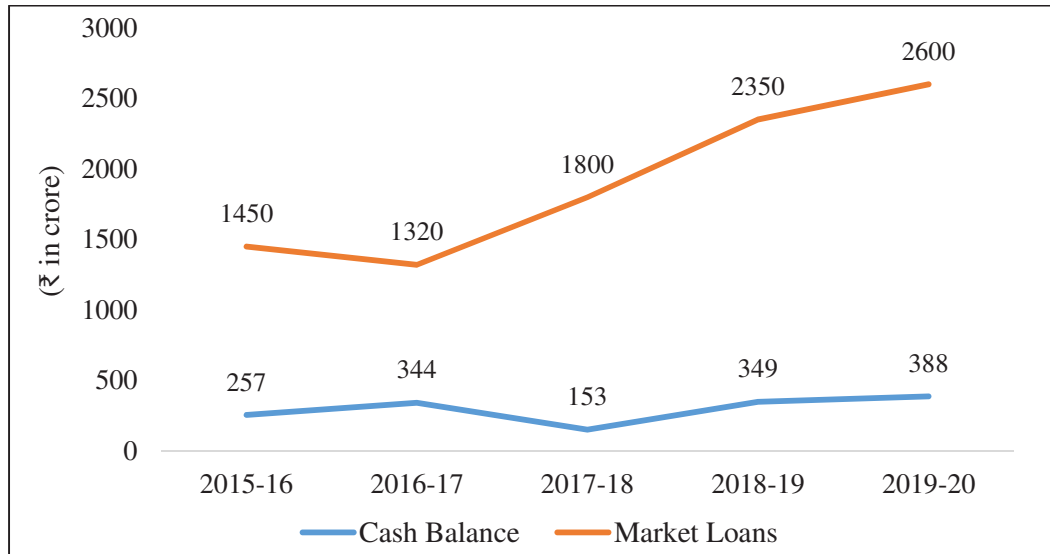
(₹ in crore)

Year	Opening balance	Closing balance	Increase (+) / decrease (-)	Interest earned
2015-16	253.90	256.67	2.77	1.09
2016-17	256.67	344.25	87.58	3.78
2017-18	344.25	153.16	(-)191.09	8.99
2018-19	153.16	349.14	195.98	6.22
2019-20	349.14	387.64	38.50	45.66

(Source: Finance accounts of the State)

The surplus cash balances of the State Government are automatically invested in 14 days treasury bills. Till the end of 2019-20, a sum of ₹ 387.64 crore was invested in GoI treasury bills/securities, which earned an interest of ₹ 45.66 crore.

Chart 2.26: Market loans vis-à-vis cash balance



(Source: Finance accounts of the State)

³⁷ State Disaster Response Fund: ₹ 2.78 crore; Consolidated Sinking Fund: ₹ 38.99 crore; Guarantee Redemption Fund: ₹ 21.28 crore

³⁸ Normal WMA-14 occasions and SWMA-82 occasions

2.8 Conclusion and recommendations

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government.

Key parameters

Positive indicators	Parameters requiring close watch
Higher expenditure on priority sectors	Revenue expenditure as percentage of total expenditure increased by 3.68 <i>per cent</i> during 2019-20 over the previous year.
	The Government may re-evaluate the cost of all incomplete projects and evolve a mechanism for timely completion of projects.
	Increasing debt to GSDP ratio
	Revenue/fiscal/primary deficits
	Increasing committed expenditure

Improvement in the fiscal position would require efforts by the State Government towards parameters requiring close watch as indicated above.