

Evaluation of State Finances of Goa 2006-7 to 2015-16

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By

Pranab Mukhopadhyay

Department of Economics

Goa University

Taleigao Plateau

Goa 403206

Saumen Chattopadhyay

Zakir Hussain Centre for Educational Studies

Jawaharlal Nehru University

New Mehrauli Road

New Delhi 110067

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Hemant Desai, Budget Analyst, Government of Goa.

Suresh Divkar, Joint Director - Accounts, Directorate of Higher Education, Porvorim, Goa

Siddhi Halarnkar, Additional Director-I, Directorate of Panchayats, Junta House, Panaji, Goa

Hemant Kamat, Shri Nirakar Vidhyalay, Canacona, Goa.

Prasad V. Lolayekar, Director, Directorate of Higher Education, Government of Goa.

Menaka (IAS), Director, Directorate of Municipal Administration, Panaji Goa.

Ajit Panchwadkar, Director, Directorate of Panchayats, Panaji Goa.

Sandesh Sail, Accountant, Goa State Urban Development Corporation, Panaji, Goa

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Contributors to this report

(in alphabetical order)

1. Fernanda Andrade, Research Scholar, Department of Economics, Goa University, Goa.
2. Vishal Chari, Assistant Professor, Damodar College of Arts and Commerce, Goa.
3. Saumen Chattopadhyay, Professor, Jawaharlal Nehru University, New Delhi.
4. Aparna P. Lolayekar, Associate Professor, D.M's College and Research Centre, Goa.
5. Pranab Mukhopadhyay, Professor, Goa University, Goa.
6. P.K. Sudarsan, Professor, Goa University, Goa

Executive Summary

Revenue expenditure in terms of GSDP increased marginally from 14.9 in 2006-07 to 15.5 in 2015-16. Capital outlay during the ten year period fell from 3.6 percent of GSDP to 2.7 percent. The fiscal deficit reduced from nearly 3 percent in 2006-07 to 2.5 percent in 2015-16. Goa had a surplus on the revenue account during 2006-07 to 2008-09, then again during 2010-11 to 2011-12 and during 2014-15 to 2015-16. Primary deficit has been low throughout this period.

Public debt consisting of internal debt and loans and advances from Centre has declined from 28.4 percent in 2006-07 to 20.9 percent in 2015-16. The composition however has shifted heavily in favour of internal debt away from loans and advances from the Centre. The debt outstanding from the Centre has declined significantly from 20.1 percent of GSDP to 2.1 percent in 2015-16 while that the share of internal debt rose from 7.4 percent to 18.7 percent of GSDP during the same period. For small savings and PF, the share in GSDP has expectedly remained stable. Total debt outstanding has fallen by nearly 8 percentage points indicating a stable debt to GSDP ratio. The effective interest for the outstanding debt has a whole has fallen marginally from 9.5 percent to 9.2 percent.

Tax revenue in Goa has been higher as compared to the state's non-tax revenue and Grants received. State's Own tax revenue contributed around 80% towards the tax revenue and the rest was from central taxes. 'Taxes on Commodity and Services' has been the largest contributor towards the OTR. Its contribution however has declined from 82% to 73% from 2006-7 to 2015-16.

Total tax revenue increased from 9.7% of the GSDP to 10.9%. Sales tax was the major source of revenue of the state but it declined in its contribution from 65% in 2006-7 to 53% in 2015-16. Taxes on Goods and Passengers constituted the second most important source of own tax.

With regard to the tax buoyancy, the Total OTR, with a co-efficient of 1.08, was highly buoyant. The slackening of sales tax revenue (most important source) in the second half of the decade is an indicator that tax effort has been lower in this segment and could improve. Overall, the tax performance of the state of Goa suggests that there has been the better tax efforts made by the State in the collection of taxes during the period 2006-7 to 2015-16.

State's Own non-tax revenue (ONTR) as percent to aggregate receipts has considerably declined from 42% in 2009-10 to 25.7% in 2013-14, slightly rising thereafter. On the other hand the tax revenue rose sharply from 50 % in 2011-12 to 68.9% in 2015-16. About two-third of the states' ONTR is from general, economic and social services, with the share of economic services being highest (more than 70%) in all the years.

There has been a rising trend in revenue expenditure both as a proportion of total expenditure and GSDP. The per capita plan expenditure on both on capital and revenue account increased during this period. As a percentage of GSDP, the plan expenditure has ranged between 5% to 7 %, while the non-plan has been within the range of 10%-12%. Total Development expenditure as a proportion of GSDP has been between 11 to 13%. Bulk of the development expenditure is on the Revenue account (9% to 13% of GSDP).

ULBs as well as the VPs have incurred surpluses for most years from 2006-07 to 2015-16. This is indicative of a tendency to underutilise grants. There is no steady pattern in the growth rate of grants to both ULBs and PRIs. In more recent years the ULBs seem to be spending more on administrative expenditures and it is crowding out expenditures in more productive areas. Both the VPs and the ULBs in Goa seem to have drawn their FC transfers on time for the 14th FC unlike before. There is also a decrease in the percentage of grants to total income for ULBs. For PRIs the dependency on grants has remained more or less the same.

The equity support of the State Government has increased for all the PSEs in Goa and three PSEs received equity support from the central government as well. Four PSEs have been net profit earners throughout the period under study. Around six PSEs have accumulated losses for the entire period. The contribution made by the PSE's to the Total Revenue of the Government has been fluctuating but has remained less than 1% on average.

Goa has highest per capita consumption of electricity; 2014-15 it was 2135 Kwh as compared to 1010 Kwh for India. Goa Electricity department is a major contributor to the government revenue. Power supply in Goa is completely dependent on the neighboring states, since Goa does not have its own power generation plants. The electricity tariffs are significantly lower than other states like Karnataka and Maharashtra and could be re-examined.

Subsidies granted explicitly by the government are reported in the finance accounts of the Government of Goa. The level of subsidies reported are less than one percent of the GSDP. It increased from 0.22 percent of GSDP in 2006-07 to 0.45 percent in 2015-16. Alternatively, if we could estimate subsidies as the unrecovered cost calculated by subtracting revenue from expenditure. The alternative measure of subsidy showed the levels of unrecovered costs to be much higher at 13.88 percent for the study period of 10 years.

1. Fiscal Scenario of the State of Goa: 2006-07 to 2015-16

The decade since 2006-7 has seen changes in the economic growth pattern in Goa – partly due to dynamics of structural change and partly due to institutional factors. Mining in Goa has played an important role in the economy. In 2012, mining in Goa was stopped by an order of the Supreme Court. It was partially lifted in 2014 but was stopped again in 2018. The stoppage in 2012 affected both the GSDP as well as the revenues in the state as it was unanticipated. However, the economy seems to have recovered from the “shock” and is back on its trend growth path now. The transition to a GST economy was another phenomenon however the impact of GST is still in its nascent stages to fully understand.

An analysis of the trends in the fiscal variables entails an understanding of the trends in the GSDP for two reasons. One, the variables are linked with the level of economic activity of the economy, and two, they are typically expressed as shares in GSDP. So, a trend in a fiscal variable expressed in terms of GSDP may fall or rise because of a counteracting change in GSDP growth rate, the denominator in the ratios.

1.1 GSDP growth

The GSDP (factor cost at current prices) estimates have been taken from the RBI. Since the base year was changed to 2011-12 in the middle of our assessment period, and the methodology for estimation was also changed, combining the latest with the earlier to generate a continuous and consistent series was an important task.

Table 1.1: GSDP (factor cost at current prices) Growth Rates: Goa

		2001-02 to 2015-16	2006-07 to 2015-16	2011-12 to 2015-16
		15 Yr Growth	10 Yr Growth	5 Yr Growth
GSDP factor cost at current prices	RBI website	0.156	0.141	0.064
GSDP factor cost	Economic	0.141	0.118	0.058

at current prices	Survey of Goa			
Source: RBI website and GoG Economic Survey (Various years)				

We observe consistently higher GSDP growth rates if we consider the RBI estimates. We have decided to use the RBI estimates for our analysis. The estimates differ only for the second half of the ten year assessment period, i.e. 2011-12 to 2015-16.

Table 1.2: GSDP at Market Prices from RBI and Economic Survey (Goa) (In million Rs)

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
GSDP_RBI	3360536	4236666	3812002	3592110	4781418
GSDP_EcoSur	3356221	3593218	3585000	3156800	5267300
GSDP_RBI /GSDP_EcoSur	1.0013	1.179	1.063	1.138	0.908

The GSDP estimates of the period beginning from 2006-07 to 2010-11 are the same for the two sources, RBI and the GoG Economic Survey.

Table 1.3: A comparison of GSDP growth rates (year on year) of the two series

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
RBI	15.33	18.41	29.89	14.61	15.38	26.07	-10.02	-5.77	33.11	13.51
Economic Survey	15.33	18.41	29.89	14.61	15.23	7.06	-0.23	-11.94	66.86	-14.56

The state economy suffered due to a drastic fall in the economy's growth rate during 2012-13 to 2013-14. As per the earlier series, the GSDP growth fell substantially in 2013-14 and bounced back in subsequent years. The variation in the growth estimates is quite large. Further, going by the RBI estimates, the economy grew by 13.5 percent whereas, by the earlier series, the economy

actually suffered a decline by almost equal measure. These variations in the growth rates are to be kept under consideration as proceed with the fiscal analysis.

1.2 Trends in major fiscal variables

Own revenue in terms of GSDP during the ten year period under consideration fell marginally from 7.8% to 7.3%. If we compare the averages for first five year period with the second five year period i.e., 2011-12 to 2015-16, there has been a rise by one percentage point from 6.8% to 7.8%. Given that the GSDP grew at a slower rate during the second half by 6.4%, the tax effort seems to be appreciable. State's share in central taxes grew from 1.9% to 3.5% during the ten year period which accounted for the rise in the share of tax revenue in GSDP from 9.7% to 10.9%.

The share on non-tax revenue has witnessed a marginal fall from 5.6% to 4.5% of GSDP. While contributions to the non-tax revenue by the social and economic services remained stable in terms of GSDP, it was the fall in the interest receipts and dividends and general services which led to the decline in the non-tax revenue. However, the apparent stability in the revenue receipts could be realized because of a sustained rise in the state's share in central taxes. The fluctuations in the two year period 2013-14 to 2014-15 are attributable to the volatility in the GSDP arising out of ban on mining in 2013-14 as noted earlier.

Table 1.4: Trends in Revenue, tax and non-tax

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Own Tax Revenues	7.8	6.9	6.7	6.1	6.4	6.0	7.7	10.0	8.1	7.3
Stamps and registration Fees	0.7	0.6	0.5	0.4	0.5	0.4	1.4	1.1	1.4	1.0
Sales Tax	5.1	4.5	4.5	3.9	4.1	3.9	4.1	4.8	3.9	3.9
Taxes on Commodities and services	7.1	6.3	6.2	5.6	5.9	5.6	6.3	7.6	6.7	6.3
State's share of central taxes	1.9	2.0	1.6	1.5	1.7	1.6	2.0	2.4	1.9	3.5

Tax Revenue	9.7	9.0	8.3	7.5	8.1	7.6	9.8	12.3	10.0	10.9
Non-Tax Revenue	5.6	5.3	4.9	5.9	6.8	5.5	4.8	4.6	4.9	4.5
Interest Receipts, Dividends and Profits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
General	0.4	0.4	0.2	1.1	0.2	0.2	0.3	0.4	0.4	0.3
Social	0.5	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.4	0.4
Economic	4.6	4.5	4.3	4.5	6.1	4.8	4.0	3.7	4.1	3.7
Grants in Aid from Centre	0.5	0.8	0.7	0.6	1.3	0.6	0.8	1.0	1.2	0.4
Revenue Receipts	15.8	15.0	13.9	14.1	16.2	13.6	15.3	18.0	16.1	15.8
Source: Finance Accounts										

1.2.1 Expenditure (Revenue) in terms of GSDP

Revenue expenditure in terms of GSDP increased marginally from 14.9 in 2006-07 to 15.5 in 2015-16. If we compare the first five year period with the second half, revenue expenditure increased from 14.3 to 15.8. While general services remained the same, for social services, the ratio rose from 5.0 to 5.9 in 2015-16 whereas for the economic services, it fell from 5.2 to 4.9. If we ignore the year to year fluctuations, the shares in GSDP were more or less maintained during the period.

Capital outlay during the ten year period fell from 3.6 percent of GSDP to 2.7 percent. Given that the state's fiscal health is robust as indicated by the surplus in the revenue account, the state can afford to spend more on capital formation. Total expenditure, revenue and capital outlay has remained more or less stable during the period but there was an improvement in the ratios.

Because of the fluctuations in the GSDP estimates during the last five year, it would be appropriate to look at the nominal growth rates. We calculate the growth rates¹ for the fifteen year period starting from 2001-02 to 2015-16, ten year period under consideration from 2006-07 to 2015-16 and the five year period from 2011-12 to 2015-16.

Table 1.5: Trends in Expenditure in terms of GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Expenditure	14.9	14.2	13.5	14.5	14.2	12.9	15.9	18.9	15.5	15.5
General services	4.8	4.3	4.2	4.6	4.4	3.9	4.9	5.8	5.0	4.7
of which Interest Payments	2.7	2.4	2.1	2.1	2.0	1.7	2.2	2.6	2.2	2.0
of which Pension	0.9	0.7	0.9	1.2	1.1	1.0	1.3	1.6	1.4	1.4
Social Services	5.0	4.8	4.7	5.1	5.3	4.6	5.8	7.3	5.9	5.9
Economic Services	5.2	5.2	4.6	4.8	4.5	4.5	5.2	5.8	4.7	4.9
Capital Outlay	3.8	3.5	3.5	3.7	3.6	2.8	2.5	2.8	2.6	3.0
Total Expenditure (Rev + Cap)	18.7	17.7	17.0	18.2	17.9	15.7	18.4	21.7	18.1	18.5

1.2.2 Revenue Expenditure

General Services

Interest payment was growing at 11 percent during the first half of the decade which fell marginally to 10 percent during the second half. Therefore its share in GSDP has remained more or less stable. The state has been able to bring down the high growth rate in pension to 13 percent. However, the overall growth rate has remained at a high level of 19.4 percent during the decade which will continue to raise its share in GSDP in the coming years. Expenditure on general services as a whole grew at 14 percent during the ten year period.

Social Services

For expenditure on education, sports, art and culture and health and family welfare the high growth rates witnessed during the first 5 year period at 21.2 and 25.1 percent were brought down substantially to 8.7 and 9.4 percent during the second half. If the present trend is sustained, the shares in terms of GSDP are likely to dip over time. The same pattern is observed for water supply, sanitation and urban development. However, for expenditures on welfare of SCs, STs and OBCs and social welfare and nutrition, there have been unusually high growth rates. For the former, the growth rates during the first and the second half were 64 percent and 55 percent. For social welfare and nutrition, the growth rate of 17.4 percent during the first half was doubled to 35.5 percent during the second half resulting in 23.5 percent growth during the period under consideration.

Economic Services

Barring general economic services, all the items under economic services experienced a fall in their growth rates during the second half compared to the first half of the ten year period. The economic services as a whole grew at the rate of 15.6 percent during the first half, grew at a much slower rate of 8.9 percent in the second half. For the ten year period, expenditure on economic services has been growing at 13.6 which would just maintain its share in GSDP.

Table 1.6: Trends in State Expenditure: Shares in GSDP and Growth rates during 2006-07 to 2015-16

	Average of shares in GSDP during:		Exponential Growth Rates of actual expenditures during:	
	2006-07 to 2010-11	2011-12 to 2015-16	2006-07 to 2010-11 (1 st half)	2011-12 to 2015-16 (2 nd Half)
A - General Services				
(a) Organs of State	0.16	0.18	19.5	3.9
(b) Fiscal Services	0.10	0.10	26.2	10.4
(c) Interest Payments and Servicing of Debts	2.27	2.13	11.1	10.0
(d) Administrative Services	0.97	1.09	23.1	13.2
(e) Pension and Miscellaneous General Services	0.96	1.34	25.9	15.4

	Total A - General Services	4.46	4.84	17.3	11.9
	B - Social Services				
	(a) Education, Sports , Arts and Culture	2.34	2.69	21.2	8.7
	(b) Health and Family Welfare	0.88	1.05	25.1	9.4
	(c) Water Supply, Sanitation, Housing and Urban Development	0.89	0.79	17.4	5.9
	(d) Information and Broadcasting	0.07	0.04	10.0	1.8
	(e)Welfare of Schedule Castes, Schedule Tribes and other Backward Classes	0.04	0.14	64.0	54.9
	(f) Labour and Labour Welfare	0.09	0.09	19.7	8.1
	(g) Social Welfare and Nutrition	0.67	1.09	17.6	35.5
	(h) Others	0.00	0.00	22.0	8.4
	Total, B - Social Services	4.97	5.90	20.9	13.0
	C- Economic Services				
	(a) Agriculture and Allied Activities	0.42	0.56	19.7	10.7
	(b) Rural Development	0.25	0.22	16.7	10.4
	(c) Special Areas Programs	0.02	0.01	31.8	2.5
	(d) Irrigation and Flood Control	0.19	0.22	30.9	11.7
	(e) Energy	2.97	2.96	13.2	6.4
	(f) Industry and Minerals	0.23	0.25	30.2	16.6
	(g) Transport	0.59	0.58	15.2	9.2
	(i) Science, Technology and Environment	0.01	0.01	18.9	10.3
	(j) General Economic Services	0.17	0.20	13.1	25.5
	Total, C- Economic Services	4.84	5.02	15.6	8.9
	Revenue Expenditure	14.27	15.76	18.0	11.3
	Capital outlay	3.64	2.73	18.2	8.2

	Total Expenditure (Revenue + capital outlay)	17.91	18.49	18.0	10.8
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For revenue expenditure, capital outlay and total expenditure on revenue account and capital outlay all recorded a much slower growth rate during 2011-12 to 2015-16. Revenue expenditure fell by 6.7 percentage points, capital outlay by 10 percentage points and total expenditure by 7.2 percentage points. Therefore, the shares of total expenditure in GSDP are at 18.5 percent. The growth in total expenditure at 14 percent will raise its share in GSDP given the moderate rise in the GSDP in the recent years. Overall, other than welfare of SCs, STs and social welfare, the high growth in almost all items of revenue expenditure could be reined in which resulted in maintain a reasonable growth rate and maintain their shares in GSDP.

Capital outlay, salaries and subsidies

The growth in capital expenditure indicates how does the state like to carry out expansion in the state facilities and services in the coming years. Though, capital outlay has been growing at a slower rate of 8 percent compared to 2006-07 to 2010-11, there are some items which have received good attention from the government for the purpose of capital formation. During the second half of the decade, education, sports at 22.8 percent, social welfare and nutrition at 24.8 percent, agriculture at 14 percent, rural development at 17.5 percent, energy at 22 percent and industry and minerals at 204 percent possibly in order to overcome the ban on mining.

We similarly computed the growth rates of salary bills and subsidies as indicated in the Finance accounts which include all the items under revenue and capital. The growth in the salary bill during 2011-12 to 2015-16 was very moderate at 10.4 percent. Subsidies have however been rising at the rate of 24.2 percent per annum during the same five year period.

1.3 Fiscal Deficit

The state has been able to bring down the kingpin of fiscal policy, the fiscal deficit from nearly 3 percent in 2006-07 to 2.5 percent in 2015-16. The state had a surplus in the revenue account during 2006-07 to 2008-09, then again during 2010-11 to 2011-12 and during 2014-15 to 2015-16. This has been possible as noted above because of a steady compression of expenditure, both on revenue and capital accounts while the revenue receipts inched up as state's share in central taxes started growing. The effort in the realm of own tax revenue is reasonably good as

contribution from non-tax revenue declined, though marginally. The rise in subsidies is indicative of this trend.

For the financing of fiscal deficit, internal debt has gained importance over the years as loans from Centre dwindled. This however did not lead to a rise in the effective rate of interest on public debt or what is called cost of borrowing. The shares of small saving and PF has remained rather stable. There have been occasional dependence on the public accounts to finance the fiscal deficit.

Table 1.7: Uses and Sources of Financing Fiscal Deficit

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Deficit	2.95	3.63	2.53	4.24	1.68	2.08	3.01	3.77	2.40	2.49
Uses of fiscal deficit										
Revenue Deficit ('-' implies surplus)	-0.86	-0.85	-0.40	0.44	-1.96	-0.70	0.57	0.98	-0.58	-0.24
Capital Outlay	3.79	3.52	3.53	3.72	3.63	2.79	2.47	2.81	2.58	2.99
Net Lending	0.01	0.09	0.07	0.08	0.00	-0.01	-0.03	-0.02	-0.01	-0.01
Transfer to Contingency Fund	0.00	0.87	-0.67	0.00	0.00	0.00	0.00	0.00	0.42	-0.24
Composition of financing fiscal deficit										
Internal Debt (IRR-IRD)	0.35	1.85	1.93	2.11	1.59	0.46	2.78	2.34	1.52	2.44
Loans (LCR-LCD)	3.08	0.38	0.02	-0.55	0.00	0.15	0.36	0.35	0.37	0.15
Savings/PF (SavPFR-SavPFD)	0.35	0.46	0.65	0.87	0.46	0.40	0.39	0.32	0.23	0.21
Withdrawal	-0.58	-0.46	1.00	1.84	-0.61	1.26	-0.55	0.81	-0.38	-0.19

Pub Acc										
Contingency Fund (CFR-CFD)	0.00	0.87	-0.67	-0.01	0.01	0.00	0.00	0.00	0.42	-0.24
Opening bal - Closing bal	-0.25	0.54	-0.40	-0.01	0.22	-0.20	0.03	-0.05	0.25	0.12
Primary Deficit	0.24	1.25	0.41	2.14	-0.35	0.34	0.83	1.20	0.23	0.51

Table 1.8: Composition of Uses and sources of financing of Fiscal Deficit

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Uses of Fiscal Deficit										
Revenue Deficit (RD-RR)	-29.0	-23.4	-16.0	10.3	-116.6	-33.8	18.8	26.1	-24.2	-9.8
Capital Outlay	128.5	96.9	139.5	87.7	216.4	134.5	82.1	74.5	107.4	120.0
Net Lending (loans Dis - Loans Rec)	0.5	2.6	2.9	2.0	0.2	-0.7	-0.9	-0.6	-0.6	-0.6
Transfer to CF (TCFR-TCFD)	0.0	23.9	-26.4	0.0	0.0	0.0	0.0	0.0	17.4	-9.6
Sources of financing										
Internal Debt (IRR-IRD)	11.9	51.0	76.4	49.7	94.9	22.2	92.4	62.0	63.2	97.9
Loans (LCR-LCD)	104.3	10.4	0.8	-13.0	0.2	7.1	12.1	9.2	15.3	6.2
Savings/PF (SavPFR-SavPFD)	12.0	12.5	25.9	20.4	27.5	19.4	13.1	8.5	9.7	8.4

Withdrawal Pub Acc	-19.7	-12.8	39.4	43.3	-36.5	60.8	-18.4	21.5	-15.9	-7.7
Contingency Fund (CFR- CFD)	0.0	23.9	-26.4	-0.2	0.5	0.0	0.0	0.0	17.4	-9.6
Opening bal - Closing bal	-8.5	14.9	-16.0	-0.3	13.4	-9.5	0.9	-1.2	10.3	4.8
Total	100	100	100	100	100	100	100	100	100	100

1.4 Public Debt

Public debt consisting of internal debt and loans and advances from Centre has declined from 28.4 percent in 2006-07 to 20.9 percent in 2015-16. The composition however has shifted heavily in favour of internal debt away from loans and advances from the Centre. The debt outstanding from the Centre has declined significantly from 20.1 percent of GSDP to 2.1 percent in 2015-16 while that the share of internal debt rose from 7.4 percent to 18.7 percent of GSDP during the same period. For small savings and PF, the share in GSDP has expectedly remained stable. Total debt outstanding has fallen by nearly 8 percentage points indicating a stable debt to GSDP ratio.

The effective interest for the outstanding debt as a whole has fallen marginally from 9.5 percent to 9.2 percent.

Table 1.9: Public Debt Outstanding as on 31st March

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
a. Internal Debt	7.41	8.11	8.18	9.25	18.03	14.76	19.11	22.62	18.51	18.75
b. Loans & Advances from the Centre	20.97	18.09	13.95	11.62	1.66	1.52	2.06	2.53	2.27	2.15
Public Debt =(a+b)	28.39	26.20	22.13	20.87	19.68	16.29	21.17	25.15	20.78	20.90
c. Small	3.83	3.69	3.50	3.92	3.85	3.46	4.24	4.82	3.86	3.60

Savings, PF,										
Total Debt =(a+b+c)	32.21	29.89	25.62	24.78	23.54	19.75	25.41	29.97	24.64	24.51
Effective interest rate on debt, <i>roi=(Int_t/ Debt_{t-1}) *100</i>	9.51	8.77	9.23	9.41	9.43	9.29	9.93	9.50	9.64	9.12

Over the next few chapters we explore the different dimensions of public finance management in Goa during the decadal period 2006-7 to 2015-16.

2. Analysis of Taxation in Goa

2.1 Introduction

Taxation is an important source of finance to pursue the state's economic development. Taxation helps to mobilize a part of the aggregate resources of the community. With the rise in public expenditures over the years and with the limited scope provided by the newly introduced GST regime, it becomes necessary for the states to look out for opportunities to expand their revenue raising capacity. To fulfil the objectives of equity, efficiency and neutrality, it is thus necessary to adopt an economically rational structure of tax sources given the political structure of the economy (Purohit and Purohit 2009). Chelliah, et al. (1982) provide an early study at measuring tax effort of Indian states in the 1970s. There have been numerous assessments since then (eg: Majumdar et al. 2001; Sen 1997; Sivagnanam and Naganathan 2000). This chapter deals with the estimation and analysis of tax capacity and tax effort in Goa for the period 2006-7 to 2015-16.

2.2 Definitions

We first begin with a few definitions that are frequently used in the literature.

- **Tax capacity** measures the maximum amount of tax that can be feasibly collected given the economic, social, institutional and demographic characteristics.
- **Tax Effort** measures the ratio between actual tax collection and potential tax collection (or its taxable capacity). It serves as an effective indicator when there is need for tax reforms to raise funds.
- **Effective tax rate** is measured by dividing the actual tax revenue by the actual base.
- **Tax Buoyancy** is the elasticity of a particular tax with respect to a measure of aggregate income. A tax which is buoyant is one whose revenues increase by more than one percent for a one percent increase in national income or output (Leuthold and Tchetchev 1986).

Actual Tax collection depends on the tax base (known as taxable capacity) and tax effort (also known as tax efficiency). The tax effort is the mobilisation of additional revenues as the economy grows and tax capacity expands. Tax effort may be enhanced by the introduction of new taxes, changes in the rates and bases of existing taxes, and improvement in tax administration and collection (Karnik and Raju 2015). An assessment of the existing tax

efficiency (or tax effort) and strengthening tax administration could be one of many alternatives available.

In this chapter we analyse the revenue sources of the government of Goa and examine the ability and efficiency of state in raising tax revenues for the period 2006-7 to 2015-16.

2.3 Tax-GDP ratio

Tax performance for any level of government is usually measured by the ratio of actual performance to a measure of taxable capacity. The tax-income ratio was most commonly used and is based on the assumption that income is the indicator of tax capacity. Apart from being a simple indicator of performance, income could well be an imperfect proxy for the tax base particularly when the tax structure comprises of different taxes each of which is related to a distinct tax base (Karnik and Raju 2015). Consequently, to estimate the tax effort and taxable capacity we would require the use of appropriate proxies of the tax base and estimation procedures that would be different from the computation of this simple TAX-GSDP ratio. The standard technique employed is the regression approach. However, two assumptions are implicit in this (in what is now considered a back-of the envelope) calculation -- that income is a good proxy for tax capacity, and that the relationship between the two is linear and proportional. In order to overcome these criticisms there have been attempts at devising better proxies for the tax base as well more refined empirical estimates of the tax effort. Use of dis-aggregated measures of tax effort using the representative tax system has become popular in the literature (Sen 1997). Each tax is regressed against its tax base and the estimated value of tax is compared to actual tax collection to compute the tax effort.

Since the database required to dis-aggregate across taxes can be demanding and sometimes unavailable, researchers have adopted a more pragmatic approach relying on data availability.

However, before we begin our estimation process, we present the scenario in Goa with respect to the different tax heads and tax receipts in the period under study.

2.4 Classification of Tax Revenue in Goa

Tax administration depends on relative dependence of a state on own revenue sources vis-à-vis revenue receivable from the central government – share in central taxes and grants-in-aid. Revenues of the States can be broadly classified into:

- ✓ **Tax revenue** are composed of States own tax revenues (OTR) and share in Central taxes.
- ✓ **Non-tax revenues** comprises of the States non-tax revenues and
- ✓ **Grants from the Centre**

Under the category of tax revenue, OTR is a good indicator of the tax performance of a state since it is computed by excluding any allocations that may be made by the Central government to a state. The table below provides the classification of sharable and own taxes in Goa.

Table 2.1 Sources of Tax Revenue with Budget Heads in Finance Accounts of Goa

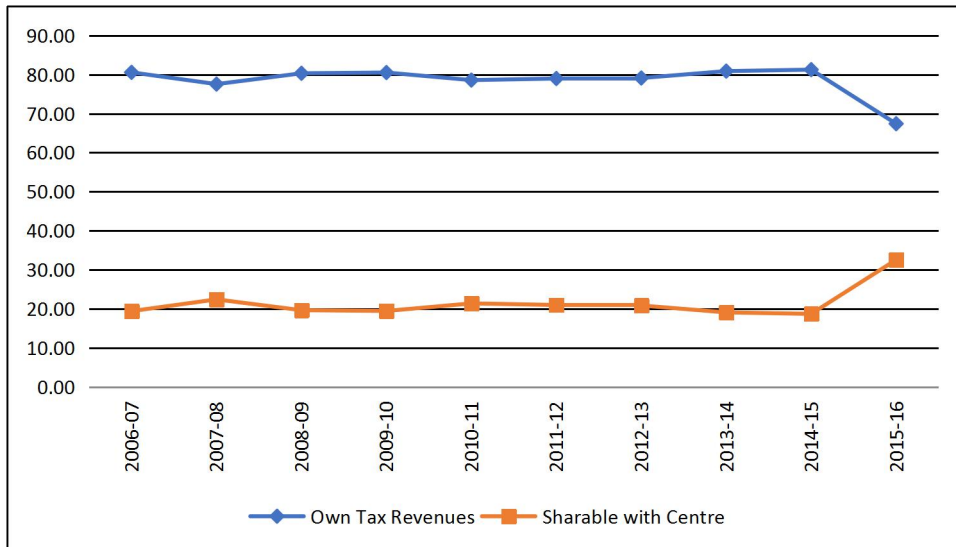
Sl. No.	Description	Budget Head
(a) Taxes on Income and Expenditure (<i>State's Own tax sources are in bold and italics</i>)		
1	Corporation Tax	0020
2	Taxes on Income other than Corporation Tax	0021
3	<i>Other Taxes on Income and Expenditure</i>	0028
(b) Taxes on Property and Capital Transactions		
4	<i>Land Revenue</i>	0029
5	<i>Stamps and registration Fees</i>	0030
6	<i>Taxes on wealth</i>	0032
(c) Taxes on Commodities and Services		
7	Customs	0037
8	Union Excise Duties	0038
9	<i>State Excise</i>	0039
10	<i>Sales Tax</i>	0040
11	<i>Taxes on Vehicles</i>	0041

12	<i>Taxes on Goods and Passengers</i>	0042
13	<i>Taxes on Duties on Electricity</i>	0043
14	Service Tax	0044
15	<i>Other Taxes and Duties on Commodities and services</i>	0045

2.5 Tax Performance of Goa: 2006-7 to 2015-16

Tax revenue (TR) is one of the constituents of the revenue receipts of the state of Goa. TR is composed of States own tax revenues (OTR) and share in Central taxes. The contribution made by OTR and Shareable tax to the tax revenue is shown in the figure 2.1 below.

Figure 2.1 Components of Tax Revenue



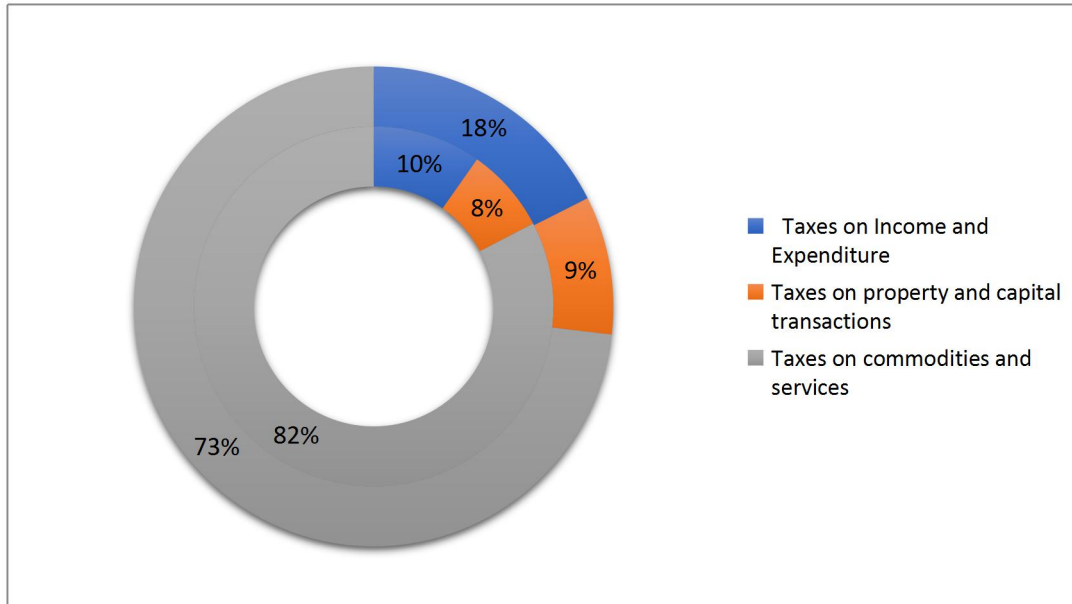
Source: Finance Accounts GOG, (various years)

We notice that for the period of study, OTR has been contributing around 80% towards TR and central taxes the remaining. But only in 2015-16, OTR's share declined to 67.14%, while the of share in Central Taxes increased to 32.59% in 2015-16 from 19.46% in 2014-15.

When we examine the different components of taxes in tax revenues, we find that there has been a change in the share of the three major components in total tax revenues, viz; a) Taxes on Commodity and Services, b) Taxes on Income and Expenditures and c) Taxes on Property and Capital Transaction.

Among the three major components, 'Taxes on Commodity and Services' has been the largest contributor towards the OTR. However its contribution has declined from 82% to 73% from 2006-7 to 2015-16. The other two components, 'Taxes on Income and Expenditures' and 'Taxes on Property and Capital Transaction' have shown a rise in their contribution. For the taxes on income and expenditure, there was a rise from 10% to 18%, while for taxes on property and capital transactions the increase was from 8% to 9% (see figure 2.2).

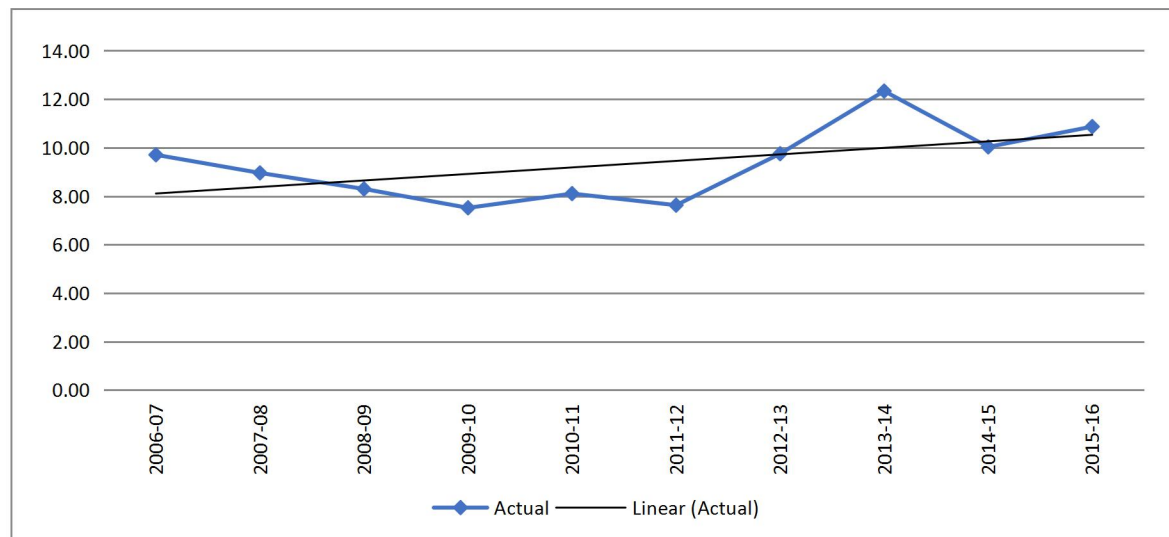
Figure 2.2: Share in Total Taxes



2.5.1 Tax-GSDP ratio

A common measure of tax performance of a state is the **tax-GSDP ratio**, which measures the proportion of the income generated in the economy that is taxed. Given the taxable capacity, a state's actual tax revenue collection will depend, among other things, on the tax effort made, efficiency of the tax collection machinery and the performance of the state economy.

Figure 2.3: Total Tax Revenue as a proportion of GSDP (factor cost) Current prices



In 2006-7 total tax revenue was 9.71% of the GSDP but in 2015-16 it had increased to 10.87%. There have been fluctuations with this ratio falling to 7.52% in 2009-10. This decline could have been because of the change in the base year in 2011-12. There was a steady rise till it peaked at 12.34% in 2013-14 followed by a decline the year after. There has been recovery in the year 2015-16, with the TR as a % of GSDP was 10.87%.

If we look at the internal composition of taxes in a disaggregated manner as a proportion of GSDP, we find many changes. “Taxes on Income and Expenditure” rose from 0.95% (in 2006-7) to 1.91% (in 2015-16). The two components of this tax– Corporation Tax and Taxes on Income (other than Corporation tax) both increased from 0.59% to 1.12% and 0.36% to 0.79% respectively.

“Taxes on Property and Capital transactions” have increased from 0.74% to 1.01%. of which the major component, “Stamps and registration fees” increased from 0.70% to 0.96% over the decade.

Table 2.2: Goa’s Tax receipts as a proportion of GSDP factor cost at current prices

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<u>(a) Taxes on Income and Expenditure</u>	0.95	1.07	0.87	0.94	1.04	0.95	1.17	1.32	1.13	1.91
0020 - Corporation Tax	0.59	0.64	0.54	0.60	0.68	0.63	0.73	0.79	0.66	1.12
0021 - Taxes on Income other than Corporation Tax	0.36	0.43	0.34	0.34	0.36	0.32	0.44	0.52	0.47	0.79
0028 - Other Taxes on Income and Expenditure	0	0	0	0	0	0	0	0	0	0
<u>(b) Taxes on property and capital transactions</u>	0.74	0.64	0.49	0.42	0.48	0.46	0.04	2.37	1.43	1.01
0029 - Land Revenue	0.038	0.037	0.037	0.036	0.025	0.020	0.029	1.265	0.053	0.045
0030 - Stamps and registration Fees	0.702	0.601	0.454	0.382	0.452	0.434	1.376	1.10	1.38	0.96
0032 - Taxes on wealth	0.001	0.001	0.001	0.001	0.001	0.002	0.001	0.002	0.002	0.000
<u>Taxes on commodities and services</u>	8.018	7.252	6.934	6.158	6.589	6.218	7.173	8.648	7.469	7.948
0037 - Customs	0.369	0.380	0.312	0.205	0.304	0.279	0.339	0.385	0.305	0.566
0038 - Union Excise Duties	0.39	0.36	0.27	0.17	0.22	0.18	0.23	0.27	0.17	0.47
0039 - State Excise	0.35	0.39	0.35	0.36	0.41	0.43	0.56	0.66	0.56	0.59
0040 - Sales Tax	5.11	4.49	4.45	3.92	4.11	3.90	4.14	4.76	3.89	3.90
0041 - Taxes on Vehicles	0.45	0.42	0.35	0.36	0.39	0.33	0.39	0.43	0.38	0.36

0042 - Taxes on Goods and Passengers	0.84	0.58	0.62	0.55	0.51	0.50	0.68	1.08	0.85	0.86
0043 - Taxes on Duties on Electricity	0.00	0.0000051	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0044 - Service Tax	0.18	0.20	0.18	0.15	0.17	0.19	0.30	0.38	0.28	0.60
0045 - Other Taxes and Duties on Commodities and services	0.33	0.43	0.40	0.44	0.47	0.41	0.55	0.69	1.04	0.61
Total- Tax Revenue	9.71	8.96	8.30	7.52	8.11	7.63	9.75	12.34	10.03	10.87

Source: Finance Accounts, GOG, Various Years

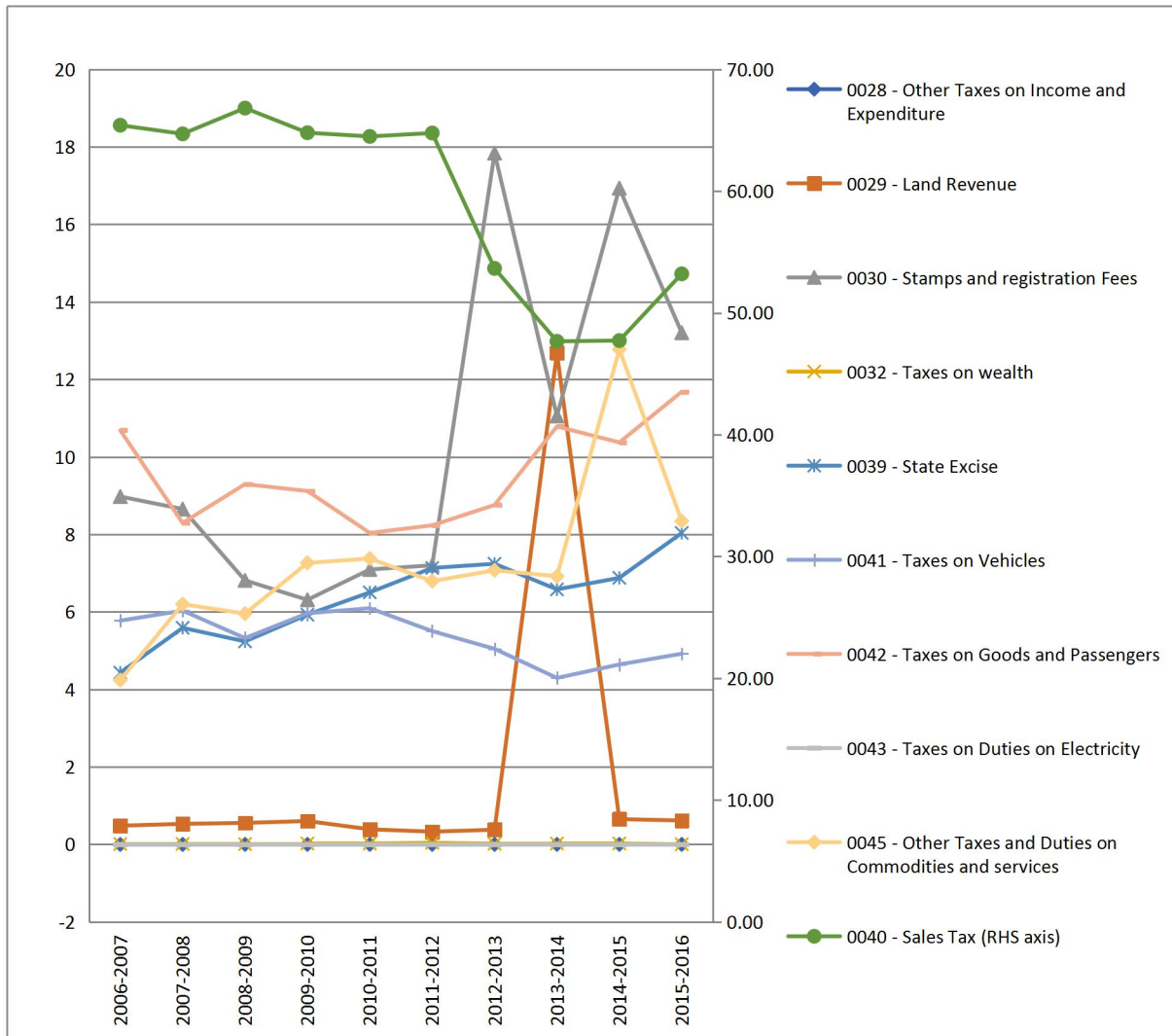
What is clear from the figure is that TR/GSDP has shown a trend rise over the decade. However, its major contributor sales tax steadily declined from 5.11% to 3.9%. “Taxes on Commodities and Services” showed a fluctuating trend from 8.01% (2006-7) to 7.94% (in 2015-16), with a steep fall to 6.15% in 2009-10 and a sharp rise to 8.64% in 2013-14. Within this segment, Customs collections have remained more or less stable, with a rise in 2015-16 to 0.56%, but Union excise duties have been low and declined for most of the years from 0.39% (in 2006-7) to 0.17% in 2010-11 and 2014-15, only in 2015-16 it rose to 0.47%. State excise duties have also shown a fluctuating trend from 0.35% to 0.59% from 2006-7 to 2015-16. Sales tax also declined from 5.11% to 3.90% in this decade only having gone up to 4.76 % in 2013-14.

Taxes on vehicles also declined from 0.45% to 0.36%. Taxes on Goods and Passengers increased marginally from 0.84% to 0.86% in this period. Similarly, Service Tax increased from 0.18% to 0.60%. Also, “Other taxes & Duties on Commodities & Services” also steeply increased from 0.33% to 0.61%.

2.5.2 Own Tax Revenue: Its composition and trend

The TR is made up of OTR and Share in Central Taxes. A major portion of the State’s share in central taxes comes from corporation tax, followed by Income tax, Customs and Union Excise Duties. The contribution of components of OTR is given in the figure 2.4 below.

Figure 2.4: Ratio of State's taxes as a proportion of Own Tax in Percentage (Sales tax represented on Secondary axis, RHS)



OTR accounts for around 80 percent of the State's total tax revenue. OTR comprises of Other Taxes on Income and Expenditure, receipts from land revenue, stamps and registration, State excise, taxes on sales, trade etc., taxes on vehicles, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services. Receipts from taxes on wealth form only a meagre portion. Evidently, Sales tax is represented on the secondary axis (RHS) while all the others are represented on the primary Axis (LHS). Sales tax is the major

source of revenue of the state. However, there has been a decline in its contribution from 65.41% in 2006-7 to 53.21% in 2015-16. Taxes on Goods and Passengers constituted the second most important source of own tax revenue in 2006-7, it contributed 10.6%, and there after declined till 2011-12 (8.23%). This ratio picked up from 2012-13 at about 10%. Stamps and registration fees is an important source. It peaked at 17.84% in 2012-13 from 8.97% in 2005-06. This was closely followed by “Other Taxes on Commodities and Services” which peaked up to 12.7% in 2014-15. The next important source of tax revenue is State Excise. It has increased its contribution from 4.43% in 2006-7 to 8.04% in 2015-16.

The contribution of “Land revenue” has always remained low except in 2013-14 it showed a steep rise to 12.68%. In fact this is a tremendous increase in receipts from land revenue in 2013-14. Similarly, there is an almost three fold increase in the revenue from stamps and registration since 2012-13. These two developments can be attributed to the upward revision in the rates of taxes under these heads (GOG 2014).

2.6 Tax Buoyancy

In order to measure the efficiency and responsiveness of revenue mobilization in response to growth in the GSDP, buoyancy coefficient is calculated. Buoyancy is an indicator of the responsiveness of tax receipts to economic growth. A tax is said to be buoyant when revenues increase by more than one percent for a one percent increase in national income or output. Buoyancy coefficient is a measure of the degree of responsiveness to changes in income and is as follows:

$$\ln Y = \alpha + \beta \ln X$$

where X is independent variable (GSDP) and Y is dependent variable (Tax Revenue).

Table 2.3: Estimated Buoyancy Co-efficient of State Taxes (2006-7 to 2015-16)

	Co-efficient(Buoyancy)	R-Square
Own Tax revenue	1.08***	0.81
Sales Tax	0.83***	0.87
State Excise Duty	1.53***	0.85
Motor Vehicle Tax	0.89***	0.89
Taxes on Goods and Passengers	1.15***	0.62

Stamps and registration Fees	1.65***	0.62
Other Taxes	1.79***	0.92

Source: Own calculation based on data from GoG Finance Accounts (various Years)

We estimated the tax buoyancy of the important sources of OTR (see Table 2.3). In the period under consideration (2006-7 to 2015-16), Total OTR (sum of revenue Items 28, 29, 30, 32, 39, 40, 41,42, 43 and 45, see Table 2.1) has a co-efficient of 1.08 (significant at 99%) indicating a high buoyancy in overall OTR. In fact, State Excise Duties, Taxes on Goods and Passengers, Stamps and Registration Fees, Other Taxes also had a co-efficient of 1.53, 1.15, 1.65, 1.79 respectively (all significant at 99%) indicating high buoyancy. However, the most important source of own tax revenue, Sales Tax, had a coefficient value of 0.83, showing low buoyancy. Similar was the case with the Motor Vehicle Tax, having low buoyancy with the coefficient being 0.89.

We have also estimated the tax buoyancy for certain sources of OTR by taking into account their specific tax bases. For tax on vehicle the specific tax base taken is PCGSDP, in the case of sales tax, the GSDP from all the three sectors viz: Agriculture, Industry and services is taken into consideration. while for revenue collected from stamps and registration, the GSDP from real estate is taken as the independent variable. The results are shown in Appendix.

2.7 Tax Base and Tax Effort

Since tax effort is the tax/GSDP ratio we divide it into two five year periods. (2006-0 to 2010-11) and (2011-12 to 2015-16) to capture the difference in the efforts in the two periods (see Table 2.4). The ratio of the two periods (Col 4) takes only non-negative values (unless there are refunds in a year exceeds collections). If it takes a value less than one it implies that the Tax/GSDP ratio in the second half of the decade has fallen and if it is greater than one then it means that the collections in the second period were greater.

Table 2.4:Comparing Tax/GSDP over two five year periods

A - TAX REVENUE	Average Taxi/GSDP (2006-07 to 2010-11)	Average Taxi/GSDP (2011-12-8 to 2015-16)	Ratio of Col(3)/Col(2)
Col (1)	Col (2)	Col (3)	Col (4)
(a) Taxes on Income and Expenditure			

0020 - Corporation Tax	0.610	0.876	1.436
0021 - Taxes on Income other than Corporation Tax	0.364	0.563	1.547
<i>0028 - Other Taxes on Income and Expenditure</i>	0.000	0.000	0.000
Total (a)	0.974	1.439	1.478
(b) Taxes on property and capital transactions			
<i>0029 - Land Revenue</i>	0.035	0.319	9.247
<i>0030 - Stamps and registration Fees</i>	0.518	1.130	2.180
<i>0032 - Taxes on wealth</i>	0.001	0.002	1.800
Total (b)	0.554	1.159	2.094
(c) Total on commodities and services			
0037 - Customs	0.314	0.417	1.328
0038 - Union Excise Duties	0.283	0.297	1.051
<i>0039 - State Excise</i>	0.371	0.613	1.651
<i>0040 - Sales Tax</i>	4.419	4.529	1.025
<i>0041 - Taxes on Vehicles</i>	0.395	0.414	1.049
<i>0042 - Taxes on Goods and Passengers</i>	0.619	0.865	1.398
<i>0043 - Taxes on Duties on Electricity</i>	0.000	0.000	0.000
0044 - Service Tax	0.177	0.392	2.209
<i>0045 - Other Taxes and Duties on Commodities and services</i>	0.414	0.706	1.706
Total (c)	6.992	8.233	1.178

Total, A - Tax Revenue	8.519	11.123	1.305
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Tax heads in Italics represent Own Tax Sources for the state and the rest represent sharable taxes with the Centre. When we compare the two five year periods we find that there has been a good tax effort by the state in case of most of the taxes, (OTR as well as those Sharable with the Centre).

In the group (a) Taxes on Income and Expenditure, its sub component 'Other Taxes on Income and Expenditure', the value is less than one thus Tax/GSDP ratio in the second of the decade has fallen. Similarly in the group (c) Total on commodities and services, four sub components; Union Excise Duties, Sales Tax Taxes, Taxes on Vehicles and Taxes on Duties on Electricity' takes a value less than one indicating that the state requires higher tax efforts.

2.8 Suggestions for Enhancing Revenue Productivity

In most of the taxes we notice that a good tax effort is made as the ratio is above unity. However there are many areas which need improvement. The slackening of sales tax revenue (most important source) in the second half of the decade is an indicator that tax effort has been lower in this segment and could improve. Similar is the case with Union Excise Duties and Taxes on Vehicles.

2.9 Bench-marking Goa's performance

Goa being high per capita income state it is pertinent to ask how did Goa perform in comparison to other general category states in India over the decade 2006-7 to 2015-16. In order to do this bench-marking exercise, we took the prominent indicators of performance like - ratios of tax revenue, own tax revenue and non-tax revenue with respect to GSDP (Figure 2.5).

Goa's performance was compared with the average of all the other general category states. Goa's tax revenue was slightly lower than the national average (9.4% in comparison to 10.2%) but its own tax revenue was higher than the national average (7.2 in comparison to 6.4). Goa's non-tax revenue was much higher than the national average (5.9 in comparison to 3.6). We also compared in a similar fashion the deficit levels - namely the Gross Primary deficit, Revenue deficit and Gross Fiscal deficit. It turns out that Goa's primary and revenue deficit were lower than than the national average for this decade. Its fiscal deficit was marginally higher than the national average.

Figure 2.5: Goa's revenue indicators in comparison to other General states (2006-7 to 2016-17) with respect to GSDP

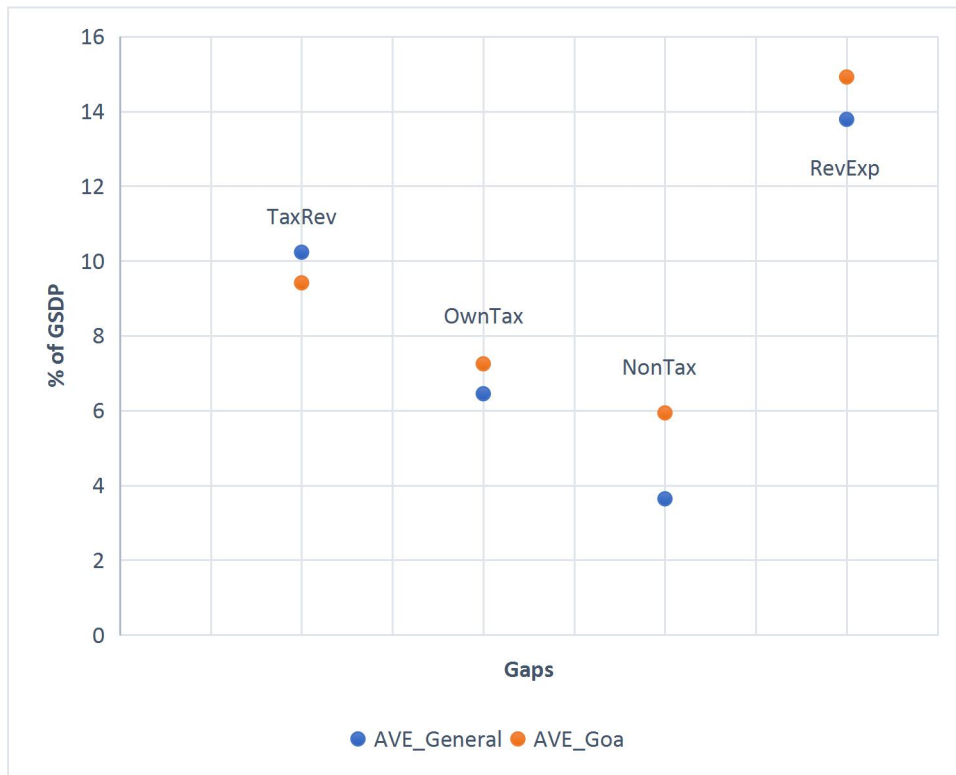
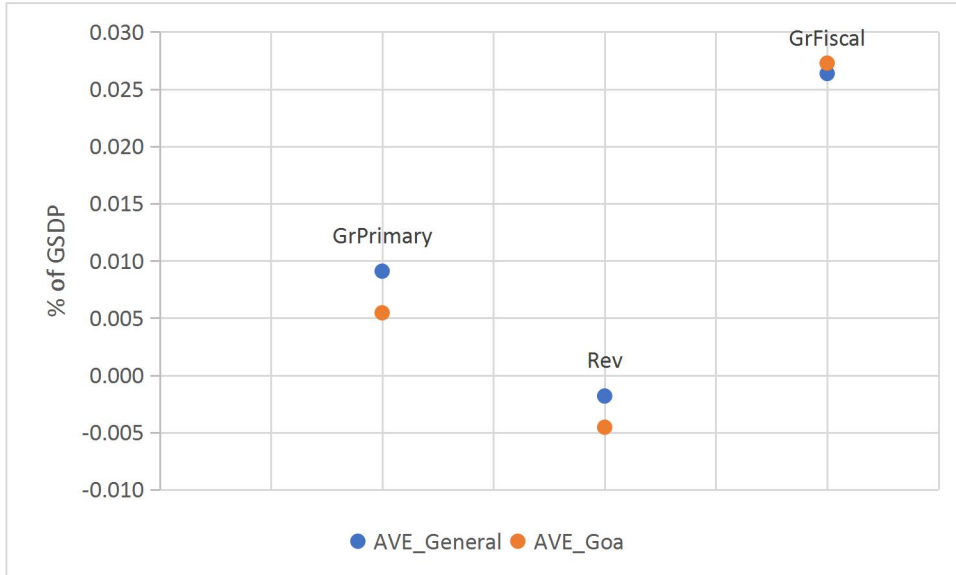


Figure 2.6: Goa's deficit indicators in comparison to other General states (2006-7 to 2016-17) with respect to GSDP



2.10 Conclusion

The performance on the aggregate tax effort index is largely influenced by the tax effort for sales tax given its large share in own tax revenue of the states. However we notice that the buoyancy coefficient of Sales Tax is low for the period under study. Since Tax Buoyancy in four sub-heads - State Excise Duties (1.53), Taxes on Goods and Passengers (1.15), Stamp Duty & Registration Fees (1.65), Other Taxes (1.79) displays more than unit elasticity, the growth in the GSDP suggests scope for greater revenue opportunities in the state. The tax performance of the state of Goa suggests that there has been the better tax efforts made by the State in the collection of taxes during the period 2006-7 to 2015-16.

Chapter 2 (Appendix)

BUOYANCY ESTIMATES

1) $\text{Ln}(\text{Own_Tax}) = f(\text{Ln_GSDP})$

Source	SS	df	MS	Number of obs =	10
				F(1, 8) =	36.14
Model	1.32906423	1	1.32906423	Prob > F	= 0.0003
Residual	.294243605	8	.036780451	R-squared	= 0.8187
				Adj R-squared =	0.7961
Total	1.62330783	9	.180367537	Root MSE	= .19178

lnOTR	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
lnGSDP	1.089183	.181191	6.01	0.000	.6713562 1.50701
_cons	-3.915836	2.707889	-1.45	0.186	-10.16024 2.328568

2) $\text{Ln}(\text{Sales Tax}) = f(\text{Ln_GSDP-agri}, \text{Ln_GSDP-industry}, \text{Ln_GSDP-services})$

Source	SS	df	MS	Number of obs =	10
				F(3, 6) =	96.29
Model	.868086251	3	.289362084	Prob > F	= 0.0000
Residual	.018031555	6	.003005259	R-squared	= 0.9797
				Adj R-squared =	0.9695
Total	.886117806	9	.098457534	Root MSE	= .05482

Ln_salesTax	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
ln_agri	.4761547	.1044985	4.56	0.004	.220456 .7318534
ln_ind	.3481983	.0889053	3.92	0.008	.1306549 .5657417
ln_ser	.0487514	.1678037	0.29	0.781	-.3618496 .4593523
_cons	.3438355	.9881601	0.35	0.740	-2.074105 2.761776

3) $\text{Ln}(\text{State Excise Duty}) = f(\text{Ln_GSDP})$

Source	SS	df	MS	Number of obs =	10
				F(1, 8) =	47.70
Model	2.62906824	1	2.62906824	Prob > F	= 0.0001
Residual	.440923592	8	.055115449	R-squared	= 0.8564
				Adj R-squared =	0.8384
Total	3.06999183	9	.341110203	Root MSE	= .23477

LnStateExcise	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
lnGSDP	1.531895	.2218016	6.91	0.000	1.020419 2.04337
_cons	-13.29993	3.314813	-4.01	0.004	-20.94391 -5.655961

4) $\text{Ln}(\text{Tax on Vehicles}) = f(\text{Ln_PCGSDP})$

Source	SS	df	MS	Number of obs = 10	
				F(1, 8) = 150.40	
Model	.9555033	1	.9555033	Prob > F = 0.0000	
Residual	.050824898	8	.006353112	R-squared = 0.9495	
				Adj R-squared = 0.9432	
Total	1.0063282	9	.111814244	Root MSE = .07971	

Ln_TaxonVeh	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Ln_pcgdp	.8060476	.0657261	12.26	0.000	.6544829	.9576122
_cons	-.4422793	.8049978	-0.55	0.598	-2.298607	1.414049

5) $\text{Ln}(\text{Goods and Passenger Tax}) = f(\text{Ln_GSDP})$

Source	SS	df	MS	Number of obs = 10	
				F(1, 8) = 16.83	
Model	1.49652795	1	1.49652795	Prob > F = 0.0034	
Residual	.711390778	8	.088923847	R-squared = 0.6778	
				Adj R-squared = 0.6375	
Total	2.20791873	9	.245324303	Root MSE = .2982	

Ln_Goodsan~s	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
lnGSDP	1.155767	.2817326	4.10	0.003	.5060908	1.805444
_cons	-7.26972	4.210479	-1.73	0.123	-16.9791	2.439662

6) $\text{Ln}(\text{Stamps and Registration}) = f(\text{Ln_GSDP-Real Estate})$

Source	SS	df	MS	Number of obs = 10	
				F(1, 8) = 40.75	
Model	4.10404655	1	4.10404655	Prob > F = 0.0002	
Residual	.805659745	8	.100707468	R-squared = 0.8359	
				Adj R-squared = 0.8154	
Total	4.90970629	9	.545522921	Root MSE = .31734	

LnStampsReg	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Ln_RealEstate	1.217197	.1906713	6.38	0.000	.7775076	1.656885
_cons	-4.934068	2.345725	-2.10	0.069	-10.34332	.475183

7

Ln(Other Taxes) = f(ln_GSDP)

Source	SS	df	MS	Number of obs =	10
-----+-----				F(1, 8) =	93.01
Model	3.59666149	1	3.59666149	Prob > F	= 0.0000
Residual	.309343822	8	.038667978	R-squared	= 0.9208
-----+-----				Adj R-squared =	0.9109
Total	3.90600531	9	.43400059	Root MSE	= .19664

Ln_OtherTaxes	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+-----						
lnGSDP	1.791752	.185782	9.64	0.000	1.363337	2.220166
_cons	-17.0674	2.776503	-6.15	0.000	-23.47003	-10.66477

3. Analysis of State's Own Non-Tax Revenue

3.1 Introduction

Apart from taxation, the States are empowered to raise revenue from their own public services, utilities and enterprises. Non-tax sources are defined, unlike taxes, as payment made to the Government for which there is a *quid pro quo*. Non-tax revenue is the government revenue that is either required or voluntary or both. Non-tax revenues cover a wide array of government revenue sources, ranging from proceeds from the sale of communications band width, mineral royalties, interest on loans by governments as well as fines and penalties (Das-Gupta 2018). Given the growing importance of non-tax revenue in the fiscal structure this we propose to examine the fiscal significance of the States own non-tax sources. We also examine the trend rate and estimate buoyancy of all the major non-tax sources.

3.2 Classification of Non Tax Revenues in Goa

. The non-tax sources classified into three categories:

- 1) *Compulsory and unrequited payments*, these include penalties (other than penalties on non-compliance of taxes) and fines.
- 2) *Voluntary and unrequited receipts*, these include donations and contributions made to the Government or any unclaimed funds lying with the Government.
- 3) *Voluntary and requited payments*, these include revenue earned from the resources owned by the Government such as forest and marine. This category also has revenue earned by Sale of usage rights, admission fee, as well as the royalties and rental payments received by the Government. Income earned in the form of dividends and the interest receipts from investments made by the Government also fall into this category.

The principal components of States own non-tax revenues are

- a) Interest receipts
- b) Dividends and profits,
- c) Administrative non-tax receipts which is classified into receipts from
 - General Services
 - Social Services

- Economic Services

Besides the Tax and non tax revenue sources the state receives Grants from the Centre. These grants comprise of

- a) Non Plan Grants
- b) Grants for State Plan Schemes
- c) Grants for Central Plan Schemes
- d) Grants for Centrally Sponsored Schemes

Revenue from interests, dividends and profits, general services, economic services and social services, form key constituents of the state's Own Non Tax revenue.

3.3 Scope of the Study

Though the term 'non-tax revenue' encompasses all the above components, the second component of the non-tax sources that is grants from the Centre are not included in this study. As such this chapter provides an analysis of the growth and composition of own non-tax receipts of the Government of Goa during the ten years from 2002-03 to 2011-12 based on the information contained in the Finance Accounts, Budget documents and the Statistical Handbooks of the Government of Goa. The non-tax sources covered in the study include the following:

- Interest Receipts
- Profits and Dividends
- Administrative Non-tax Receipts

Administrative non tax receipts accounts for about three-fourths of the States' own non-tax revenue.

3.4 Data and Methods

All the available sources of data from the sources like the Finance Accounts, Budget documents, Economic Surveys and the Statistical Handbooks of the Government of Goa are been used in the study. For the purpose of disaggregated analysis of each of the minor heads of non-tax sources, the finance accounts of the state are used. From these documents, we have collected details of the revenue and expenditure on non-tax sources for the select services has been collected. The data on Per capita Gross State Domestic Product data is drawn from the RBI database.

This study proposes to examine the fiscal significance of the Goa's own non-tax sources over a period of time from 2006-07 to 2015-16 . Following the methodology adopted by Purohit and Purohit (2009), the present study examines the trend rate and also estimates buoyancy of all the major non-tax sources. To analyze the efforts of the States in collecting appropriate user charges for the services provided, the study presents an estimate of the revenue realized (RR) from services as percent of revenue expenditure (RE) incurred on providing these services.

3.5 Classification of Non Tax Revenues in Goa

Non-tax revenue is one of the constituents of the revenue receipts in the States. The non-tax sources includes a) Revenues that originate from Assets (State's commercial undertakings) and b) those which originate from the administrative departments and departmental undertakings. Table

† 3.1: Sources of Non-tax Revenue

Sources of Non-tax Revenue with Budget Heads in Finance Accounts of Goa	
Sl. No.	Description
REVENUE FROM ASSETS	
1	Interest receipts
2	Dividends and Profits
REVENUE FROM REGULATED ACTIVITY AND SALE OF PERMITS, GOODS AND SERVICES	
General Services	
3	Public Service Commission
4	Police
5	Jails
6	Supplies and Disposals
7	Stationery and printing
8	Public Works
9	Other Administrative Services

10	Contribution and recoveries towards Pensions and other Retirement Benefits
11	Miscellaneous General Services
	Social Services
12	Education, Sports, Art and Culture
13	Medical and Public Health
14	Family Welfare
15	Water Supply and Sanitation
16	Housing
17	Urban Development
18	Information and Publicity
19	Labour and Employment
20	Social Security and Welfare
	Economic Services
21	Crop Husbandry
22	Animal Husbandry
23	Dairy Development
24	Fisheries
25	Forestry and Wild Life
26	Cooperation
27	Other Agricultural Programmes
28	Other Rural Development Programme
29	Major and Medium Irrigation
30	Minor Irrigation
31	Power
32	Village and Small Scale Industries

33	Industries
34	Non Ferrous Mining and Metallurgical Industries
35	Ports and Lighthouses
36	Roads and Bridges
37	Inland Water Transport
38	Tourism
39	Civil Supplies
40	Other General Services

Source: "Estimates of Receipts" GoG, various years.

The Administrative Non-tax Receipts discussed above are about three-fourths of the State's own non-tax revenue. There are many departmental sources of non-tax revenues in Goa which are classified under three heads: a) general services, b) social services, and c) economic services.

3.5.1 Receipts from General Services

These includes receipts from a) Public Service Commission, b) Police, c) Jails, d) Stationery and printing, e) Public works, f) other administrative services and g) Contribution and recoveries towards pension and other retirement benefits, and h) other miscellaneous general services.

Details regarding revenue from General Services are listed below:

(a) Revenue accrues from fees charged from candidates appearing for various competitive examinations and interviews conducted by the Public Service Commission (PSC). The volume of the receipts under this head directly depends upon the nature and the number of examinations held by the Commission during a year and the number of candidates appearing for the examination.

(b) Police comprises reimbursement receipts from the Government of India and other States towards the cost of police supplied (forming the bulk of the revenue under the major head), cost of police supplied to autonomous bodies, private companies and persons, receipts under the Arms Act, as well as sale proceeds of unserviceable articles, collection of payments for services rendered, recovery of overpayments and miscellaneous receipts and so on.

(c) Jails comprise receipts from sale of articles manufactured in jail factories and farm produce

of the jails.

(d) Stationery and Printing department comprise sale proceeds of stationery supply to Government departments run on commercial lines, sale proceeds of State Gazette, printing charges for Government departments and other miscellaneous receipts.

e) The Public Works Department (PWD) has rental income from Government buildings, hire charges of machinery supplied to the contractors as well as the percentage charges.

(f) Revenue from other administrative sources consists of receipts pertaining to administration of justice, elections, civil defence, fire protection etc.

(g) Pension contributions from other Governments, autonomous bodies, local bodies etc. in respect of Government servants placed on deputation fall in this category. It also includes Government share in Contributory Provident Fund (CPF) and interest thereon.

(h) Other miscellaneous general services include numerous small receipts from sources such as unclaimed deposits, allotment and sale of land, receipts relating to guarantees given by Government, sale of old stores, shares and materials, urban assessments etc.

3.5.2 Receipts from Social Services

The major items that come under this category are (a) Education, Sports, Art and Culture, (b) Medical and public health, (c) Family welfare, (d) Water supply and sanitation, (e) Housing, (f) Urban development (g) Information and publicity, (h) Labour and employment, (i) Social security and welfare, and (j) Other social services.

The main receipts from these social services are given below:

a) Receipts from tuition and other fees realized from students in Government educational institutions, public contributions to the educational institutions, receipts of museums, archaeological monuments and rent receipts of auditoriums, other Administrative receipts like Right to Information Act.

(b) Receipts from Employees State Insurance Corporation (ESIC), medical receipts including contributions from patients, and tuition fees from the medical colleges, wherever located.

(c) Family welfare receipts are contribution of the users, and receipts on account of strengthening of family welfare.

(d) The water supply and sanitation receipts comprise service fees, percentage charges from other Government departments, and receipts from water schemes.

(e) Housing receipts are the rental receipts for the quarters constructed under the industrial housing scheme under the charge of PWD. A major portion of the receipts from social services is due to water supply and sanitation charges. Another substantial part is derived from medical and public health services and education, sports, art and culture and urban Development.

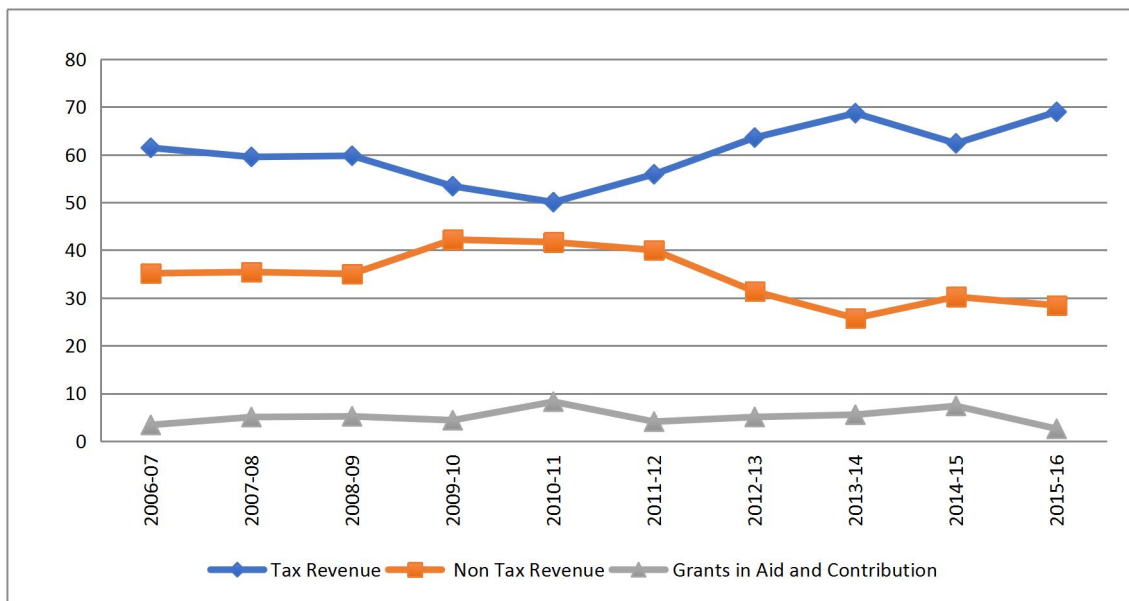
3.5.3 Receipts from Economic Services

Major items under this class are (a) Crop husbandry, (b) Animal husbandry, (c) Dairy development, (d) Fisheries, (e) Forestry and wild life, (f) Co-operation, (g) Other agricultural Programmes, (h) other rural Development Programmes (i) Major and medium irrigation, (j) Minor irrigation, (k) Power, (l) Village and small scale industries, (m) Industries, (n) Non-ferrous mining and metallurgical industries, (o) Ports and Light houses (p) Roads and bridges, (q) Inland Water Transport (r) Tourism, (s) Civil Supplies and (t) Other General Economic Services.

3.6. Composition and Trends In States' Own Non-Tax Revenues

Non-tax revenue is one of the constituents of the revenue receipts of the state of Goa. The contribution of the tax revenue to the revenue receipts has been higher as compared to the state's ONTR and Grants received. Trends in own non-tax revenue (ONTR) indicate that from 2011-12 onwards, as percent to aggregate receipts, it has considerably declined from 42.2% in 2009-10 to 25.7% in 2013-14, slightly rising thereafter. On the other hand the tax revenue rose sharply from 50.05% in 2010-11 to 68.9% in 2015-16.

Figure 3.1: Tax Revenue, Own Non Tax Revenue and Grants in Aid as a percentage of Revenue Receipts



Non-tax revenue as a percentage of GSDP is an indicator of the efficiency in mobilization of these revenues in the total revenue receipts. In figure 2 we see different components of Revenue Receipts as a percentage of GSDP. In absolute terms, there has been an increase in the state's ONTR from 91762.3 lakhs in 2006-07 to 231353.5 lakhs in 2011-12. Later it declined for the next two consecutive years. However from 2014-15 there was a rise in the State's NTR, to 232498.9 lakhs which further increased to 243192.3 in 2015-16.

Table 3.2: Revenue Receipts and its components as a percentage of GSDP at factor cost at current prices

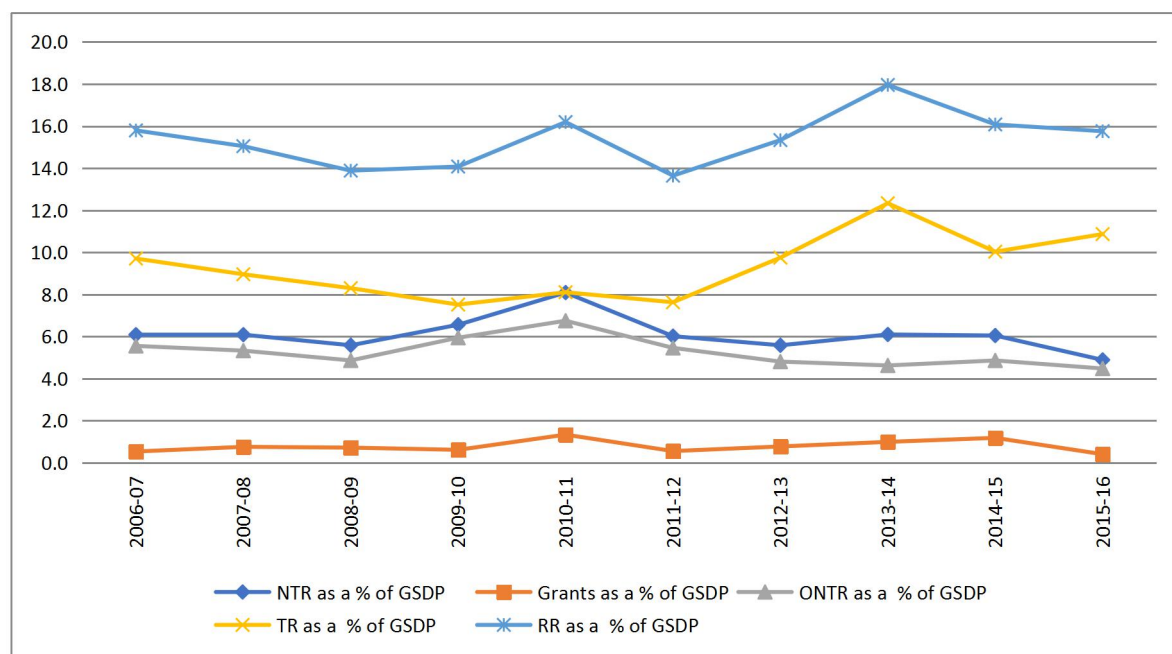
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Year	ONTR (in lakhs)	Grants as a % of GSDP	ONTR as a % of GSDP	NTR as a % of GSDP	TR as a % of GSDP	RR as a % of GSDP
2006-07	91762.3	0.5	5.6	6.1	9.7	15.8
2007-08	104281.6	0.8	5.3	6.1	9.0	15.0
2008-09	123615.6	0.7	4.9	5.6	8.3	13.9
2009-10	173119.9	0.6	5.9	6.6	7.5	14.1
2010-11	226859.7	1.3	6.8	8.1	8.1	16.2
2011-12	231353.5	0.6	5.5	6.0	7.6	13.6
2012-13	183290.1	0.8	4.8	5.6	9.8	15.3
2013-14	166155.5	1.0	4.6	6.1	12.3	18.0
2014-15	232498.9	1.2	4.9	6.0	10.0	16.1
2015-16	243192.3	0.4	4.5	4.9	10.9	15.8

Source: Finance Accounts, GOG, Various Years

In Table 3.2 we see the pattern of revenue receipts and its components as a percentage of GSDP. The proportion of Goa's ONTR to GSDP was of 5.6% of GSDP in 2006-07, which declined to 4.5 % by the year 2015-16. As a percentage of GSDP, the state's NTR rose from 6.1% in 2006-07 to 8.1% in 2010-11. By 2015-16 the NTR was 4.9% of GSDP. In contrast, the proportion of

TR to GSDP has been higher than the proportion of NTR to GSDP. The proportion of TR was 9.7% in 2006-07 which declined to 7.5% in 2009-10. However it increased from 7.6 % in 2011-12 to 12.3% in 2013-14 declining thereafter.

Figure 3.2: Pattern of Revenue Receipts (as percent of GSDP at factor cost at current prices)



Source: Finance Accounts, GOG, Various Years

3.7 State's Own Non-tax Revenue (ONTR) and its components

Revenue from interests, dividends and profits, general services, economic services and social services forms key constituents of the ONTR for Goa. The state's ONTR had declined as a percent of total revenue receipts and GSDP (see Figure 1 and 2). However, this decline can be attributed to the slowdown in the rate of growth of components of ONTR, particularly, revenue earned from interest receipts and social services. For an overall analysis of Goa's ONTR, these sources are analysed below in detail in respect of their contribution to revenue of the State.

Table 3.3: Components of State's Own Non Tax Revenue (in Rs lakhs)

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Year	General Services	Social Services	Economic Services	Interest Receipts	Dividends & Profits
2006-07	6708.1	8022.0	75471.9	1560.4	40.0

2007-08	6968.0	8161.8	87448.4	1703.4	33.1
2008-09	4324.8	8622.6	108534.5	2133.7	88.6
2009-10	30725.3	11280.6	129635.5	1478.5	114.9
2010-11	7013.2	13283.1	204756.2	1807.2	19.5
2011-12	7774.1	15634.5	205161.4	2783.6	148.1
2012-13	10642.8	16391.2	154246.2	2009.9	173.3
2013-14	13461.1	19241.0	131930.9	1522.5	110.7
2014-15	17518.6	18287.0	194793.2	1900.0	181.9
2015-16	16310.4	22299.3	202665.7	1916.8	142.7

The *interest receipts* (column 5, Table 3.3) component of States' ONTR merely denotes book transfers and that too internal transfer from other States Government departments.

Revenue from dividends and profits (column 6) arise from the state government's investment in

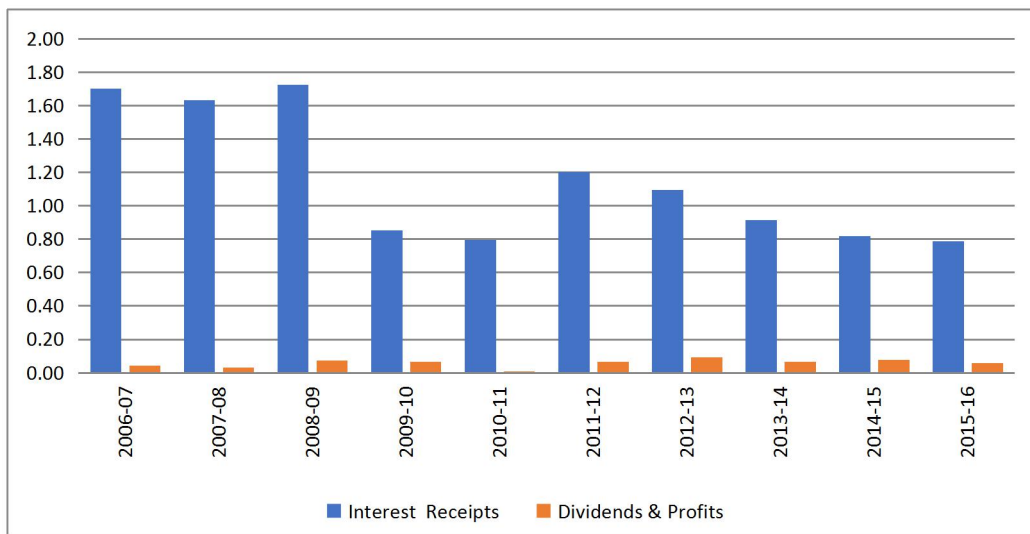
a) *The shares of co-operative institutions* like Credit Cooperatives, Warehousing and Marketing Cooperatives, Consumer Cooperatives, Housing Cooperatives, Dairy Cooperatives, Other Cooperatives and Comunidades b) *Statutory corporations* like Goa, Daman & Diu Industrial Development Corporation, Maharashtra State Development Corporation,

c) *Government Companies* like Goa, Daman & Diu Economic Development Corporation, Goa, Daman & Diu Tourism Development Corporation, Goa Handicraft Rural and Small Scale Industries development Corporation, Kadamba Transport Corporation, Goa State Infrastructure Development corporation limited and d) *Other Joint Stock Companies*.

The following figure 3 compares the share of interest receipts and dividends and profits in percent of the state's ONTR.

Share of interest receipts as percentage to ONTR has always remained less than 2%. In a majority of the cases no dividend is received due to non availability of surpluses or due to losses. The share of this source to the ONTR is quite negligible (less than 1%). The above two sources of non-tax revenues, *i.e. interest receipts, profits and dividends* can hardly be relied upon for the growth of non-tax revenue sources.

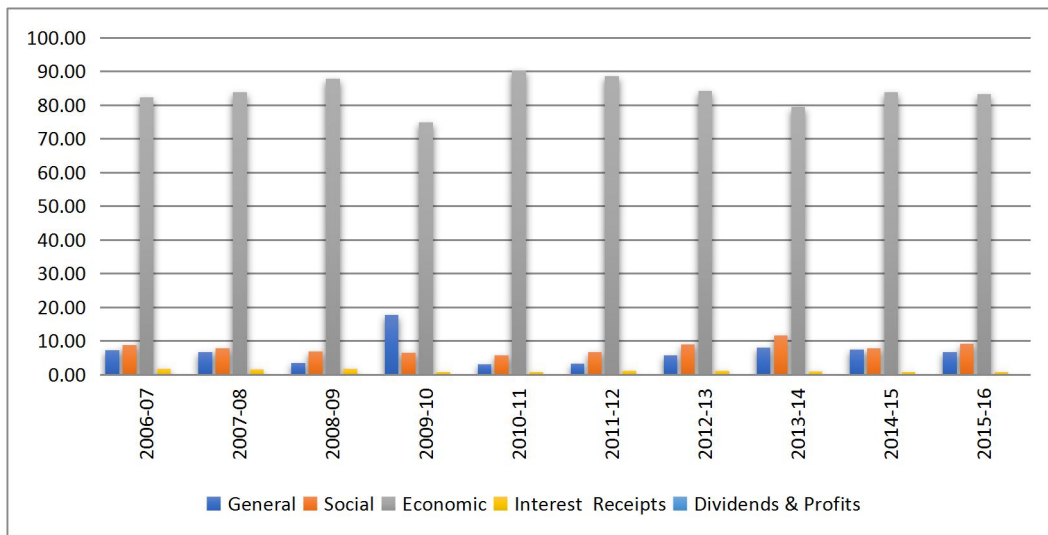
Figure 3.3: Interest receipts & dividends and profits as a percentage of ONTR



Source: Finance Accounts, GOG, Various Years

In contrast, it is the recoveries from services rendered by the Government which make a significant contribution to non-tax revenues. These are grouped as (1) general services, (2) social services, and (3) economic services.

Figure 3.4: Own Non-Tax Revenue and its Composition (Components as a % of ONTR)

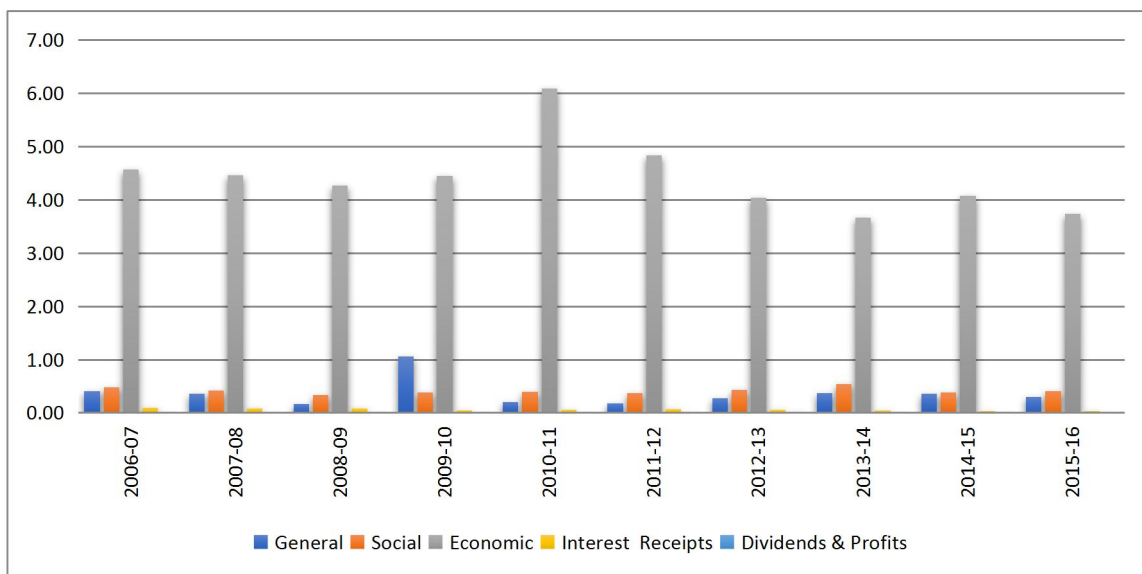


Source: Finance Accounts, GOG, Various Years

About two-third of the states' ONTR accrues from these services. The share of these services to ONTR has been very high. Among these three services, the share of economic services has remained highest (more than 70%) in all the years. The general services have shown considerable fluctuations, and the social services have contributed consistently less at around 12 percent in the years under consideration.

Economic services, which were contributing about 82.2% percent to states' ONTR in 2006-07, showed a tremendous rise and reached to around 90.2 % in 2010-11 but declined thereafter. With regard general services, its share to States' ONTR for the entire period has been less than 10%, however only in 2009-10, it had increased to 17.5%. From social services as well, the share to ONTR has been considerably low.

Figure 3.5: Components of ONTR as a percentage of GSDP at factor cost at current prices



Source: Finance Accounts, GOG, Various Years

The Figure 3.5 shows the contribution of the components of ONTR to the state GSDP. As a percent to GSDP, the economic services was the highest contributor from 2006-07, with a peak contribution in 2010-11 at 6.09%.

3.8 Buoyancy Coefficient

Buoyancy coefficient is calculated to measure the efficiency and responsiveness (elasticity) of revenue mobilization in response to growth in the GSDP. It is expressed as: $\beta = (dY/dX) * X/Y$

and estimated from the following relationship: $\ln Y = \alpha + \beta \ln X$, where X is independent variable (GSDP) and the dependent variable is Y (non-tax revenue). The basic estimation procedure for non tax buoyancies is through a double log specification of the type given in equation (Purohit and Purohit 2009). ONTR is said to be buoyant if revenues increase by more than one percent for an unit increase in national income or output. We present the beta coefficients (elasticity) in the table below. The buoyancy of ONTR and its components is presented below.

Table 3.4: Buoyancy coefficient (β^*) and components of revenue receipts

	β - Co-efficient(Buoyancy)	t	R-Square
General Services	0.74	1.56	0.23
Social Services	0.93***	7.7	0.88
Economic Services	0.89***	6.9	0.85
Interest Receipts	0.21	1.34	0.18
Profits and Dividends	1.3	2.44	0.42
ONTR	0.87***	8.04	0.88

Source: Calculations based on Finance Accounts, GOG, Various Years

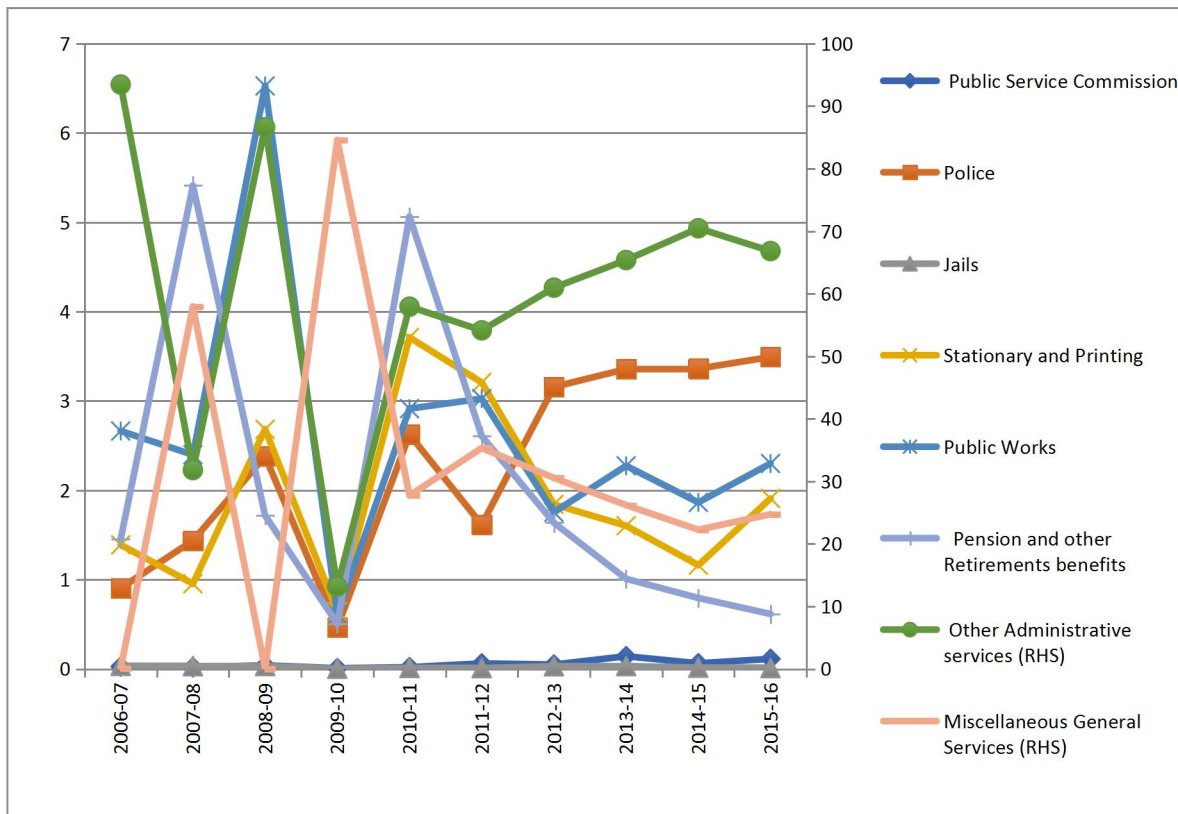
The fall in the percentage share to GSDP may be attributed to a fall in the growth rate of Goa's ONTR. In the period under consideration, ONTR has a co-efficient of 0.87 (significant at 99%) indicating low buoyancy. In fact, General Services, Economic Services, Social Services, and Interest receipts has coefficient less than 1 indicating low buoyancy over the period. Coefficients for social services, economic services and ONTR is highly significant. While for general services, interest receipts and profit and dividends it has been insignificant.

In the next section we look the share of sub components of each services that constitute the own non tax revenues.

3.9 Components of General Services

The relative importance of the different components and their changes is presented in figure below. Amongst the major constituents of General Services, the share of revenue from Other Administrative Services and Miscellaneous General Services was the highest. However there has been huge fluctuations in the contribution made by Miscellaneous General Services. In absolute terms, it was 5.63 lakhs in 2006-07 but rose up to 4038 lakhs in 2007-08. In 2008-09 there was a drastic fall and then in 2009-10 however there was a steep rise to 25987.8 lakhs declining thereafter. The reason behind the massive fall in the Miscellaneous General Services is the removal of state lotteries in the corresponding period. However the reintroduction of state lotteries led to a spurt in the contribution made by the Miscellaneous General Services. Contribution from Other Administrative services from 2010-11 onwards has been the highest. Among the remaining components only the revenue from Police and Public Works has shown fluctuations from 2006-07 to 2010-11 but has then been between 3 to 4 percent for the rest of the period.

Figure 3.6: Share of the components of General Services (%)

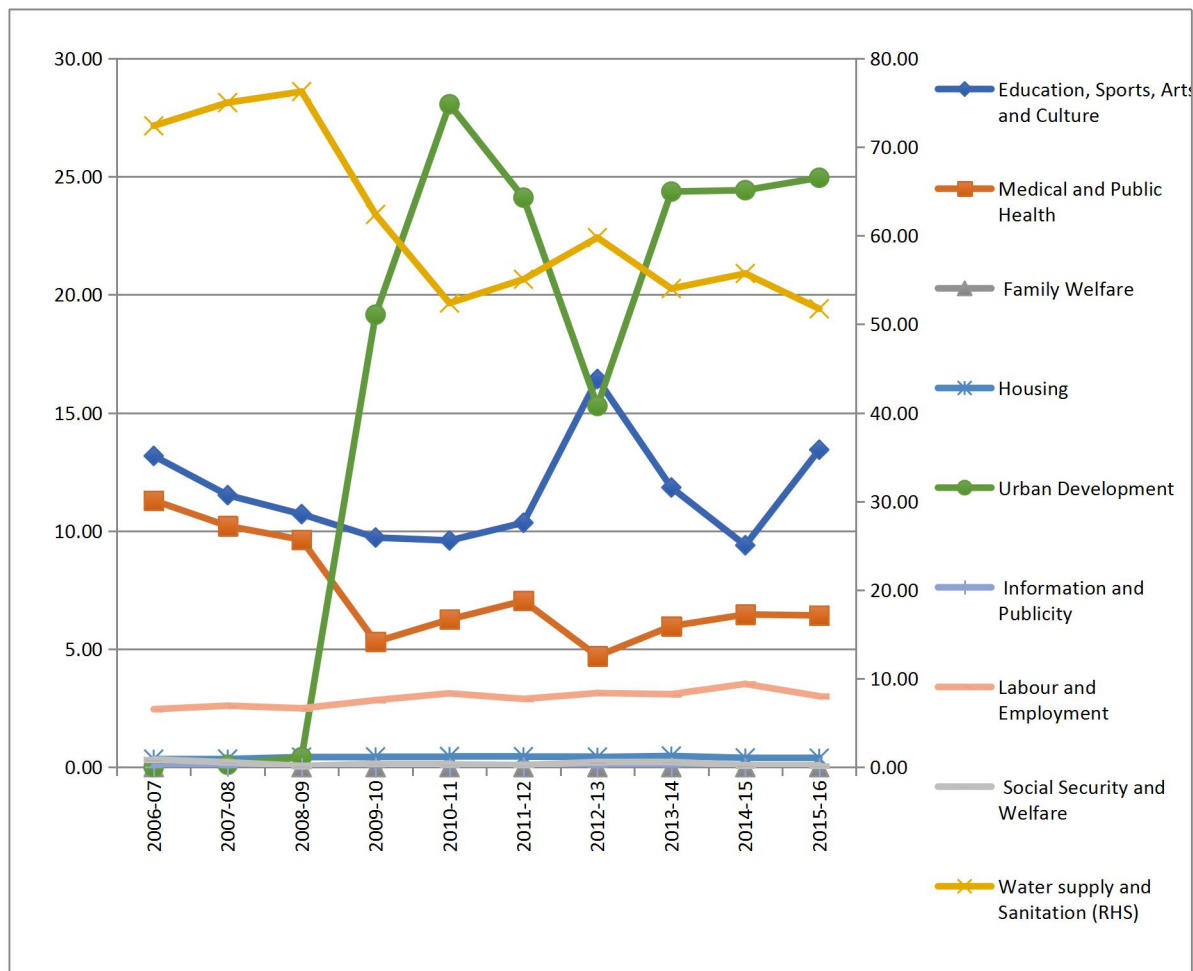


Note: Miscellaneous General Services and Other Administrative Services shown on right hand side secondary axis.

3.10 Components of Social Services

The major contributors under this category have been Water supply and Sanitation, Urban Development and Education, Sports and Art and Culture. The contribution from Water Supply and Sanitation has ranged between 50% to 75 % for the entire period. However, there has been a decline from 72% in 2008-09 to 52% in 2010-11. The contribution from Medical and public health is another significant component of social services. For later years the revenue from this sector has exhibited a declining trend. Revenue from urban development contributed substantially to social service especially from 2009-10 onwards. Its contribution was extremely low from 2006-07 to 2008-09 (0.42%). But it rose to 19.15% in 2009-10, increased to 28.07 percent in 2010-11, rising thereafter. The receipts from education, sports, Art and culture increased from 16% percent in 2012-13 but for the rest of the period it has been between 10% to 15%.

Figure 3.7: Share of the components of Social Services (%)

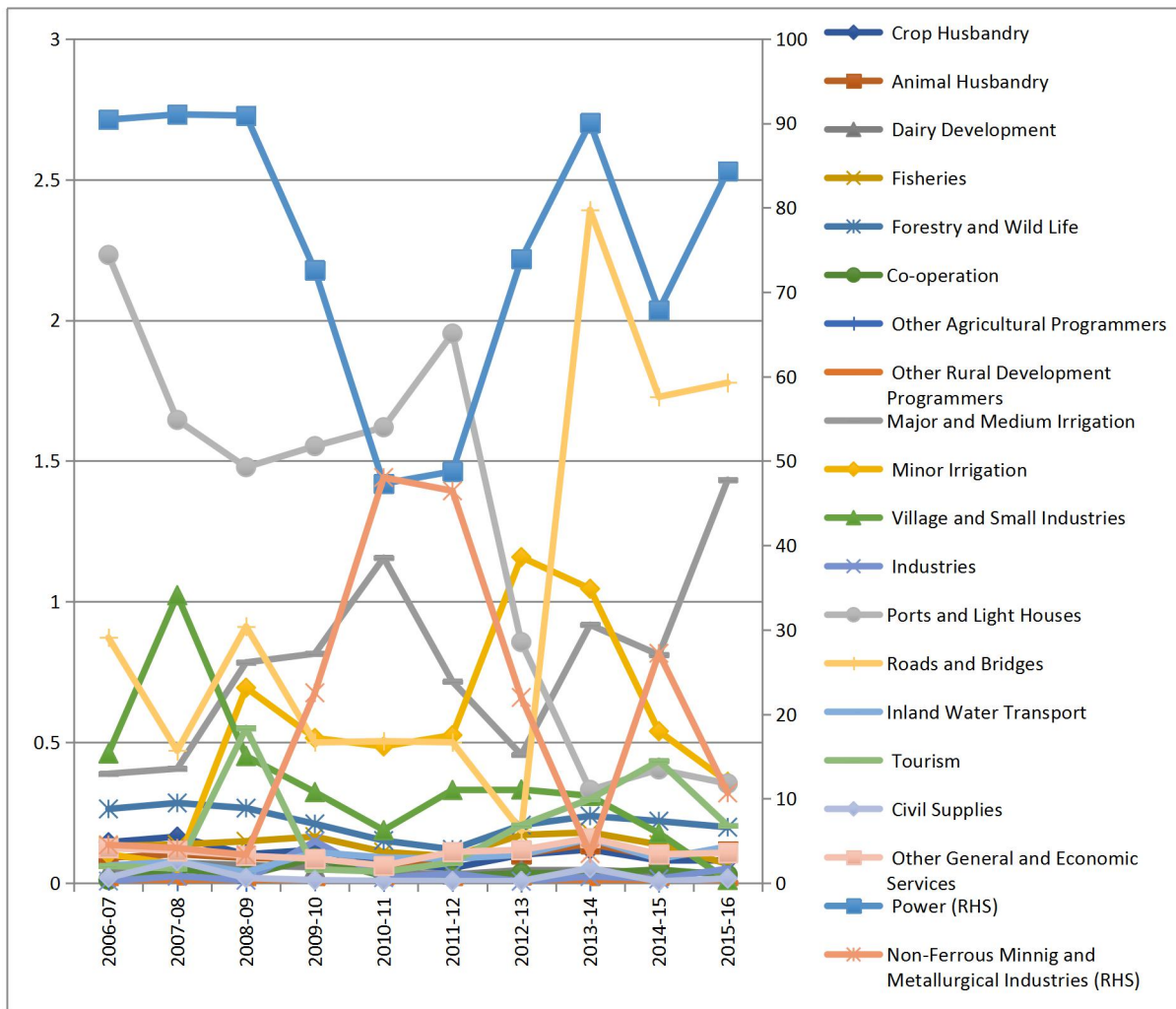


Note: Water supply and sanitation shown on right hand side secondary axis.

3.11 Components of Economic Services

In the case of economic services, the two major contributors have been the Power and Non Ferrous Mining and Metallurgical Industries. Power has constituted more than 90 percent of economic services. This trend was seen till 2008-09, followed by a fall in its contribution to 47% in 2010-11, but rising sharply to 90% in 2013-14. In contrast, during the same period the contribution made by Non Ferrous Mining and Metallurgical Industries shoot up to 48.04% percent in 2010-11 from 4.5% in 2006-07. The rise in average percentage share in mineral concession fees and royalties had led to the increase in the contribution made by this component. In 2013-14 there was a steep fall in its contribution to 3.4%, rising in the next consecutive year. All the other sub components have contributed below 2% to the Economic services.

Figure 3.8: Share of the components of Economic Services (%)



Note: Power and Non Ferrous Mining and Metallurgical Industries shown on right hand side secondary axis.

3.12 Enhancing revenues from User Charges

Evidently, while non-tax sources are one of the constituents of total revenue receipts, they do not play a very significant role in financing state expenditure. The growth of receipts from ONTR sources has neither kept pace with receipts from the other revenue sources nor is it showing the required buoyancy needed for an efficient fiscal system.

The non-tax revenue in lieu of the provision of goods and services by the Government is derived through 'user charges'. These charges indicate payments that are administratively determined for the goods and services provided by the Government. Trends in revenue from non-tax sources clearly bring out the need to improve the growth of non-tax revenues in Goa. Appropriate user charges serve the twin purposes of having a rational non-tax structure and generating revenue to spur economic growth. Irrational structure of non-tax sources causes adverse economic effects, invalidating the growth objectives. Therefore, one has to keep in mind the objectives of fixation of user charges.

3.13 Actual Revenue Realization

The actual revenue realization (NTR) as a percent of revenue expenditure (RR/RE), however, varies according to the type of service. In this analysis of the efforts of the State in collecting appropriate user charges for services provided, we present estimates of the percentage share of revenue realized (RR) from a service to the revenue expenditure (RE) incurred on providing that service.

We confine ourselves to those non-tax sources, which originate from the administrative departments and departmental undertakings of a non-commercial nature. Therefore, sources such as interest, profits and dividends arising from the States' commercial undertakings are beyond its scope of this chapter and dealt separately.

The actual revenue realization of non-tax revenues as a percent of the corresponding revenue expenditure (RR/RE) is calculated from the data provided in the Finance Accounts of Goa. We have taken only revenue expenditure (and not the capital expenditure) as the denominator assuming that at least this could be first met as a target for achieving the desired RR/RE. The RR/RE for general services, social services and economic services and their components for the period 2006-07 to 2015-16 are given in the following tables below.

Table 3.5: RR/RE for General, Social and Economic Services

	General Services: RR/RE	Social Service: RR/RE	Economic Services: RR/RE
2006-07	8.54	9.65	88.64
2007-08	8.32	8.77	86.57
2008-09	4.07	7.23	92.68
2009-10	22.74	7.59	93.30
2010-11	4.71	7.49	134.54
2011-12	4.76	8.01	108.04
2012-13	5.72	7.43	77.30
2013-14	6.48	7.30	63.03
2014-15	7.39	6.50	87.53
2015-16	6.36	7.01	75.83

Goa's RR/RE from economic services has been higher than general services and social services in all the years under consideration.

3.14 Actual Revenue Realization from Select Services

In view of the strategic importance of some of the services in the overall non-tax set, we measure RR/RE for some services for the period 2006-07 to 2015-16.

- 1) Education, sports, art & culture,
- 2) Medical, public health and family welfare,
- 3) Water supply, sanitation
- 4) Forestry and wild life
- 5) Major and Medium Irrigation
- 6) Minor irrigation
- 7) Mines and minerals,
- 8) Transport (Roads bridges and inland water transport).
- 9) Energy

10) Public Works Department.

Making use of the data collected from State Finance Documents, Table 3.6 below gives the percentage share of RR/RE of select components of general, social and economic services at a disaggregated level.

Table 3.6: Revenue Receipts as proportion of Revenue Expenditures for Select Services

Years	ESAC	Medical	WSS	Forest	Maj-irr	Min-irr	Industry	Mines	Transport	Energy	PWD
2006-07	2.6	6.8	54.8	15.4	32.6	6.9	0.4	4480.3	8.8	127.2	6.3
2007-08	2.3	5.7	53.8	14.4	25.9	4.2	0.5	3396.2	4.3	125.7	4.6
2008-09	1.7	3.8	40.1	12.4	49.3	46.4	0.5	2139.5	10.7	132.9	5.8
2009-10	1.5	2.2	37.9	9.5	43.2	24.8	4.6	12817.3	5.5	115.0	2.8
2010-11	1.5	2.6	34.4	11.0	97.3	31.4	0.9	40316.8	8.2	109.8	3.4
2011-12	1.7	3.0	34.9	6.5	55.0	35.5	1.4	36713.0	7.2	86.0	3.3
2012-13	2.6	1.9	44.5	9.2	24.7	46.1	0.3	12435.1	1.9	91.2	2.3
2013-14	1.9	2.6	42.5	7.5	34.8	39.9	0.7	62.8	22.5	100.8	3.9
2014-15	1.4	2.5	37.1	9.6	39.3	29.2	0.7	1105.3	23.7	100.1	3.8
2015-16	2.2	2.7	35.0	8.2	59.1	17.4	2.4	301.4	21.7	114.8	4.0

Note: ESAC= Education, sports, art & culture, WSS= Water supply, sanitation, Maj-irr = Major and Medium Irrigation, Minor-irr = Minor irrigation, PWD= Public Works Department

Only for two services the RR/RE has been higher; Mining and Metallurgical industries and Energy. For water supply and sanitation too, the RR/RE has been high. In the case of Major and Minor Irrigation projects there has been a lot of fluctuations in this ratio.

3.15 Desired Percentage of RR/RE

The desired percentage share of revenue realized (RR) from a service to the revenue expenditure (RE) has been calculated using the methodology adopted by (Purohit and Purohit 2009). Desired

RR/RE is the “rate” which a states may aim at and make continuous efforts to attain. By estimating the desired revenue realization as a percent of revenue expenditure, an appraisal of the performance of the state in maintaining RR/RE could be made. For estimating the norms for desired RR/RE, an econometric model is used. We use an extended time period 2001-02 to 2015-16 to increase the number of observations.

The econometric model for fixing norms of non-tax revenues will have the following functional form.

$$Y_t = \alpha + \beta X_t + \gamma Z_t + u_t,$$

Where Y is the non-tax revenue on a particular item collected by the state during the years, X is GSDP, Z denote a vector of characteristics of the state which are considered important for determining the level of collection of non-tax revenues for a particular service and t denotes time, U_t is the stochastic error.

In the equations given below, for each of the select services, we find the percentage share of RR/RE for each of the select non-tax sources from the period 2001-02 to 2015-16.

The independent variables used for predicting are: per capita income (pcgsdp), proportion of relevant sectoral income in total GSDP (gsdpcons for construction, gsdpagr for agriculture, gsdpfore for forest, gsdpmin for minerals, gsdptran for transport, gsdpmanu for manufacturing, gsdpener for transport), availability of educational facilities (schedufac for school educational facilities), availability of medical facilities (beds for beds in hospitals.), gross irrigated area (gsirrarea), number of vehicles (veh). The following equations are used for regression:

(1) RR/RE for education, Art and culture (recedu)

$$\text{recedn} = f\{\text{pcgsdp, schedufac}\}$$

For the non tax revenue collected from education, Art and culture, along with the pcgsdp we also take into account the availability of schools in the State.

(2) RR/RE for Medical and public health (recmed)

$$\text{recmed} = f\{\text{pcgsdp, beds}\}$$

In this regression of Medical and public health, we take into account the pcgsdp and number of beds available.

(3) RR/RE for Water supply and sanitation (rewssani)

$$\text{rewssani} = f\{\text{pcgsdp}\}$$

For Water supply and sanitation, the independent variable is pcgsdp.

(4) RR/RE Forestry and wild life, (reforw)

$$\text{reforw} = f\{\text{pcgsdp}, \text{gsdpfore},\}$$

For revenue realized from Forestry and wild life, we take into account pcgsdp and gsdp from forest.

(5) RR/RE Major and medium irrigation (recmajirr)

$$\text{recmajirr} = f\{\text{pcgsdp}, \text{gsdpagr}, \text{grsirrarea}\}$$

For major and medium irrigation, the dependent variables used are pcgsdp , gsdp from agriculture and gross area under irrigation

(6) RR/RE Medium and Minor irrigation (recminirr)

$$\text{recminirr} = f\{\text{pcgsdp}, \text{gsdpagr}, \text{grsirrarea}\}$$

For minor irrigation, the dependent variables used are pcgsdp , gsdp from agriculture and gross area under irrigation

(7) RR/RE for Industries

$$\text{reindus} = f\{\text{pcgsdp}, \text{gsdpagr}, \text{gsdpmanu}\}$$

In case of Industries, the dependent variables used are pcgsdp, gsdp from agriculture and gsdp from manufacturing.

(8) RR/RE Mines and minerals (remines)

$$\text{remines} = f\{\text{pcgsdp}, \text{gsdpmin}\}$$

In case of mines, the dependent variables are pcgsdp and gsdp from mines.

(9) RR/RE Transport Roads bridges (reroadbr)

$$\text{reroadbr} = f\{\text{pcgsdp}, \text{gsdptran}, \text{novch}\}$$

The dependent variables employed here are pcgsdp, gsdp from transport and number of vehicles.

(10)RR/RE Energy

$$\text{reenergy} = f\{\text{pcgsdp}, \text{gsdpener}, \text{consner}\}$$

For revenues realised from energy we use psgsdp, gsdp from energy and consumption from energy as the independent variables.

(11) RR/RE for Public Works Department

$$\text{repwd} = f\{\text{pcgsdp}, \text{gdpcns}\}$$

With regard to Public Works Department, pcgsdp and gsdp from construction is taken into account.

Table 3.7: Co-efficients of PCGSDP for the estimated RR/RE of each select service

Services	Co-efficient (pcgsdp)	t	R-square
Medical, public health	-0.00001*	-1.87	0.72
Mines and minerals	0.051*	2.04	0.80
Forest	-0.000026**	-2.57	0.49
Energy	-0.00024**	-2.63	0.57

The regression results may be seen in Appendix. The pcgsdp is significant for the services like Medical and public health, Mines and minerals, Forest and Energy. In the state of Goa, thus we can focus on these areas as non tax bases.

Appendix

1) reg reedu pcgsdp schedufac dummy

```
Source |    SS    df    MS        Number of obs =   15
-----+-----
Model | 1.20497754   3   .40165918    Prob > F   = 0.6338
Residual | 7.47991551  11   .679992319    R-squared   = 0.1387
-----+-----
Total | 8.68489305  14   .620349504    Adj R-squared = -0.0961
Root MSE = .82462
```

```
-----+-----
reedu |   Coef.  Std. Err.   t  P>|t|  [95% Conf. Interval]
-----+-----
pcgsdp | -2.02e-06  3.28e-06  -0.62  0.550  -9.23e-06  5.19e-06
schedufac | -.0256752  .0202751  -1.27  0.232  -.0703004  .01895
dummy | .9109701  .8338257   1.09  0.298  -.9242679  2.746208
_cons | 54.51  41.53294   1.31  0.216  -36.90339  145.9234
```

2) reg remed pcgsdp dummy

```
Source |    SS    df    MS        Number of obs =   15
-----+-----
Model | 74.003388   2  37.001694    Prob > F   = 0.0004
Residual | 27.3868004  12  2.28223336    R-squared   = 0.7299
-----+-----
Total | 101.390188  14  7.24215631    Adj R-squared = 0.6849
Root MSE = 1.5107
```

```
-----+-----
remed |   Coef.  Std. Err.   t  P>|t|  [95% Conf. Interval]
-----+-----
pcgsdp | -.0000109  5.85e-06  -1.87  0.087  -.0000237  1.82e-06
dummy | -2.800783  1.210861  -2.31  0.039  -5.439022  -.1625438
_cons | 8.619275  .7940106  10.86  0.000  6.889274  10.34928
```

3) reg rewssani pcgsdp dummy

```
Source |    SS    df    MS        Number of obs =   15
-----+-----
Model | 1361.89695   2 680.948475    Prob > F   = 0.0330
Residual | 1778.69881  12 148.224901    R-squared   = 0.4336
-----+-----
Total | 3140.59576  14 224.328268    Adj R-squared = 0.3393
Root MSE = 12.175
```

rewssani	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	-.0000467	.0000471	-0.99	0.341	-.0001494	.000056
dummy	-12.04478	9.758314	-1.23	0.241	-33.30632	9.216761
_cons	60.83742	6.398922	9.51	0.000	46.89536	74.77947

4) reg reforw pcgsdp gsdpfor dummy

Source	SS	df	MS	Number of obs = 15	
				F(3, 11) = 3.54	
Model	71.1221869	3	23.7073956	Prob > F = 0.0516	
Residual	73.6283938	11	6.69349034	R-squared = 0.4913	
				Adj R-squared = 0.3526	
Total	144.750581	14	10.3393272	Root MSE = 2.5872	

reforw	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	-.0000263	.0000102	-2.57	0.026	-.0000488	-3.77e-06
gsdpfor	.0000623	.000111	0.56	0.586	-.0001821	.0003067
dummy	.2300599	2.444437	0.09	0.927	-5.150109	5.610229
_cons	14.83544	1.388777	10.68	0.000	11.77877	17.89212

5) reg recmajmdirr pcgsdp gsdpgr gsrirrea dummy

Source	SS	df	MS	Number of obs = 15	
				F(4, 10) = 4.08	
Model	23968.2585	4	5992.06463	Prob > F = 0.0325	
Residual	14695.5407	10	1469.55407	R-squared = 0.6199	
				Adj R-squared = 0.4679	
Total	38663.7993	14	2761.69995	Root MSE = 38.335	

recmajmdirr	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	-.0003652	.0003559	-1.03	0.329	-.0011583	.0004278
gsdpagr	.0015259	.0011894	1.28	0.228	-.0011242	.004176
gsrirrea	-.0158971	.0052124	-3.05	0.012	-.027511	-.0042831
dummy	-71.36301	31.14414	-2.29	0.045	-140.7565	-1.96953
_cons	636.4697	185.8509	3.42	0.006	222.3681	1050.571

6) reg recminirr pcgsdp gsdpagr grsirrarea dummy

Source	SS	df	MS	Number of obs = 15	
				F(4, 10) = 0.27	
Model	1691.27781	4	422.819452	Prob > F	= 0.8914
Residual	15726.3316	10	1572.63316	R-squared	= 0.0971
				Adj R-squared = -0.2641	
Total	17417.6094	14	1244.11495	Root MSE	= 39.656

recminirr	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	.000237	.0003682	0.64	0.534	-.0005834	.0010574
gsdpagr	-.0007424	.0012304	-0.60	0.560	-.0034838	.0019991
grsirrarea	-.0007999	.0053921	-0.15	0.885	-.0128143	.0112145
dummy	-19.09538	32.21791	-0.59	0.567	-90.88135	52.69059
_cons	105.2764	192.2585	0.55	0.596	-323.1022	533.6551

7) reg reindus pcgsdp gsdpagr gsdpmanu dummy

Source	SS	df	MS	Number of obs = 15	
				F(4, 10) = 2.84	
Model	138.433848	4	34.6084619	Prob > F	= 0.0824
Residual	121.955064	10	12.1955064	R-squared	= 0.5316
				Adj R-squared = 0.3443	
Total	260.388911	14	18.5992079	Root MSE	= 3.4922

reindus	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	.0000628	.0000922	0.68	0.511	-.0001426	.0002681
gsdpagr	.0000717	.0001073	0.67	0.519	-.0001673	.0003108
gsdpmanu	-.0000103	.0000107	-0.96	0.358	-.0000341	.0000135
dummy	-9.80118	3.85619	-2.54	0.029	-18.39331	-1.209052
_cons	.9978321	4.880541	0.20	0.842	-9.876691	11.87236

8) reg remines pcgsdp gsdpmine dummy

Source	SS	df	MS	Number of obs = 15	
				F(3, 11) = 15.45	
Model	1.8224e+09	3	607477114	Prob > F	= 0.0003
Residual	432458208	11	39314382.6	R-squared	= 0.8082
				Adj R-squared = 0.7559	
Total	2.2549e+09	14	161063539	Root MSE	= 6270.1

remines	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
---------	-------	-----------	---	------	----------------------	--

pcgsdp		.0519821	.0254514	2.04	0.066	-.004036	.1080002
gsdpmine		.0546801	.0085645	6.38	0.000	.0358298	.0735304
dummy		-13084.53	5980.358	-2.19	0.051	-26247.21	78.14717
_cons		-2933.524	3425.469	-0.86	0.410	-10472.93	4605.881

9) reg reroadbr pcgsdp gsdptrans novoh dummy

Source		SS	df	MS	Number of obs =	15
-----+-----					F(4, 10) =	1.97
Model		289.686729	4	72.4216823	Prob > F =	0.1758
Residual		368.231237	10	36.8231237	R-squared =	0.4403
-----+-----					Adj R-squared =	0.2164
Total		657.917966	14	46.9941404	Root MSE =	6.0682

reroadbr		Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
-----+-----						
pcgsdp		.0000961	.0000545	1.76	0.109	-.0000254 .0002176
gsdptrans		-.0000213	.0000258	-0.82	0.429	-.0000789 .0000363
novoh		-.0003883	.0003356	-1.16	0.274	-.001136 .0003593
dummy		-.5912288	5.981338	-0.10	0.923	-13.91848 12.73602
_cons		18.73701	10.4506	1.79	0.103	-4.548377 42.02239

10) reg reenergy pcgsdp conener dummy

Source		SS	df	MS	Number of obs =	15
-----+-----					F(3, 11) =	4.92
Model		2731.49809	3	910.499365	Prob > F =	0.0209
Residual		2036.25143	11	185.113767	R-squared =	0.5729
-----+-----					Adj R-squared =	0.4564
Total		4767.74953	14	340.553538	Root MSE =	13.606

reenergy		Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
-----+-----						
pcgsdp		-.0002493	.0000947	-2.63	0.023	-.0004577 -.0000408
conener		.0356514	.0202188	1.76	0.106	-.0088499 .0801526
dummy		-10.09051	11.55398	-0.87	0.401	-35.52064 15.33962
_cons		78.91242	34.42403	2.29	0.043	3.145639 154.6792

11) reg repwd pcgsdp conener dummy

Source		SS	df	MS	Number of obs =	15
-----+-----					F(3, 11) =	2.43
Model		8.00951211	3	2.66983737	Prob > F =	0.1205

Residual | 12.0974816 11 1.09977105 R-squared = 0.3983
 -----+----- Adj R-squared = 0.2343
 Total | 20.1069937 14 1.43621383 Root MSE = 1.0487

repwd	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
pcgsdp	-8.54e-06	7.30e-06	-1.17	0.267	-.0000246	7.52e-06
conener	.0003648	.0015584	0.23	0.819	-.0030653	.0037949
dummy	-.1630675	.8905602	-0.18	0.858	-2.123177	1.797042
_cons	5.098326	2.653344	1.92	0.081	-.7416444	10.9383

4. Expenditure Analysis

4.1 Introduction

One of the main duties of any Government would be to provide public goods and services such as health, education, public infrastructure, public safety nutrition, water supply, sanitation, housing and welfare, among others to its people. However there are many macroeconomic constraints that limit the scope of the government for increasing its public expenditure (Mohanty and Bhanumurthy 2018). In this chapter we analyse the Expenditure pattern and trends for in major components of expenditure there-under. We also discuss the measures undertaken to enhance allocative and technical efficiency in expenditures and provide suggestions to improve efficiency in public spending.

4.2 Classification of Public Expenditures in Goa

Government expenditures are classified in 3 different ways for understanding a variety of processes.

1. Revenue & Capital – This is to understand whether the expenditure is for asset building purposes (Capital) or otherwise (revenue).
2. Plan & Non-Plan – This is an accounting classification to separate out expenditures that come under a new 5-year plan or from a previous plan.
3. Development and Non-Development – This is a classification to examine whether a expenditures are under heads that are considered to be for fulfilling development needs – like merit goods, or non-development needs (like defence etc).

In this chapter we look at trends in all the three classifications.

4.3 Revenue and Capital Expenditures

Table 4.1 below presents the broad composition of state expenditure into Revenue and Capital Expenditures.

Table 4.1: Revenue and Capital Expenditures

Expenditure Heads(Revenue Accounts)
A - GENERAL SERVICES
(a) Organs of State
(b) Fiscal Services
(c) Interest Payments and Servicing of Debts
(d) Administrative Services
(e) Pension and Miscellaneous General Services
B - SOCIAL SERVICES
(a) Education, Sports , Arts and Culture
(b) Health and Family Welfare
(c) Water Supply, Sanitation, Housing and Urban Development
(d) Information and Broadcasting
(e)Welfare of Schedule caste, Schedule Tribes and other Backward Classes
(f) Labour and Labour Welfare
(g) Social Welfare and Nutrition
(h) Others
C- ECONOMIC SERVICES
(a) Agriculture and Allied Activities
(b) Rural Development
(c) Special Areas Programs
(d) Irrigation and Flood Control
(e) Energy
(f) Industry and Minerals
(g) Transport

(i) Science, Technology and Environment

(j) General Economic Services

Expenditure Heads(Capital Accounts)

A - General Services

(a) Organs of State

(b) Fiscal Services

(c) Interest Payments and Servicing of Debts

(d) Administrative Services

(e) Pension and Miscellaneous General Services

B - Social Services

(a) Education, Sports , Arts and Culture

(b) Health and Family Welfare

(c) Water Supply, Sanitation, Housing and Urban Development

(d) Information and Broadcasting

(e)Welfare of Schedule caste, Schedule Tribes and other Backward Classes

(f) Labour and Labour Welfare

(g) Social Welfare and Nutrition

(h) Others

C- Economic Services

(a) Agriculture and Allied Activities

(b) Rural Development

(c) Special Areas Programs

(d) Irrigation and Flood Control

(e) Energy
(f) Industry and Minerals
(g) Transport
(i) Science, Technology and Environment
(j) General Economic Services

Revenue Expenditure (RE) is incurred to maintain the current level of services and payment of the past obligations. In Goa, it has increased significantly from Rs 2,46,831 lakhs in 2006-07 to Rs 8,41,955 lakhs in 2015-16. The capital expenditure (CE) has increased from Rs 62,634 lakhs in 2006-07 to Rs 1,62,227 lakhs in 2015-16.

4.3.1 Expenditures as a Percentage of Total Expenditures and GSDP

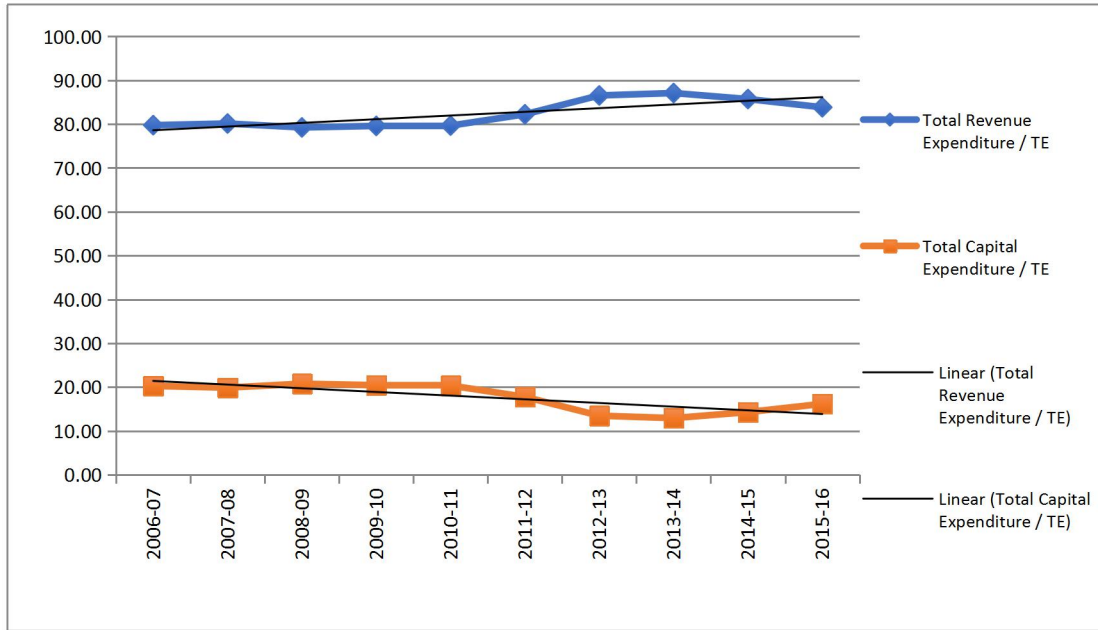
We examine the trend in expenditures under the broad heads of revenue and capital expenditures taken as a proportion of Total Expenditures (TE) as well as GSDP (factor cost) Current prices in the figure 4.1 and 4.2 below and Table A1 in Appendix).

The two series taken as a proportion of TE is exhibited on the primary axis (LHS and dotted lines) and when taken as a proportion of GSDP is exhibited on the secondary axis (RHS continuous line).

Evidently, RE constitutes the bulk of the expenses for of Goa. There is a rising trend in RE both as a proportion of TE and GSDP. On the other hand there has been a decline in the CE as a percentage of TE and GSDP.

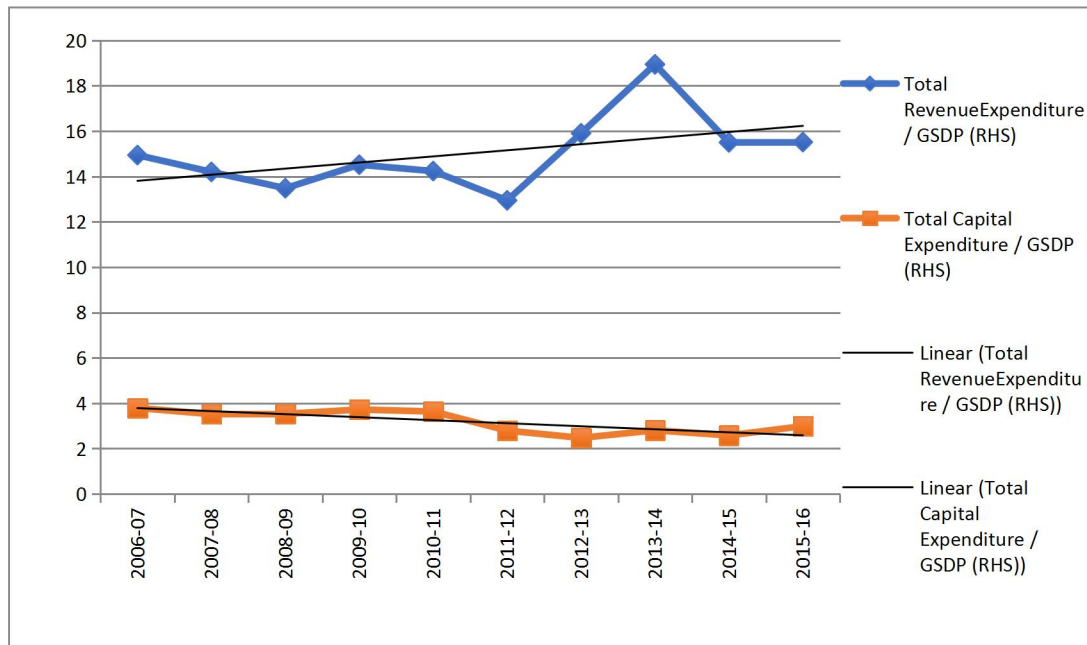
The TE /GSDP has decreased from 18.72 per cent in 2006-07 to 15.7 per cent in 2011-12 (the pronounced decline in 2011-12 as a proportion of GSDP may be due to a change of base year of prices as noted earlier in the case of other rations too).

Figure 4.1: Expenditure under broad heads as a Percentage of Total Expenditures



Source: Finance Accounts, GoG, various years

Figure 4.2: Expenditure under Broad heads as a Percentage of GSDP



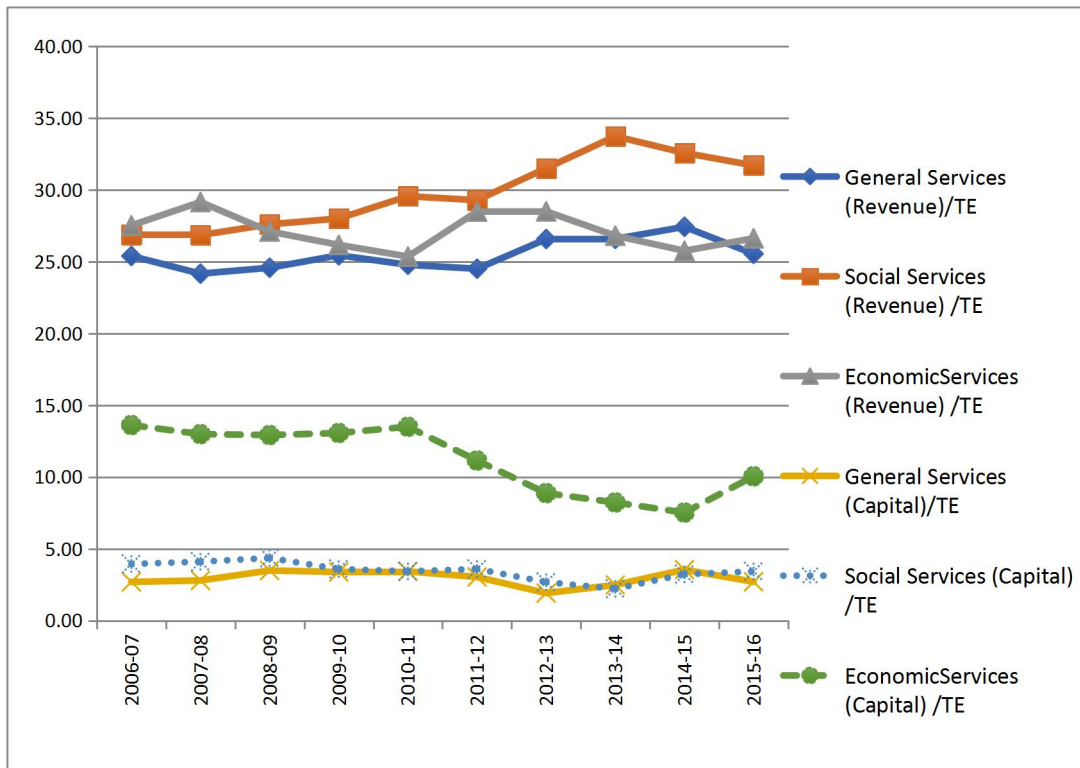
Source: Finance Accounts, GoG, various years

4.3.2 Components of Revenue and Capital Expenditure

Each of the two categories discussed above (Revenue and Capital) are further sub-categorized into three broad heads: General Services, Social Services and Economic Services. We have

tracked the trend in these three sub-categories as a percentage of TE as well as a percentage of their respective totals (RE and CE). The RE dominates CE (see figure 4.3 and A2 in Appendix). Among the sub categories, as compared to the spending on economic and general services, the revenue spending on social sector shows a rising trend over the period. Capital expenditures in Economic services however dominates the other two when taken as a proportion of the TE.

Figure 4.3:Trends in Categorized Expenditure as a proportion of Total Expenditure



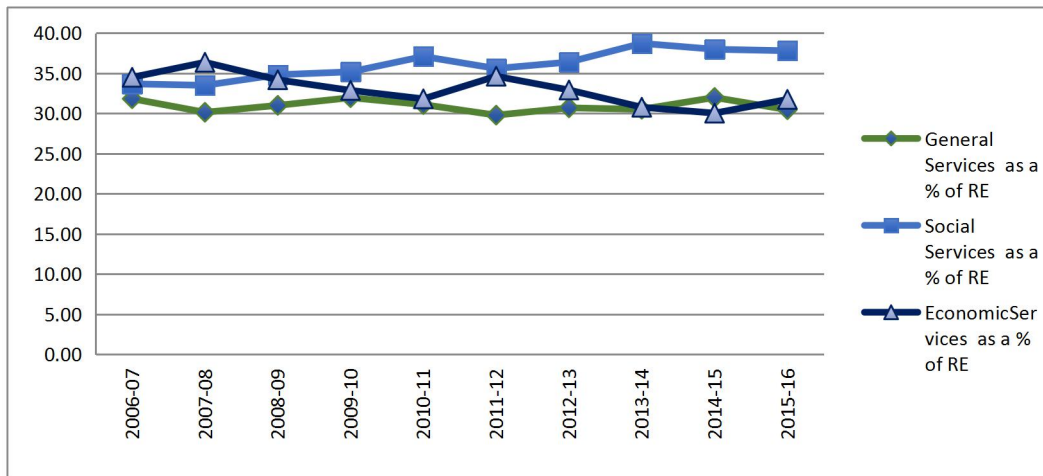
Source: Finance Accounts, GoG, various years

A similar trend is noticed when we examine them as a proportion of their own sub-totals - the three service category heads as a proportion of RE for all expenses under the revenue account as given in the figure below.

There is an increasing allocation of expenditure towards social services as compared to the expenditures towards general services and economic services (fig 4.4 and A3 in Appendix).

There is need to increase allocation towards different heads of social services and economic services. The increasing allocation for economic and social service sectors and declining allocation for general service sector would bring the long-term growth of the state economy and higher human development.

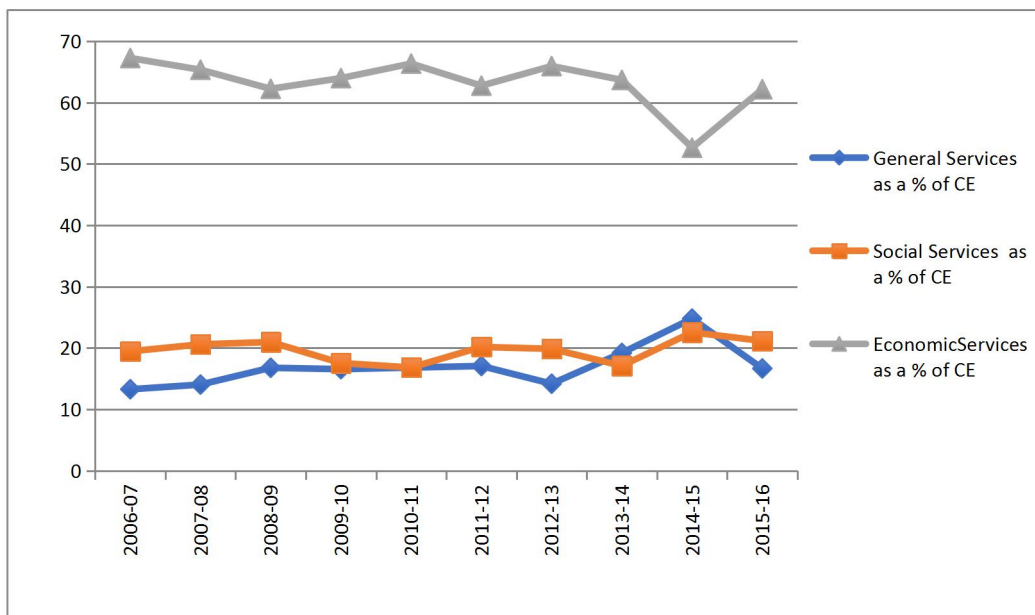
Figure 4.4: General, Social and Economic Service (Revenue) as a proportion of Total Revenue Expenditure



Source: Finance Accounts, GoG, various years

As far as CE is concerned, expenditure on economic services is higher than the other two components. On economic services the expenditures has been above 60% except for the year 2014-15 where it had declined to 53%. CE on social services and general services accounts for the remaining CE (see table 4.5 and A4 in Appendix).

Figure 4.5: General, Social and Economic Service (Capital) as a proportion of Total Capital Expenditure



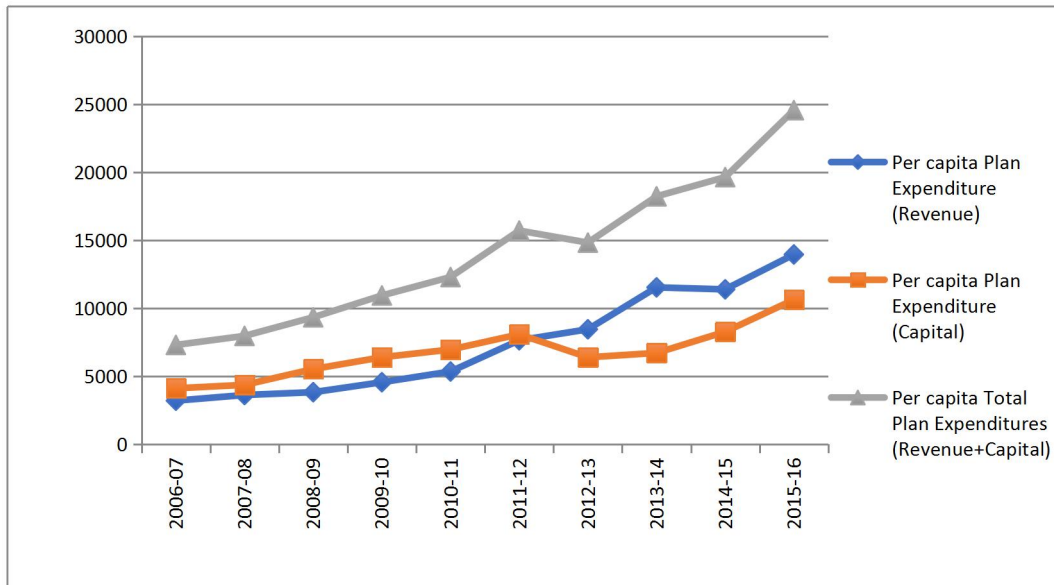
Source: Finance Accounts, GoG, various years

4.4 Plan and Non-Plan Expenditure

Plan Expenditures are undertaken in three sub-categories: “State Plan”, “State Share of Centrally Sponsored Schemes (CSS)”, and “Central Plan Schemes/GoI share of CSS”.

In our analysis we considered Plan Expenditures as one group as further disaggregation was not relevant for this study. We first examine the distribution of expenditures under the Plan spending. The per capita spending both on capital and revenue account has been rising. Interestingly, capital expenditure has been higher than revenue expenditures till 2011-12 but declined thereafter. There was a fall in the per capita plan capital expenditure. This is also reflected in total per capita plan expenditures see figure 4.6 below.

Figure 4.6: Per Capita Plan Expenditures in Rs Lakhs

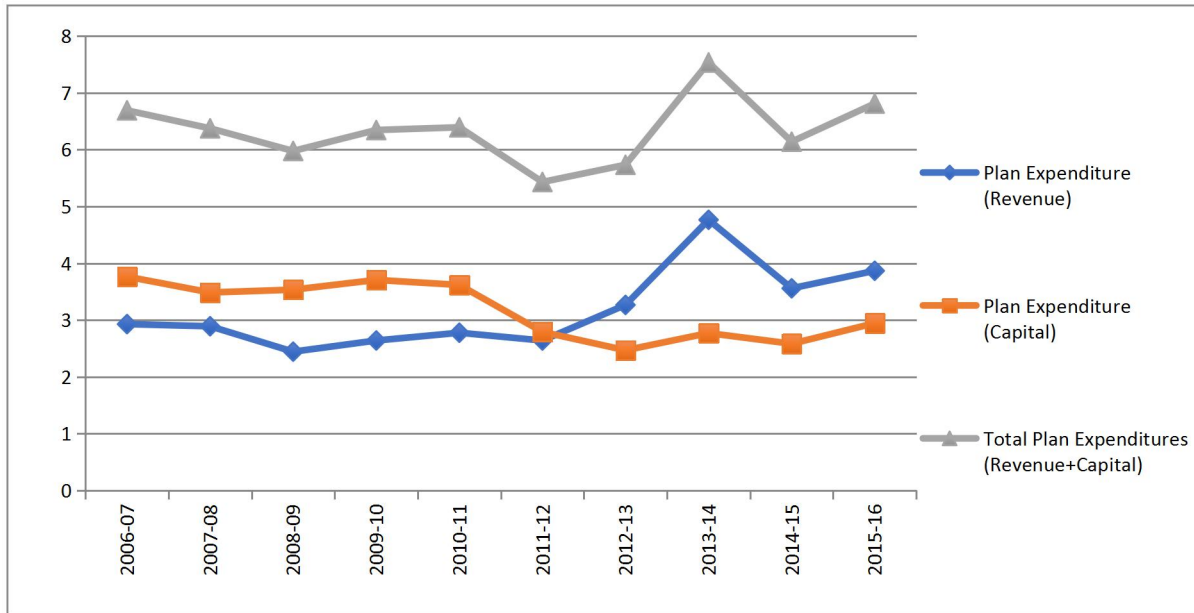


Source: Finance Accounts, GoG, various years

If we look at the Plan spending on total plan spending (sum of revenue and capital account) as a percentage of GSDP, we find that it has ranged between 5 to 7 %. It was only in 2013-14, it rose a little above to 7.53%, and then dipped to 6% in the following year.

After this fluctuation there has been steady recovery. The peak year of the total plan expenditures is matched by plan capital expenditures and the dip year in 2013-14 is matched by a dip in the plan revenue expenditures see figure 4.7.

Figure 4.7: Plan Expenditures as a Percentage of GSDP



Source: Finance Accounts, GoG, various years

We now turn our attention to understanding Non-Plan expenditures. If we look at the per capita expenditures there are two notable things – almost the entire Non-plan expenditure is under Revenue heads. Secondly, from 2012-13 there has been a steady increase in Total Revenue Non-Plan expenditures.

Table 4.2: Per capita Non-Plan Expenditure

	Per capita Non Plan Expenditure (Revenue)	Per capita Non Plan Expenditure (Capital)	Per capita Total Non Plan Expenditures (Revenue+Capital)
2006-07	13270.91	162.05	13432.96
2007-08	11102.63	32.25	11134.87
2008-09	17498.48	215.62	17714.1
2009-10	20720.69	314.16	21034.86

2010-11	22358.64	257.61	22616.25
2011-12	30170.34	350.34	30520.69
2012-13	32653.38	9.44	32662.83
2013-14	34287.76	0.00	34287.76
2014-15	38185.97	-9.99	38175.98
2015-16	41996.97	0.00	41996.97

Source: Finance Accounts, GoG, various years

Table 4.3: Per capita non plan expenditures in terms of % composition

Year	% of Per capita Non Plan Expenditure (Revenue)	% Per capita Non Plan Expenditure (Capital)
2006-07	98.8	1.206
2007-08	99.7	0.290
2008-09	98.8	1.217
2009-10	98.5	1.494
2010-11	98.9	1.139
2011-12	98.9	1.148
2012-13	100.0	0.029
2013-14	100.0	0.000
2014-15	100.0	-0.026
2015-16	100.0	0.000

When we look at the non-plan expenditures as a proportion of GSDP we find that except for 2007-08 (9%) it has been within the range of 10-12%. Besides, only in 2013-14 there was a rise in the percentage share to GSDP to 14%, see Table 4.3 below.

Table 4.4: Non-plan Expenditure as a percentage of GSDP (%)

	Non Expenditure (Revenue)	Plan Non Plan Expenditure (Capital)	Total Non Plan Expenditures (Revenue+Capital)
2006-07	12.184	0.149	12.333
2007-08	8.898	0.026	8.924
2008-09	11.216	0.138	11.355
2009-10	12.030	0.182	12.213
2010-11	11.637	0.134	11.771
2011-12	10.433	0.121	10.554
2012-13	12.635	0.004	12.638
2013-14	14.175	0.000	14.175
2014-15	11.940	-0.003	11.936
2015-16	11.645	0.000	11.645

The Plan and Non-plan classification is useful from the point of view of understanding the impact of Plan allocations, however, developmental impact of government expenditure needs to be understood. For this purpose, the classification of expenditures as Development and Non-Development expenditure is useful. This informs us whether expenditures are being used for enhancing social capacities or not (if we interpret development as a process of social “enabling” or empowerment). We therefore turn now to Development and non development expenditures.

4.5 Development and Non-Development Expenditure

The classification followed in the literature for the different budget sub-heads is as per the table 4.4. and 4.5 below.

Table 4.5: Budget Items Classified as Non-Development Expenditure (Revenue & Capital Account)

Non-Development “Revenue Expenditures”	
	A - GENERAL SERVICES
	(a) Organs of State
2011	Parliament/State/Union Territory Legislature
2012	President/Vice-President/Governor/Admn. Of UT
2013	Council of Ministers
2014	Administration Of Justice
2015	Elections
	(b) Fiscal Services
2029	Land Revenue
2030	Stamps and Registration
2039	State Excise
2040	Taxes on sales, Trade, etc
2041	Taxes on Vehicles
2045	Other Taxes and duties on commodities and services
2047	Other Fiscal Services
	(c) Interest payments
2048	Appropriation for reduction or avoidance of debt(charged)
2049	Interest Payments(Charged)
	(d) Administrative Services
2051	Public Service Commission(Charged)
2052	Secretariat General Services
2053	District Administration

2054	Treasury and Accounts Administration
2055	Police
2056	Jails
2057	Supplies and Disposals
2058	Stationary and printing
2070	Other Administrative Services
	(e) Pension & Miscellaneous
2071	Pensions and other retirement benefits
2075	Miscellaneous general services
	(h) Others
	Social Services
2251	Secretariat-social services
	(j) General Economics Services
3451	Secretariat Economic Services
Non-Developmental Capital Expenditure	
	(A) GENERAL SERVICES
4055	Capital outlay on police
4075	Capital Outlay on Misc. General Services

Table 4.6: Budget Items Classified as Development Expenditure (Revenue & Capital Account)

Development Revenue Expenditure
--

	(A) GENERAL SERVICES
2059	Public works
	(B) SOCIAL SERVICES
	(a) Education, Sports Art and Culture
2202	General education
2203	Technical education
2204	Sports and youth services
2205	Art and Culture
	(b) Health and family Welfare
2210	Medical and public health
2211	Family welfare
	(c) Water Supply, Sanitation, Housing and Urban Development
2215	Water supply and sanitation
2216	Housing
2217	Urban Development
	(d) Information and Broadcasting
2220	Information and Publicity
	(e) Welfare of SC's, ST's and Other Backward Classes
2225	Welfare of SC's, ST's and other backward classes
	(f) Labour and Labour welfare
2230	Labour and employment
	(g) Social Welfare and Nutrition
2235	Social Security and Welfare
2236	Nutrition

2245	Relief on account of Natural Calamities
	(C) ECONOMICS SERVICES
	(a) Agriculture and Allied Activities
2401	crop husbandry
2402	Soil and water conservation
2403	Animal husbandry
2404	Dairy development
2405	Fisheries
2406	Forestry and wild life
2408	Food, storage and warehousing
2415	Agricultural Research and education
2425	Cooperation
2435	Other agricultural programmes
	(b) Rural Development
2505	Rural employment
2515	Other Rural Development programs
	(c) Special Area Programme
2551	Hill Areas
	(d) Irrigation and Flood Control
2701	Major and Medium irrigation
2702	Minor irrigation
2705	Command area development
2711	Flood Control and Drainage

	(e) Energy
2801	Power
2810	Non-conventional Sources of energy
	(f) Industries and Minerals
2851	Village and small industries
2852	Industries
2853	Non-Ferrous Mining and Metallurgical Industries
2885	Other outlays on industries and minerals
	(g) Transport
3051	Ports and lighthouses
3053	Civil Aviation
3054	Roads and Bridges
3055	Road Transport
3056	Inland water transport services
	(h) Science and technology and Environment
3425	Other Scientific Research
3435	Ecology and Environment
	(i) General Economics Services
3452	Tourism
3454	Census, Surveys and Statistics
3456	Civil Supplies
3475	Other general economic services

Development Capital Expenditure	
	(A) CAPITAL ACCOUNT OF GENERAL SERVICES
4058	Capital outlay on stationary and printing
4059	Capital outlay on public works
4070	Capital outlay on other administrative services
	Social Services
	(B) CAPITAL ACCOUNT OF SOCIAL SERVICES
	(a)Capital Account of education, sports, Arts and culture
4202	Capital outlay on education, sports, Arts and culture
	(b) Capital outlay on medical and public health
4210	Capital Account on medical and public health
	(c) Water Supply, Sanitation, Housing and Urban Development
4211	Capital outlay on family welfare
4215	Capital outlay on water supply and sanitation
4216	Capital outlay on housing
4217	Capital outlay on Urban development
	(e) Capital outlay on welfare of SC's, ST's and OBC's
4225	Capital outlay on welfare of SC's, ST's and OBC's
	(g) Capital outlay on social security and Nutrition
4235	Capital outlay on social security and welfare
	(h) Capital outlay on other social services
4250	Capital outlay on other social services
	(C) CAPITAL ACCOUNT OF ECONOMIC SERVICES
	(a) Capital Account Agriculture and Allied Activities

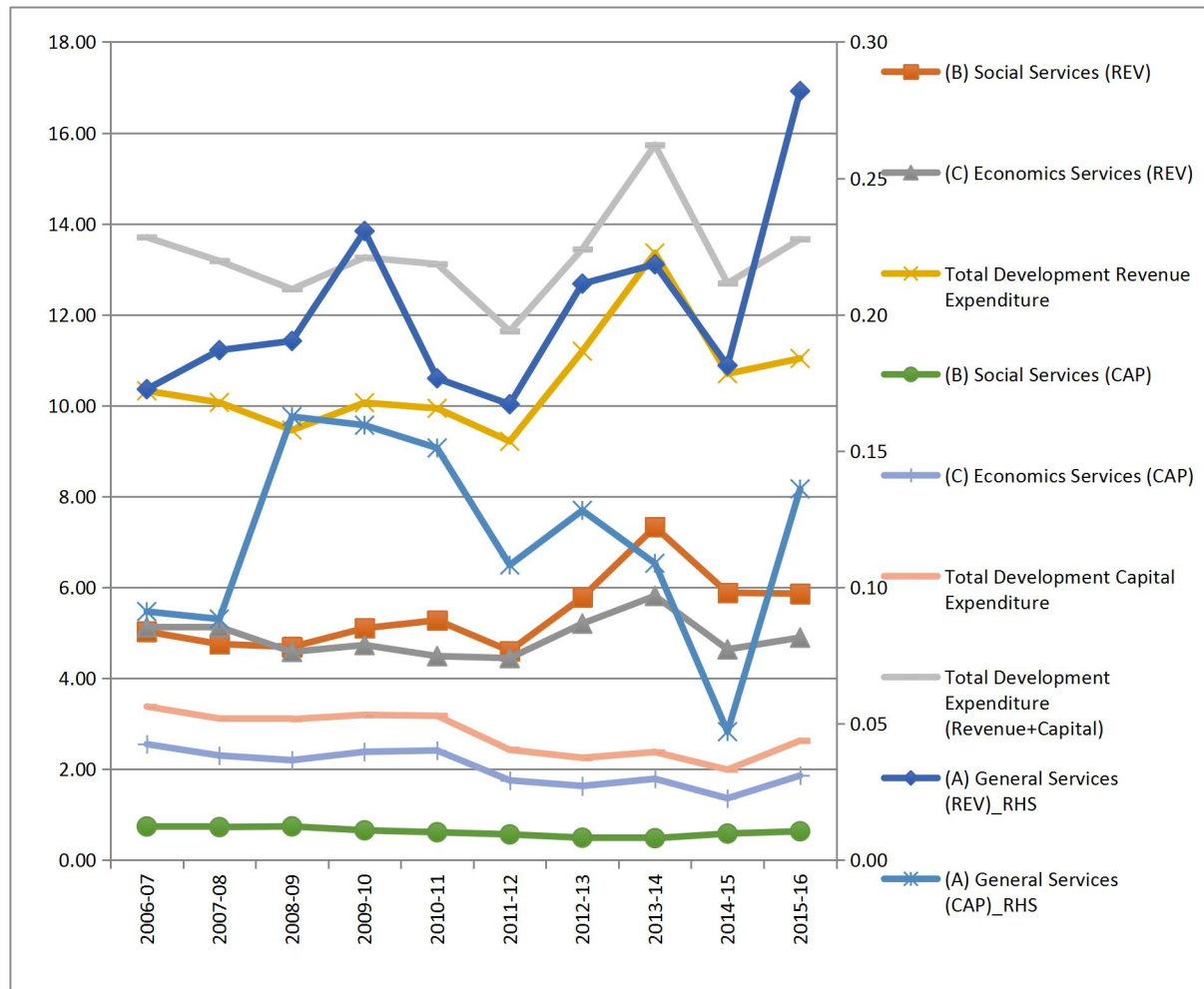
4401	capital outlay on crop husbandry
4402	Capital outlay on soil and water conservation
4403	Capital outlay on animal husbandry
4405	Capital outlay on fisheries
4406	Capital outlay on forestry and wildlife
4407	Capital outlay on plantations
4408	capital outlay on food, storage and warehousing
4415	capital outlay on agricultural research and education
4425	Capital outlay on cooperation
	(b) Capital Account of Rural Development
4515	Capital Outlay on other rural development
	(c) Capital Account of Special Area Programmes
4551	Capital outlay on hill areas
	(d) Capital Account of Irrigation and Flood Control
4701	Capital outlay on major and medium irrigation projects
4702	capital outlay on minor irrigation projects
4705	Capital outlay on command area development
4711	Capital outlay on flood control projects
	(e) Capital Account of Energy
4801	Capital outlay on power projects
4810	Capital outlay on Non-conventional sources of energy
	(f) Capital Account of Industries
4851	Capital outlay on village and small industries
4853	Capital outlay on Non-ferrous mining and metallurgical industries

4885	Other capital outlay on industries and minerals
	(g) Capital Account of Transport
5051	Capital outlay on ports and lighthouses
5053	capital outlay on civil aviation
5054	capital outlay on roads and bridges
5055	Capital outlay on road transport
5056	Capital outlay on inland water transport services
5075	Capital outlay on other transport services
	(i) Capital Account of Science, Technology and Environment
5425	Capital outlay on other scientific and environ research
	(j) Capital Account of General Economic Services
5452	Capital outlay on tourism
5475	Capital outlay on General Economic Services

We
now
pres

ent the trends in Developmental and Non-development expenditures in Goa. These are sub-categorized as Revenue and Capital Account.

Figure 4.8: Development Expenditure as a percentage of GSDP (factor cost at current prices)



Source: Finance Accounts, GoG, various years

Total Development expenditure as a proportion of GSDP has been between 11 to 13% during the assessment period though there seems to be a steep rise to 15.7 % in 2013-14 as a % of GSDP. Bulk of the development expenditure is on the Revenue account between 9 to 13% of GSDP) see figure 4.8 and table A5 in Appendix. While the Capital Development expenditure as proportion has been between 1 to 3%. It has been declining over the years from 2010-11, though there has been a slight rise in the last year of the data set 2015-16 see Table 4.6.

Table 4.6 : Trends in Development expenditure

Year	Revenue Expenditure (Development) /Total Development expenditure	Capital Expenditure (Development) /Total Development expenditure	Total
2006-07	75.35	24.65	100
2007-08	76.38	23.62	100
2008-09	75.32	24.68	100
2009-10	75.91	24.09	100
2010-11	75.80	24.20	100
2011-12	79.16	20.84	100
2012-13	83.27	16.73	100
2013-14	84.90	15.10	100
2014-15	84.33	15.67	100
2015-16	80.77	19.23	100

In the next chapter we examine the trends in deficits of the Government of Goa.

Appendix

A1: Expenditure under broad heads as a Percentage of Total Expenditures and GSDP

Year	Total Revenue Expenditure	Total Capital Expenditure	Total Revenue Expenditure / TE	Total Capital Expenditure / TE	Total Revenue Expenditure / GSDP	Total Capital Expenditure / GSDP
2006-07	246831	62634	79.76	20.24	14.939	3.791
2007-08	277776	68853	80.14	19.86	14.198	3.519
2008-09	342548	89707	79.25	20.75	13.479	3.530
2009-10	422747	108408	79.59	20.41	14.515	3.722
2010-11	478378	122120	79.66	20.34	14.235	3.634
2011-12	548350	118377	82.25	17.75	12.943	2.794
2012-13	606135	94227	86.55	13.45	15.901	2.472
2013-14	680328	100822	87.09	12.91	18.939	2.807
2014-15	741025	123411	85.72	14.28	15.498	2.581
2015-16	841956	162227	83.84	16.16	15.513	2.989

A2: Trends in Categorized Expenditure as a proportion of Total Expenditure

General Services (Revenue)/TE	Social Services (Revenue) /TE	Economic Services (Revenue) /TE	General Services (Capital)/TE	Social Services (Capital) /TE	Economic Services (Capital) /TE
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25.38	26.86	27.51	2.69	3.94	13.61
24.15	26.84	29.14	2.79	4.09	12.98
24.57	27.59	27.09	3.48	4.35	12.91
25.43	28.00	26.16	3.38	3.58	13.06
24.77	29.55	25.34	3.42	3.42	13.49
24.49	29.27	28.48	3.03	3.58	11.14
26.56	31.50	28.49	1.91	2.67	8.87
26.58	33.72	26.80	2.48	2.21	8.22
27.42	32.56	25.74	3.54	3.22	7.52
25.53	31.70	26.62	2.69	3.42	10.04

A3: General, Social and Economic Service (Revenue) as a proportion of Total Revenue Expenditure

	General Services as a % of RE	Social Services as a % of RE	Economic Services as a % of RE
2006-07	31.82	33.68	34.49
2007-08	30.14	33.50	36.37
2008-09	31.00	34.81	34.19
2009-10	31.96	35.18	32.87
2010-11	31.10	37.09	31.81
2011-12	29.78	35.59	34.63
2012-13	30.69	36.39	32.92
2013-14	30.51	38.72	30.77
2014-15	31.98	37.98	30.03
2015-16	30.45	37.80	31.74

A4: General, Social and Economic Service (Capital) as a proportion of Total Capital Expenditure

	General Services as a % of CE	Social Services as a % of CE	Economic Services as a % of CE
2006-07	13.28	19.47	67.25
2007-08	14.05	20.61	65.34
2008-09	16.79	20.98	62.23
2009-10	16.56	17.55	63.98
2010-11	16.83	16.83	66.34
2011-12	17.07	20.18	62.74
2012-13	14.19	19.87	65.94
2013-14	19.21	17.11	63.68
2014-15	24.80	22.56	52.64
2015-16	16.67	21.16	62.16

A5: Development Expenditure as a percentage of GSDP (factor cost at current prices)

	General Services (REV)	Social Services (REV)	Economics Services (REV)	Total Development RE	General Services (CAP)	Social Services (CAP)	Economics Services (CAP)	Total Development CE	Total Development Expenditure (Revenue+Capital)
2006-07	0.17	5.03	5.12	10.32	0.09	0.74	2.55	3.38	13.70
2007-08	0.19	4.75	5.13	10.07	0.09	0.73	2.30	3.11	13.18
2008-09	0.19	4.69	4.58	9.46	0.16	0.74	2.20	3.10	12.56
2009-10	0.23	5.10	4.73	10.06	0.16	0.65	2.38	3.19	13.26

2010-11	0.18	5.28	4.49	9.94	0.15	0.61	2.41	3.17	13.11
2011-12	0.17	4.60	4.44	9.21	0.11	0.56	1.75	2.43	11.64
2012-13	0.21	5.78	5.20	11.19	0.13	0.49	1.63	2.25	13.44
2013-14	0.22	7.33	5.81	13.36	0.11	0.48	1.79	2.38	15.73
2014-15	0.18	5.88	4.64	10.70	0.05	0.58	1.36	1.99	12.69
2015-16	0.28	5.86	4.89	11.04	0.14	0.63	1.86	2.63	13.66

5. Analysis of Deficits – Fiscal and Revenue

The financial health of any state can be gauged looking at the fiscal deficit situation. It speaks about the performance of a state in terms buoyancy of revenue collection, prudence in expenditure and its culture towards borrowing. For proper understanding of the deficit situation of a state it is necessary to look at the trends in three types of deficits, revenue, fiscal and primary deficits. These are the conventional measures of deficits used by the state of Goa along with other states. The quantum of deficit in a state depends on the success in revenue collection and ability to meet expenditure commitments made by the state governments. The profile of deficits has implications for debt build up, ability to finance various schemes and in the determination of transfer of financial resources as recommended by the Finance Commission.

5.1 Definition of fiscal deficit: sources and uses

An attempt is made to spell out the definition of the fiscal deficit used in this report so as to avoid any confusion. As per the accounts of the Government comprising consolidated fund, contingency fund and the public accounts, the balance sheet is as follows.

Public borrowing (net) + Savings & PF (net) + Withdrawal (net) from Public Account + (Opening Balance – Closing Balance) + Contingency Fund (net) + TCF (Receipts - Disbursement)	=	Revenue Deficit + Capital Outlay + Net Lending
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The left hand shows how the resources are generated from borrowing and other sources excluding that of revenue collection and the right hand side shows how the borrowed resources are utilized.

Revenue Receipts (RR) + Internal Debt Receipts (IDR) + Loans from the Centre (LCR) + Recovery of loans (RLR) + Transfer to Contingency Fund (TCFR) + Contingency Funds Receipts (CFR) + Receipts from Savings/Provident funds (SavPFR) + Public accounts Receipts excluding SavPF (Withdrawal R) + Opening Balance (OB) =

Revenue expenditure (RD) + Capital Outlay (CO) + Loans disbursed (RLD) + Internal debt Repayment (IDD) + Repayment of Loans to the Centre (LCD) + Transfer to Contingency Fund disbursement (TCFD) + Contingency fund disbursement (CFD) + Savings and PF repayment (Sav PFD) + Public accounts disbursement (WithdrawalD) + Closing balance (CB)

$$(IDR - IDD) + (LCR - LCD) + (SavPFR-SavPFD) + (WithdrawalR-WithdrawalD) + (OB-CB) + (TCFR - TCFD) + (CFR - CFD) = RR - RD + CO + (RLD-RLR)$$

However, $(TCFR - TCFD) + (CFR - CFD) = 0$ and both these components are not to be considered as means of financing fiscal deficit. We ignore both these components, net of Transfer to Contingency Fund and Contingency fund for the analysis of deficits.

5.2 Uses of Fiscal Deficit

Fiscal deficit does not show a clear trend (see Table 5.1). Overall, state of Goa is in comfortable position as regards the fiscal deficit is concerned. Fiscal deficit as a percentage of GSDP was lowest at 1.68% in 2010-11 and again rose to 3.77% in 2013-14. However, it came down to 2.73% in 2015-16 which is considered within the permissible limit. One of the reasons for reduction in fiscal deficit is the contraction of capital outlay. For 2016-17, the fiscal deficit as a percentage of GSDP fell further to 1.45.

Table 5.1 : Uses and Sources of Financing Fiscal Deficit

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Deficit	2.95	2.76	3.20	4.24	1.68	2.08	3.01	3.77	1.98	2.73
Uses of fiscal deficit:										
Revenue Deficit	-0.86	-0.85	-0.40	0.44	-1.96	-0.70	0.57	0.98	-0.58	-0.24
Capital Outlay	3.79	3.52	3.53	3.72	3.63	2.79	2.47	2.81	2.58	2.99
Net Lending	0.01	0.09	0.07	0.08	0.00	-0.01	-0.03	-0.02	-0.01	-0.01

(As a percentage of GSDP)

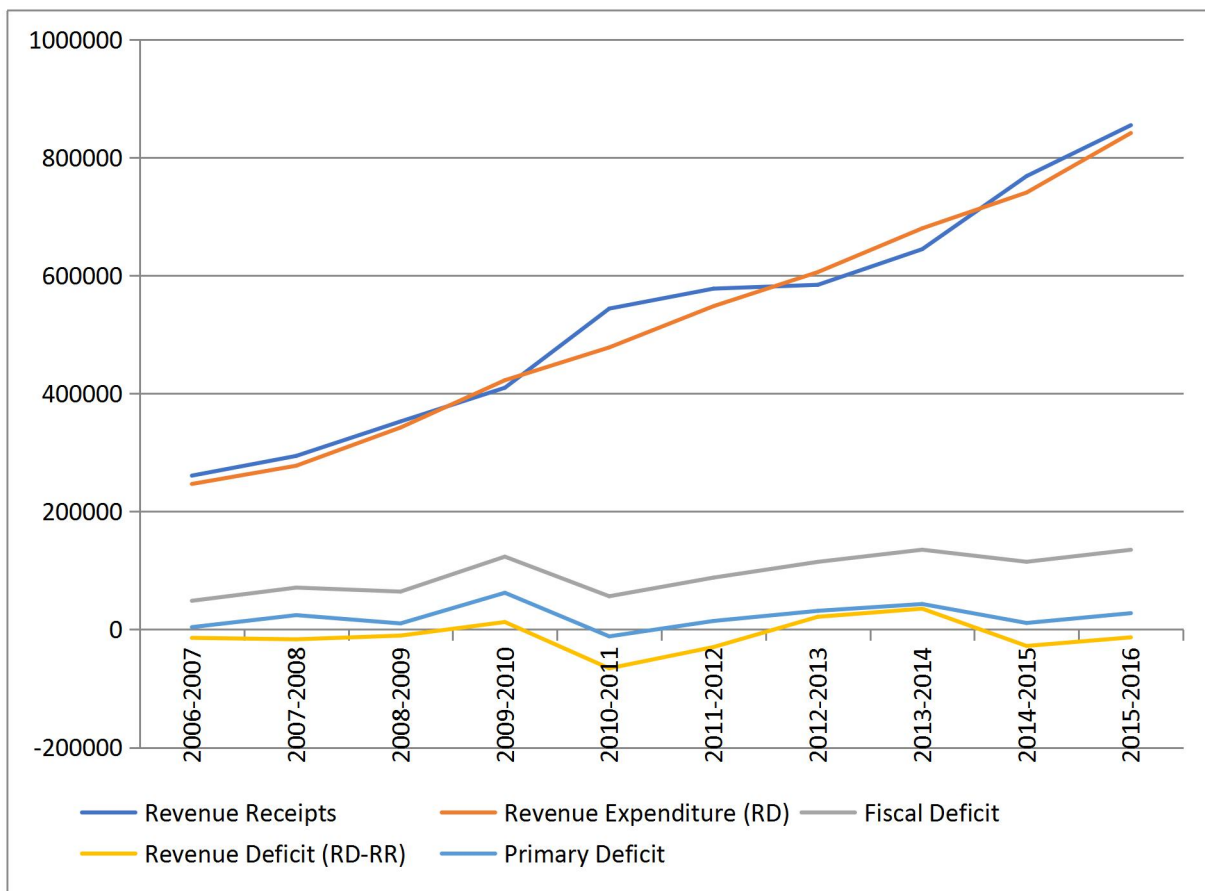
The years 2009-10, 2012-13 and 2013-14 had revenue deficits (0.44, 0.57 and 0.98 respectively as a proportion of GSDP). These years have also witnessed highest fiscal deficit situations, surpassing the limit set by FRBM Act. Other years have witnessed surplus in the revenue

account. The last two years of this assessment period, 2014-15 and 2015-16, have witnessed surplus in revenue account and consequently pushed the fiscal deficit below the mandated 3%.

The capital outlay shows more or less a declining trend. From 2006-07 to 2010-11, it remained above 3.5 as a percentage of GSDP. However, from 2011-12 onwards it continued to remain below 3%. It appears that the fiscal deficit has come down, in recent years, due to a decline in capital outlay.

‘Net Lending’ has remained insignificant (either small positive values or nearly zero) till 2010-11. Thereafter it was negative implying Goa state during this period has recovered more loans than it lent out.

Figure 5.1: Receipts, Expenditures and Deficits in Goa (Rs Lakhs)



The revenue receipts and revenue expenditure have increase in absolute value over the years. Though the revenue deficit and primary deficit are more or less constant and close to zero, the fiscal deficit shows a small upward trend during 2006-07 to 2015-16 period.

5.3 Sources of Fiscal Deficit

The internal borrowing which was close to 2% of GSDP during 2006-07 to 2011-12 has shot up to the level of 2.44% in 2015-16 (see Table 5.2). It reached 2.78% in 2012-13. Major part of fiscal deficit is financed through internal debt. For example, in 2015-16, the share fiscal deficit to GSDP is 2.49 and the share of internal debt to SGDP is 2.44.

Table 5.2: Composition of financing fiscal deficit (as a proportion of GSDP)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Internal Debt (IRR-IRD)	0.35	1.85	1.93	2.11	1.59	0.46	2.78	2.34	1.52	2.44
Loans (LCR-LCD)	3.08	0.38	0.02	-0.55	0.00	0.15	0.36	0.35	0.37	0.15
Savings/PF (SavPFR-SavPFD)	0.35	0.46	0.65	0.87	0.46	0.40	0.39	0.32	0.23	0.21
Withdrawal Pub Acc	-0.58	-0.46	1.00	1.84	-0.61	1.26	-0.55	0.81	-0.38	-0.19
Opening bal - Closing bal	-0.25	0.54	-0.40	-0.01	0.22	-0.20	0.03	-0.05	0.25	0.12
Fiscal Deficit	2.95	2.76	3.20	4.24	1.68	2.08	3.01	3.77	1.98	2.73
Primary Deficit	0.24	0.38	1.08	2.14	-0.35	0.34	0.83	1.20	-0.19	0.75

High market borrowings is a threat to the sustainability of state finances and it enhances the interest payments and repayment of principal amount.

The importance of loans from the Centre as a source of financing fiscal deficit has come down drastically from 3.08% of GSDP in 2006-07 to 0.15% 2015-16. The share of Savings/ PF has also shown a downward trend. It is also a very small percentage of GSDP. Withdrawal from public account, contingency fund have not shown any systematic pattern The primary deficit has

shown high share in 2013-14 and the fiscal deficit was also high. Primary deficit, in general, is very low. Interest payment overall has shown a tendency to rise.

5.4 Key Components of Fiscal Deficit

Internal borrowing is a major component of fiscal deficit. Net borrowing is a major source of deficit in Goa. The capital outlay is one of the major uses of fiscal deficit.

Table 5.3. Net Borrowing and Fiscal deficit

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Deficit	2.95	2.76	3.20	4.24	1.68	2.08	3.01	3.77	1.98	2.73
Sources of fiscal deficit										
Net borrowing	3.78	2.69	2.61	2.43	2.06	1.01	3.54	3.00	2.12	2.80
Withdrawal of funds	-0.58	-0.46	1.00	1.84	-0.61	1.26	-0.55	0.81	-0.38	-0.19
Net borrowing/ Fiscal Deficit (%)	128.21	97.20	81.53	57.16	122.59	48.77	117.52	79.71	106.81	102.63

The net borrowing as a percentage of fiscal deficit has shown ups and downs (see Table 5.3). In some years it is above 100 and some years it is below 100. The extent by which it falls below 100 indicates the extent by which government relied on other sources of deficit financing. Recently, it exceeded 100 during 2010-11, 2012-13, 2015-16. It implies that the govt used up borrowed resources to inject into the public account.

Recent trend indicates that the Government's dependence on withdrawal from public account other than savings and PF to finance the fiscal deficit has declined. If the net borrowing is the key component of sources of fiscal deficit, the capital outlay is the major use component of the fiscal deficit in Goa.

Table 5.4: Capital Outlay and Fiscal Deficit

Years	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016

Fiscal Deficit	2.95	2.76	3.20	4.24	1.68	2.08	3.01	3.77	1.98	2.73
RD/FD	-29.0	-30.7	-12.6	10.3	-116.6	-33.8	18.8	26.1	-29.4	-9.0
CO/FD	128.5	127.3	110.3	87.7	216.4	134.5	82.1	74.5	130.1	109.5

*RD= revenue deficit and FD = Fiscal Deficit and CO= capital outlay

The ratio of capital outlay to fiscal deficit does not show a clear trend (see table 5.4). However, it is less in recent years. The ratio of revenue deficit to fiscal deficit also does not show any trend. In the year 2010-11 it was very high (116.64) implying a surplus in the revenue account and the same year witnessed a very low fiscal deficit. It can be cause and consequence of low fiscal deficit.

5.5 Major Deficits Compared

A comparison of the different deficits shows that fiscal deficit, revenue deficit and primary deficit follow each other in tandem, as expected. Whenever the revenue deficit is negative (positive) the fiscal deficit is less (more). Recent years have witnessed a comfortable fiscal deficit situation in Goa and it is within the mandated FRBM range of 3%.

Table 5.5: Comparison of Deficits

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Fiscal Deficit	2.95	2.76	3.20	4.24	1.68	2.08	3.01	3.77	1.98	2.73
Rev. Deficit	-0.86	-0.85	-0.40	0.44	-1.96	-0.70	0.57	0.98	-0.58	-0.24
Primary Deficit	0.24	0.38	1.08	2.14	-0.35	0.34	0.83	1.20	-0.19	0.75

Note: (- implies surplus)

6. Debt: An Analysis of Trends

6.1 Introduction

Debt which was a matter of concern earlier has now receded due to prudent management of finances. As per the FRBM Act in the state, the outstanding debt as a percentage of GSDP is supposed to remain restricted to 30 percent. We discuss below the trends in the debt to GSDP ratio, the changing composition of the debt structure and trends in some commonly used indicators of debt management.

The figures pertaining to debt as discussed below are based on the Finance Accounts estimates. The public debt outstanding as given in the Budget in Brief tabled during the presentation of the state budget refers to the public debt comprising only internal debt and debt owed to the central government. Internal debt includes market loans and loans from other financial organisations including LIC, NABARD, etc. Total debt outstanding as given in the Finance Accounts includes debt accumulated due to small savings and provident fund as well. Goa's public debt has grown in absolute amount from Rs 469000 lakhs (in 2006-7) to Rs 1134419 lakhs (in 2015-16). Total debt (Public debt + Small savings) rose from Rs 532280 lakhs to 1330067 lakhs in a similar period.

Table 6.1: Public Debt Outstanding as on 31st March of assessment years

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
a. Internal Debt	122449.04	158706.46	207821.17	552228.04	605793.16	625358.81	728633.27	812611.21	885225.62	1017637.64
b. Loans & Advances from the Centre	346551.68	353942.54	354481.54	55505.08	55621.68	61877.86	78446.73	90841.45	108377.37	116781.55
Public Debt =(a+b)	469000.72	512649.01	562302.71	607733.12	661414.84	687236.67	807080	903452.66	993602.99	1134419.19
c. Small Savings, PF,	63279.42	72195.19	88840.22	114050.05	129540	146656	161676.57	173185.23	184357.26	195648.55
Total Debt =(a+b+c)	532280.14	584844.2	651142.93	721783.17	790954.84	833892.67	968756.57	1076637.89	1177960.25	1330067.74

A rough and simple indicator for assessing debt sustainability is to look at the trend in the debt to GSDP ratio and here again the GSDP series that we use becomes crucial for the analysis.

6.2 Debt Sustainability

As per the 12th Finance Commission, debt to GSDP ratio should remain limited to 30 percent. Public debt consisting of internal debt and loans and advances from Centre has declined from 31.5 percent in 2006-07 to 27.7 percent in 2015-16. The composition however has shifted heavily in favour of internal debt away from loans and advances from the Centre. The debt outstanding from the Centre has declined significantly from 21.5 percent of GSDP to 1.7 percent in 2015-16 while that the share of internal debt rose from 10 percent to 17.4 percent of GSDP during the same period. For small savings and PF, the share in GSDP has declined marginal. Total debt (including small savings) outstanding has fallen by nearly 5 percentage points indicating an improving debt to GSDP ratio.

The effective interest for the outstanding debt has a whole has fallen marginally from 9.5 percent to 9.12 percent.

Table 6.2 : Debt as a percentage of GSDP

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
a. Internal Debt	7.4	8.1	8.2	19.0	18.0	14.8	19.1	22.6	18.5	18.7
b. Loans & Advances from the Centre	21.0	18.1	13.9	1.9	1.7	1.5	2.1	2.5	2.3	2.2
Public Debt =(a+b)	28.4	26.2	22.1	20.9	19.7	16.2	21.2	25.2	20.8	20.9
c. Small Savings, PF,	3.8	3.7	3.5	3.9	3.9	3.5	4.2	4.8	3.9	3.6
Total Debt =(a+b+c)	32.2	29.9	25.6	24.8	23.5	19.7	25.4	30.0	24.6	24.5
<i>Effective interest rate on debt, roi</i>	9.51	8.77	9.23	9.41	9.43	9.29	9.93	9.50	9.64	9.12

$= \left(\frac{Int}{Debt} \right)_{t-t-1} * 100$										
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Source: (GoG (FA) Various Years)

Further, internal debt to GSDP ratio has risen during the period commensurate with a fall in the debt owed to the Centre. Debt on account of small savings and provident fund has declined as a percent of GSDP.

6.3 Changing Composition of the Debt Structure

In terms of composition of debt, the percentage of internal debt in total public debt increased from 23 percent to 77 percent during 2006-7 to 2015-16 whereas the debt to central government fell from 65 percent to 9 percent during the same period. The share of savings and provident fund increased marginally from 12% to 5% (see Table 6.3).

Table 6.3: Composition of Outstanding Debt

Description of debt	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
6003 – Internal Debt of the State Government										
101 - Market Loans	90.5	93.1	90.5	89.1	43.1	44.2	51.6	57.1	59.9	64.7
103 - Loans from LIC	2.2	1.6	1.1	0.8	0.3	0.3	0.2	0.2	0.1	0.1
105 - Loans from NABARD	1.5	0.8	3.7	5.9	4.2	5.0	5.4	5.6	6.1	5.7
108 - Loans from NCDC	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
109 - Loans from Other Institution	5.8	4.5	4.6	4.2	1.9	1.6	1.5	1.2	1.0	0.7
110 - Ways and Means Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
111- Special securities issued to NSSF	0.0	0.0	0.0	0.0	50.5	48.9	41.3	36.0	32.9	28.7

Share of Internal Debt in Public Debt	26.1	31.0	37.0	44.3	91.6	91.0	90.3	89.9	89.1	89.7
Share of Internal Debt in Debt-(I)	23.0	27.1	31.9	37.3	76.6	75.0	75.2	75.5	75.1	76.5
6004 - Loans and Advances given by the Central Government										
Non-Plan Loans	77.4	78.5	79.1	86.5	15.3	9.4	11.2	9.5	7.9	7.2
Loans for State/Union Territory Plan Schemes	22.3	21.2	20.6	13.3	83.0	89.2	87.7	89.5	91.3	92.1
Loans for Central Plan Schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans for Centrally Sponsored Plan Schemes	0.3	0.3	0.3	0.3	1.7	1.5	1.1	0.9	0.8	0.7
Ways and Means Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share of Debt to Centre in Public Debt	73.9	69.0	63.0	55.7	8.4	9.0	9.7	10.1	10.9	10.3
Share of Debt to Centre in Total Debt (II)	65.1	60.5	54.4	46.9	7.0	7.4	8.1	8.4	9.2	8.8
(a) Small Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(b) Provident Funds	97.6	97.6	97.7	98.0	98.0	98.1	98.0	98.0	97.9	97.9
(c) Other Accounts	2.4	2.4	2.3	2.0	2.0	1.9	2.0	2.0	2.1	2.1
Share of Small Savings, Provident Funds, etc in	11.9	12.3	13.6	15.8	16.4	17.6	16.7	16.1	15.7	14.7

Total Debt (III)										
Total (I+II+III)	100	100	100	100	100	100	100	100	139	100

The share of market in internal debt of the state government declined from 90 percent to 65 percent. Special Securities issued to NSSF decreased from 50% in 2010-11 to 29 percent in 2015-16. Non-plan loans declined dramatically 77% percent to 7% in this period arising out of loans and advances given by the Centre. The share of loans for state plan schemes has correspondingly increased from 22% to 92% turning out to be the main channel of central loan support to the state. In the category of small savings and provident funds, it was the latter that contributed the bulk to the state maintaining a steady 98% in this category. The debt to GSDP ratio saw a steady decline from 32% in 2006-7 to 22% in 2013-14 and 2014-15. It however rose to 29% in 2015-16.

The effective interest rate on outstanding debt has over the years fallen marginally from nearly 9.5 percent to 9.1 percent (which is the ratio interest payments in period “t” and debt outstanding in the period “t-1”). In terms of manageability of debt burden is to ask how large is interest burden as a proportion to the revenue receipts of the state. On this count, the ratio has declined steadily from 17.1 percent to 12.6 percent.

Table 6.4: Select Indicators of Debt Management

	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Effective interest rate on debt (Int_t / D_{t-1})	9.5	8.8	9.2	9.4	9.4	9.3	9.9	9.5	9.6	9.1
Interest payment as a percentage of Revenue Receipts	17.1	15.9	15.3	14.9	12.5	12.7	14.2	14.3	13.5	12.6
Repayment of Loans on Public Debt as a percentage of Revenue Receipts	1.2	0.6	1.4	1.8	0.5	2.6	0.5	0.4	0.4	0.3

Source: (GoG (FA) Various Years)

Repayment of loans as a percentage of revenue receipts also declined from 1.2% to 0.3% in this period.

6.4 Rate of Interest wise Debt composition

The maturity profile of internal debt and debt arising out of loans and advances given by the Centre for the year ending 2016 is shown below (see Table 6.5). Almost 82 percent of the internal debt is concentrated within the range 8 to 9.99 percent.

Table 6.5 : Internal Debt of the State government as on 31.03.2016 (Rs in lakhs)

Rate of Interest	Market Bearing Rates	Loans Others#	Total	Share
4 to 4.99				0
5 to 5.99	4899.9		4899.9	0.48
6 to 6.99		23892.51	23892.51	2.35
7 to 7.99	80000	32594.41	112594.41	11.06
8 to 8.99	465000	1462.03	466462.03	45.84
9 to 9.99	109000	264458.71	373458.71	36.7
10 to 10.99		27954.95	27954.95	2.75
11 to 11.99	0.15	4.33	4.48	0
12 to 12.99		4405.78	4405.78	0.43
13 to 13.99		890.39	890.39	0.09
Floating Rate		3074.48	3074.48	0.3
Total	658900.05	358737.59	1017637.64	100

#others include loans raised from LIC, HUDCO, NCDC, PFC, NABARD and other special securities issued to NSSF of the Centre.

Source: (GoG (FA) Various Years)

The rate of interest-wise composition of debt owed to the Centre shows that about 61% of the outstanding debt is in the “Floating exchange rate bracket”. In the interest rate band 7-7.99%, about 20% of the debt is parked and about 10% in the bracket 9-9.99%.

Table 6.6: Loans and Advances from the Central Government as on 31.03.2016 (Rs in lakhs)

Rate of Interest	Total	Share
4 to 4.99		
5 to 5.99		
6 to 6.99		
7 to 7.99	20206.03	20.5
8 to 8.99		
9 to 9.99	10697.68	10.32
10 to 10.99		
11 to 11.99	2.36	0.01
12 to 12.99	136.69	0.14
13 to 13.99	6.48	0.01
Floating Rate	76602.6	60.59
Interest free loans		
	831.9	0.77
UT loans	8297.81	7.66
Total	116781.55	100

Source: (GoG (FA) Various Years)

7. Compliance with the Goa FRBM Act

In this chapter we provide the state's compliance with the GFRBM Act. As the estimates for 2016-17 indicate a state of fiscal balance and an extent of compliance with the state FRBM more than what is mandated, the question is what next. We argue that the state is yet to realise its full potential in terms of public services delivery and a healthy fiscal situation can help the state to realise that goal. Even the state can do still better which will only help the state in the longer run to serve the people even better as fiscal deficit is brought down to zero, with the gradual fizzling out of interest payment, the entire revenue receipts can be dedicated to the meaningful expenditure of the state for social and physical infrastructure. In the later part of the chapter, we make an attempt to build up three scenarios for the future of the state's fiscal situation.

If we compare compound annual growth rates for the period 2007-08 to 2015-16 of some of the key macroeconomic variables of Goa with that of the General category states as pointed out by the CAG in its latest report for the period 2016-17, the growth profile in own taxes and revenue expenditure are nearly comparable. In the revenue front, the growth in the non-tax revenue is better than the average. The expenditure on salary and pension are higher than the average but for the capital expenditure, it is lower than the average. The CAGR of pension at 22.22 can be a matter of concern in the longer run if it is not reined in.

7.1 Implementation of the FRBM Act

The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2006 to ensure prudent management of fiscal affairs and to achieve fiscal stability in due course of time. The targets set were the conventional ones to phase out revenue deficit completely and restrict fiscal deficit as a share in GSDP to 3 percent. As the fiscal variables during the last couple of years would indicate, that the fiscal health of the state has been in good health. Given that the targets set by the FRBM Act have been met, there is a substantial scope for better fiscal management to achieve efficiency in the use of resources.

The FRBM Act was amended in March 2014. The thrust was on greater fiscal transparency in a medium term framework. The targets were as follows:

- (i) To eliminate revenue deficit completely by end of March 2015
- (ii) To bring fiscal deficit to 3 percent by end of the financial year 2013-14

(iii) To put a cap on the total outstanding guarantees within the specified limit under the Goa State Guarantee Act 1993

(iv) To ensure that the debt to GSDP is restricted to 27 percent by end March 2015 and subsequently to be brought down to 25 percent.

The Fourteenth Finance Commission proposed a revised fiscal roadmap for consolidation of the state finances for the financial year 2015-16 onwards. By 2016-17, it was envisaged that the revenue deficit would be brought down to zero and fiscal deficit to 3 percent of GDP. For the fiscal liabilities, 25.55 percent was fixed as the target. As we observe, the state was able to meet the target for the revenue deficit and the fiscal deficit as the state generated a revenue surplus to the tune of 1.08 percent of GSDP and fiscal deficit at 1.45 percent. However, for the fiscal liabilities, the ratio was brought down to 26.07 percent and for the public debt, it was 19.2 percent.

There are some concerns however that remain to be addressed. The own tax revenue to GSDP declined to 6.6 percent in 2016-17 from 9.97 percent in 2013-14. Though the fall in the GSDP growth rate contributed to the spike, it may be noted that in 2012-13 and 2013-14 the own tax revenue increased by 15 percent and 21 percent despite the fact that the economy's growth rate slumped. In fact, in both these years, the growth rates became negatives, albeit small in terms of absolute numbers. The growth in the non-tax revenue has been much less fluctuating. With reference to the tax collection from state's own taxes, the overall tax buoyancies of the state has been reasonably good barring collection of sales tax for which the buoyancy was around 0.83 for the period 2006-07 to 2015-16. With the introduction of GST, projection of the tax collection of the state is rather a difficult exercise now in absence of a clearer picture and prevailing uncertainty. On the expenditure side, we observe that it is mainly because of the expenditure compression in terms of GSDP that the state has been able to bring down the fiscal deficit from 2.73 in 2015-16 to 1.45 in 2016-17. Revenue expenditure fell from 15.5 percent to 13.7 percent and capital outlay fell from 3.0 percent to 2.5 percent during the same period. In nominal terms, revenue expenditure growth was brought down from 13.6 percent to 5.3 percent and the growth rate in capital outlay was cut from 31.5 percent to 5.3 percent. The state in comparison with other general category states spends less on capital formation.

8. Analysis of State's transfers to Urban and Rural Local Bodies

8.1 Introduction

Fiscal decentralization at the state level involves empowering local governments with taxing and spending powers aimed at reducing mismatches in resources and responsibilities of local governments (Oommen, 2006). The 73rd and 74th Constitutional amendments for rural and urban areas respectively in 1992 granted Constitutional status to local bodies in India which was a major step towards decentralization at the local level. Although the states amended their respective Panchayat and Municipality Acts by the deadline of April 1994, the extent of power and responsibilities to be passed on to local bodies was left entirely to the state governments. Schedule XI and Schedule XII of the Constitution lists 29 and 18 subjects to be devolved to Panchayats and Urban Local Bodies respectively which is meant to incentivize states to empower local bodies. Local bodies were expected to be involved directly in planning and implementing their own programmes of economic development and social justice (Asfaw et al., 2007).

As a result of the Constitutional amendments, the state governments had to form State Finance Commissions to analyse the revenue of the local bodies and accordingly to recommend the allocation of revenue powers, tax shares and grants.

The first State Finance Commission (SFC-I) for Goa was constituted in April 1999 and submitted its report in June 1999. The Goa SFC-I covered the period from 2000-01 to 2004-05. The Goa SFC-I submitted its Action Taken Report (ATR) in November 2001. Following are the recommendations of the SFC-I regarding devolution to local bodies (FC, 2009).

- 1) Devolution of 27% of State own tax revenue (SOTR) and share in central taxes for Zilla Panchayats (ZPs) on the non-plan side and 13% of annual state plan under the plan category.
- 2) Devolution of 9% of SOTR to Municipal Councils (MCs) under the non-plan category and 3% of annual state plan.

The Second State Finance Commission (SFC-II) for Goa was constituted in August 2005. The report of the Goa SFC-II was submitted in December 2007. The period covered under SFC-II was 2007-08 to 2011-12 (FC, 2009). The term of the SFC-II ended in 2012 without the

recommendations being approved by the state and no Action taken report based on the recommendations was submitted (as on April 2014) (CAG, 2012).

The recommendations of SFC-II for Goa were as follows (FC, 2009) :

Devolve 2% of SOTR to PRIs out of which 25% was for ZPs and the remaining 75% was for Gram Panchayats.

The Third State Finance Commission (SFC-III) was supposed to be constituted for the time period 2012-13 to 2016-17. However the SFC-III was constituted for Goa in only 2016 (NT, 2016). Its recommendations are not available for discussion.

8.2 Goa Municipal Administration

The Urban areas in Goa are governed by the Corporation City of Panaji (CCP) and 13 Municipal Councils (MCs). The Goa Municipalities Act of 1968 governs the functioning of Municipal Councils in the State. This Act was further amended in 1994 as a consequence of 74th amendment to the Constitution that resulted in greater functions and revenue being transferred to the Urban Local Bodies (ULBs). The CCP is governed by the City of Panaji Corporation Act of 2002. As mentioned above, the Twelfth Schedule of the Constitution (Article 243W) envisaged 18 functions to be transferred to ULBs by the State. However the Goa Municipalities Act of 1993 enabled the transfer of only 11 of these 18 functions. As of April 2014 only 7 out of the eleven functions have been transferred to ULBs (Table 8.1). Additional functions that are not mentioned in the Act like Solid Waste Management and Urban Poverty Alleviation have also been transferred to ULBs (CAG, 2012).

The Directorate of Municipal Administration which is now known as the Department of Urban Development (DUD) has the administrative control over the ULBs in Goa. Besides carrying out various functions as envisaged in the Acts as mentioned below it also implements schemes on behalf of the state and Central governments. The DUD also provides grants to the municipal bodies. Solid waste Management and grants for urban development are two major areas where grants are provided by the DUD. The major Urban Infrastructure skills of the government are undertaken by the Goa State Urban Development Agency (GSUDA) (DUD, n.d.).

According to the Department of Urban Development, the audit of ULBs is done by the Directorate of Accounts, Government of Goa and Accounts Department , Government of India. ULBs undertake their own internal audit as well through the Chartered Accountants (DUD, 2018). Besides this, the audit of ULBs is also carried out by the CAG under section 14 of CAG's

(Duties, Powers and conditions of services) Act 1971. The Government of Goa has entrusted the Technical Guidance and Supervision of accounts and audit of local bodies to the CAG since November 2006. The Annual Technical inspection report is prepared by the Office of the Accountant General, Goa (CAG, 2012; DUD, 2018).

Table 8.1: Devolution of functions as per the Goa Municipalities Act, 1968

	Function listed to be devolved as per the Constitution	Functions decided to be devolved : Goa Municipalities Act, 1968	Functions actually devolved
1	Urban planning including town planning	Yes	No
2	Regulation of land use and construction of buildings	Yes	No
3	Planning for economic and social development	No	No
4	Roads and bridges	Yes	Maintenance of internal roads only
5	Water supply for domestic, industrial and commercial purposes	No	No
6	Public health, sanitation, conservancy and solid waste management	No	Only solid waste management
7	Fire Service	No	No
8	Urban forestry protection of environment and promotion of environment and ecological aspects.	Yes	No
9	Safeguarding the interest of the weaker sections of society, including the handicapped and the mentally retarded	No	No
10	Slum improvement and upgrading	Yes	Yes
11	Urban poverty alleviation	No	Yes

12	Provision of Urban amenities and facilities such as park, gardens, playgrounds	Yes	Yes
13	Provision of Cultural, education and aesthetic aspects	No	No
14	Burial and burial grounds, cremation and cremation grounds and electric crematorium	Yes	Yes
15	Cattle pounds and prevention of cruelty to animals	Yes	Yes
16	Vital statistics including registration of births and deaths	Yes	Yes
17	Public amenities including street lighting, Bus stop, public conveniences	Yes	Yes
18	Regulation of slaughter house and tanneries	Yes	Yes
Source: (CAG, 2012)			

8.3 Analysis of the Finances of Goa's ULBs

In Table 8.2 the total income, expenditure and grants of Goa's ULBs (13 Municipal Councils and CCP together) are given for the time period 2006-07 to 2015-16. The ULBs incurred a surplus for all the years except for the year 2013-14 where they incurred a deficit of Rs.4.8 crore. The surplus was as high as Rs.31.7 crore in 2008-09 and Rs.40.2 crore in 2011-12, which reduced to Rs. 2.4 crore in 2015-16.

Table 8.2: Total Income, Expenditure and Grants of ULBs (Rs. Crore)

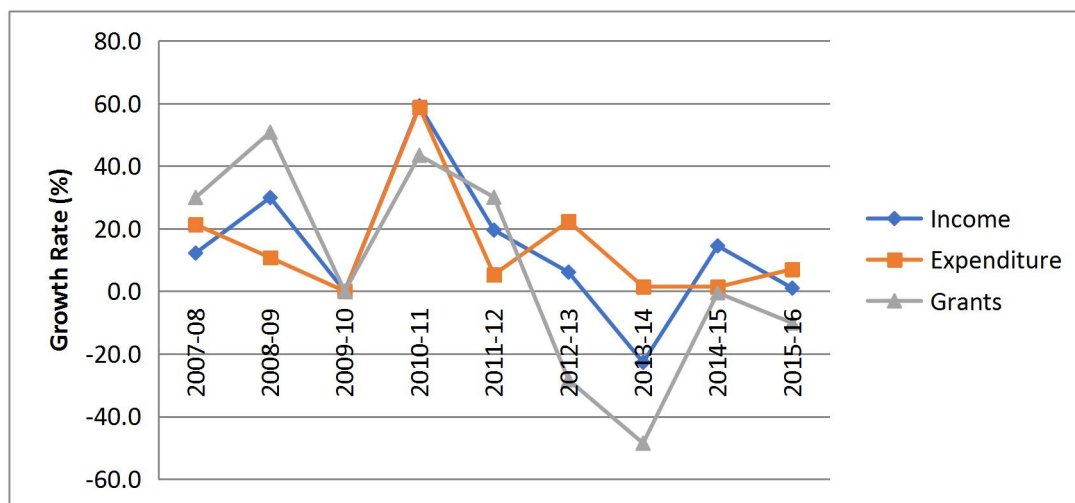
Year	Total Income	Total Expenditure	Total Grants	Deficit (-)/ Surplus(+) (Column 2- Column3)
1	2	3	4	5
2006-07	46.8	39.9	14.7	6.9
2007-08	52.5	48.4	19.1	4.1

2008-09	68.2	53.6	28.8	14.5
2009-10	68.2	53.6	28.8	14.5
2010-11	108.6	85.1	41.3	23.4
2011-12	129.8	89.6	53.7	40.2
2012-13	137.7	109.6	38.5	28.1
2013-14	106.4	111.2	19.8	-4.8
2014-15	121.8	112.7	19.7	9.1
2015-16	123.0	120.6	17.7	2.4
Source: (GoG, various years)				

The Figure 8.1 depicts the growth rate of the total income, expenditure and grants of Goa's ULBs. There is no clear pattern in the growth rate and it is quite erratic for all the three variables. In 2008-09, though income and grants witnessed a growth rate of 30% and 51% respectively, expenditure had a growth rate of only 11%. Similarly In 2010-11 though income and grants had a growth rate of 20% and 30% respectively however expenditure had a growth rate of only 5%.

On the other hand in the years 2012-13, 2013-14 and 2015-16 the growth rate in expenditure (though it was extremely low in 2013-14 and 2015-16) was higher than the growth rate in income and grants. There is no proper correlation between the growth rate of expenditure and income. From 2013-14 to 2015-16 there was hardly any growth in expenditure. One of the reasons for this poor growth rate is that the ULBs were found to do only minor works mainly pertaining to improvement like repair of internal roads, gutters, gardens, footpaths, street lights and door to door garbage collection. The ULBs have not undertaken capital expenditure or major public development works (TOI, 2017).

Figure 8.1: Growth rate of total Income, Expenditure and Grants of ULBs



Source: GOG, Various years

Note: Growth rate = $\frac{(n - (n-1))}{(n-1)} * 100$

Where, n= value of current year and (n-1)= value of previous year

Table 8.3 depicts the dependency of ULBs on grants from the government. Own income is the total income of local bodies minus the grants from the government. On an average own income of ULBs had been growing at 16% for the time period 2006-07 to 2015-16. The growth rate in own income was as high as 71% in 2010-11 and 30% in 2012-13. However growth rate did turn negative at -13% in 2013-14 but turned positive again in the following year. On an average the ULBs are able to undertake 81% of their total expenditures using own income. On an average the grants comprised of 31% of the total income of ULBs. Hence though ULBs depend on grants on an average for close to 19% of their expenditures, however they receive more grants than they need to meet their expenditures.

Table 8.3: Dependency of ULBs on Grants in Goa

Year	Own Income (Rs. Crore)	Growth rate in Own Income over previous year (%)	Own Income as a % of expenditure	Grants as a % of total Income
2006-07	32.1		80.5	31.5

2007-08	33.4	4.0	69	36.3
2008-09	39.4	18.0	73.4	42.2
2009-10	39.4	0.0	73.4	42.2
2010-11	67.3	70.8	79	38
2011-12	76.1	13.1	85	41.4
2012-13	99.2	30.4	90.5	28
2013-14	86.6	-12.7	77.9	18.6
2014-15	102.1	17.9	90.6	16.2
2015-16	105.3	3.1	87.4	14.4
Average 2006-07 to 2015-16	68.1	16.1	80.7	30.9
Source: Source: GoG (various years) Own revenue = (Total income-grants)				

In Table 8.4 and Figure 8.2 the per capita income and per capita expenditure of Goa's ULBs are given. The own income per capita has been increasing since 2010-11 and the grants per capita were on a decline specially since 2013-14 onwards. However, expenditure per capita seemed to have remained stagnant since 2013-14 onwards. The data on population of MCs and CCP was extrapolated using the 2001 and 2011 Census data to get population data for individual years from 2006-07 to 2015-16. Data on population of municipal bodies is from (Census, 2001, 2011a, 2011b).

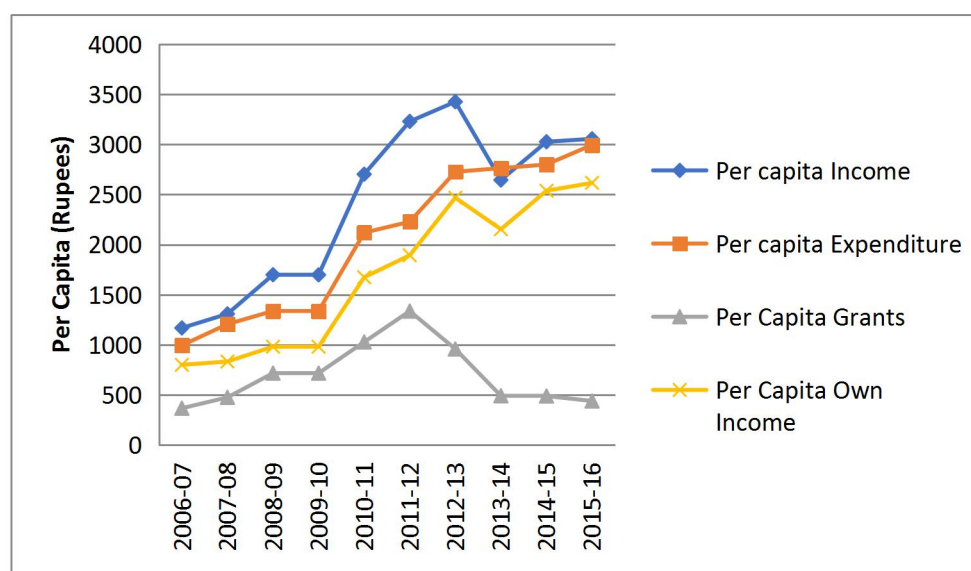
Table 8.4: Per Capita Income and Per Capita Expenditure of ULBs in Goa (Rupees)

	Per capita Income	Per Capita Expenditure	Per Capita Grants	Per Capita Own Income
2006-07	1168	994	367	800
2007-08	1308	1206	475	833
2008-09	1699	1337	717	981

2009-10	1698	1336	717	981
2010-11	2702	2119	1028	1674
2011-12	3229	2228	1336	1893
2012-13	3425	2726	958	2468
2013-14	2644	2763	491	2153
2014-15	3026	2799	489	2537
2015-16	3055	2994	439	2616

Source: GoG (various years)

Figure 8.2 Income and Expenditure of Goa's ULBs in per capita terms



Source: GoG (various years)

Table 8.5 shows the different components of income of ULBs in Goa. The income has been broadly classified into three main categories as follows:

- 1) Municipal rates and taxes : This category comprises of Octroi, taxes on house and land and others.
- 2) Receipts: This includes receipts from realisation under special acts, markets, slaughter houses, and rents on houses and land and other fees.

- 3) Income from other sources : This includes income from government grants, interest on receipts, security deposits, loans and advances and miscellaneous sources.

On an average income from municipal rates and taxes comprised of around 31% of total income from 2006-07 to 2015-16. Receipts comprised of around 26% of total income. Income from other sources comprised of around 44% of the total income during the same time period.

Table 8.5 Components of Income of ULBs in Goa 2006 -07 to 2015-16 (Rs. Crore)

Income	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
I) Municipal Rates and Taxes (a+b+c)	16.10	17.27	19.88	19.88	32.05	26.13	45.58	43.53	36.53	37.38
a) Octroi	5.04	5.00	5.33	5.33	13.21	7.45	25.36	9.68	10.82	9.31
b) Taxes on House and Land	8.74	9.86	11.82	11.82	13.53	14.98	16.53	19.01	22.09	21.78
c) Others	2.32	2.41	2.73	2.73	5.31	3.70	3.70	14.84	3.62	6.29
II) Receipts from (d+e+f+g+h):	9.83	10.07	13.92	13.92	18.16	31.02	34.68	23.47	49.48	43.11
d) Realisation under special acts	0.00	0.00	0.13	0.13	0.24	0.33	1.29	0.29	0.00	0.00
e) Markets	1.49	2.16	1.97	1.97	2.86	3.29	3.24	3.13	3.67	3.85
f) Slaughter houses	0.03	0.03	0.01	0.01	0.02	0.03	0.02	0.03	0.01	0.02
g) Rent for houses and lands	3.06	2.66	3.53	3.53	4.65	4.17	4.72	4.45	6.39	8.73
h) Other fees and revenue	5.24	5.22	8.27	8.27	10.39	23.21	25.41	15.57	39.41	30.51

III) Income from Other sources (i+j+k+l):	20.89	25.13	34.38	34.38	58.34	72.62	57.48	39.38	35.79	42.52
i) Government Grants	14.74	19.06	28.79	28.79	41.30	53.68	38.51	19.76	19.67	17.68
j) Interest on receipts	2.37	2.03	2.05	2.05	4.02	4.03	9.24	10.27	7.04	14.67
k) Miscellaneous	3.79	4.04	3.54	3.54	7.85	5.00	4.53	6.23	2.71	2.60
l) Security deposit/EMD/loans & advances	0.00	0.00	0.00	0.00	5.18	9.90	5.20	3.12	6.36	7.57
Total Income (I+II+III)	46.81	52.47	68.18	68.18	108.6	129.8	137.7	106.4	121.8	123
Source: GoG (various years)										

8.3.1 Property tax rates and Structure of Goa's ULBs

According to the Consolidated Property Tax Rules, 1971, the property tax is a tax levied by Municipal Councils/Corporation on all lands and buildings situated in the municipal areas except for those areas which are exempted under rule 10 or under any other provisions of the Municipalities Act, 1968. The maximum and minimum rates at which the property tax shall be levied in different classes of municipal areas as laid down in the Consolidated Property Tax Rules, 1971 which was amended in 1988 is given in (Table 8.6)

Table 8.6 Property tax rate of Goa's Municipal areas

Class of Municipal Area	Maximum rate of tax	Minimum rate of tax
'A' Class (Population>50,000)	12% of the rateable value	10% of the rateable value
'B' Class (Population	10% of the rateable value	8% of the rateable value

>10,000 and < 50,000)		
'C' Class (Population of 10,000 or less)	8% of the rateable value	6% of the rateable value
Source: (Municipalities Act, 1968)		
Note: The minimum tax in respect of Class A municipal area shall not be less than Rs. 15 per year.		

The following properties are exempted from property tax :

Any building , land or that portion of a building that is used by the public exclusively for:

- a) religious worship or exclusively used for charitable cause for the public. (Any of this land that is given on rent shall not be exempted).
- b) Disposal of the dead
- c) Gymnasium open to public free of charge or a nominal charge
- d) Land belonging to the council used exclusively for the work of the Council
- e) All agricultural land where food crops are cultivated . (land for cultivation of commercial crops is not exempted)

Partial exemption: In the case of any building or land whose rateable value does not exceed Rs. 50/ in Class 'B' municipal area or Rs. 40 in Class 'C' municipal area (this is applicable to an assessee for only one property) or area which is used exclusively for imparting education the rate of tax shall be one half of the rate fixed (Municipalities Act, 1968) .

The Property tax collected by the municipal bodies is given in Table 8.7. In the case of CCP from 2012-13 to 2015-16, the growth of property tax collections was increasing at an increasing rate. In terms of the municipal Councils the growth rate of property tax has been positive, except for 2015-16 where in the growth rate dropped by 2 percent.

Table 8.7 Property tax collected by Goa's ULBs , 2012-13 to 2015-16 (Rs. Crore)

Type of Urban Local Body	2012-13	2013-14	2014-15	2015-16
a. CCP	8.01	9.02	10.59	14.13

b. CCP Growth (%)		13	17	33
c. Municipal Council	8.66	9.42	11.08	10.86
d. Municipal Council Growth (%)		9	18	-2
e. Total (a+c)	16.67	18.44	21.67	24.99
f. Total Growth (%)		11	18	15
Source: (DUD, 2018)				

8.3.2 Impact of Goods and Services Tax (GST) on income of ULBs

According to the Directorate of Urban Development there was no impact of the implementation of GST on the income of the Municipal Bodies (GST was implemented in June 2017). Theoretically ULBs could, because of GST, lose revenue on advertising tax and octroi. However they can levy entertain tax if they wish to. In order to assess the impact of GST on the income and taxes of ULBs we have compared the income and tax collection of ULBs in 2017-18 with that of the previous five years. GST seems to have had no direct or indirect negative impact on the income or the tax collections of the ULBs. In fact all of the components of income including the municipal rates and taxes, own income and governments grants witnessed a huge increase in the their growth rates in 2017-18 which were higher than the growth rates of the previous years (Table 8.8). In 2017-18, the own income of ULBs increased by 46 percent as compared to the 9 percent growth rate of the previous year. Governments grants increased by a huge percentage of 222 percent.

Table 8.8 Aggregate income and growth rate of ULBs in Goa, 2012-13 to 2017-18 (Rs. Crore)

Income	Municipal Rates and Taxes	Growth rate of Municipal rates and taxes (%)	Government Grants	Growth rate of Grants (%)	Own Income	Growth rate of own income(%)	Total Income	Growth rate of total income(%)
2012-13	45.58		38.51		99.19		137.7	

2013-14	43.53	-4.5	19.76	-48.7	86.64	-12.7	106.4	-22.7
2014-15	36.53	-16.1	19.67	-0.5	102.13	17.9	121.8	14.5
2015-16	37.38	2.3	17.68	-10.1	105.32	3.1	123	1.0
2016-17	46.84	25.3	28	58.4	115.2	9.4	143.2	16.4
2017-18	59.53	27.1	90.31	222.5	168.66	46.4	258.96	80.8
Source: (DUD, 2018)								

8.3.3 Expenditure Components of Goa's ULBs , 2006-07 to 2015-16

Table 8.9 shows the expenditure components of ULBs in Goa. The expenditure of ULBs has been classified in four broad categories as follows:

- 1) General administration
- 2) Public Safety: This comprises of public lighting, public safety and others
- 3) Public health conveniences and instructions: This comprises of water safety, drainage, conservancy and sanitary, public garden, public works and public instructions
- 4) Miscellaneous: Repayments of loans and interest and other expenditures.

Table 8.9 Expenditure Components of ULBs in Goa, 2006-07 to 2015-16 (Rs. Crore)

Expenditure	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
I)General Administration	9.49	10.53	17.42	17.42	28.99	22.22	52.49	61.23	57.08	75.92
II) Public Safety (a+b+c)	2.48	3.13	3.26	3.26	1.53	0.93	3.85	2.63	3.92	2.70

a) Public lighting	0.35	0.72	0.56	0.56	0.73	0.58	3.62	0.73	0.36	0.60
b) Others	1.92	2.22	2.48	2.48	0.46	0.07	0.17	1.66	3.12	1.50
c) Public Safety	0.20	0.19	0.22	0.22	0.34	0.28	0.06	0.25	0.44	0.59
III) Public Health Conveniences and Instructions (d+e+f+g+h)	24.38	29.53	28.34	28.34	44.35	56.02	41.4	32.26	32.25	35.33
d) Water Safety	0.13	0.19	0.61	0.61	0.08	0.10	0.19	0.04	0.08	0.13
e) Drainage, conservancy and sanitary	10.80	11.73	8.79	8.79	14.67	21.42	8.45	11.59	13.39	11.61
f) Public Garden	0.30	0.32	0.38	0.38	2.51	1.72	0.12	0.58	0.53	0.61
g) Public Works	12.97	17.25	18.43	18.43	27.06	32.57	31.67	18.91	17.58	22.81
h) Public Instructions	0.18	0.06	0.13	0.13	0.03	0.21	1.04	1.14	0.67	0.16
IV) Miscellaneous (i+j)	3.53	5.21	4.62	4.62	10.28	10.39	11.79	15.04	19.42	6.63

i) Repayment of loans and interest etc.	0.74	2.74	0.34	0.34	0.10	0.02	0.00	0.00	0.00	0.00
j) Others	2.78	2.47	4.28	4.28	10.17	10.37	8.49	15.04	19.42	5.62
Total Expenditure (I+II+III+IV)	39.87	48.40	53.64	53.64	85.15	89.55	109.6	111.2	112.7	120.6
Source: GoG (Various Years)										
Note: The years mentioned in the table refer to financial years.										

On an average the ULBs spent around 43 % of their total expenditure on administration for the assessment period. The amount spent on administration was around 23% in 2006-07 and it increased to 63% in 2015-16. On an average ULBs spend around 3% of their expenditures on public safety. In fact in 2006-07 they incurred 6% of their expenditures on public safety, however it reduced to 2.25 in 2015-16. ULBs spent on an average around 43% of their expenditures on Public health conveniences and instructions. In 2006-07 they spent around 61% of their total expenditures on this component and it dropped to 29% in 2015-16. On average 11% of the total expenditures of ULBs comprise of miscellaneous expenditures. The expenditures on administration are crowding out the more productive and meaningful expenditures over the years.

8.4 Annual analysis of the finances of the Municipal Corporation/Councils

In this section we have undertaken an analysis of the income, expenditure and grants in per capita terms of the 13 MCs and CCP of Goa individually from 2006-07 to 2015-16. The data on population of MCs and CCP was extrapolated using the 2001 and 2011 Census data to get population data for individual years from 2006-07 to 2015-16. Data on population of municipal bodies is from (Census, 2001, 2011a, 2011b).

Table 8.10 Municipal Corporation/Councils Income, Expenditure and Grants per capita , 2006-07

	Income Per Capita	Expenditure Per Capita	Grants Per Capita	Own Income per Capita	Deficit (-)/Surplus (+) Column (2-4)
1	2	3	4	5	6
CCP	2130	2312	145	1985	-182
Mapusa	1411	1250	320	1091	160
Pernem	1455	940	1142	313	514
Bicholim	1354	1123	508	846	231
Valpoi	1020	1178	805	215	-158
Ponda	1227	1326	251	976	-99
Sanquelim	1292	707	807	485	585
Sanguem	1937	1335	1394	543	601
Canacona	990	1119	13	978	-128
Quepem	944	445	554	390	499
Curchorem-Cacora	691	795	127	563	-105
Margao	852	1012	177	675	-160
Cuncolim	1815	1739	1146	669	77
Mormugao	782	83	406	376	699
Total	1168	994	367	800	173
Source : GoG (2006)					

During 2006-07 the Municipal Corporation / Councils with the highest income per capita were CCP (Rs. 2130), Sanguem (Rs. 1937) and Cuncolim (Rs.1815). The MCs with the lowest income per capita were Curchorem- Cacora (Rs. 691), Mormugao (Rs. 782) and Margao (Rs. 852). The Municipal Corporation / Councils with the highest expenditure per capita were the same as in the case of income but in a slightly different order, that is CCP (Rs. 2312) followed by Cuncolim (Rs. 1739) and Sanguem (Rs. 1335). The MCs with the least expenditure per capita were Mormugao

(Rs.83), Quepem (Rs. 445) and Sanquelim (Rs. 707). The MCs with the highest grants per capita were Sanguem (Rs. 1394), Cuncolim (Rs. 1146) and Pernem (Rs. 1142). The MCs with the least grants per capita were Canacona (Rs. 13), Curchorem (Rs. 127) and CCP (Rs. 145). All other MCs incurred a surplus (see Table 8.10).

Table 8.11 Municipal Corporation/Councils Income, Expenditure and Grants, 2015-16 (Rupees)

	Income Per Capita	Expenditure Per Capita	Grants Per Capita	Own income per capita	Deficit (-)/Surplus (+)
CCP	7090	6698	0	7090	392
Mapusa	5319	6163	687	4633	-844
Pernem	1272	1793	323	949	-520
Bicholim	4018	3851	1613	2405	167
Valpoi	3193	2391	983	2210	802
Ponda	3154	3531	606	2548	-376
Sanquelim	1623	2467	82	1540	-845
Sanguem	2969	3744	685	2283	-775
Canacona	3081	1882	624	2457	1199
Quepem	1769	2283	184	1585	-514
Curchorem-	2658	2123	1228	1430	535
Margao	2892	2226	278	2614	666
Cuncolim	1861	2361	239	1621	-500
Mormugao	1476	1556	226	1250	-80
Total	3055	2994	439	2616	60
Source: GoG (2015)					

In the last year of the assessment period, 2015-16, CCP had the highest per capita income at Rs. 7090 followed by Mapusa (Rs. 5319) and Bicholim (Rs. 4018) (see Table 8.11). In 2015-16 the

per capita income of CCP dropped by 18 per cent as compared to previous year. The MCs with the lowest income per capita were Pernem (Rs.1272), Mormugao (Rs.1476) and Sanquelim (Rs. 1623). In the previous year Sanquelim was amongst the MCs with the highest income due to high grants. In terms of expenditure per capita, CCP had the highest at Rs. 6698 followed by Mapusa (Rs. 6163) and Bicholim (Rs. 3851). The MCs which had the lowest expenditure per capita were Mormugao (Rs.1556), Pernem (Rs. 1793) and Canacona (Rs. 1882). Again for the second consecutive year CCP received no grants and despite this it again had the highest income and expenditure per capita for the year. The MCs which received the highest per capita grants were Bicholim (Rs. 1613) followed by Curchorem-Cacora (Rs. 1228) and Valpoi (Rs. 983). On the other hand Sanquelim (Rs. 82), Quepem (Rs. 184) and Mormugao (Rs. 226) received the least grants in this year. Mapusa, Pernem, Ponda, Sanquelim, Mormugao, Cuncolim, Quepem and Sanguem suffered deficits. The MC of Mormugao has always performed poorly relative to the other MCs in terms of income and expenditure in per capita terms. What has been noticed many a times is that the MCs (particularly that of Pernem) that received higher grants and hence had higher incomes many a times undertook the least expenditure per capita. The fact that some MCs enjoy a surplus and others a deficit shows the poor allocation of resources amongst the ULBs.

8.5 Major components of income of CCP/MCs

In order to have a better understanding of the major components of income of ULBs, they have been expressed as percentage to their total respective income for two separate time periods (Table 8.12 & Table 8.13) Here income has been classified into four main categories. The four main categories are as follows:

- 1) Municipal rates and taxes: This category includes Octroi, taxes on houses and land and others
- 2) Receipts: This category includes receipts under realization of special acts, markets, slaughter houses, rent for houses and land and other fees and revenue.
- 3) Government grants
- 4) Income from interest on receipts, security deposit / EMD / loans & advances and income from miscellaneous source

shows the various components of income of the ULBs as a percentage of their total income

Table 8.12 Component-wise Income as a % of total income of ULBs, Average 2006-07 to 2010-1

	Municipal Rates and Taxes %	Receipts	Grants	Interest/Miscellaneous/ Security Deposits (%)
CCP	46	23	19	12
Margao	24	21	42	13
Mormugao	41	25	29	5
Mapusa	41	22	24	13
Ponda	31	23	33	13
Bicholim	28	17	48	7
Cuncolim	11	12	66	11
Canacona	24	19	25	32
Curchorem- Cacora	34	16	33	16
Quepem	25	19	44	11
Sanguem	14	10	68	8
Pernem	5	7	77	11
Valpoi	5	24	63	7
Sanquelim	25	13	55	7

On an average during 2006-07 to 2010-11, the municipal rates and taxes comprised of the largest component of income for CCP (46%) followed by Mormugao and Valpoi at 41 %. Municipal rates and taxes were the least as a percentage to the total income for Valpoi (5%), Pernem (5%) and Cuncolim (11%). In terms of receipts, Mormugao had the largest component (25%) followed by Valpoi (24%), CCP (23%) and Ponda (23%) .

Pernem had the least at 7% followed by Sanguem (10%) and Cuncolim (12%). The MCs which had a high dependency on grants were Pernem (77%), followed by Sanguem (68%), Cuncolim (66%) and Valpoi (63%). Sanguem and Cuncolim ranked high in terms of per capita income during this period largely because of the high grants they received. The MCs which had comparatively less dependency on grants were CCP (19%), Mapusa (24%) and Canacona (25%) (Table 8.12).

Table 8.13 Component-wise Income as a % of total income, Average 2011-12 to 2015-16

	Municipal Rates and Taxes	Receipts	Grants	Interest/Miscellaneous/ Security Deposits
CCP	51	17	12	9
Margao	23	25	14	21
Mormugao	32	32	17	16
Mapusa	32	30	18	8
Ponda	27	27	19	24
Bicholim	20	16	46	11
Cuncolim	27	19	28	18
Canacona	27	22	26	15
Curchorem-	26	16	35	18
Quepem	24	19	30	17
Sanguem	23	6	49	21
Pernem	13	26	41	16
Valpoi	21	14	38	18
Sanquelim	16	14	45	31
GoG (various years)				

In the following period 2011-12 to 2015-16, on an average CCP received 51% of its income from Municipal rates and taxes (Table 8.13). On the other hand Pernem had only 13 % of its income from municipal rates and taxes. Receipts comprised of the largest component of income for Mormugao (32 %). On the other hand receipts comprised of only 6 % of the total income for Sanguem. The MCs wherein grants comprised the larger percentage of the income were Sanguem (49%), Bicholim (46%), Sanquelim (45%) and Pernem (41 %). On the other hand CCP (12%), Margao (14%) , Mormugao (17%) and Mapusa (18%) had comparatively less amount of grants as a percentage of the total income. It can be clearly seen that during this period the MCs had a much less dependency on grants as compared to the average of 2006-07 to 2010-11. In terms of Interest/Miscellaneous and security deposits while Ponda had the highest percentage at 24 %, on the other hand Mapusa had the least at 8 %

8.6 Major components of expenditure of CCP/MCs

Next we analyse the various components of expenditure of the 13 MCs and CCP as a percentage of their total expenditure (average). For better understanding we have computed data into averages for two time periods, 2006-07 to 2010-11 and 2011-12 to 2015-16 (Table 8.14 and Table 8.15). Expenditure has been classified into four main categories. The four main categories are general administration, public safety, public health conveniences and instructions and miscellaneous expenditure as explained in section 8.3.

Table 8.14 shows the components of expenditure for the time period 2006-07 to 2010-11. The MC of Margao had the highest percentage of expenditure on administration at 52 %, followed by Pernem and Valpoi at 42%. Canacona spent only 7% of its total expenditures for administration followed by Ponda (9%) and Mormugao (10%). CCP spent 17% of their expenditures on administration. For most of the MCs and CCP the expenditure on public safety was below 10 %. Ponda was the only MC where the expenditure on public safety comprised of 37%. In fact Bicholim, Mapusa and Pernem spent only 1% of their expenditures on this component. For most MCs and CCP the highest component of their expenditures was on public health conveniences and instructions. Mormugao had the highest percentage at 83% followed by CCP at 73% and Mapusa and Sanquelim at 63%. Canacona spent around 64% of its expenditure on miscellaneous items, whereas Mormugao and Valpoi spent just 1% of their expenditure on miscellaneous items.

Table 8.14 Component -wise expenditure as a % of total expenditure of ULBs, Average 2006 -07 to 2010-11

	General Administration	Public Safety	Public Health, Conveniences and Instructions	Miscellaneous
CCP	17	6	73	4
Margao	52	2	40	6
Mormugao	10	6	83	1
Mapusa	31	1	66	3
Ponda	9	37	44	10
Bicholim	30	1	47	21
Cuncolim	33	2	55	10
Canacona	7	3	26	64
Curchorem- Cacora	39	3	25	32
Quepem	36	7	35	23
Sanguem	33	3	56	7
Pernem	42	1	53	4
Valpoi	42	3	54	1
Sanquelim	31	2	63	3
GoG (various years)				

Table 8.15 shows the components of expenditure of ULBs for the time period 2011-12 to 2015-16. During this time period the MCs and CCP started spending a greater proportion of their expenditure

on administration. Mormugao spent 77% on administration, CCP spent around 73% and Canacona around 57%. Margao which had spent more than half its expenditures on administration during the average of 2006-07 to 2010-11, now had the least percentage component on administration at 25%.

Table 8.15 Component -wise expenditure as a % of total expenditure, Average 2011-12 to 2015-16

	General Administration	Public Safety	Public Health, Conveniences and Instructions	Miscellaneous
CCP	73	1	19	5
Margao	25	1	50	13
Mormugao	77	10	11	4
Mapusa	40	2	32	21
Ponda	52	2	24	21
Bicholim	36	1	46	10
Cuncolim	52	2	26	17
Canacona	57	3	34	4
Curchorem- Cacora	45	4	36	15
Quepem	43	1	45	6
Sanguem	47	1	46	5
Pernem	50	0	35	15
Valpoi	38	7	40	12
Sanquelim	31	20	26	23
GoG (various years)				

8.7 Transfers from the Finance Commission to ULBs

Besides state grants Municipal Corporation/Councils also received funds from the Finance Commission (FC). In this section we will discuss the transfers disbursed to ULBs under the 12th FC (2005-2010), 13th FC (2010-2015) and the first year of the 14th FC (2015-2020). Table 8.16 shows the criteria that was used by the 12th FC to devolve funds to PRIs and ULBs.

Table 8.16 Criteria and weights to devolve funds to local bodies by 12th FC

Criteria	Weight
1)Population	40
2)Geographical area	10
3)Distance from highest per capita income	20
4)Index of deprivation	10
5)Revenue effort of which (a+b):	20
(a) with respect to own revenue of states	10
(b) with respect to GSDP	10
Source: FC (2004)	

Goa got a share of 0.240 in the devolution index for ULBS under the 12th FC. Hence the 12th FC allotted Rs. 1200 lakhs to be disbursed to ULBs in Goa over the five year period (FC, 2004). Table 8.17 depicts the amount disbursed to ULBs under the 12th FC. Since we do not have data for the last instalment of 2009-10 we do not know if the state withdrew the entire amount allotted to it. However, for the years 2005-06, 2007-08 and the first instalment of 2009-10 there was no transfer of funds.

Table 8.17 Amount disbursed to ULBs in Goa under the 12th FC (Rs. Lakh) (As on November 2009)

Year	Amount Released
2005-06	0

2006-07	240
2007-08	0
2008-09	480
2009-10	0
Total	720
Source: FC (2009)	
Note: the data for the last instalment is not available as the data is provided up to November 2009-10.	

Next we discuss the transfers disbursed to the ULBs under the 13th FC. The criteria and corresponding weights that were used by the 13th FC for the transfer of funds to ULBs is stated in the Table 8.18 below. Goa got a 0.095 % share for the ULBs in the devolution index of basic grants as well as performance grants to states. Goa is eligible to get its share of the basic grant annually for five years from 2010-11 to 2014-15 which is done in two instalments (July 1 and January 1) subject to the submission of a utilisation certificate (UC) which provide details of the previous instalment. The PRIs and ULBs together were eligible for Rs. 112.40 crore in terms of basic grants for the entire period of the 13th FC. The total amount of the performance grants that Goan PRIs and ULBs together were eligible for under the 13th FC was 59.5 crore (FC, 2009).

Table 8.18 Weights allotted to Criteria for grants to ULB

Criterion	Weights Allotted (%)
	ULBs
1) Population	50
2) Area	10
3) Distance from highest per capita sectoral income	20
4) Index of devolution	15
5) FC local body grants utilisation index	5

Table 8.19 shows the funds that are disbursed to ULBs under the 13th FC. For the years 2011-12 and 2012-13, Goa's ULBs did not draw the funds that they were eligible for which was a sizeable amount. The total amount that the ULBs received under the 13th FC was 5.48 crore which was only 4 % of the entire funds allotted for the PRIs and ULBs together. For the entire period of the 13th FC the ULBs did not receive any performance grants. Due to non-fulfilment of certain requirements by ULBs in Goa they were deprived of Rs. 28.56 crore of performance grants from the 13th FC for the time period 2011 to 2015 (TOI, 2017).

Table 8.19: Amount Disbursed to the Municipal Corporation/ Councils under the 13th FC (Rupees Lakhs)

Municipal Corporation/ Council	2010-11	2013-14	2014-15	Total Grants Disbursed under 13thFC (Column b+c+d)
a	b	c	d	e
Corporation of the City of Panaji	32 (8)	10.28 (16)	13.34	55.62 (12)
Mapusa Municipal Council	28 (19)	7.5 (2)	2 (1)	55.6 (7)
Pernem Municipal Council	22(9)	6.5 (36)	1.02 (3)	55.6 (18)
Bicholim Municipal Council	28(12)	7.5 (2)	2(2)	37.5 (6)
Valpoi Municipal Council	22(11)	6.5 (73)	1.02 (2)	37.5 (15)
Ponda Municipal Council	28(16)	7.5 (12)	2 (2)	37.5 (10)
Sanquelim Municipal Council	23(23)	6.5 (1)	1.03 (0.3)	37.5 (4)
Sanguem Municipal Council	22(23)	6.5 (2)	1.02 (1)	37.5 (6)
Canacona Municipal Council	28(38)	7.50	2 (4)	37.5 (30)
Quepem Municipal Council	28(23)	7.5 (6)	2 (9)	37.5 (13)
Curchorem-Cacora Municipal Council				

	28 (21)	7.5 (7)	2 (3)	29.52 (9)
Margao Municipal Council	32(2)	10.27	13.33(431)	29.52 (2)
Cuncolim Municipal Council	28 (6)	7.5 (25)	2 (2)	29.52 (5)
Marmugao Municipal Council	32 (40)	10.27 (494)	13.33 (3)	30.53 (5)
Total	381(7)	109.32 (4)	58.09	548.41 (7)
Source: DUD (2018)				
Note: the figures in brackets are expressed as a percentage to the total grants of the respective Municipal authority				

Grants for the entire period of the 13th FC comprised of around 7 % of the total grants disbursed to the Municipal bodies in Goa. However for particular Municipal Councils like Canacona it comprised of a sizeable 30% of the total grants. For Pernem the FC grants comprised of 18 % of the total grants and Valpoi around 15%. However for some MCs like Margao and Cuncolim it comprised of only 2 % of the total grants. We also found some discrepancies in the way data is recorded. In the year 2014-15, GoG (2014) showed that CPP did not receive any grants for the year however it had received 13.34 lakhs from the 13th FC. In 2014- 15 the Margao MC received grants from the 13th FC which comprised of 431% of the total grants it had received in that year.

We now discuss the transfers to ULBs under the 14th FC. According to the 14th FC in the absence of the State Finance Commission formula (most recent) for the devolution of funds to ULBs , the ULBs shall use population (2011) with a weight of 90 % and area with a weight of 10 % to determine the share of each tier of the ULBs. Goa received a share of 0.123 % from the 14th FC in the devolution index of local bodies (PRIs and ULBs together). The amount that Goan local bodies are eligible for annually from the 14th FC is given in Table 8.20.

Table 8.20 Allocation of funds by the 14th FC for Goa's ULBs and PRIs (Rs. Crore)

Year	Basic grants		Performance Grants	
	Rural local bodies	ULBs	Rural local bodies	ULBs

2015-16	14.44	21.1		
2016-17	20	29.21	2.62	8.62
2017-18	23.1	33.76	2.97	9.76
2018-19	26.73	39.05	3.37	11.08
2019-20	36.12	52.76	4.41	14.51
Total	120.39	175.88	13.38	43.97
Source : FC (2009)				

We now discuss the transfers to ULBs under the first year (2015-16) of 14th FC. According to the 14th FC in the absence of the State Finance Commission formula (most recent) for the devolution of funds to ULBs, the ULBs shall use population (2011) with a weight of 90 % and area with a weight of 10 % to determine the share of each tier of the ULBs. Goa received a share of 0.123 % from the 14th FC in the devolution index of local bodies (PRIs and ULBs together). In 2015-16 the Goan ULBs were eligible for the basic grant of Rs. 2110 Lakh under the 14th FC (FC, 2009). The amount disbursed to the ULBs during 2015-16 is given in Table 8.21. The ULBs withdrew the entire amount of basic grants allotted to them for this year.

The 14th FC had mandated that each state should release grants to ULBs within 15 days of the grant being credited to their account by the Central government. If there is a delay in the release of funds by the states they have to pay interest to the ULBs from their own revenue. Goa government paid interest for delay of release of funds for the first instalment of the basic grant for the year 2015-16. It had to pay a total of 53.28 lakhs.

Table 8.21 Amount disbursed to the CCP/ MCs in 2015-16 by the 14th FC (Rs. Lakhs)

	BG (1st installment 2015-16)	BG (interest on delay in release of BG)	BG (2nd installment 2015-16)	Total BG 2015-16
1	2	3	4	5*

CCP	110	5.55	98.82	208.82
Mapusa	75	3.79	100.46	175.46
Pernem	50	2.52	13.19	63.19
Bicholim	75	3.79	47.8	122.8
Valpoi	50	2.52	26.35	76.35
Ponda	75	3.79	56.29	131.29
Sanquelim	50	2.53	40.02	90.02
Sanguem	50	2.53	17.81	67.81
Canacona	75	3.79	39.26	114.26
Quepem	75	3.79	42.4	117.4
Curchorem- Cacora	75	3.79	65.65	140.65
Margao	110	5.55	215.04	325.04
Cuncolim	75	3.79	54.45	129.45
Mormugao	110	5.55	237.46	347.46
Total	1055	53.28	1055	2110
Source: DUD,2018 BG= Basic Grant*Column 5 does not include interest from state government				

8.8 Grants to Urban Local Bodies under various Centrally Sponsored Schemes

Besides grants from the FC, the ULBs received funds under various Centrally Sponsored Schemes. The Goa State Urban Development Agency (GSUDA) is responsible for the implementation of

Centrally Sponsored Schemes for ULBs in Goa. Following are the Central schemes undertaken for ULBs in Goa.

8.8.1 Jawaharlal Nehru National Urban Renewable Mission (JNNURM)

The various sub-schemes under JNNURM are as follows (GSUDA, 2013) :

- i) Urban Infrastructure and governance (UIG) for the city of Panaji. Under this sub-scheme projects like Urban renewal, conservation of heritage sites, e-governance, water supply and sewerage works were to be undertaken
- ii) Urban Infrastructure development scheme for small and medium towns (UIDSSMT)
- iii) Basic Services for the Urban Poor (BSUP)
- iv) Integrated housing for slum development Programme (IHSDP)

Table 8.22 shows the disbursements of funds under JNNURM to Goa’s ULBs from 2010-11 to 2015-16. There was a significant increase in the growth rate of transfers under this scheme in 2014- 15 and it declined after that

Table 8.22 Disbursements of funds under JNNURM to Goa's ULBs

Year	Grants Released (Rs. Lakh)	Percentage growth rate over the previous year	Grants as a percentage of total grants to ULBs
2010-11	436.0871		11
2011-12	749.21	72	14
2012-13	742.48	-1	19
2013-14	766.63	3	39

2014-15	2590.18	238	132
2015-16	1042	-60	59
Source: DUD (2018)			

8.8.2 Swarna Jayanti Shahari Rojgar Yojana (SJSRY)/ National Urban Livelihood Mission :

This scheme is aimed at providing gainful employment to the unemployed/Underemployed people through self-employment undertakings or through gainful employment. It aims to raise the poor people above the poverty line

The Schemes under the SJSRY are as follows:

- a) Urban Self Employment Programme (USEP): The scheme provides financial assistance to the Urban poor to start micro finance enterprises.
- b) Urban Women Self-help Programme (UWSP): This scheme provides assistance to poor women in urban areas to start self-employment enterprises.
- c) Skill Training Employment Programme for the Urban Poor (STEP-UP) : ULBs hold skill training course with the help of Angel Entrepreneurship Development Institute (AEDI).
- d) Urban Wage Employment Programme (UWEP) : This scheme is meant to provide wage employment to below poverty line people in Urban areas (GSUDA, 2013).

Table 8.23 lists the transfer of funds to ULBs under the SJSRY. For most years (2006-07 to 2015-16) the transfers under this scheme comprised of around 1% and sometimes even less than 1% of the total grants to ULBs. The only year in which the transfers were larger (around 9% of the total grants).

Table 8.23 Swarna Jayanti Shahari Rozgar Yojana (SJSRY)/ National Urban Livelihood Mission

Year	Grants Released (Rs. Lakh)	Percentage growth in grants over previous year (%)	Grants as a percentage of total grants to ULBs (%)
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2006-07	3.998		0.27
2007-08	1.124	-72	0.06
2008-09	0.862	-23	0.03
2009-10	2.35	172	0.08
2010-11	5.934	152	0.14
2011-12	18.793	217	0.35
2012-13	21.411	14	0.56
2013-14	167.893	684	8.50
2014-15	10.79	-94	0.55
2015-16	12.24	13	0.69
Source: DUD (2018)			

8.8.3 Swachh Bharat Scheme:

This scheme was initiated in 2014 by the Central government. This scheme aims at improving the sanitation of urban areas. It aims at making cities garbage free in any public commercial and residential locations and open defecation free. The city is expected to scientifically manage its Municipal solid waste, plastic waste and construction and demolition waste (MoHUA, 2017 & BS.2018).

Since it is a relatively new scheme we have data for a single year that is for 2015-16. In 2015 - 16 Goa's ULBs received RS. 45 lakhs under this scheme which comprised of around 2.5% of the total grants to ULBs in that year (DUD, 2018).

8.9 State schemes for ULBs in Goa

Besides the Central schemes there is also a state scheme undertaken at the municipal level in Goa.

8.9.1 Integrated Development of Major Towns (IDMT):

This scheme is fully sponsored by the state government and is meant to upgrade the urban infrastructure. This scheme covers areas like sanitation, cleanliness, transportation and parking that are a major challenge in the urban areas (GSUDA. 2013a).

Table 8.24 Transfers to Goa's ULBs under the IDMT scheme (Rs. Crore)

Year	Receipts	Disbursement	Deficit (-) / Surplus (+)	Receipts as a percentage of total grants
2006-07	17.77	20.57	-2.80	140
2007-08	18.22	6.34	11.88	33
2008-09	17.76	4.98	12.78	17
2009-10	7.99	13.46	-5.47	47
2010-11	28.01	21.06	6.95	51
2011-12	13.55	12.73	0.82	24
2012-13	11.04	24.81	-13.77	64
2013-14	11.44	10.70	0.74	54
2014-15	16.52	24.94	-8.42	127
2015-16	24.49	25.60	-1.11	145

Source: (GSUDA, 2018)

Under this scheme there was a deficit for the years 2006-07, 2009-10, 2012-13, 2014-15, 2015-16 (Table 8.24). Expenditure had a negative growth rate for the years 2007-08, 2008-09, 2011-12 and 2013-14, and this is despite incurring a surplus during these years. In 2007-08 and 2008-09 expenditure witnessed a negative growth rate of -69% and -21% respectively despite having surplus funds of Rs. 11.88 crore and 12.78 crore respectively. The growth rate of receipts has been very erratic. The growth rate increased by 251% in 2010-11 and dropped by -52% in the next year. It further dropped by -19% in 2012-13 despite expenditure witnessing a growth rate of 95% during

this year. A positive fact is that expenditure has witnessed an increase in growth rate in the more recent years that is in 2014-15 and 2015-16.

8.10 Rural Local Bodies

The Rural local bodies in Goa are governed by the Goa, Daman & Diu Village Panchayat Regulation, 1962 under Article 240 of the Constitution of India. This was amended in 1994 to incorporate provisions of the 73rd Constitutional Amendment Act, 1992. This led to the establishment of a two tier Panchayat system of rural governance that is Village Panchayats (VPs) at the village level and Zilla Panchayats (ZPs) at the district level (CAG, 2006).

The Eleventh Schedule (Article 243G) of the Constitution envisaged 29 functions to be transferred to the PRIs. The Schedule I and II of the Goa Panchayati Raj Act, 1994 gives a list of 28 and 25 functions to be transferred to VPs and ZPs respectively. However only 12 functions each have been partly transferred to VPs and ZPs (CAG, 2012).

Table 8.25 gives the total income, expenditure and grants of the VPs in Goa from 2007-08 to 2015- 16. Data for 2006-07 and data on grants for 2007-08 was not available. For all the years from 2007-08 to 2015-16 the income was greater than the expenditure. From 2013-14 onwards the surplus has been increasing. In fact in 2015-16 the surplus was the highest as compared to the previous years reaching Rs.33.26 crore.

Table 8.25 Total Income, Expenditure and Grants of VPs (Rs. Crore)

Year	Total Income	Total Expenditure	Total Grants	Deficit (-)/ Surplus (+)
2007-08	45.12	37.73		7.39
2008-09	56.17	47.15	28.91	9.02
2009-10	69.30	55.77	35.23	13.53
2010-11	77.77	67.20	41.28	10.57
2011-12	91.33	74.27	56.18	17.06
2012-13	72.16	63.82	37.24	8.34
2013-14	96.56	86.31	46.98	10.26
2014-15	97.25	66.84	54.63	30.41

2015-16	113.50	80.23	61.18	33.26
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Source: Data for the years 2010-11 to 2015-16 is from GoG (various years) Data for the years 2007-08 to 2009 -10 is from GoG (2010)

Figure 8.3 depicts the growth in total income, expenditure and grants of VPs. The growth rate of income, expenditure and grants of VPs is erratic and there is no clear pattern. In 2012-13, income, expenditure and grants witnessed a negative growth rate of -21%, -14% and -34% respectively. In 2014-15 again expenditure witnessed a negative growth rate of -23% .

Figure 8.3 Growth rate of total Income, Expenditure and Grants of VPs



Source: See Table 7.31

Table 8.26 Dependency on Grants of VPs

Year	Own Income (Rs. Crore)	Growth rate in own income (%)	Own income as a percentage of expenditure (%)	Grants as a percentage of Total income (%)

2008-09	27		58	51
2009-10	34	26	61	51
2010-11	36	6	54	53
2011-12	35	-3	47	62
2012-13	35	0	55	52
2013-14	50	43	57	49
2014-15	43	-14	64	56
2015-16	52	21	65	54
Average 2008-09 to 2015-16	39	11	58	54
Own Income = (Total income-Grants)				

Own income is the total income of local bodies minus the grants from the government. On an average the VPs are able to cover 58% of their total expenditures using their own income. On an average the growth rate in own income of VPs was around 11%. Own income witnessed negative growth rate in 2011-12 and 2014-15 at -3% and -14% respectively. The VPs are much more dependent on grants to meet their expenses as compared to the ULBs in Goa. On an average grants comprised of 54% of the total income.

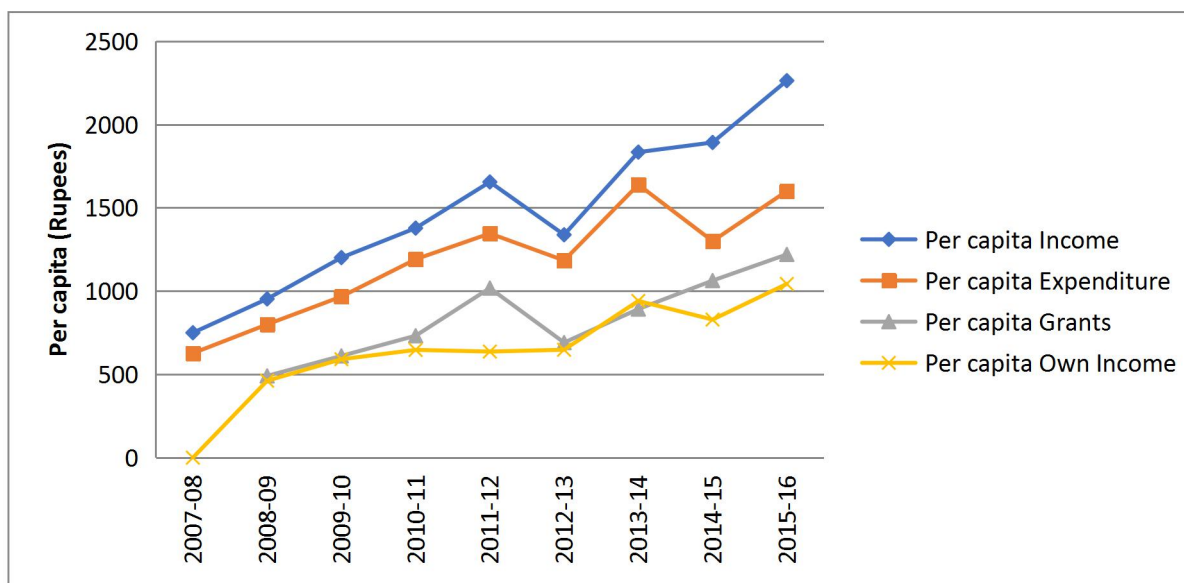
Table 8.27 and Figure 8.4 depict the per capita income and per capita expenditure of VPs in Goa. Since 2014-15, the per capita income and per capita expenditure of VPs has been increasing. However the gap/surplus between income and expenditure has also increased in the same period. The grants per capita and own income per capita have been increasing since 2012-13.

Table 8.27 Income and Expenditure of VPs per capita (Rupees)

Year	Per capita Income	Per capita Expenditure	Per capita Grants	Per capita Own Income
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2007-08	750	627		.
2008-09	953	800	491	462
2009-10	1201	967	611	591
2010-11	1378	1191	732	647
2011-12	1655	1346	1018	637
2012-13	1338	1184	691	648
2013-14	1834	1639	892	941
2014-15	1892	1300	1063	829
2015-16	2263	1600	1220	1043

Figure 8.4 Income and expenditure of VPs per capita (Rupees)



Source: See Table 8.31

Table 8.28 depicts the revenue and expenditure of Zilla Panchayats in Goa for the years 2007-08 to 2011-12. In 2007-08 the ZPs incurred a deficit of Rs. 3.51 crore. However, all the other years the ZPs have incurred a surplus. In 2010-11 the surplus was as high as Rs.7.68 crore. The percentage of grants in total revenue was greater than 90% from 2007-08 to 2009-10. However in

2010-11 and 2011-12 grants as a percentage of total revenue dropped to around 60%. It can also be seen that from 2007-08 to 2009-10 own revenue could hardly cover up the expenditures of ZPs. However in 2010-11 and 2011-12 own revenue could cover around 65% and 56% respectively of the corresponding expenditures.

Year	Own revenue	Grants	Total revenue	Expenditure	Deficit(-)/ Surplus(+)	Grants as a percentage of total revenue (%)	Own revenue as a percentage of total expenditure (%)
2007-08	0.04	6.27	6.31	9.82	-3.51	99	0.4
2008-09	0.1	9.88	9.98	9.33	0.65	99	1.1
2009-10	0.55	9.62	10.17	9.76	0.41	95	5.6
2010-11	7.98	11.95	19.93	12.25	7.68	60	65.1
2011-12	6.19	9.7	15.89	11.09	4.8	61	55.8

Source: CAG (2012)

Table 8.28 Revenue and Expenditure of ZPs (Rs. Crore)

The table 8.29 depicts the growth in revenue and expenditure of ZPs. However the GoG (various years) refers to the receipts from the local bodies as income. Own revenue has been increasing since 2008-09. On the other hand the growth in grants has been on a decline since 2009-10. Expenditure experienced a negative growth rate for the years 2008-09 and 2011-12. 2010-11 was the only year in which expenditure had a relatively higher growth rate of 26%.

Table 8.29 Growth rate in revenue and expenditure of ZPs (%)

	Own revenue		Total	

Year		Grants	revenue	Expenditure
2008-09	150	58	58	-5
2009-10	450	-3	2	5
2010-11	1351	24	96	26
2011-12	-22	-19	-20	-9

Source: CAG (2012)

We were able to get data on total income and expenditure of ZP of North Goa for the years 2008-09 to 2014-15 (Table 8.30). The North Goa ZP incurred a deficit for two years that is 2008-09 and 2010-11. In all the years it incurred a surplus. In 2014-15 its surplus was as high as Rs. 6.66 crore. Growth rate in income was negative in 2010-11 and 2013-14. On the other hand the growth rate in expenditure was negative in 2011-12 and 2014-15.

Table 8.30 Income and Expenditure of North Goa ZP, 2008-09 to 2014-15 (Rs. Crore)

Years	Income	Expenditure	Deficit (-))/ Surplus (+)	Growth rate in Income (%)	Growth rate in Expenditure (%)
2008-09	4.99	7.31	-2.32		
2009-10	7.23	4.93	2.31	45	-33
2010-11	7.06	9.55	-2.49	-2	94
2011-12	7.95	6.52	1.43	13	-32
2012-13	8.72	6.87	1.85	10	5
2013-14	7.93	7.84	0.09	-9	14
2014-15	12.80	6.66	6.14	61	-15

Source: Author's calculations based on the balance sheets provided by DoP, 2018a

Below is the data on the income and expenditure of the South Goa ZP for the time period 2011-12 to 2015-16 (Table 8.31). The data on expenditure was similar to the total amount spent by the ZP South Goa under various schemes of the state and central government in each year.

Table 8.31 Income, Expenditure of South Goa ZP, 2011-12 to 2015-16 (Rs. Crore)

Year	Income	Expenditure	Deficit (-) / Surplus (+)	Growth rate in Income (%)	Growth rate in Expenditure (%)
2011-12	16.53	6.16	10.37		
2012-13	16.22	5.40	10.82	-2	-12
2013-14	8.58	9.50	-0.92	-47	76
2014-15	10.27	6.69	3.58	20	-30
2015-16	4.65	9.09	-4.44	-55	36
Source : (ZPSG, 2018)					

The ZP South Goa incurred a deficit in 2013-14 of Rs. 0.92 crore and in 2015-16 of Rs. 4.44 crore. In all the other years they incurred a surplus. The surplus was as high as Rs.10 crore in 2011-12 and 2012-13. The growth rate in income was negative in 2012-13, 2013-14 and 2015-16. The growth rate in expenditure was negative in 2012-13 and 2014-15.

Table 8.32 shows the components of income of VPs in Goa from 2006-07 to 2015-16. This income is broadly classified as follows:

- 1) Grants from the government
- 2) Other Grants
- 3) Proceeds from taxes and fees
- 4) Other sources of income

On an average total grants comprised of around 54% of the total income of VPs during 2006- 07 to 2015-16. Proceeds from taxes and fees comprised of around 28% of total income on an average. Income from other sources comprised of around 17% of the total income of VPs.

Table 8.32 Components of Income of VPs in Goa, 2006-07 to 2015-16 (Rs. Crore)

Income Component	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Grants from government	23.53	27.48	34.47	47.42	31.57	40.17	50.12	53.23
Other grants	5.39	7.75	6.81	8.77	5.67	6.82	4.51	7.95
Total Grants	28.91	35.23	41.28	56.18	37.24	46.98	54.63	61.18
Total as a% of Total Income	56	51	53	62	52	49	56	54
Proceeds of taxes , fees etc.	16.45	22.3	21.59	21.59	21.33	30.69	26.99	35.54
% of total income	19	32	28	24	30	32	28	31
Other	10.8	11.86	14.9	13.56	13.6	18.89	15.63	16.78
% of total income	13	17	19	15	19	20	16	15
Total	85.08	69.4	77.77	91.33	72.16	96.56	97.25	113.5
Note: Percentages are calculated as a percentage of the component to the total income								

Table 8.33 shows the components of expenditure of VPs during 2006-07 to 2015-16. Expenditure of VPs have been classified as expenditure on administration, sanitation and public health, public works, planning and development, education, social welfare, miscellaneous and expenditure on other items. The largest component of expenditure for VPs was Public works (46%) followed by administration (25%). On an average the VPs spent just 1% each on important components like Planning and development, education and social welfare. On an average VPs spent around 12% on Miscellaneous components and 7% on other components.

Table 8.33 Component-wise expenditure as a % of total expenditure, 2006-07 to 2015-16 (Rs. Crore)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Administration	10.27	11.68	15.94	16.27	18.19	24	24.59	27.27
% Administration	21.78	10.39	23.71	21.75	28.51	27.8	36.78	33.98
Sanitation & Public Health	3.89	3.79	3.36	3.55	4.25	6.38	5.46	7.3
% Sanitation and Public Health	8.24	3.37	5	4.74	6.65	7.39	8.17	9.1
Public works	23.04	30.42	36.21	42.43	31.07	42.62	26.37	33.03
% Public Works	48.87	27.05	53.89	56.7	48.68	49.38	39.46	41.17
Planning And Development	1.02	0.46	1.04	0.75	0.51	1.16	0.28	0.96
% Planning & Development	2.17	0.41	1.55	1	0.8	1.34	0.42	1.19
Education	0.78	0.75	1.08	1.71	1.12	1.06	0.76	1.15
% Education	1.64	0.67	1.61	2.28	1.75	1.22	1.13	1.44
Social Welfare	0.59	0.73	0.79	1.02	1.01	0.79	0.42	0.8
% Social Welfare	1.25	0.65	1.18	1.37	1.58	0.91	0.63	1
Miscellaneous	7.57	7.93	8.74	9.11	7.68	9.66	7.03	8.41
%Miscellaneous	16.04	7.06	13	12.17	12.03	11.2	10.52	10.49
Others	0	56.68	0.03	0	0	0.65	1.93	1.31
% Others	0	50.41	0.05	0	0	0.75	2.88	1.63
Total	4715.11	112.44	67.2	74.84	63.82	86.31	66.84	80.23
Note: Percentages are calculated as a percentage of each component to the total expenditure								

8.11 Taluka-wise analysis of the finances of the VPs

In order to have a better understanding of the finances of the PRIs we have done a taluka-wise analysis of the VPs in Goa from for 2015-16 in this section to give a flavour of regional distribution. Taluka-wise data for 2006-07, 2007-08 and 2010-11 was not available. Dharbandora is a relatively new taluka of South Goa district which was formed in 2012. It was originally a part of Sanguem taluka (TOI, 2011). Since the population data is available upto the 2011 Census, we have clubbed Dharbandora with Sanguem in our analysis for the years 2011-12 to 2015-16. This is because no separate rural population data is available for Dharbandora.

Table 8.34 Taluka-wise Income, Expenditure and Grants of VPs, 2015-16 (Rupees)

Taluka	Income Per Capita	Expenditure Per Capita	Grants Per Capita	Own Income Per capita	Deficit (-)/ Surplus (+)
Tiswadi	3749	3178	1293	2456	571
Bardez	4716	3294	1821	2895	1421
Pernem	2932	1681	2292	640	1251
Bicholim	1479	868	1263	216	611
Sattari	1042	781	820	222	261
Ponda	2440	1755	1342	1099	685
Sanguem	1129	917	647	483	213
Canacona	1040	522	818	221	518
Quepem	1597	1098	1348	249	499
Salcete	1736	1318	747	989	418
Mormugao	3350	2534	1241	2109	816
Total	2250	1534	1213	1037	716

Source: GoG (2015)

The VPs with the highest income per capita were that of Bardez (Rs. 4716), Tiswadi (Rs. 3749) and Mormugao (Rs. 3350). The VPs with the lowest per capita income were Canacona (Rs. 1040), Sattari (Rs.1042) and Sanguem (Rs.1129). The VPs with the highest expenditure per capita were that of Bardez (Rs. 3294), Tiswadi (Rs.3178) and Mormugao (Rs.2534). The VPs with the lowest expenditure per capita were that of Canacona (Rs. 522), Sattari (Rs 781) and Bicholim (Rs. 868). The VPs with the highest grants per capita were Pernem (Rs.2292), Bardez (Rs. 1821) and Quepem (Rs 1384). The VPs with the lowest grants per capita were Sanguem (Rs.647), Salcete (Rs. 747) and Canacona (Rs. 818). In 2015-16 the VPs of all the talukas incurred a surplus. The surplus per capita as a percentage of grants per capita was as high as 78% for Bardez, 66% for Mormugao and 63% for Canacona. For Pernem, Ponda and Salcete the surplus per capita was more than 50 % of the grants per capita (Table 8.34)

8.12 State Government schemes for VPs

In this section we discuss the various schemes through which the state government transfers funds to the VPs through the Directorate of Panchayats. Following are the schemes undertaken by the state government at the Village Panchayat level.

8.12.1 Matching grants/ Assistance to VPs

These are unconditional grants that are given to VPs depending on the amount of taxes they collect. Supposing a Panchayat has reduced income in a year as compared to the previous year the government has the right to release matching grants that are 50% of the admissible amount to such Panchayats (DoP, 2018c).

Table 8.35 Matching Grants to VPs (Rs. Crore)

Year	North Goa		South Goa		Goa (North+South)		
	B.E	Expenditure	B.E	Expenditure	Total Expenditure	Growth rate in total expenditure (%)	Matching Grants as a % to total grants to VPs

2007-08	2.21	2.38	1.45	1.57	3.95		
2008-09	2.50	2.41	1.60	1.52	3.94	-0.4	14
2009-10	3.89	3.01	2.26	2.04	5.04	28.2	14
2010-11	4.10	3.20	2.40	1.72	4.92	-2.5	12
2011-12	3.60	3.06	2.00	1.86	4.93	0.2	9
2012-13	4.30	3.88	2.50	2.34	6.21	26.1	17
2013-14	4.75	3.92	3.25	2.30	6.21	0.0	13
2014-15	8.00		8.00				0
2015-16	8.00	8.25	8.00	4.69	12.94		21
Source: (DoP, 2018b)							
Note B.E= Budget Estimates							

Table 8.35 contains the financial assistance/ Matching grants given to VPs from 2007-08 to 2015-16 by the Directorate of Panchayats. The VPs in North Goa receive more grants as compared to VPs in South Goa. In 2007-08 the actual expenditure was greater than the budget estimates. For all the other years that is from 2008-09 to 2015-16, the actual expenditure was less than the Budget estimates.

The growth rate of the grants has been very volatile. For three years, that is 2008-09 and 2010-11 the growth rate was negative at -0.45% and -2.5% respectively. There was hardly any growth rate in 2011-12 and 2013-14. In 2014-15 there was no expenditure undertaken both in North as well as South Goa.

8.12.2 Grants in lieu of Octroi :

Octroi on petroleum products that was being collected by VPs and municipal councils was repealed in 2001-02 and instead the government had levied sales tax on petroleum products. Hence, special grants are released annually to the respective Panchayats in three instalments on the amount collected in lieu of Octroi (DoP, 2018c).

On an average grants in lieu of Octroi comprised of around 20% of the total grants to VPs (Table 8.36). The growth rate of these grants as in the case of other grants was erratic. The actual

expenditure matched the budget estimates for all the years except for the year 2014-15. In 2014-15 the actual expenditure was merely 3% of the budgeted estimates.

Table 8.36 Grants in lieu of Octroi to VPs (Rs. Crore)

Year	Budget Estimates	Expenditure	Growth in Expenditure(%)	Grants in lieu of Octroi as a % of total grants
2007-08	4.000	3.911		
2008-09	10.322	10.388	166	36
2009-10	10.322	10.322	-1	29
2010-11	9.758	9.758	-5	24
2011-12	10.322	10.322	6	18
2012-13	10.322	9.568	-7	26
2013-14	10.322	10.321	8	22
2014-15	10.320	3.073	-70	6
2015-16	10.500	10.500	242	17

Source: (DoP, 2018b)

8.12.3 *Rural Garbage Disposal scheme 2005*

Under this scheme the state gives grants to VPs for acquiring land for garbage sites and for the development of garbage collection site and facilities to dispose the garbage. For the first three years the entire cost of garbage collection, transportation, segregation, storage, processing and disposal is undertaken by the government (98% of the cost) and the remaining 2% is borne by the VPs. After three years the entire cost is to be borne by VPs (DoP, 2018c). Grants under the Rural Garbage Disposal Scheme on average comprised of around 1% of the total grants to the VPs (Table 8.37).

Table 8.37 : Grants to VPs under Rural Garbage Disposal Scheme (Rs.Lakhs)

Year	Budget Estimates	Expenditure	Growth rate of expenditure (%)	Garbage disposal grants as a % of total grants
2007-08	40	--		
2008-09	50	--		
2009-10	9.05	3.84		0.11
2010-11	10.1	5.68	47.9	0.14
2011-12	100	5.46	-3.9	0.10
2012-13	100	5.01	-8.2	0.13
2013-14	100	31	518.8	0.66
2014-15	200	158	409.7	2.89
2015-16	200	190	20.3	3.11
Source: (DoP, 2018b)				

8.12.4 Financial Assistance for Infrastructure Development of VPs

This scheme comprises of financial assistance for infrastructure development of VPs on the revenue account. On an average these grants comprised of around 15% of the total grants to VPs (Table 8.38). Except for the year 2014-15, for all the other years the actual expenditure matched the budget estimates.

Table 8.38 Financial Assistance for Infrastructure Development of VPs (Rs. Crore)

	Budget Estimates	Expenditure	Growth rate of expenditure (%)	Financial Assistance Grants as a % of total grants
2007-08	5.16	5.290		
2008-09	8	7.966	51	28
2009-10	6	6.098	-23	17
2010-11	6	6.988	15	17
2011-12	7.11	7.107	2	13
2012-13	10.5	6.192	-13	17
2013-14	6	5.713	-8	12
2014-15	7	3.295	-42	6
2015-16	8	7.913	140	13
Source: (DoP, 2018b)				

Besides the above mentioned schemes, the website (last updated) of the DoP mentions some more schemes however data for these schemes was not made available from the DoP. The schemes include Financial assistance to mining affected VPs, Rajiv Awaas Yojana (Housing scheme), Loans to VPs under remunerative schemes (mainly related to occupations in the primary sector), Grants to Panchayat Parishad and Mahila Mandal , Grants to weaker sections for strengthening their administration.

8.13 Grants from Finance Commission to VPs

Besides grants from the state government, the VPs also get grants from the Finance Commission (Table 8.39). In this section we will be analysing the grants from 12th FC (2005-2010), 13th FC (2010 -2015) and the first year of the 14th FC (2015 -2020) to VPs.

Table 8.39 Grants disbursed by the 12th FC to PRIs in Goa (Rs. Lakhs)

Year	Amount Released
2006	180
2007	540
2008	360
2010	180
Total	1260

Source: (DoP, 2018b)

According to the Directorate of Panchayats Rs. 1260 Lakhs of grants-in-aid were sanctioned and released under 12th Finance Commission (2005-06 to 2009-10) in favour of PRIs in Goa. The amount sanctioned was utilized for the maintenance of assets relating to water supply sanitation and data base (DoP, 2018b) (Table 8.40).

Table 8.40 Transfers to PRIs in Goa by the 13th FC (Rs. Lakh)

Year	Grants Recommended by the 13 th FC		Grants Received by PRIs under the 13 th FC			
	Basic Grants	Performance Grants	Basic Grants	Performance Grants	Total Grants Received (Basic + Performance Grants)	Grants from the 13 th FC as a percentage of total grants to VPs (%)
2010-11	840		4.21	-	4.21	0.10
2011-12	980	330	4.11	51.17	55.28	0.98

2012-13	1139	782	-	76.5	76.5	2.05
2013-14	1349	924	-	89.64	89.64	1.91
2014-15	1596	1086	-	-	-	-
Total	5904	3122	8.32	217.31	225.63	1.24

Source: (DoP, 2018b)

Note : The total percentage of grants received by the PRIs under the 13th FC is calculated as percentage of the total grants received by PRIs for the years 2010-11 to 2013-14. In 2014-15 there were no grants that were transferred to PRIs.

Under the 13th FC the PRIs drew down less than 1% (0.14%) of the basic grants as recommended by the FC for the entire period from 2010-11 to 2014-15 (Table 8.40). It drew only 7% of the recommended performance grants during the same time period. Interestingly, PRIs drew more of the performance grants rather than the basic grant. In the years 2012-13, 2013-14 and 2014-15 the PRIs did not draw any of the basic grants. The total grants to PRIs under the 13th FC comprised of just 1% of the total grants to the VPs.

Table 8.41 Transfer of Basic Grants to PRIs by the 14th FC

Year	Total amount released by the Central Govt. (Rs. Crore)
2015-16	14.44
2016-17	20
2017-18	23.1
2018-19	26.73
2019-20	36.12
Total	120.39

For the first year of the 14th FC the PRIs had drawn the entire basic grant for that year as recommended to them by the FC. However the state government did delay the release of the first instalment by 157 days and had to pay an interest of Rs 0.47 crores. The state government delayed the release of the second instalment as well by 21 days and had to pay an interest of Rs 0.03 crore (Table 8.41).

8.14 Grants to Zilla Panchayats

Table 8.42 provides data on Financial assistance given to ZPs in Goa. These are administrative grants to ZPs.

Table 8.42 Financial Assistance to ZPs (Rs lakhs)

Year	North Goa		South Goa		Goa Expenditure (North + South)	Percentage growth in total expenditure (North + South) over previous year
	B.E	Exp	B.E	Exp	Expenditure	
2007-08	60	60	60	60	120	
2008-09	60	60	60	60	120	0
2009-10	60	60	60	60	120	0
2010-11	60	60	60	60	120	0
2011-12	71.5	60	67.5	60	120	0
2012-13	140	140	130	130	270	125
2013-14	150	150	140	140	290	7
2014-15	200	200	200	200	400	38
2015-16	300	300	250	250	550	38

Source: (DoP, 2018b)

Note: B.E = Budget Estimates

For all the years except for the year 2011-12, the Budgeted estimates were exactly equal to the actual expenditure undertaken by the North and South Goa ZPs. There was no growth in expenditure from 2008-09 to 2011-12. In 2012-13 there was a 125% increase in the expenditure undertaken by the ZPs. However in the following year the growth rate in expenditure dropped to 7%.

Table 8.43 shows the grants to ZPs for Rural infrastructure development on the revenue account. In the case of this grant as well as the actual total expenditure is exactly equal to the budget estimates for most years. In fact in 2014-15 the actual expenditure was greater than the budget estimates. The expenditure has witnessed a negative growth rate for the years 2009-10, 2012-13 and 2014-15.

Table 8.43 Grants to ZPs under the Rural Infrastructure Development Scheme (Rs. lakhs)

Year	Total Budget estimates (North +South Goa)	North Goa	South Goa	Total Expenditure (North +South)	Percentage growth in total expenditure over previous year
2007-08	430	258	172	430	
2008-09	450	270	180	450	4.7
2009-10	400	240	160	400	-11.1
2010-11	400	240	160	400	0
2011-12	700	390	310	646	61.5
2012-13	400	240	160	400	-38.1
2013-14	1200	640	560	1200	200
2014-15	500	300	200	500	-58.3

2015-16	550	308	308.2	616.4	23.3
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Source: Data on total expenditure and North Goa ZP is from (DoP, 2018b, 2018a)

Data on South Goa ZPs is from (ZPSG, 2018)

Another type of grants that ZPs receive is grants in lieu of Octroi (Table 8.44). Again for this grant the budget estimates and total expenditure were almost the same.

Table 8.44 Grants to ZPs in lieu of Octroi (Rs. lakh)

Year	Budget Estimates (North +South)	North Goa	South Goa	Total Expenditure (North +South)	Percentage growth in total expenditure over previous year
2008-09	238.1	142.86	95.24	238.1	
2009-10	560	336	224	560	135.2
2010-11	530	318	212	530	-5.36
2011-12	560	335	223.4	558.5	5.38
2012-13	560	336	224	560	0.27
2013-14	560	336	224	560	0
2014-15	600	360	240	600	7.14
2015-16	600	300	300	600	0
Source: (DoP, 2018b)					

Besides the above mentioned schemes for the year 2006-07 , the ZP of South Goa undertook the scheme Samporna Gramun Rozgar Yojna wherein an expenditure of Rs.30.53 lakhs was undertaken (ZPSG, 2018).

8.15 Conclusion

ULBs as well as VPs have incurred surpluses for most years from 2006-07 to 2015-16. In the case of PRIs the surplus the surplus only seems to have increased in the more recent years. The growth

rate in expenditure of ULBs and VPs has been erratic. The ULBs had hardly any growth rate in expenditure from 2013-14 onwards. VPs witnessed negative growth rate in expenditure for the years 2012-13 and 2014-15. There is a tendency to underutilise grants which is seen more prominently when we examine finances and expenditure of individual MCs and CCP. Underutilization of grants can be seen in the case of VPs as well. The problem maybe that the grants are conditional and do not match the needs of the ULBs/VPs in Goa or because the ULBs/VPs face hurdles in getting permission to undertake the major works they intend to do. The fact that some MCs/ VPs enjoy a surplus and others a deficit could be due to various reasons.

Another trend is that there is no steady pattern in the growth rate of grants to both ULBs and PRIs. Furthermore in the more recent years the ULBs seem to be spending more on administrative expenditures which may be crowding out expenditures in more productive areas. In the case of VPs their expenditure on important areas like Planning and Development , Social Welfare and Education is less than 5% of their total expenditures. An encouraging fact is that both the VPs and the ULBs in Goa seem to have drawn their FC transfers on time for the first year of the 14th FC unlike before. There is also a decrease in the percentage of grants to total income for ULBs. For PRIs the grants as a percentage of total income has remained more or less the same for the assessment period.

9. Impact of Public Enterprises Finances on State's Financial Health

9.1 Introduction

A vital role was assigned to the public sector in the process of economic development of India. Public Sector had to serve as a vehicle to promote balanced and equitable growth. This led to a phenomenal growth of the public sector enterprises at both the Centre and the States during the earlier plans (Planning Commission 2002). However as the net losses incurred by the public enterprises was the major contributor to deficit budgets, a need was felt to urgently review the role of these enterprises with a view to reducing the financial burden on the respective Governments at the Centre and in the States. In this chapter we review the functioning of the Public Sector Enterprises and its impact on the financial health in Goa.

The State Public Sector Enterprises are a dominant part of the public enterprise system in India. Government undertakes commercial activities through its business undertakings referred to as Public Sector Enterprises (PSEs) which are owned, managed and controlled by the State on behalf of public at large. Besides the public utilities, the State PSEs have been set up in areas, such as, mining, public distribution /trading and marketing, warehousing, tourism, handicrafts and handloom development, forest and fisheries development, financial services and housing (Bandyopadhyay 2006). While a number of PSEs have been set up as 'Statutory Corporations' through the Acts enacted in the state legislatures, a larger number of them have been set up as 'joint stock companies' under the Companies Act, 1956. The financial performance of these enterprises has a direct bearing on the health of state finances.

There have been both economic and social objectives behind the establishment of PSEs (Bandyopadhyay 2006). They provide direct and indirect employment to people, lead to development of a particular region and create wealth for the society in general. These objectives can be best achieved when these PSEs generate profits on a sustainable basis. In other words, the returns from sales are more than the cost of operation. If they incur losses, the State PSEs become a liability on the state's finances.

9.2 Public Sector Enterprises in Goa

In Goa, the state PSEs consist of:

- a) **State Government Companies:** companies in which not less than 51 per cent of the paid up 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 company of such a Government company. Further, a company in which 51 per cent of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government is treated as if it were a Government company (deemed Government Company as per Section 619 B of the Companies Act, 1956).

- b) Statutory Corporations:** these are public enterprises that came into existence by special Acts of the Legislature. The Act defines the powers and functions, rules and regulations governing the employees and the relationship of the Corporation with the Government.

While various forms of organizations prevail vis-à-vis the organizational structure of PSEs, the “company” and “statutory corporation” are the more dominant ones. Indeed, the PSEs are not the same as “departmental undertakings”, and have to be on their own rather than depend on budgetary support from the Government.

The State Government exercises control over their affairs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the government.

9.2.1 Stake of the Government of Goa

As owners, the Government of Goa has large financial stake in these PSEs. This stake is of mainly three types:

- ***Share capital and loans*** – In addition to the share capital contribution, Government of Goa also provide financial assistance by way of loans to PSEs from time to time.
- ***Special financial support*** – Government of Goa provide budgetary support by way of grants and subsidies to PSEs as and when required.
- ***Guarantees*** – Government of Goa also guarantees the repayment of loans with interest availed by PSEs from financial institutions.

9.2.2 Classification of Public Sector Enterprises

In this report 17 PSEs are studied. They are classified into five categories: a) Agriculture & Allied, b) Finance, c) Infrastructure, d) Manufacturing, and e) Services (CAG Report 2011). The list of different types of PSEs in Goa is indicated in Table 9.1. Time-series data on important financial parameters of individual enterprises is included in the Appendix. For the PSEs like Goa Forest Development Corporation Limited, Goa State Horticultural Corporation Limited, Goa

State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited and for Info Tech Corporation of Goa Limited financial information was available only for some years. One non-working PSE namely Goa Information Technology Development Corporation (GITDC) has not submitted accounts since its inception (2006-07) thus is not included in the study.

Table: 9.1 : Types of Public Sector Undertakings in Goa

S.No	Sector and Name of the Company		
	GOVERNMENT COMPANIES		
	<i>AGRICULTURE AND ALLIED</i>		<i>Data available (years)</i>
1		Goa Forest Development Corporation Limited	2005-07 to 2012-13
2		Goa State Horticultural Corporation Limited	2006-07 to 2012-13
3		Goa Meat Complex Limited	2006-07 to 2015-16
	<i>FINANCE</i>		
4		Economic Development Corporation of Goa, Daman & Diu	2006-07 to 2016-17
5		Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited	2006-07 to 2016-17
6		Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)	2005-06 to 2007-08
7		Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)	2006-07 to 2016-17
	<i>INFRASTRUCTURE</i>		
8		Goa State Infrastructure Development Corporation Limited	2006-07 to 2016-17
9		Info Tech Corporation of Goa Limited (ITCGL)	2006-07 to 2011-12
10		Sewerage and Infrastructural Development Corporation Limited (SIDCL)	2006-07 to 2016-17
	<i>MANUFACTURING</i>		
11		Goa Auto Accessories Limited	2006-07 to 2016-17
12		Goa Antibiotics and Pharmaceuticals Limited (GAPL)	2006-07 to 2016-17
	<i>SERVICES</i>		

13		Goa Electronic Limited (GEL)	2006-07 to 2016-17
14		Goa Tourism Development Corporation Limited (GTDCL)	2006-07 to 2016-17
15		Kadamba Transport Corporation Ltd	2006-07 to 2016-17
	STATUTORY CORPORATION		
	INFRASTRUCTURE		
16		Goa Industrial Development Corporation	2006-07 to 2016-17
17		Goa Information Technology Development Corporation (GITDC)	No information
	SERVICES		
18		Goa Education Development Corporation	2006-07 to 2015-16

The PSEs are engaged in different activities ranging from industrial development, finance, trading and marketing, construction services, consumer goods, engineering goods as also development of backward regions and weaker sections of the society. The sectoral analysis incorporating the financial dimensions presents an interesting account of the functioning of the PSEs in Goa. Of the total 17 State PSEs for which information is available, two belong to the manufacturing category while five are infrastructural enterprises. About three belong to the finance and the agricultural category and five to the service categories. It is evident that the service enterprises followed by the infrastructure enterprises dominate the scenario. The State PSEs can also be classified as commercial, commercial-cum-promotional and promotional.

1) Commercial Enterprises: These include engineering, electronics, textiles, mining, telecommunications, drugs and chemicals, sugar and cement sector enterprises. These enterprises prop up industrial activities and use the local resources for the purpose of manufacturing. Employment creation was also an important objective behind the creation of these enterprises.

2) Commercial-cum-promotional Enterprises: These enterprises were characterized by twin elements of business i.e. a mix of commercial as well as promotional goals directing their functioning. These enterprises undertook dairy development, fisheries development, industrial finance, industrial development, infrastructure development etc

3) Promotional State PSEs: In the case of these enterprises, promotional activities became the primary objective and profit earning became a secondary consideration. These State PSEs include the SC/ST Finance Corporation and the Backward Classes Corporation.

9.3 Definitions

In this section we state the definitions of different financial ratios that are being used.

1) Capital Employed: The sum total of investments in the net fixed assets and working capital. The net fixed assets indicate the investments in gross fixed assets minus accumulated depreciation. The investment in working capital represents the excess of current assets over current liabilities.

2) Returns on Capital Employed Ratio:

This quantifies the relationship between the total capital employed and the PBID (Profit before Interest and Depreciation). This ratio indicates how efficiently the equity and debt resources have been employed to earn profits. The capital invested is represented by equity, retentions and long-term investments. It is expressed as:

$$\frac{\text{PBID}}{\text{Capital invested}} \times 100$$

3) Debt-Equity Ratio:

This shows the relationship between the long-term debt and the equity as a fraction of the latter. This shows long term viability of a company's financial health. It is expressed as:

$$\frac{\text{Long Term Debt}}{\text{Equity}} \times 100$$

4) Accumulated Losses to Paid-up Capital Ratio:

This quantifies the relationship between accumulated losses and paid-up capital in percentage terms. It is expressed as a formula:

$$\frac{\text{Accumulated Losses}}{\text{Paid-up Capital}} \times 100$$

Paid up Capital

5) Gross Profits/ PBIT :

These include profits before interest and taxes. They are inclusive of all direct costs, indirect costs and margins other than interest on loans and taxes.

6) Investment:

This comprises the sum total of the investments in the form of equity and debt capital by State Governments and others which includes the central government, holding company and financial institutions.

9.4 Analysis of Financial Aggregates

An analysis of some core indicators and major financial aggregates for State PSEs has been conducted and findings of the PSEs have been compiled in the appendix given below. The comparison of these core indicators is made for the period 2006-07 to 2015-16. However for some of the PSEs, due to the unavailability of continuous data, analysis has been carried out years for which data was available.

9.4.1 Total Equity

The total equity is made up of the contributions from the States, Centre and other sources. The State governments demonstrated their commitment to the State PSEs by increasing their investment in the form of equity. The share of State equity in total equity has been the highest. The equity support of the State Government has increased for all the PSEs in Goa. Only three PSE's Goa Meat Complex Limited, Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited and Goa Antibiotics and Pharmaceuticals Limited has received equity support from the central government as well. For most of the PSE's the support from the state government has increased to a great extent. In the finance sector, the Economic Development Corporation of Goa, the equity increased from Rs 449 million in 2006-07 to Rs 1009 millions in 2015-16. For Goa State Schedule Tribes Finance and Development Corporation Limited there was an increase from 25 million in 2006-07 to 405 millions in 2015-16. For Goa Handicrafts Rural And Small Scale Industries Development Corporation, the equity from the State Government increased from 35 million in 2006-07 to 78 million in 2015-16. From 2010-11 this PSE also received equity support from the Central Government of Rs. 1.7 millions.

Within the infrastructural sector, for Info Tech Corporation of Goa Limited the state equity was more than Rs 163 million for the years concerned. While for the Sewerage and Infrastructural Development Corporation the state equity increased from 20 million in 2006-07 to above 75 million in 2015-16.

In the case of manufacturing sector, for Goa Antibiotics and Pharmaceuticals Limited the State equity was more than Rs 190 millions in 2006-07, however from 2013-14 onwards there was a reduction in state support but from the same year the equity support from the central government was Rs 140 millions. For Goa Auto Accessories Limited the state equity has been 55 million for the entire period.

In the service category, the Kadamba Transport Corporation Ltd had the highest contribution made by the State Government which rose from Rs 365 million in 2006-07 to Rs 946 million in 2015-16, followed by Goa Tourism Development Corporation Limited at Rs 226 million in 2015-16. For the agricultural sector the equity for almost all the PSEs has been ranging from above 1 million to 49 million.

This indicates that the state government has demonstrated its commitment to the State PSEs by increasing its investment in the form of equity in all the sectors.

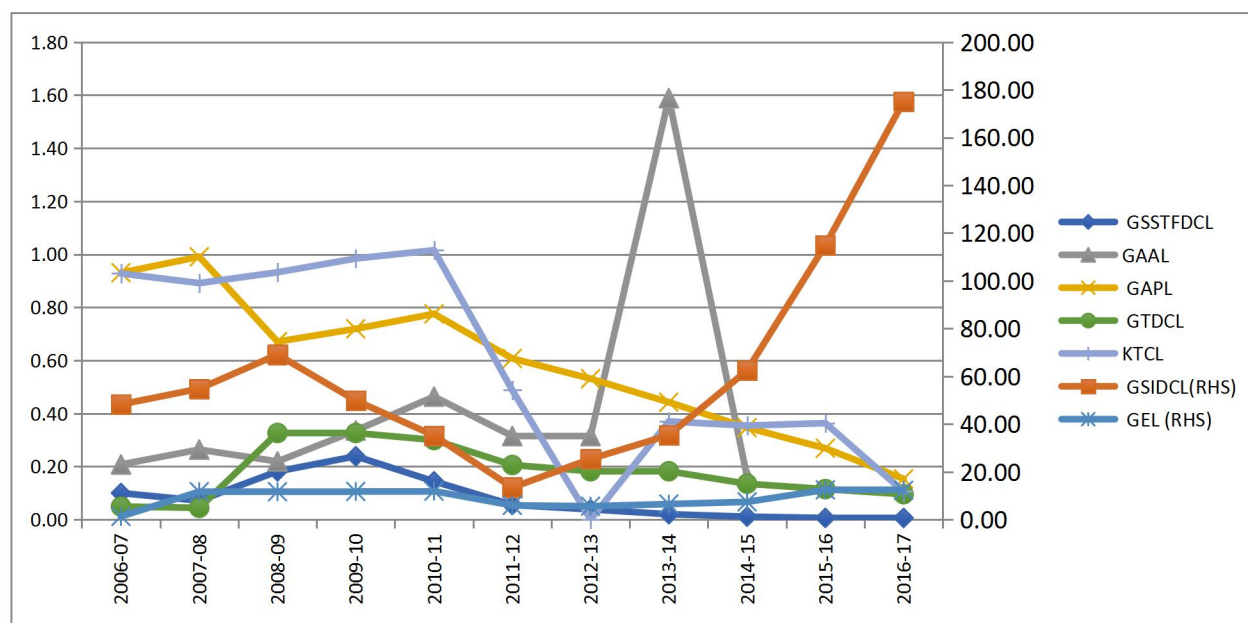
9.4.2 Total Debt

The total debt comprises of the loans outstanding from the state government, the central Government and the other sources. Theoretically the state governments were not required to contribute to the day to day needs of the PSEs. However for all the PSEs in Goa the share of state debt in total debt has remained at a high level. In fact, the state debt has been the only contributor towards the total debt for all the PSEs under consideration.

9.4.3 Debt-Equity ratio

The figure below shows the debt equity ratio for select PSEs. The debt-equity ratio of these enterprises has been fluctuating in the period of the study. This was particularly because of the rise in the state equity in comparison to the loan outstanding of the different PSEs. For Goa State Infrastructure Development Corporation Limited (GSIDCL) this ratio has been continuously rising. Similarly for Goa Electronic Limited (GEL), the ratio has been high.

Figure 9.1: Debt equity ratio for select PSEs



9.4.4 Total Investment

The total investment comprises of Equity capital and Debt capital. The rise in the total investment has been particularly because of the increase in state owned equity. The investment in PSEs in various sectors reveal that in the service and the manufacturing sector enterprises, there has been a rise in the total investment as compared to the other sectors. In the case of PSEs in Agriculture the investment has been Rs 95 million in 2006-7 and declined to Rs 6 million in 2015-16. For the PSEs under the finance sector the total investments were high at Rs 3576 millions in 2006-07 but declined to Rs 2434 millions in 2015-16. The Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited (GHRSSIDC) the investment increased from Rs 35 million to Rs 80 million. For Economic Development Corporation of Goa, Daman & Diu (EDC) saw high level of investment at Rs 3454 million in 2006-7 but declined to Rs 1540 million in 2015-16. Within the infrastructure sector, the Goa State Infrastructure Development Corporation Limited (GSIDCL) reported total investment of Rs 1526 million in 2006-07 but this declined to Rs 537 million in 2011-12 and later increased to Rs 4312 million in 2015-16. Within the manufacturing sector, the Goa Auto Accessories Limited had investment of more than Rs 67 million in 2006-07 rising thereafter to Rs 144 million in 2013-14, these investments however declined to Rs 64 million in 2014-15. In 2006-07 the Goa Antibiotics and Pharmaceuticals Limited (GAPL) had investments of more than Rs 367 million, these investments have been continuously declining thereafter, with the investment in 2015-16 being

about Rs 241 million. In the service sector, Goa Electronic Limited (GEL) saw fluctuations in the investments made. From 41 million investments in 2006-07, there was a rise in the investments to Rs 242 million in 2015-16. Goa Tourism Development Corporation Limited (GTDCL) in 2006-07 had investments of more than Rs 213 million, which rose thereafter to Rs 300 million in 2009-10, declining to Rs 248 million in 2015-16. The KTCL had the highest investments in the service category, with the investments rising from Rs 705 million in 2006-07 to Rs 1290 million in 2015-16.

9.4.5. Net Profit

Net profit helps in updating the technology, contribute to an organic growth and provides a unified direction. It builds up reserves and provides and higher earnings per share. Net profit making can take place through the concept of equity participation, limited liability, setting up the strategic business units and practicing responsibility accounting. These concepts create a harmonious internal environment where the different units could compete with one another to improve their efficiency. It is interesting to note that certain sectors earned profits all through. Among all the PSE's it is the EDC, GSIDCL, SIDCL and the GAPL have been the major net profit makers throughout the period under study. Some of the PSEs have shown mixed performance. GSSTFDCL has made profits from 2010-11 onwards. Similarly, GAPL has been making net profits from 2008-09 onwards. PSEs like KTCL and GAAL have made net losses in almost all the years considered. Within the agriculture sector, for all the PSEs net losses made were higher than the net profits. In the finance sector, the GHRSSIDC, has been making net losses from 2009-10 onwards. This contradicts the general perception that all State PSEs are in losses.

9.4.6 Accumulated Losses

What is worrisome is the accumulated losses of the PSEs in Goa. Within the agricultural and allied sector, for the HDCL and GFDCL have accumulated losses continuously for all the years under consideration. GMCL had accumulated profits in 2006-07 at more than Rs 21 million, it then declined to Rs 3 million in 2012-13, thereafter there have been accumulated profits continuously. Among all the enterprises in the case of the finance sector only the EDC had accumulated profits in the entire period. The GHRSSIDC has accumulated losses from 2009-10 onwards. The GSSCOBCFDCL had accumulated losses till 2013-14, thereafter it has been making profits from 2014-15. Within the infrastructure sector, GSIDCL and SIDCL has made profit in all the years, while the ITCGL that had accumulated losses for years till 2007-08 is now accumulating profits. The

enterprises in the manufacturing and the service sector have accumulated losses for the entire period, except for the GAPL which had accumulated profits from 2008-9 onwards.

The impact of losses (subsidies) on the state's finances may be seen from the table below. It appears that Rs 80 crores (approximately) per annum is given as grants by the state Government to cover up the losses/subsidies of KTCL. In addition, Rs 25 crores is given as recurring guarantee by the State government for the loans provided to KTCL by commercial banks.

Table: 9.2: Subsidy to KTCL (Transport sector) in Rs Lakhs

Years	Subsidy to KTCL Ltd (NP)	Subsidy to commuters for monthly Pass system to KTCL	Total
A	B	C	D
2006-07			
2007-08	800		800.00
2008-09	900		900.00
2009-10			
2010-11	1600		1600.00
2011-12			
2012-13	2709.06		2709.06
2013-14	3000	389.37	3389.37
2014-15	3445	1550	4995.00
2015-16	6000	829	6829.00
Column B data is taken from the GoG Budget Detailed Heads in respect of Demand No 13 (Transport)- Total Demand [Revenue and Capital(3055)]			
Note: Subsidy to commuters for Monthly Pass System to KTCL given from 2013-14			

9.4.7 Profitability before Interest, Depreciation & Taxes (PBDIT)

The PSEs with net losses before interest, depreciation and taxes were found in all the sectors. There have been PSEs with healthy PBDIT for all the years like EDC, GSIDCL and GTDCL. In sharp contrast, there are enterprises like GFDCL, GSHCL, GHRSSIDC, ITCGL, GAAL and the GAPL that have incurred net losses before interest and taxes almost for all the years. The net losses incurred by these PSEs wiped out the total profits made and are responsible for the phenomenon of loss making. Among the Statutory Corporation, the GEDC has been incurring losses since 2014-15.

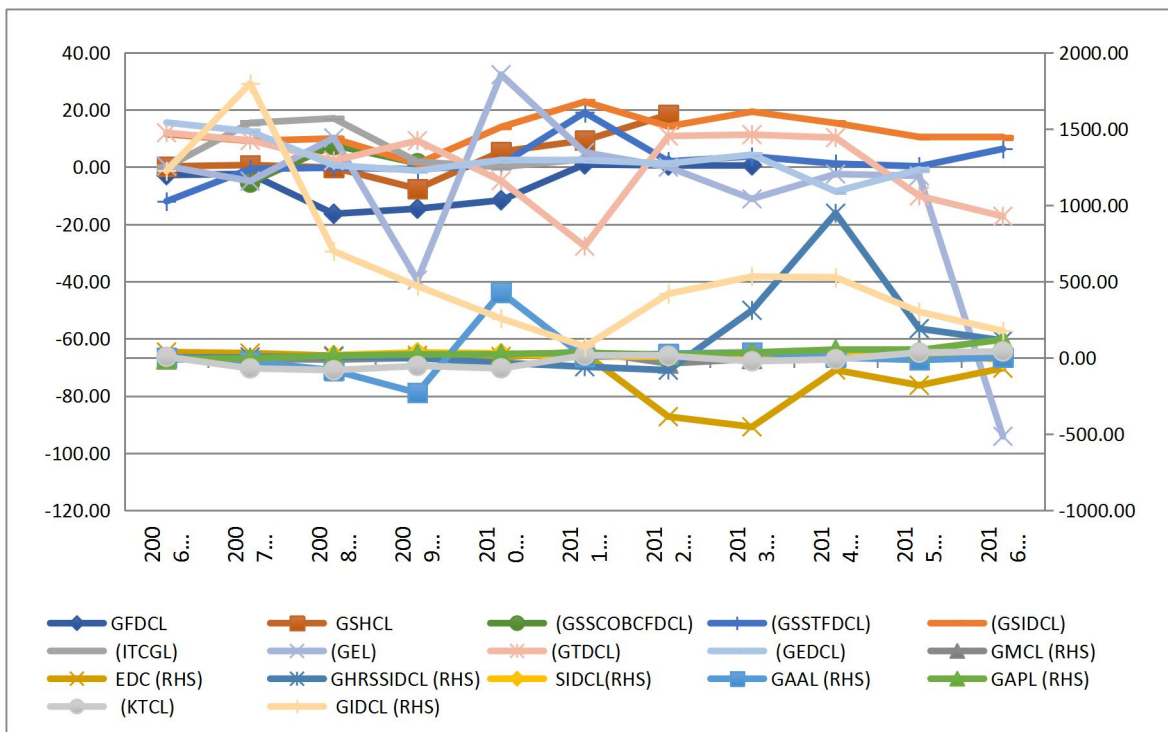
9.4.8 Performance of PSEs

The financial results of PSEs, financial position and working results of working statutory corporations are detailed in the appendix. A ratio of PSE turnover to GSDP shows the extent of PSE activities in the state economy. Accordingly, the role of state PSEs can be assessed from the total turnover as a percentage of the Gross State Domestic Product. The extent of PSE activities shows a declining trend for almost all the PSEs.

Some other key parameters pertaining to State PSEs are given below.

- a) % Return on Capital Employed:** This ratio indicates how efficiently the equity and debt resources have been employed to earn profits. This quantifies the relationship between the total capital employed and the PBID (Profit before Interest and Depreciation). Only for certain PSEs there has been a rise in the % return on capital employed. In the agriculture sector, the GSHCL had positive returns on capital employed for almost all the years under consideration till 2012-13. In case of the finance sector, EDC which had positive returns on capital employed till 2011-12, has been incurring negative returns till date. In the infrastructure sector, PSEs like GSIDCL and SIDCL have been showing a positive return on capital employed. Similarly within the manufacturing sector, the GAPL had higher return on capital employed in almost all the years, while the GAAL had positive returns on capital since 2010-11. With regard to the service sector PSEs their performance has been mixed, with GEL having negative returns for most of the years. Among the statutory corporations, GIDCL has made very high returns on capital employed, while the GEDCL had lower returns for the years 2015-17.

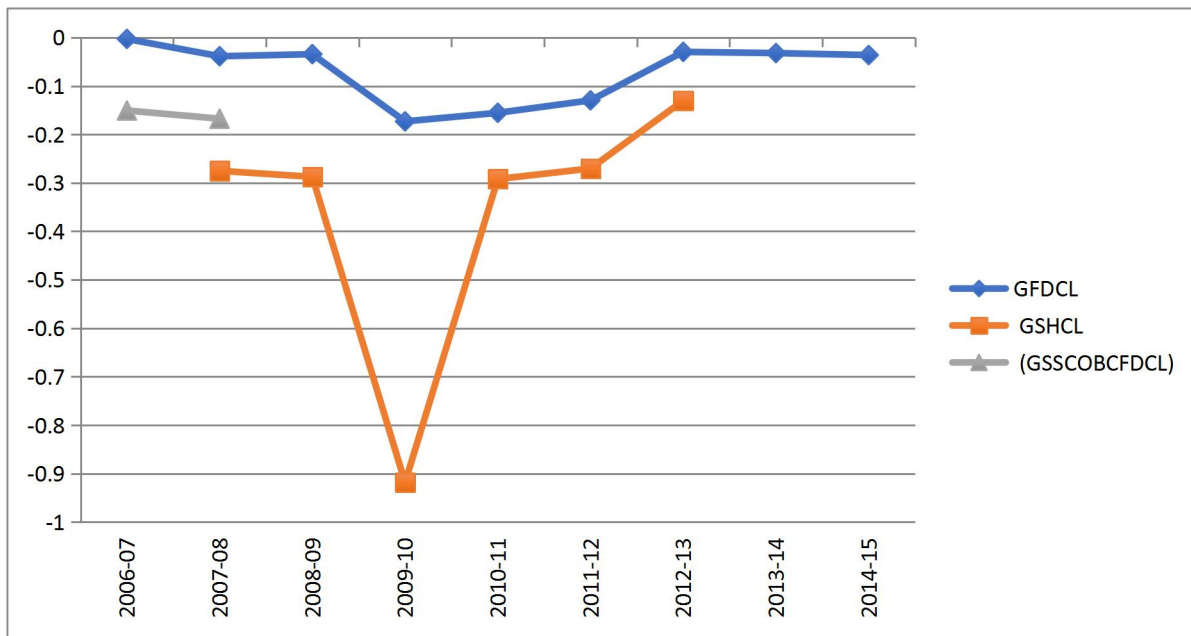
Figure 9.2: Percentage Return on Capital Employed



b) Accumulated losses to Capital Employed

This quantifies the relationship between accumulated losses and capital employed (the sum total of investments in the net fixed assets and working capital). Accumulated losses to capital employed has been consistently negative for PSEs like the GFDCL, GSHCL, and for GSSCOBCFDCL see Figure 9.3.

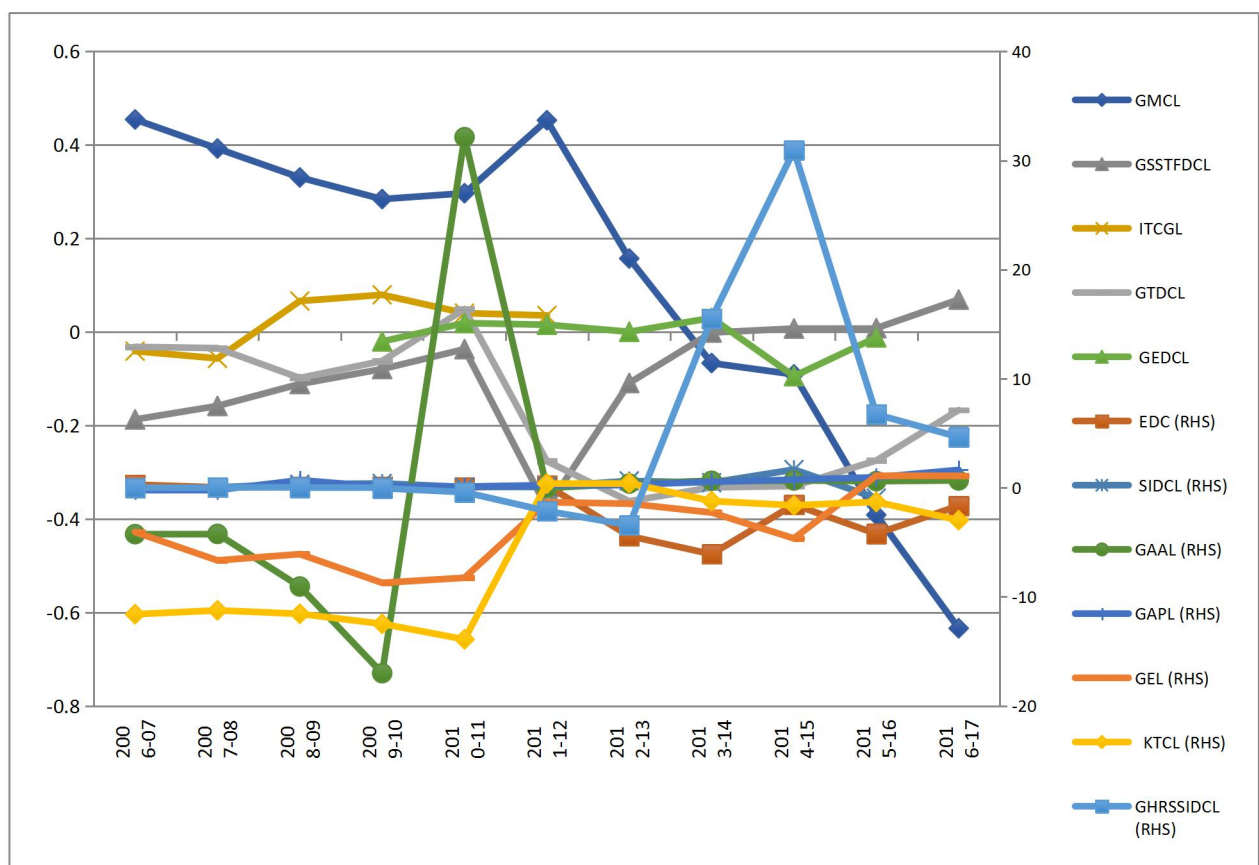
Figure 9.3: Negative Accumulated losses to Capital Employed for all the years



However most of the PSEs have shown mixed performance with accumulated losses to capital employed being positive for certain years while negative for the other years (figure 9.5). These PSEs are GMCL, EDC, GSSTFDCL, ITCGL, GAAL, GAPL, GEL, GTDCL, KTCL, GHRSSIDCL and the GEDCL. For PSEs like GMCL and EDC the ratio has been negative 2013-14 and 2012-13 respectively.

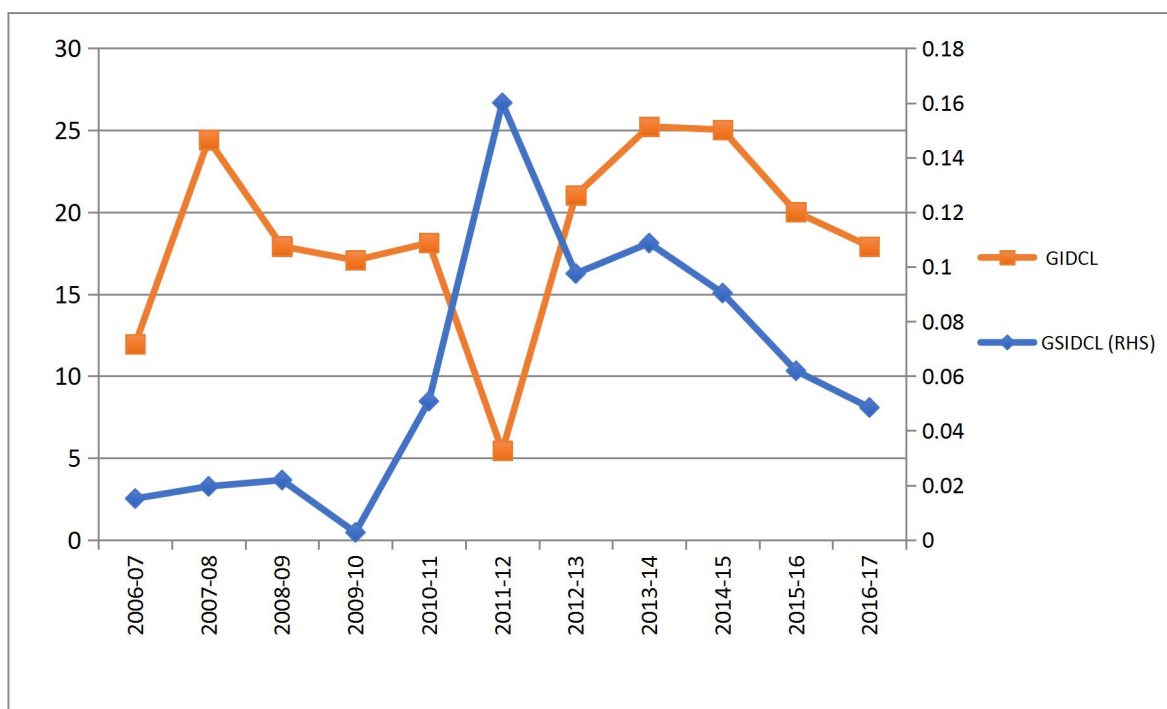
With SIDCL having negative ratio for only one year 2015-16. ITCGL had negative ratio only in the initial two years 2006-7 and 2007-08. In contrast, GTDCL has been having a negative ratio for almost all the years except 2010-11 while KTCL had positive ratio only in 2011-12 and 2012-13.

Figure 9.4: Negative and Positive ratio of Accumulated losses to Capital Employed



Only two PSEs, GIDCL and GSIDCL the ratio of accumulated profits to capital employed had been positive throughout the period se Figure 9.5.

Figure 9.5: Positive Accumulated losses to Capital Employed for all the years



9.5 Contribution of PSEs to the Total Revenue of the Government of Goa

The Government of Goa does not have an explicit dividend policy as far as we gathered. Therefore there is no target rate of profit that the PSEs are required to fulfill. However, revenue generated from the dividends and profits is an important constituent of the State's non-Tax Receipts. Revenue from dividends and profits arise from the State Government's investment in the shares of co-operative institutions, statutory corporations, Government companies and other joint stock companies. Over the years the contribution made by the PSE's to the Total Revenue of the Government of Goa has been fluctuating. Its share as percent to TR has remained less than 1 for the entire period.

Table: 9.3 :Dividends and profits of PSEs and Total Revenue

Year	Dividends & Profits	Total Revenue	D&P as a % of TR
2005-06	17.59	134119.1	0.013115
2006-07	39.98	160364.7	0.024931

2007-08	33.13	175263.7	0.018903
2008-09	88.61	210899.4	0.042015
2009-10	114.92	218976	0.052481
2010-11	19.48	272378.1	0.007152
2011-12	148.06	323160.9	0.045816
2012-13	173.26	371687.3	0.046614
2013-14	110.67	443100.8	0.024976
2014-15	181.91	479650.1	0.037926
2015-16	142.69	589913.1	0.024188

9.6 Review of Profitability and Measures Taken to Improve performance

The PSEs in Goa are engaged in different activities ranging from industrial development, finance, trading and marketing, construction services, consumer goods, engineering goods as also development of backward regions and weaker sections of the society. However, accumulated losses continued to be worrisome for the PSEs in Goa. Across all the sectors around six PSEs have accumulated losses for the entire period of study.

Under the **Agricultural sector** category, the GSHCL has incurred losses for the entire period under consideration. The functioning of the GSHCL could be made more widespread, for this the municipal markets which are run by the municipalities need to be brought under the domain of the GSHCL. GSHCL have increased the number of outlets in the state for greater outreach and in addition to stocking vegetables they are now also selling a variety of fruits.

Under the **finance sector**, Goa GHRSSIDC has been incurring losses since 2009-10. The marketing strategies could be improvised and a purely professional approach could be adopted. GHRSSIDC could follow the trend of mixing traditional art with the modern contemporary art, this would lead to a value addition made to the field of handicraft and the GHRSSIDC would be committed to sustainability. The Chairman, Vice Chairman and the Board of Directors appointed by the government could be experts in the field. GSSCOBCFDCL had data only for 3 years and they have been making profits for 2006-07 and 2007-08. GSSTFDCL have made profits since 2010-11. The state government, has tied up with the Bank of India to advance loans to interested government

employees for the purchase of a house, motor car (Motor Car Advance) etc. These loans are available to the Government employees at a lower interest rates (as it is subsidised by the State Government). Instead of negotiating with the Bank of India, these loans could be provided through the EDC.

In case of the **Infrastructure sector**, ITCGL has shown a mixed performance, wherein the losses made has been higher than the profits. In the case of ITCGL and GEL, the Government should explore the possibility of amalgamation of these two companies to reduce costs of operation and increase profitability.

As for the **manufacturing sector**, the GAAL has incurred losses almost for the entire period. since this is not a merit good, two options are available: a) Privatisation and b) Bring in professional management. The GAPL has made profits for most of the years. It is necessary that all the Government hospitals and pharmacies should give preference to purchase medicines and pharmaceuticals from the GAPL especially generic drugs. If they are not in a position to provide then only private options should be explored.

In case of the **service sector**, there has been fluctuations in the profits made by GEL. In the case of the electronics-related companies, GEL and the ITCGL, could be merged to reduce costs of operation and increase profitability. In the case of GEL, the purchases made by the state Government could be routed to the GEL and not to the private enterprises.

The KTCL has incurred losses for almost all the years except for 2015-16. However, it is necessary to note that Goa has long dependence on privatized bus-transport as well Kadamba Transport. The ticket prices are regulated. KTCL also provides school buses, college buses and thus fulfils a social need. To a large extent, KTCL is seen as having accomplished the objective of providing point-to-point and affordable services to the multitude of Goans, KTCL has also introduced pass system for the daily commuters within different cities (Vasco, Panjim, Margao & Ponda). As such, the cost of providing all these services has been substantial. While the KTC provides transport and connectivity to Goa's main towns (profitable routes) as well as the rural hinterland (unprofitable routes), the private owners prefer to ply only in the commercially viable routes -- the main towns and cities like Panaji, Margao, Vasco, Mapusa, Ponda and Curchorem. All the routes could be declared only for the KTC, and if private owners want to provide transport facilities to the profitable areas, they could pay some form of fee to KTC, so that the income earned from this source can make the KTCL sustainable to provide the services. This amount can be utilised to provide services on loss making routes. Similar strategy could be adopted for the interstate transport provided by KTCL.

The KTCL operates bus stands in different places covering almost all of Goa's cities and towns. However these bus stands have establishments like shops etc, wherein recoveries, renewals or rents are not paid on regular basis. If recoveries are made on time, the losses could be reduced.

A complete review of these establishments could be made and accordingly a policy could be framed for spaces rented out. Administrative expenses could be reduced and professionals inducted in the field. The overhead cost needs to be reduced substantially.

The GTDCL had incurred losses for most of the years. It has been observed that certain amount of land owned by the GTDCL is either barren or is encroached upon, this could be identified and used optimally by the GTDCL for commercial purposes. GTDCL owned hotels which are running under losses could be privatised. Professional approach could be adopted by the GTDCL wherein, hotels owned by the GTDCL located at the beach side areas could be given star up gradation. Amusement parks, Oceanarium could be set up by the GTDCL to attract more tourists.

The PSEs in Goa seem conscious of the situation and are actively considering and implementing measures to improve their status. For example, to meet the increased demand for passenger services between major towns the KTCL has responded by increasing their shuttle services for intra-state as well as inter-state services. To stabilize revenues a system of monthly passes have been introduced for many years as well as parcel services to cater to the courier service providers. In order to keep up the competition from other state services and private sector they have introduced online booking on long distance routes as well as upgradation of fleet like introduction of Volvo luxury coaches. In order to boost their revenues, they have introduced advertising space sales on all buses plied by KTCL and bus stands operated by them. To cut salary liability, casual contract workers are being hired to replace salaried staff. The introduction of electronic ticket vending machines is expected to improve the efficiency in the services. Similarly, GTDC is in the process of capping new recruitments and instead use contractual appointments. They are considering the use of currently unused “barren” properties.

The government may consider appointing experts in respective fields to senior positions in order to bring in more professionalism in management of these organisations. An expert committee could be considered to provide critical suggestions for PSEs in Goa.

Appendix

Statement showing particulars of paid-up capital, loans outstanding and the Debt Equity Ratio in respect of Government Companies and Statutory Corporations.

Sector and Name of the Company

1. Agriculture And Allied

a) Goa Forest Development Corporation Limited

Years	Paid up Capital				Loan Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	26891000			26891000				
2007-08	26891000			26891000				
2008-09	26891000			26891000				
2009-10	26891000			26891000				
2010-11	26891000			26891000				
2011-12	26891000			26891000				
2012-13	26891000			26891000				

b) Goa State Horticultural Corporation Limited

Years	Paid up Capital				Loan Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	49650000			49650000	12400000			12400000
2007-08	49950000			49950000	12400000			12400000
2008-09	49950000			49950000	12400000			12400000

2009-10	49950000			49950000	12400000			12400000
2010-11	49950000			49950000	12400000			12400000
2011-12	49950000			49950000	12400000			12400000
2012-13	49950000			49950000	12400000			12400000

c. Goa Meat Complex Limited

	Paid up Capital				Outstanding Loan			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	250000	2396000	1286400	6182400				
2007-08	250000	2396000	1286400	6182400				
2008-09	250000	2396000	1286400	6182400				
2009-10	250000	2396000	1286400	6182400				
2010-11	250000	2396000	1286400	6182400				
2011-12	250000	2396000	1286400	6182400				
2012-13	250000	2396000	1286400	6182400				
2013-14	250000	2396000	1286400	6182400				
2014-15	250000	2396000	1286400	6182400				
2015-16	250000	2396000	1286400	6182400				

2016-17	250000	2396000	1286400	6182400				
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2. Finance

a. Economic Development Corporation Of Goa, Daman & Diu

	Paid up Capital				Loan Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	499248000			499248000	2955430729			2955430729
2007-08	709248000			709248000	415309753			415309752
2008-09	709248000			709248000	422582606			422582605
2009-10	1009248000			1009248000				
2010-11	1009248000			1009248000	930107333			930107333
2011-12	1009248000			1009248000				0
2012-13	1009248000			1009248000				0
2013-14	1009248000			1009248000	462500000			462500000
2014-15	1009248000			1009248000	617500000			617500000
2015-16	1009248000			1009248000	531500000			531500000
2016-17	1009248000			1009248000	937300000			937300000

b. Goa Handicrafts Rural And Small Scale Industries Development Corporation

	Paid up Capital				Loan Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	35001300			35001300				

2007-08	75001300			75001300				
2008-09	75001300			75001300				
2009-10	75001300			75001300				
2010-11	78300000	1700000		80000000				
2011-12	78300000	1700000		80000000				
2012-13	78300000	1700000		80000000				
2013-14	78300000	1700000		80000000				
2014-15	78300000	1700000		80000000				
2015-16	78300000	1700000		80000000				
2016-17	78300000	1700000		80000000				

c. Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)

	Paid up Capital				Loan Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06	33288000			33288000	1274634	25555043		26829677
2006-07	33788000			33788000	1260600	23901018		25161618
2007-08	34288000			34288000	818926	22970238		23789164

d. Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)

	Paid up Capital	Loan Outstanding
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	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	25000000			25000000	2500000			2500000
2007-08	35000000			35000000	2500000			2500000
2008-09	45500000			45500000	2500000	5765788		8265788
2009-10	74300000			74300000	2500000	15230938		17730938
2010-11	107000000			107000000	2500000	12916167		15416167
2011-12	226000000			226000000	2500000	9975500		12475500
2012-13	250000000			250000000	2500000	7131796		9631796
2013-14	336000000			336000000	2500000	4288092		6788092
2014-15	400000000			400000000	2500000	1865902		4365902
2015-16	405000000			405000000	2500000			2500000
2016-17	405000000			405000000	2500000			2500000

3. Infrastructure

a) Goa State Infrastructure Development Corporation Limited (GSIDCL)

	Paid up Capital				Loan Outstanding			
Years	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	31000060			31000060	1495488380			1495488380
2007-08	31000060			31000060	1698858847			1698858847

2008-09	31000060			31000060	2142116850			2142116850
2009-10	37200070			37200070	1854915273			1854915273
2010-11	37200070			37200070	1309233701			1309233701
2011-12	37200070			37200070	500000000			500000000
2012-13	37200070			37200070	944000000			944000000
2013-14	37200070			37200070	1316000000			1316000000
2014-15	37200070			37200070	2323781000			2323781000
2015-16	37200070			37200070	4275115261			4275115261
2016-17	37200070			37200070	6515287544			6515287544

b. Info Tech Corporation of Goa Limited (ITCGL)

	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06	163346843			163346843				
2006-07	163346840			163346840				
2007-08	163346840			163346840				
2008-09	163346840			163346840				
2009-10	163346840			163346840				
2010-11	163346840			163346840				
2011-12	163346840			163346840				

c. Sewerage and Infrastructural Development Corporation Limited (SIDCL)

	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	20500060			20500060				
2007-08	48500060			48500060				
2008-09	48500060			48500060				
2009-10	48500060			48500060				
2010-11	48500060			48500060				
2011-12	60500060			60500060				
2012-13	60500060			60500060				
2013-14	75500060			75500060				
2014-15	75500060			75500060		120000000		120000000
2015-16	75500060			75500060		494800000		494800000
2016-17	75500060			75500060		594800000		594800000

4. Manufacturing

a. Goa Auto Accessories Limited

Years	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	55900000			55900000	11612350			11612350
2007-08	55900000			55900000	14751029			14751029

2008-09	55900000			55900000	12249561			12249561
2009-10	55900000			55900000	18762013			18762013
2010-11	55900000			55900000	25913853			25913853
2011-12	55900000			55900000	17600000			17600000
2012-13	55900000			55900000	17600000			17600000
2013-14	55900000			55900000	88800000			88800000
2014-15	55900000			55900000	9000000			9000000
2015-16	55900000			55900000				
2016-17	55900000			55900000				

b. Goa Antibiotics and Pharmaceuticals Limited (GAPL)

	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06	190200000			190200000	166678563			166678563.35
2006-07	190200000			190200000	176990251			176990250.74
2007-08	190200000			190200000	188413520			188413520.11
2008-09	190200000			190200000	127573300			127573300.44
2009-10	190200000			190200000	136756988			136756988.44
2010-11	190200000			190200000	147508723			147508722.99

2011-12	190200000			190200000	115523427			115523427.44
2012-13	190200000			190200000	101022994			101022994.00
2013-14	49452000	140748000		190200000	84147994			84147994.00
2014-15	49452000	140748000		190200000	65898427			65898427.00
2015-16	49452000	140748000		190200000	51148427			51148427.00
2016-17	49452000	140748000		190200000	29171984			29171984.00

3. Services

a) Goa Electronic Limited (GEL)

	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06	18000000			18000000	237728868			237728868.8
2006-07	18000000			18000000	236258046			23628046.83
2007-08	18000000			18000000	228472237			210472237.8
2008-09	18000000			18000000	228268895			210268895.8
2009-10	18000000			18000000	228466155			212027125.7
2010-11	18000000			18000000	232614888			214614888.8
2011-12	18000000			18000000	125140516			107140516.9
2012-13	18000000			18000000	118915215			100915215
2013-	18000000			18000000	134836601			116836601

14								
2014-15	18000000			18000000	151669238			133669238
2015-16	18000000			18000000	242404048			224404048
2016-17	18000000			18000000	238626567			220626567

b) Goa Tourism Development Corporation Limited (GTDCL)

Years	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2006-07	203538800			203538800	10000000			10000000
2007-08	226469173			226469173	10000000			10000000
2008-09	226469173			226469173	73916700			73916700
2009-10	226469173			226469173	73916700			73916700
2010-11	226469100			226469100	67916800			67916800
2011-12	226469100			226469100	46584000			46584000
2012-13	226469100			226469100	41250800			41250800
2013-14	226469100			226469100	41250800			41250800
2014-15	226469100			226469100	30584400			30584400
2015-16	226469100			226469100	26001200			26001200
2016-17	226469100			226469100	21668000			21668000

c) Kadamba Transport Corporation Ltd

Years	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06	259096200			259096200	324411329			324411328
2006-07	365933200			365933200	339515028			339515028
2007-08	425933200			425933200	379666455			379666455
2008-09	458933200			458933200	427781429			427781429
2009-10	488933200			488933200	481157820			481157819
2010-11	526433200			526433200	534516686.6			534516686
2011-12	596433200			596433200	290808608			290808608
2012-13	791433200			791433200	0.00			0.00000
2013-14	896433200			896433200	331567900			331567900
2014-15	896433200			896433200	317641632			317641632
2015-16	946433200			946433200	344108818			344108818
2016-17	946433200			946433200	100000000			100000000

Working Statutory Corporations

Infrastructure

a) Goa Industrial Development Corporation Ltd

	Paid-up Capital				Loans Outstanding			
	State Government	Central Government	Others	total	State Government	Central Government	Others	total
2005-06					180218635	100053000	67519537	347791171

2006-07					180218635	100053000	87991116	368262750
2007-08					180218635	100053000	3363457274	3643728909
2008-09					180218635	148948561	99372095	428539290
2009-10					180218635	133974163	117854848	432047645
2010-11					180218635	143818963	124748703	448786300
2011-12					180218634	147966199	125680568	453865402
2012-13					180218634	205925402	124470234	510614271
2013-14					180218634	274659770	132158218	587036623
2014-15					180218634	291526921	134970880	606716436
2015-16					180218634	311861118	160556763	652636515
2016-17					180218634	327398427	164318849	671935910

Summarised financial results of Government Companies and Statutory Corporations

1. Agriculture And Allied

a. Goa Forest Development Corporation Limited

Year	Net Profit/losses BID	Interest	Depreciation	Net Profit/losses	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	373404		266603	106801	17420474	26891000	-223352	74927057	0.005	0.498
2006-07	-2083186		415055	-2498241	18401060	26891000	-2861176	73941615	-0.028	-2.817
2007-08	-1738252		485970	-2224222	18728239	26891000	-2460274	71552669	-0.024	-2.429
2008-09	-9983975		483328	-10467303	16947885	26891000	-10560461	61013417	-0.164	-16.364

2009 -10	-7703426		495910	-8199336	3576619 4	2689100 0	-8207177	52814081	- 0.146	- 14.58 6
2010 -11	-5445916		548508	-5994424	2337315 3	2689100 0	-6072144	46819657	- 0.116	- 11.63 2
2011 -12	1666285		566160	1100125	3608457 2	2689100 0	-5491084	18501931 5	0.009	0.901
2012 -13	878861		757149	121712	4172967 8	2689100 0	-5426416	16878945 4	0.005	0.521
2013 -14	867112		692209	174903	5029257 8	2689100 0	-5618403	15517615 4	0.006	0.559

b. Goa State Horticultural Corporation Limited

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005- 06	-302364		297100	-599465	236	49650000		48896876	-0.006	-0.618
2006- 07	110247		267415	-157169	346	49650000		48896876	0.002	0.225
2007- 08	324416		257618	66798	40403764	49950000	-13453124	48896876	0.007	0.663
2008- 09	-120001		276334	-396335	84455610	49950000	-13924468	48425532	-0.002	-0.248
2009- 10	-1281861		279765	-1561626	168603789	49950000	-15486093	16863907	-0.076	-7.601
2010- 11	2587518		276608	2310910	383534531	49950000	-14092937	48257063	0.054	5.362
2011- 12	3973904		345481	3628423	484202204	49950000	-11573775	42823064	0.093	9.280
2012- 13	8349864		755150	7594714	670070401	49950000	-5950611	45711068	0.183	18.267

c. Goa Meat Complex Limited

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
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2005-06	5640688		2176249	3464439	20274812	7500000	16587550	52799878	0.107	10.683
2006-07	-4860349		2205364	-7065713	12767337	6182400	21577450	47471633	-0.102	-10.238
2007-08	-2956830		2173422	-5130252	16564733	6182400	16638082	42409468	-0.070	-6.972
2008-09	-4220850		2148342	-6369192	16869134	6182400	11900772	36016277	-0.117	-11.719
2009-10	-320555		2160710	-2481265	19430435	6182400	9571460	33686965	-0.010	-0.952
2010-11	1047025		2383929	-1336904	25641288	6182400	10176571	34292076	0.031	3.053
2011-12	14615565		2621180	11994385	50149161	6182400	15347974	33895144	0.431	43.120
2012-13	-8719461		2977754	-11697215	27647454	6182400	3650759	23243778	-0.375	-37.513
2013-14	-3927948		3135888	-7063836	32200177	6182400	-3413077	51228621	-0.077	-7.667
2014-15	2026356		3165675	-1139319	39071807	6182400	-4552396	50089301	0.040	4.045
2015-16	11999988		3147732	8852256	49227218	6182400	-9404652	24027809	0.499	49.942
2016-17	1387794		3731948	-2344154	80973085	6182400	-11748806	18531876	0.075	7.489
2017-18	436280		2450159	-2013879	48780828	6182400	-13762685	16517998	0.026	2.641

2. Finance

a. Economic Development Corporation Of Goa, Daman & Diu

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	411313860	201686245	2307401	207320213	451075129	1009248000				
2006-07	636834574	147406567	2296297	487131710	989182909	499248000	481513750	1703591767	0.37	37.38
2007-08	927149381	88240813	2370537	836538031	1080984583	709248000	117734226	3058143532	0.30	30.32
2008-09	298312813	43069790	2923553	252319470	433353227	709248000	244449066	2155181852	0.14	13.84

2009-10	339373791	34967953	4208984	300196854	440984575	1009248000	245379592	2086816446	0.16	16.26
2010-11	263439833	45583141	4380916	213475776	406222351	1009248000	97350498	3159237432	0.08	8.34
2011-12	360489497	85614352	4613857	270261288	560206612	1009248000	297344496	1376252647	0.26	26.19
2012-13	526408064	117005398	4737413	404665253	659663519	1009248000	604893195	-136657229	-3.85	-385.20
2013-14	636156090	196342938	4817312	434995840	851946519	1009248000	855949820	-140646253	-4.52	-452.31
2014-15	605961772	205927130	5615511	394419131	767105512	1009248000	1175186751	-759725838	-0.80	-79.76
2015-16	681555553	210324006	3782352	467449195	863809740	1009248000	1599413122	-378972591	-1.80	-179.84
2016-17	861519480	244573009	4306251	612640220	1027294210	1009248000	2099993593	-1269965160	-0.68	-67.84

b. Goa Handicraft, Rural and Small Scale Industries Development Corporation Limited

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	%ROCE
2005-06	12825249	212506	640812	11971931	163770000	35001300	12389875	76251266	0.17	16.82
2006-07	1846924	960813	678568	207543	297790000	35001300	156541	88677265	0.02	2.08
2007-08	5957366	456471	646635	4854260	334290000	75001300	3518664	101124783	0.06	5.89
2008-09	8369308	668985	640507	7059816	293230000	75001300	1433092	97535360	0.09	8.58
2009-10	-2179785	110139	708538	-2998462	301390000	75001300	-4166693	96597905	-0.02	-2.26
2010-11	-24995891	187078	781756	-25964725	297480000	80000000	-31109633	76404078	-0.33	-32.72
2011-12	-12170548	143924	901205	-13215677	368387409	80000000	-44325310	20769803	-0.59	-58.60
2012-13	-14214410	489199	1071514	-15775122	248060679	80000000	-60100433	17509512	-0.81	-81.18
2013-14	-17868434	164439	1103034	-19135907	225249605	80000000	-89227944	-5751814	3.11	310.66
2014-15	-27394712	213786	1430146	-29038643	152084542	80000000	-89492805	-2893504	9.47	946.77

2015-16	-27876510	51240	1312151	-29239901	106139290	80000000	-98128993	-14588906	1.91	191.08
2016-17	-26516967	52213	1190069	-27759249	128605236	80000000	-108546779	-23344049	1.14	113.59

c. Goa State Scheduled Caste and Other Backward Classes Finance and Development Corporation Limited (GSSCOBCFDCL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	-2779655	1110887	240968	-4131510	4437623	33288000	-10847842	51044323	-0.054	-5.446
2006-07	4012391	902718	204606	2905067	7171898	33788000	-7942775	52743824	0.076	7.607
2007-08	655631	1081494	214309	-640172	3751724	34288000	-8582947	51221198	0.013	1.280

d. Goa State Schedule Tribes Finance and Development Corporation Limited (GSSTFDCL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	-627714		254232	-881946	2467334	250000000	-1716684	16255606	-0.039	-3.862
2006-07	-3490760		238662	-3729422	1405707	25000000	-5450152	29112554	-0.120	-11.991
2007-08	-264416		173717	-438133	1341111	35000000	-5905688	37306285	-0.007	-0.709
2008-09	-137077		141894	-278971	2000632	45500000	-6221143	55851464	-0.002	-0.245
2009-10	-767064		385752	-1152816	3261101	74300000	-7373959	92963798	-0.008	-0.825
2010-11	1470149		478993	991156	5438611	107000000	-6388803	173334183	0.008	0.848
2011-12	2285648		430490	1855158	6706628	226000000	-4533645	12029151	0.190	19.001
2012-13	737381		337503	399878	9711326	250000000	-4133766	37856819	0.019	1.948
2013-14	4326134		345951	3980183	16656326	336000000	-153584	116613849	0.037	3.710

2014-15	1659964		459565	1200399	18070375	400000000	1046816	145489517	0.011	1.141
2015-16	332558		227131	105427	23340775	405000000	1152243	141697280	0.002	0.235
2016-17	10448086		160556	10287530	26096214	405000000	11439773	165362798	0.063	6.318

3. Infrastructure

a. Goa State Infrastructure Development Corporation Limited

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	173720968	168027921	1236185	4456862	623710000	31000060	5752883	1453760680	0.12	11.95
2006-07	177199201	147322915	1285311	28590975	1029410000	31000060	23425796	1548778156	0.11	11.44
2007-08	160755815	7515657	133287805	19952353	1691660000	31000060	34607659	1766067819	0.09	9.10
2008-09	220826551	199639450	1753434	19433667	2003040000	31000060	48720047	2223768913	0.10	9.93
2009-10	222438673	202823234	1770310	17845129	1672050000	37200070	52528445	19263578054	0.01	1.15
2010-11	197459472	163114464	1819482	32525526	1896550000	37200070	71860779	1415091599	0.14	13.95
2011-12	124181000	101141000	1763000	21277000	2024507000	37200000	87246779	545114000	0.23	22.78
2012-13	145742000	122868000	3723000	19151000	2584748000	37200000	100282779	1028204000	0.14	14.17
2013-14	284430000	206330000	4353000	73747000	3133431000	37200000	160157779	1473584000	0.19	19.30
2014-15	392130000	290939000	11476000	89715000	4842177000	37200000	231418779	2560327000	0.15	15.32
2015-16	479044499	409934047	6139298	62971154	4799071728	37200070	283272204	4574304407	0.10	10.47
2016-17	700137139	623887488	5269779	70979872	5270282306	37200070	329902502	6806354387	0.10	10.29

b. Info Tech Corporation of Goa Limited (ITCGL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	-3148918		754534	-3903452	94700000	163346843	-19556443	143790400	-0.022	-2.190
2006-07	-341243	16845	1522182	-1880270	630140000	163346840	-21436713	521813817	-0.001	-0.065
2007-08	23801867	25008	1583527	22193332	526788273	163346840	-8743866	154602974	0.154	15.395
2008-09	29085822	331208	1218023	27536591	512563791	163346840	11328004	171309199	0.170	16.979
2009-10	3139472	6353	3719267	-586148	69909514	163346840	13530972	170400679	0.018	1.842
2010-11	-62624	17099	5037180	-5116905	31338634	163346840	6643821	165154486	0.000	-0.038
2011-12	10433517	5535	3618274	6809708	67345083	163346840	13453529	382231129	0.027	2.730

c. Sewerage and Infrastructural Development Corporation Limited (SIDCL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2006-07						20500060				
2007-08						48500060				
2008-09	7473830	114	215226	7258490	11500548	48500060	2080208	42500112	0.176	17.585
2009-10	15736909	0	241942	15494967	23754402	48500060	14382396	44606156	0.353	35.280
2010-11	20644823	33	265529	20379261	35699497	48500060	27992175	70871179	0.291	29.130
2011-12	46909366	36	366187	46543143	65489371	60500060	44640176	611212191	0.077	7.675
2012-13	43055465	525	499886	42555054	57655924	60500060	71271669	581841576	0.074	7.400
2013-14	33439765	1967	1276899	32160899	55198904	75500060	90655666	144655593	0.231	23.117
2014-15	25290661	3708	2694357	22592596	45879298	75500060	105793219	226916497	0.111	11.145

2015-16	24873856	3043	2604395	22266418	53463619	75500060	126997590	76036823	0.327	32.713
2016-17	19843009	0	2659447	17183562	48027719	75500060	130175923	-137454151	-0.144	-14.436

4. Manufacturing

a. Goa Auto Accessories Limited

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	3741341	846054	1620849	251171	88117000	55900000	-76019629	15956009	0.234	23.448
2006-07	190493	1008896	1353429	1379016	91362000	55900000	-74769967	17575904	0.011	1.084
2007-08	-4033022	1343700	1195114	-2348321	82540000	55900000	-77234623	18249927	-0.221	-22.099
2008-09	-7697035	1164104	991849	-6188975	66712000	55900000	-83735444	9247638	-0.832	-83.232
2009-10	-12683883	1291020	1245145	-10233200	62689000	55900000	-93968644	5526889	-2.295	-229.494
2010-11	-14662086	1978203	1441280	-18081569	90565000	55900000	-110072010	-3424636	4.281	428.136
2011-12	3147094	2607915	1551620	-1012441	92109000	55900000	-1245926	58559026	0.054	5.374
2012-13	-13037007	2616721	1478781	-17132509	54656744	55900000	-18402311	-47790064	0.273	27.280
2013-14	-29319172	2911631	1415653	-33646456	75223061	55900000	-52048767	-81387255	0.360	36.024
2014-15	-1349643	6457363		-7807006	10990516	55900000	-59855773	-89194261	0.015	1.513
2015-16	14370974	15535727		-1164753	19876657	55900000	-61020526	-100359014	-0.143	-14.320
2016-17	-3281381	15207278		-18488659	599371	55900000	-79509185	-118847673	0.028	2.761

b. Goa Antibiotics and Pharmaceuticals Limited (GAPL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005	-13827847	6658968	2810192	-23297008	10386000	19020000	-19092803	95250435	-0.15	-14.52

-06					0	0				
2006-07	-7481326	10865870	2966035	-21313232	110060000	19020000	-18917087	86900035	-0.09	-8.61
2007-08	-3089934	10895639	3063530	-17049104	10780000	19020000	-16624767	81621040	-0.04	-3.79
2008-09	9495266	3786893	2906880	2801493	19501000	19020000	46680404	67473280	0.14	14.07
2009-10	21013649	5683169	3519532	11810948	25054000	19020000	8516806	92203222	0.23	22.79
2010-11	29286593	6679638	3762468	18844487	23335000	19020000	12599664	117433897	0.25	24.94
2011-12	32463861	6327016	5136142	21000703	294485256	19020000	23352560	99064152	0.33	32.77
2012-13	17069218	6116812	5497452	5454954	348094529	19020000	25342798	87794017	0.19	19.44
2013-14	35054715	4671386	5589256	24794074	39422015	19020000	55288538	100864514	0.35	34.75
2014-15	53353934	7663679	5139239	40551016	483270614	19020000	73297587	99244438	0.54	53.76
2015-16	51028445	4699066	4463772	41865607	489872425	19020000	96314005	100809925	0.51	50.62
2016-17	128267265	6271355	5926923	116068987	778734027	19020000	175019099	107162002	1.20	119.69

5. Services

a. Goa Electronic Limited (GEL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	4292922	3000411	161944	1130567	230890659	18000000	-208681818	54029128	0.08	7.95
2006-07	140822	2496713	325256	-2681147	30566335	18000000	-201699741	49717710	0.00	0.28
2007-08	-1510980	1693111	333051	-3537142	40399682	18000000	-204540337	30709541	-0.05	-4.92
2008-09	3296213	837382	333542	2125290	59412108	18000000	-197762697	32493022	0.10	10.14
2009-10	-8870403	857429	364121	-10091953	49164701	18000000	-195775874	22466856	-0.39	-39.48

2010-11	8045278	5065686	433085	2546508	67620689	18000000	-205999300	24959508	0.32	32.23
2011-12	7743391	889523	534635	6319233	99086044	18000000	-200874689	151524770	0.05	5.11
2012-13	-58765	507136	665842	-1231743	62195190	18000000	-202106432	138831037	0.00	-0.04
2013-14	-10513499	1014168	959233	-12486900	73608499	18000000	-214593332	94374241	-0.11	-11.14
2014-15	-1168253	1863596	1472827	-4504676	88653529	18000000	-219098008	47202061	-0.02	-2.48
2015-16	6142106	3612150	1009809	1520147	125495634	18000000	-217595861	-197982311	-0.03	-3.10
2016-17	182521290	2809040	2046651	3913725	173751874	18000000	-213682136	-193977778	-0.94	-94.09

b. Goa Tourism Development Corporation Limited (GTDCL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	21852524	1056995		20795530	122481000	203538800	-15714391	206356802	0.11	10.59
2006-07	25372796	486137	16743978	8142681	147797000	203538800	-6800321	212619030	0.12	11.93
2007-08	21860925		19508422	2352503	173675000	226469173	-8152208	235569998	0.09	9.28
2008-09	6178387		22091425	-15913037	172009000	226469173	-27879842	282993723	0.02	2.18
2009-10	26447043		21340883	5106161	184514000	226469173	-17880959	288099885	0.09	9.18
2010-11	-13774523		18952989	5178466	211681000	226469100	13922999	285442524	-0.05	-4.83
2011-12	-80802237		18053665	-62748572	247666000	226469100	-80778706	292044174	-0.28	-27.67
2012-13	22555895		18539975	4015920	240726847	226469100	-75617136	208769280	0.11	10.80
2013-14	22718526		17326623	5391903	268766907	226469100	-66975887	201385390	0.11	11.28
2014-15	19131158		21376299	-2245141	280500421	226469100	-61600284	186808267	0.10	10.24

2015-16	-18672852		15213640	-33886492	285267933	226469100	-50746252	184501693	-0.10	-10.12
2016-17	-33797437			-33797437	322880322	226469100	-32766251	196103796	-0.17	-17.23

c. Kadamba Transport Corporation Ltd (KTCL)

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2005-06	-6038434	28064405	34352041	-68454880	560972435	289096200	-648487413	62416446	-0.10	-9.67
2006-07	4041521	30944707	30686135	-57589322	615817883	365933200	-714675134	61630842	0.07	6.56
2007-08	-52118658	40377794	34561758	-127058210	572799211	425933200	-842462381	74939552	-0.70	-69.55
2008-09	-69873582	48405661	37697157	-155976401	617141958	458933200	-995219096	86102818	-0.81	-81.15
2009-10	-48352859	53900647	37145239	-139398745	735296258	488933200	-1135909704	91045886	-0.53	-53.11
2010-11	-64000113	53548916	39485194	-157034223	829146764	526433200	-1293016571	93034110	-0.69	-68.79
2011-12	-77289872	61765317	44899009	-183954197	934819756	596433200	-185717406	-482714520	0.16	16.01
2012-13	-94965003	69050617	51019407	-215035028	947746814	791433200	-318134837	-746665465	0.13	12.72
2013-14	-84753888	57382302	102897857	-245034047	1246447383	896433200	-450552268	368979174	-0.23	-22.97
2014-15	-36259872	53747508	79020789	-169028169	1427461648	896433200	-582969698	361569544	-0.10	-10.03
2015-16	191126677	47093665	92463447	51569566	1685434396	946433200	-715387129	552992865	0.35	34.56
2016-17	118861683	45054683	106387899	-32580898	1670432688	946433200	-847804559	285202542	0.42	41.68

Statutory Corporation

a) Goa Industrial Development Corporation

Year	Net Profit/loss	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
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	BID									
2006-07	150219454		42192072	108027382	231630793		146565158	12272000	12.24	1224.08
2007-08	278862575		45446378	233416197	364551779		378962793	15516000	17.97	1797.26
2008-09	205839127		58174557	147664570	336911886		528504604	29499000	6.98	697.78
2009-10	161901505		89048770	72852735	289120788		588794068	34496000	4.69	469.33
2010-11	79713282		107511898	-27798616	226638759		560562441	30927000	2.58	257.75
2011-12	70256522		111919972	-41663450	244742055		518951187	95428000	0.74	73.62
2012-13	101996253		122338447	-20342194	260367655		511935180	24336895	4.19	419.10
2013-14	116952048		116874679	77369	272245532		554382005	21974386	5.32	532.22
2014-15	118126004		110541614	7584390	316182572		561199170	22419342	5.27	526.89
2015-16	80979065		104098226	-23119161	333819623		538060825	26885388	3.01	301.20
2016-17	47311696		103761091	-56449395	435598194		481593003	26885388	1.76	175.98

b) Goa Education Development Corporation

Year	Net Profit/loss BID	Interest	Depreciation	Net Profit/loss	Turnover	Paid-up Capital	Accumulated Profit/Loss	Capital employed	ROCE	% ROCE
2006-07	1267691		1267691		4681563			8171142	0.16	15.51
2007-08	903749		903749		4636256			7266947	0.12	12.44
2008-09	882803		882803		6002707			146559968	0.01	0.60
2009-10	-913386		540360	-1453746	4550000		-1453746	71646227	-0.01	-1.27
2010-11	2839946		620676	2219270	9445705		2219270	117167998	0.02	2.42
2011-12	2029664		697106	1332558	10463720		1332558	86427426	0.02	2.35

2012-13	772389		750519	21870	11048678		21870	63420922	0.01	1.22
2013-14	2500249		755386	1744863	14127679		1744863	58327017	0.04	4.29
2014-15	-6464000		681250	-7145250	6058000		-7145250	75525358	-0.09	-8.56
2015-16	-1741129		599835	-2340964	11000000		-2340964	201043661	-0.01	-0.87

10. Power Sector

10.1 Introduction

Power sector is one of the vital sectors for the development of the state economy. Goa is a leading state in per capita consumption of electricity as compared to the rest of the country. The per capita consumption in Goa in 2014-15 was 2135 Kwh as compared to 1010 Kwh for India. Power supply in Goa is completely dependent on the neighboring states, since Goa does not have its own power generation plants, except for few private plants producing for industrial use using gas based thermal power plants.

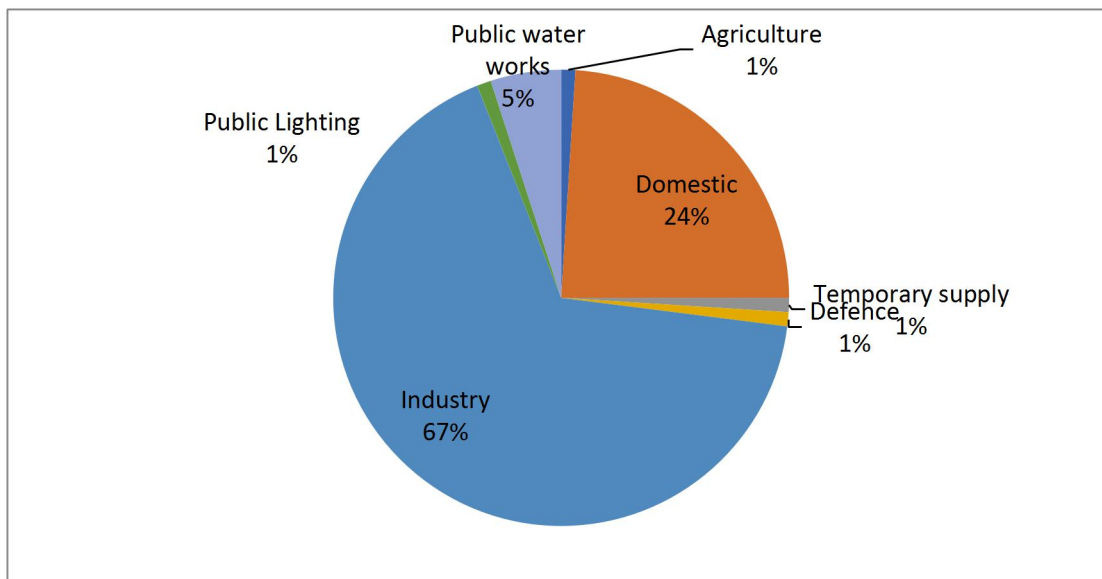
Prior to the liberation of Goa in 1961 only 7 municipal towns were electrified by means of diesel generating sets, which were owned and managed by either municipalities or private licensees with a total generating capacity of 5.5 MW. There were in all about 6000 consumers with a peak demand of just 2.2 MW, mainly limited to lighting load and a negligible industrial load. Since the per capita consumption of electricity was very low at that time the private companies found it uneconomical to extend the power network to rural areas.

The Electricity Department under Government of Goa was formed in 1963. Setting aside economic viability and primarily as a social commitment, its basic objective was to have an extensive distribution network covering the entire state of Goa and to build a transmission system to import cheap hydel power from the neighbouring States to Goa so that the entire population of Goa could benefit from electrification and industries could be developed in the State.

In 1964 it took over the diesel generating station and distribution network from the municipalities and private licensees and in 1965 launched a massive electrification program. The Department did a commendable job of electrifying 100% of the villages in Goa by 1988, thereby being one of the first states in India to achieve this distinction. From a base of just 6000 consumers in 1961 it increased to around 5.40 lakh consumers 2014-15. The annual per capita consumption in the same period had grown from just 13 KWH in 1961 to over 2135 KWH in 2014-15, while the peak demand recorded has spiraled from 2.2 MW in 1961 to over 540 MW 2014-15.

10.2 Sector wise power consumption of electricity in Goa

Figure 10.1 Power consumption sector-wise 2015-16



Source: Goa Statistical Handbook 2015-16

Sector wise power consumption of electricity in Goa shows that industrial sector is the major consumer of electricity in Goa accounting for 67%, followed by the domestic sector 24% (See Fig 10.1). Together these two sectors account for 91% share in the electricity consumption in the state. Agriculture, Public lighting, Defence and Temporary supply account for 1% each and Public works consume around 5%. The distribution of power consumption shows the negligible agricultural activity in the state.

10.3 Electricity purchased and sold

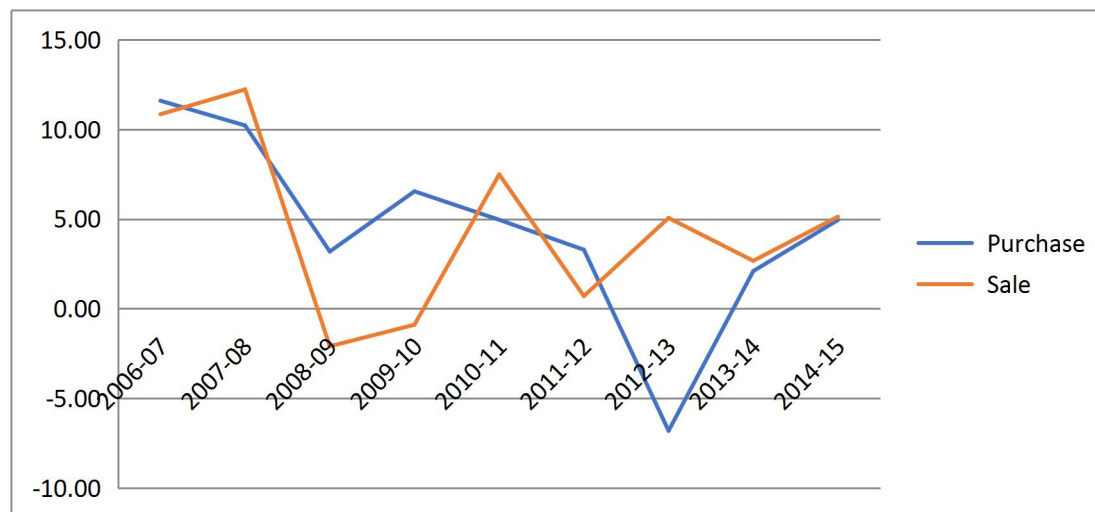
Table 10.1 shows electricity purchased and sold. In the year 2006-07 electricity purchased was 2847 MkwH which increased to 3734 MkwH in 2014-15. The electricity sold in 2006-07 was 2330 MkwH which increased to 3114 MkwH in 2014-15. The difference between purchased and sold is 518 MkwH in 2006-07 which increased to 620 in 2014-15 is indicative of leakage due transmission and distribution loss as well as power theft. Lowering gap between purchase and sale will help in reducing cost and increased revenue for the state.

Table 10.1 Electricity purchased and sold (Mkhw)

Year	Purchased	Sold	Difference	% Growth in Purchase	% Growth in Sale
2006-07	2847	2330	518	11.60	10.85
2007-08	3138	2615	523	10.22	12.23
2008-09	3238	2560	678	3.19	-2.10
2009-10	3450	2537	913	6.55	-0.90
2010-11	3621	2727	894	4.96	7.49
2011-12	3740	2746	994	3.29	0.70
2012-13	3485	2885	600	-6.82	5.06
2013-14	3558	2962	596	2.09	2.67
2014-15	3734	3114	620	4.95	5.13

Source: Goa statistical handbook 2006-07 to 2014-15

Figure 10.2 Growth rate of Purchase and sale of electricity



The growth rate in purchase and sale is fluctuating every year (See fig 10.2) electricity purchased declined by 6 percent in 2012-13. Sales also showed non consistency with major fall in 2008 to 2009 of around 2.10 percent.

Table 10.2 Revenue, Expenditure and subsidies Electricity Department (Rs. Lakhs) S=(E-R)

Year	Revenue (R)	Expenditure (E)	Subsidy (S)
2006-2007	68245.19	53666	-14579.2
2007-2008	79625.67	63389	-16236.7
2008-2009	98669.98	74267	-24403
2009-2010	94129.79	81834	-12295.8
2010-2011	96906.28	88229	-8677.28
2011-2012	100049.3	116370	16320.68
2012-2013	113996.9	125024	11027.08
2013-2014	118795	117639	-1156.02
2014-2015	132166.5	132029	-137.47
2015-2016	170890.9	148897	-21993.5

Source: Finance Accounts Government of Goa 2006 - 2016

The Table 10.2 records the revenue and expenditure of electricity department, revenue for power sector is increasing at the compound interest growth rate of 6.31 percent over a period of 10 years. The expenditure had a compound interest growth rate of 7.03 percent over a period of 10 years. Interestingly power sector has positively contributed to the exchequer of Government of Goa for the period under study except for 2011-12 and 2013-14 where expenditure exceeded revenue. Electricity department is a major contributor to the government revenue. Goa has the potential to move towards self-sufficient in energy generation by use of renewable sources of energy.

Table 10.3 shows the electricity consumption from 2006-07 to 2014-15; electricity consumed has increased from 21600 Kwh in 2006-07 to 31100 Kwh in 2014-15 with CAGR for 3.26%. Per

capita consumption for 2006-07 was 1603 Kwh which increased to 2132 Kwh in 2014-15 CAGR of 2.71%.

Similar trend is shown in industrial power consumption; in 2006-07 electricity consumption by industrial sector was 12756 Kwh which increased to 18100 Kwh in 2014-15 and CARG of 2.79%.

The growth rate of electricity consumed show lot of fluctuations, it was 12.37% in 2006-07 declined to -3.20% in 2008-09. In 2009-10 it increased to 13.27% and remained positive for the remaining period. Growth rate of per capita electricity consumption showed similar trend. Major fluctuations was seen in growth rate of industrial power consumption, it was 6.55% in 2006-07 declined to -12.31% in 2008-09 and next year increased to 23.79%. In subsequent years it declined to see major increase in the year 2012-13 to 23.83%.

Table 10.3 Electricity consumption

Year	Electricity consumed (Mkwh)	Per Capita consumption (Kwh)	Industrial power consumption (Mkwh)	% Growth of Electricity consumed	% Growth of Per capita Electricity consumption	% Growth of Industrial power consumption
2006-07	21600	1603	12756	12.37	12.33	6.55
2007-08	22618	1631	13798	4.71	1.75	8.17
2008-09	21895	1467	12099	-3.20	-10.06	-12.31
2009-10	24800	1644	14977	13.27	12.07	23.79
2010-11	27270	1872	13940	9.96	13.87	-6.92
2011-12	27460	1883	13710	0.70	0.59	-1.65
2012-13	28850	1958	16980	5.06	3.98	23.85
2013-14	29620	2030	17040	2.67	3.68	0.35
2014-15	31100	2132	18100	5.00	5.02	6.22

Source: Goa statistical handbook 2006-07 to 2014-15

A simple regression between electricity consumption in Mkw (Elcon) dependent variable and per capita net state domestic product at current prices in rupees (PCNSDP) independent variable. Results show a significant positive relationship between both (See Table 10.5).

Table 10.4 Regression

VARIABLES	Elcon
PCNSDP	0.0472***
	(0.00584)
Constant	17,700***
	(1,197)
Observations	10
R-squared	0.891
Standard errors in parentheses	
*** p<0.01, ** p<0.05, * p<0.1	

A tariff rates is important factor for electricity consumption and revenue generation for the government. If we compare the tariffs of neighbouring states Karnataka and Maharashtra with Goa, we could see that Goa is charging very low rates as compared to others two states in 2015 (See table 10.6). Units below 100 units in Goa Charge is Rs 1.30 per Kva as compared to Rs 3.70 and Rs 3.76 in Karnataka and Maharashtra respectively. It has marginally increased rate of Rs 1.90 for units consumed between 101 to 200, where Karnataka charges Rs 5.1 and Maharashtra charges Rs. 7.21. For units above 400 units it is Rs. 3.6 for Goa, Rs 5.9 for Karnataka and Rs 9.95 for Maharashtra.

Table 10.5 Tariff in Rs/Kva in 2015 for Goa, Karnataka and Maharashtra, Domestic low tension consumption

Units (Rs/Kva)	Goa	Karnataka	Maharashtra
Below 100 units	1.3	3.7	3.76
101 to 200 units	1.9	5.1	7.21

201 to 300 units	2.4	5.9	7.21
301 to 400 units	3.1	5.9	9.95
above 400 units	3.6	5.9	9.95

Source: Tariff order 2015, Goa, Karnataka & Maharashtra

Tariff rates are also charged based on time of consumption, following higher rates at peak hours in Karnataka and Maharashtra. Goa state government still has large scope to increase its revenue by increasing tariff rates. Government can also look increased tariff rates as positive check on increased consumption and negative externalities it cause due to increased consumption.

10.4 Private Sector Power Generation in Goa

Goa has few private power co-generators, viz., Goa Energy Private Limited provides thermal power generation services. The company owns and operates a 60 MW waste heat recovery power plant in Goa which utilizes the Waste heat and gases from Sesa's coke making and pig iron facilities.

Goa Power Station of Reliance Energy Limited was set up through the International Competitive Bidding (ICB) route as per Govt. of India policy. Under this policy The State of Goa invited bids in January 1996 to set up several power stations in Goa. Reliance Salgaocar Power Company Limited (RSPCL) was selected as the lowest bidder to set up the power station in January 1997. The 48 MW, Naphtha based Combined Cycle Power Plant, went into commercial operation from 14th August, 1999. RSPCL was subsequently being merged with Reliance Energy Limited.

UDAY Scheme:

Ujwal DISCOM Assurance Yojana (UDAY) programme is the financial turnaround and revival package for electricity distribution companies of India, introduced by the government in 2015. The idea was to revive power sector by achieving efficiency in power generation, reducing transmission and distribution loss and consumption efficiency through efficient metering and distribution of LED bulbs. Some of the goals spelt out are that the average aggregate technical

and commercial loss (AT&C) is to be brought down from around 22% to 15% and the gap between Average Revenue Realized (ARR) & Average Cost of Supply (ACS) is to be eliminated by 2018-19.

UDAY Indicators:

The UDAY target was to bring AT&C losses below 15% by 2018-19. Incidentally, the average AT&C losses were 26.7% for country. Goa incurred AT&C losses of 11.3% which is impressively below national average and met target of bringing these losses below targeted 15%.

The gap between the cost and revenue (ACS-ARR Rs per unit) is reflective of both the efficiency as well as control over the tariffs. This is to be reduced to nil by 2018-19 as commercial viability for any venture depends on the cost being covered by revenue. Goa has gap ratio of Rs. 1.17 per unit kWh in 2018 which was less than 1 in 2017, showing an increasing trend.

Power Supply Infrastructure:

Feeder Metering Feeder metering is to ensure effective power supply and reduction in AT&C losses. Target for 100 per cent metering is achieved by the state

The Distribution Transformer Metering (DTM) helps in improving the energy distribution system and reduces the losses caused by thefts. This helps in load balancing and monitoring the quality of power. Also, it provides real time input and output data of the units consumed for better records. Goa has achieved 93.8% in urban areas and 94.11% in rural areas in 2017.

Distribution of LEDs under UJALA, idea is to promote energy conservation and creating awareness about energy saving technologies. State has achieved 56% target in LED bulb distribution till 2018.

11. Contingent Liabilities

Contingent liabilities (CL) as a percentage of GSDP was high much higher at 3.78 percent in 2006-07 and ended at a 1.15% in 2015-16. While this is a decline over the decadal start and end point it hides the fact that CL/GSDP had gone down to as low as 0.32% in 2012-13. Since then it has witnessed a mild steady rise ending at 1.15% (as discussed above).

In 2012-13, it went up by 139 percent. In 2014-15, it rose by 85 percent. The rise has been basically on account of corporations which constituted more than 99 percent and by 2015-16, it declined marginally to 95.5 percent. The rest is mainly constituted by the cooperative and the Boards. Though in nominal terms the outstanding guarantees given the state of Goa has seen a rise from Rs 21 crore in 2010-11 to Rs 25 crore in 2015-16, in terms of its share in total it has declined from 12.3 percent when the share of Corporations was 88 percent to 4.1 percent in 2015-16.

Table 11.1 : Outstanding Government Guarantees at the end of the Financial Year (In Rs Lakh)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Contingent Liabilities (CL) Total	62399	31109	16566	14785	17002	17319	12267	29274	33706	62255
Corporations	62295	31029	16310	13141	14900	14900	10346	26649	31433	59479
Corporations as a % of total CL	99.8	99.7	98.5	88.9	87.6	86.0	84.3	91.0	93.3	96
Cooperatives as a % of total CL	0.06	0.07	0.00	9.45	12.29	13.90	15.56	7.04	6.12	4.1
As a % of GSDP	3.78	1.59	0.65	0.51	0.51	0.41	0.32	0.81	0.70	1.15

Source: Finance Accounts, Government of Goa, Various issues Notes: Other than corporations and cooperatives, the other component is Boards and 'others' which have not been shown in the table because of their low shares.

The Government has constituted a Guarantee Redemption Fund during the year 2003-04 with the objective of meeting the payment of obligations arising out of guarantees issued by the State government on behalf of the state level bodies. Till 31 March 2016, Rs 21615.58 lakh had been credited to the Guarantees Redemption Fund.

Table 11.2: Guarantee Redemption Fund 2015-16 for Govt of Goa (In Rs lakh)

Opening Balance	20579.92
Add-Amount transferred to the Fund during the year	1035.66
Total	21615.58
Deduct: Amount met from the Fund for discharge of guarantees	Nil
Closing Balance	21615.58
Source: Finance Accounts 2015-16 Vol 2, GoG, Statement 20, p. 294.	

12. Subsidies

12.1 Analysis of Subsidies in Goa

Fiscal reforms initiated in 1991 were intended at reducing fiscal imbalances and improving allocative efficiency. Targeting and controlling subsidies became one of the important components of the reform program in India. The objective of the subsidies is to reduce the cost burden of beneficiary to promote a consumption of the social and economic services. On the other side, subsidies increase public expenditure, which brings in important question of justifying subsidies. Subsidies are unrecovered cost of goods and services provided by the government. Sometimes a service or good is provided at lower than marginal social cost to encourage its optimal consumption, such as education and health.

The various services provided by the government are divided into three categories, general services, economic services and social services. In general services, expenditure on various heads like administrative services, judiciary, and police are included; these services are to be provided by the state and are pure public goods. These goods are not supplied by the market and it is difficult to impose user charges on them. For some services within the category of general services may be individually chargeable, it is difficult to disentangle public and private elements and charge for the latter.

Government of Goa actively participates in the provision of a range of non-public goods under the head of social and economic services where users or groups of users are identifiable and user charges can be levied. Clearly, some subsidies are less justifiable than others are. So, the pattern of tax financing and financing through user charges is an important policy matter.

This chapter discusses two types of subsidies, one reported in the finance accounts of the government of Goa and second is unrecovered cost. The finance accounts reports a level of subsidies, which are reported as less than one percent of the GSDP. It increased from 0.22 percent of GSDP in 2006-07 to 0.45 percent in 2015-16 (See Table 12.1). The five year period 2006-2007 to 2010-2011 average growth of subsidies was 12.83 and GSDP growth of 18.72 percent. The next five year 2011-12 to 2015-2016 average subsidies increased at 27.91 percent and GSDP growth of 11.38 percent.

Table 12.1 Subsidies as reported under finance account

(Rupees In Lakhs)	GSDP	Subsidies under Finance a/c	Subsidy as %of GSDP	Growth rate of subsidies	Growth rate of GSDP
2006-2007	1652283	3671.82	0.22	-15.97	15.33
2007-2008	1956496	3627.61	0.19	-1.20	18.41
2008-2009	2541383	5516.66	0.22	52.07	29.89
2009-2010	2912554	5812.44	0.20	5.36	14.61
2010-2011	3360536	7201.8	0.21	23.90	15.38
2011-2012	4236666	10258.82	0.24	42.45	26.07
2012-2013	3812002	13234.54	0.35	29.01	-10.02
2013-2014	3592110	16015.3	0.45	21.01	-5.77
2014-2015	4781418	19255.28	0.40	20.23	33.11
2015-2016	5427536	24421.44	0.45	26.83	13.51

Source GSDP RBI, Subsidies GOG

Secondly we consider subsidies as unrecovered cost of non-public goods under social and economic services. Subsidies are calculated by minimizing revenue from expenditure. If the value is positive, it implies unrecovered cost (subsidies).

Table 12.2 Subsidies and GSDP Growth rate

Year	GSDP Rs Lakhs	Unrecovered Cost Rs Lakhs	Subsidy as Percentage of GSDP	Growth rate of subsidies	Growth rate of GSDP
2006-2007	1652283	83493.9	5.05	13.01	15.33
2007-2008	1956496	95610.19	4.89	14.51	18.41
2008-2009	2541383	117157.09	4.61	22.54	29.89
2009-2010	2912554	140916.09	4.84	20.28	14.61

2010-2011	3360536	218039.36	6.49	54.73	15.38
2011-2012	4236666	220795.89	5.21	1.26	26.07
2012-2013	3812002	170637.4	4.48	-22.72	-10.02
2013-2014	3592110	151171.87	4.21	-11.41	-5.77
2014-2015	4781418	213144.53	4.46	40.99	33.11
2015-2016	5427536	224965.07	4.14	5.55	13.51

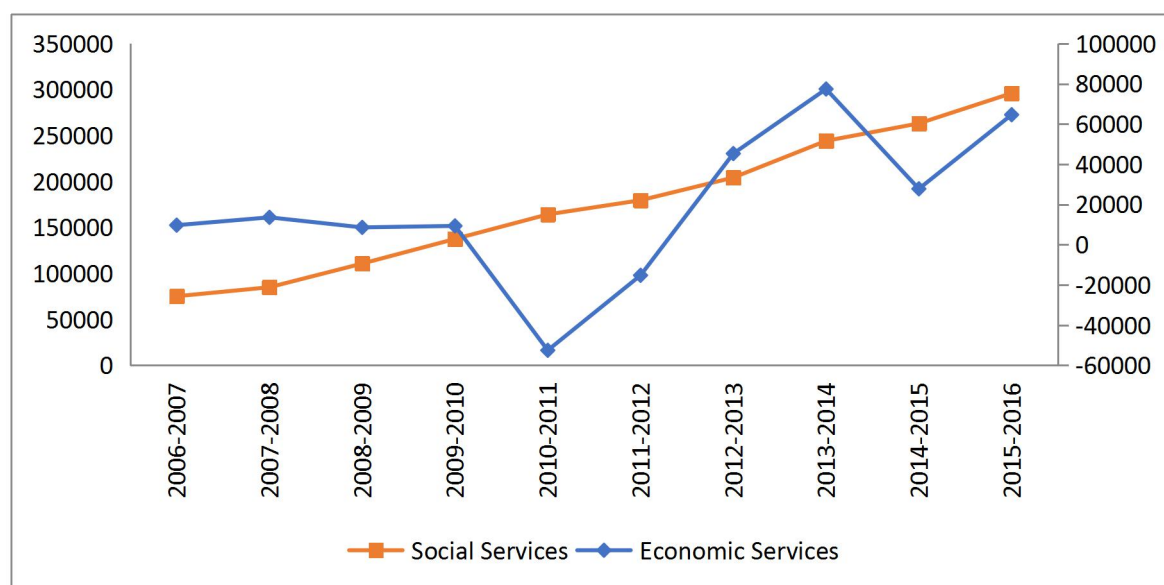
Source: RBI & GOG

The growth rate of subsidies was negative in 2012-13 and 2013-14 (see Table 12.1) and was positive for rest of the study period with major increase of 54.73 percent in the year 2010-11. The average growth rate of the subsidies remained positive 13.88 percent for the study period of 10 years along with the average GSDP growth of 15.05 percent. The first five year period 2006-2007 to 2010-2011 average subsidies increased to 25.01 percent and GSDP growth of 18.72 percent. The last five year period 2011-12 to 2015-2016 average subsidies was 2.74 percent and GSDP growth of 11.38 percent. Subsidies as a percentage of the GSDP showed declining trend 5.05 percent in 2006-2007 to 4.14 percent in 2015-2016.

If we look at the pattern of subsidies, social services show positive and increasing trend in subsidies during the study period (see Figure 12.1). Economic services which are shown on the secondary axis remained negative between 2010-11 to 2011-12. The negative subsidies imply recovery in economic services which is good for the state. The major increase in the subsidies under economic services was seen in 2012-13 to 2015-16.

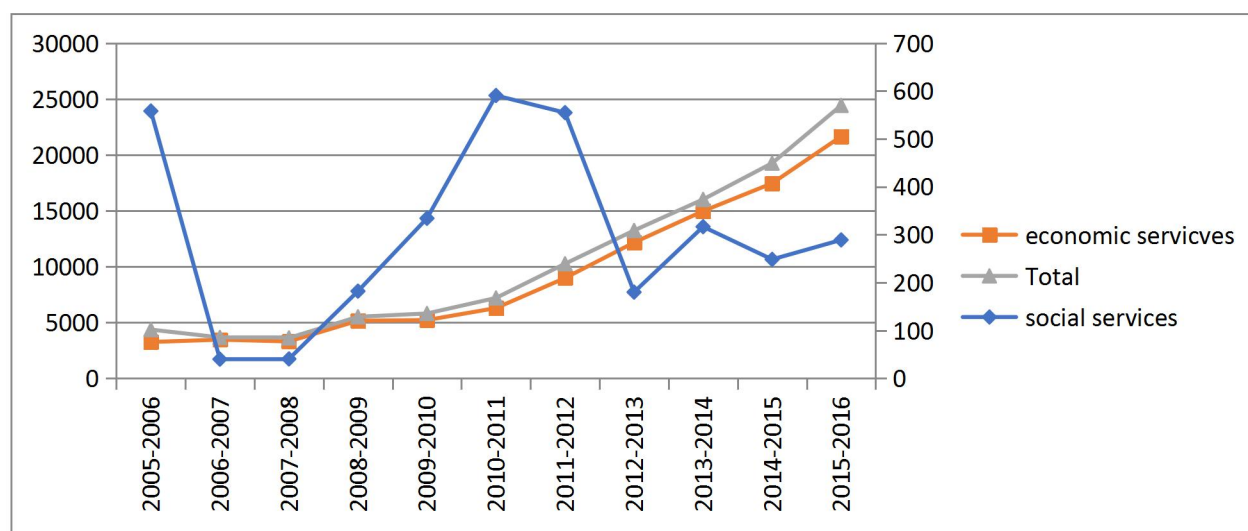
Figure 12.2 shows subsidies as reported in the finance account Goa government. The total subsidies was 4369.56 lakhs in 2005-06 which increased to 24421.44 lakhs in 2015-16. Majority of subsidies goes for Economic services Rs 3262.14 lakhs in 2005-06, which increased to Rs 21645.27 lakhs in 2015-16. Social services subsidies are Rs 558.04 lakhs in 2005-06, declined to Rs 289.12 lakhs in 2015-16.

Figure 12.1 Trend in subsidies (Unrecovered cost in Lakhs) under economic and social services



Note: Economic services on secondary axis

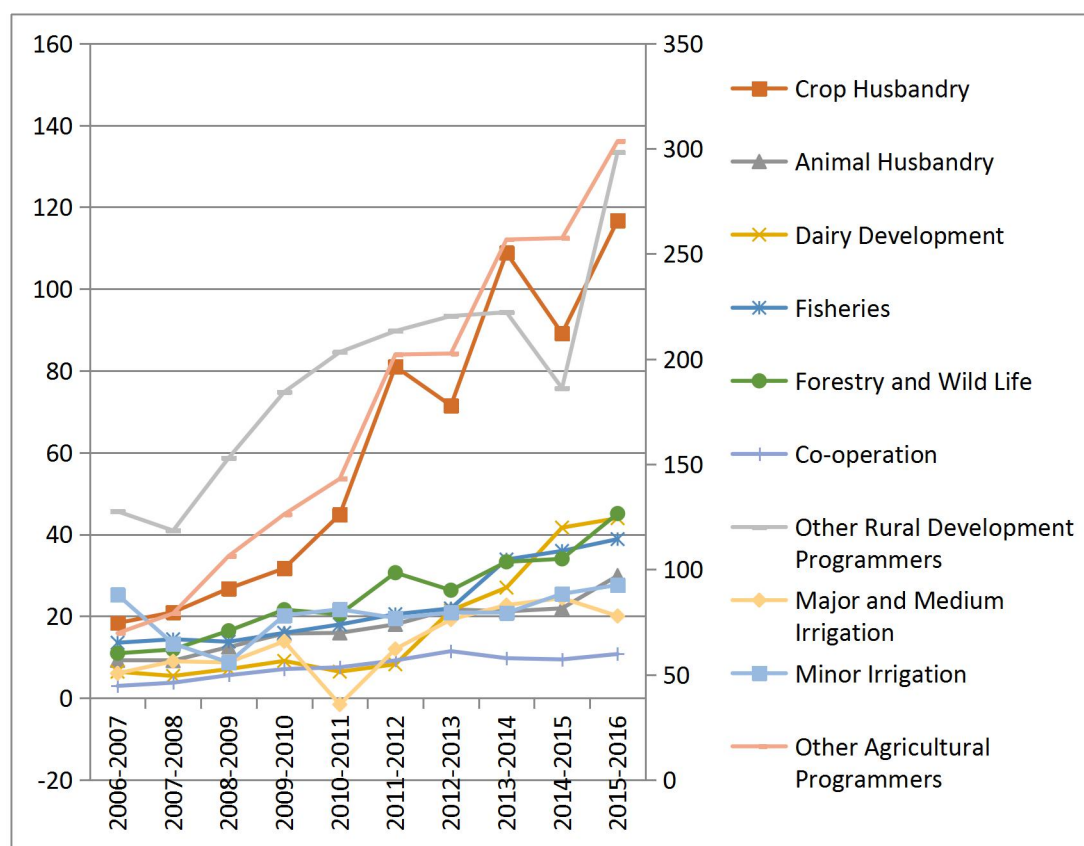
Figure 12.2 Trend in subsidies reported in finance account under economics and social services (lakhs)



Note: Social services on secondary axis

Under economic services, highest subsidies are given to education, sports and art and culture. Health and family welfare was the second highest till 2011-12 (see Figure 12.3), social welfare and nutrition maintained second position after 2012-13. Information and Broadcasting and labour welfare are shown on secondary axis which are the least subsidized in this category.

Figure 12.3 Subsidies under subheads of general services



Note: Information and Broadcasting, labour and Labour welfare on secondary axis

Table 12.3 CAGR of Social Services subsidies 2001- 2002 to 2015-2016

SOCIAL SERVICES subsidies Lakhs	2006-2007	2015-2016	CAGR
Education, Sports , Arts and Culture	39457.17	130712.34	8.31
Health and Family Welfare	12642.79	52875.85	10.01
Water Supply, Sanitation, Housing and Urban Development	9665.34	25074.26	6.56
Information and Broadcasting	1403.86	1986.69	2.34
Labour and Labour Welfare	1268.44	3968.45	7.90
Social Welfare and Nutrition	10299.15	68901.40	13.51
Total	75113.09	295977.55	9.57

Source: GOG

Under social services social welfare & nutrition showed highest compound annual growth rate (CAGR) of 13.51 percent for the period of 10 years from 2006-07 to 2015-16. Health and family welfare is second highest CAGR under social services 10.01 percent for the period of 10 years followed by Education, Sports , Arts and Culture with CAGR of 8.31 percent. Water supply and labour welfare showed CAGR of 6.56 and 7.90 respectively, least growth was in the case of Information and Broadcasting of 2.34 percent. Overall service sector showed growth of 9.57 percent.

Table 12.4 CAGR of Economic Services subsidies 2006- 2007 to 2015-2016

Economic Services (Rupees In Lakhs)	2006-2007	2015-2016	CAGR
Crop Husbandry	1835.38	11675.82	13.13
Animal Husbandry	924.76	2992.83	8.14
Dairy Development	645.32	4397.81	13.65
Fisheries	1354.44	3886.6	7.28
Forestry and Wild Life	1095.96	4512.02	9.89
Co-operation	298.84	1078.5	8.93
Other Agricultural Programmers	6975.67	30358.26	10.30
Other Rural Development Programmers	4564.62	13343.09	7.41
Minor Irrigation	2527.37	2766.02	0.60
Village and Small Industries	788.29	1802.8	5.67
Industries	1535.33	4079.88	6.73
Roads and Bridges	5908.74	13020.98	5.41
Inland Water Transport	1098.5	29255.77	24.46
Tourism	2498.76	14169.44	12.26
Civil Supplies	91.19	607.43	13.48
Economic Services	9672.12	64604.61	13.50

Source GOG

The Economic services CAGR of 13.50 percent (see Table 12.4) for the 10 year study period. Inland water transport got big push showing growth rate 24.46 percent. Dairy development showed growth rate 13.65 percent followed by civil supplies 13.48 percent. Tourism is main economic activity in the state with growth of 12.26 percent. Other agricultural programs which is highest in terms of absolute figures Rs. 30358.26 lakhs, has growth rate of 10.30 percent.

The percentage of cost recovery under the social services (see Table 12.5). Least recovery took place under information and publicity, throughout the study period it was less than 1%. Similarly social security and welfare recovery percentage was below 1% for entire period. The highest recovery was under water supply, sanitation and urban development, 41.23% on an average for the period of 10 years and the social services, the total recovery was around 9.14%. The recovery rate under the social services has come down from 9.65% in 2006-07 to 7.01% in 2015-16.

Table 12.5 Percentage of cost recovery for social services

Social Services Revenue	Education, Sports, Arts and Culture	Health and Family Welfare	Water Supply, Sanitation, Housing and Urban Development	Information and Publicity	Labour and Employment	Social Security and Welfare	Total
2006-2007	2.61	6.69	37.65	0.04	13.42	0.25	9.65
2007-2008	2.35	5.60	36.98	0.04	13.85	0.09	8.77
2008-2009	1.69	3.75	29.44	0.06	10.45	0.03	7.23
2009-2010	1.55	2.18	35.14	0.14	11.85	0.09	7.59
2010-2011	1.46	2.50	36.45	0.02	13.77	0.08	7.49
2011-2012	1.69	2.90	37.09	0.13	13.28	0.07	8.01
2012-2013	2.57	1.86	42.77	0.09	14.18	0.09	7.43
2013-2014	1.87	2.58	47.88	0.20	14.97	0.08	7.30
2014-2015	1.40	2.41	41.64	0.01	14.84	0.14	6.52
2015-2016	2.24	2.64	40.67	0.01	14.43	0.02	7.01

Source: GOG

The rate of recovery under economic services is highest 93.2% for the study period. For some years the recovery rate was above 100%. Non-Ferrous Mining and Metallurgical Industries showed highest recovery rate of 385.9% followed by the Ports and Light Houses 374.7%. Power sector is another sector which registered recovery rate of 118.2%. Least recovery rate of less than 1% was for Industries, Other Agricultural Programmers and Other Rural Development Programmers.

Table 12.6 Percentage of cost recovery of Economic services - I

Year	Crop Husbandry	Animal Husbandry	Dairy Development	Fisheries	Forestry and Wild Life	Cooperation	Other Agricultural Programmers	Other Rural Development Programmers	Major and Medium Irrigation	Minor Irrigation
2006-2007	5.6	6.9	5.1	6.8	15.4	3.0	0.08	0.03	32.6	3.0
2007-2008	6.4	8.9	10.5	7.7	17.3	10.3	0.06	0.09	28.3	4.2
2008-2009	4.0	7.2	8.9	10.5	15.0	5.1	0.02	0.03	49.3	46.4
2009-2010	4.6	6.6	7.4	11.8	11.2	14.0	0.04	0.03	43.2	24.9
2010-2011	3.0	6.3	11.2	11.2	13.1	6.3	0.04	0.06	107.1	31.4
2011-2012	1.3	10.3	7.1	8.7	7.4	5.3	0.02	0.03	55.1	35.5
2012-2013	2.1	6.8	3.2	10.7	10.8	4.5	0.01	0.06	26.8	46.1
2013-2014	1.4	8.0	2.3	6.6	8.6	4.7	0.03	0.02	34.8	39.9
2014-2015	1.7	7.6	1.7	6.9	11.2	9.0	0.01	0.03	39.3	29.2
2015-2016	1.4	7.2	1.8	3.5	8.2	5.3	0.19	0.03	59.1	20.9

Source: GOG, various years

Table 12.7 Percentage of cost recovery of Economic services - II

	Power	Village and Small Industries	Industries	Non-Ferrous Mining and Metallurgical Industries	Ports and Light Houses	Roads and Bridges	Inland Water Transport	Tourism	Civil Supplies	Total

2006-2007	127.2	30.6	0.4	124.6	507.4	10.0	4.1	1.8	14.0	88.6
2007-2008	125.6	115.9	0.5	64.1	489.5	37.3	5.2	2.0	49.1	86.6
2008-2009	132.9	23.8	0.5	75.9	388.4	75.3	2.5	28.2	10.6	92.7
2009-2010	115.0	16.3	4.7	394.0	418.5	54.6	0.8	2.4	5.8	93.3
2010-2011	109.8	12.7	0.9	1242.1	757.2	9.1	1.0	2.7	5.3	134.5
2011-2012	86.0	30.7	1.5	1292.1	861.6	8.2	0.9	3.9	5.6	108.0
2012-2013	91.2	18.4	0.3	489.4	215.8	2.3	0.7	11.2	3.9	77.3
2013-2014	101.0	15.7	0.7	62.8	71.7	27.5	0.8	8.7	18.8	63.0
2014-2015	100.1	20.3	0.7	1105.4	117.8	23.7	0.6	15.1	2.1	87.5
2015-2016	114.8	1.3	2.5	301.4	101.3	21.7	0.9	2.8	5.2	75.8

Source: GOG, various years

Table 12.8 Subsidies as unrecovered cost for period 2006-07 to 2015-16

Part I SUMMARISED STATEMENTS (Rupees In Lakhs)	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Subsidies					
0401 - Crop Husbandry	1835	2100	2680	3172	4486
0403 - Animal Husbandry	925	918	1249	1579	1595
0404 - Dairy Development	645	542	710	909	647
0405 - Fisheries	1354	1439	1379	1595	1800
0406 - Forestry and Wild Life	1096	1189	1647	2162	2050
0425 - Co-operation	299	377	561	711	754
0435 - Other Agricultural Programmers	6976	7917	10645	12629	14315
0515 - Other Rural Development Programmers	4565	4095	5872	7484	8457
0701 - Major and Medium Irrigation	606	900	874	1388	-156
0702 - Minor Irrigation	2527	1333	871	2021	2171
0801 - Power	-14579	-16237	-24403	-12296	-8677
0851 - Village and Small Industries	788	-123	1571	2160	2645

0852 - Industries	1535	4507	2240	3909	4382
0853 - Non-Ferrous Mining and Metallurgical Industries	-676	2041	1156	-21807	-90453
1050 - Ports and Light Houses	-1353	-1145	-1191	-1532	-2879
1054 - Roads and Bridges	5909	693	324	538	10333
1056 - Inland Water Transport	1099	1214	1658	16948	18450
1452 - Tourism	2499	2202	1522	2581	2955
1456 - Civil Supplies	91	71	169	231	286
Total, C- Economic Services	9672	13567	8570	9313	-52564
B - SOCIAL SERVICES subsidies					
(a) Education, Sports , Arts and Culture	39457.17	39088.74	53882.99	69753.55	86285.85
(b) Health and Family Welfare	12642.79	14037.93	21326.55	26875.3	32325.95
(c) Water Supply, Sanitation, Housing and Urban Development	9665.34	10497.61	15938.54	17067.61	18741.58
(d) Information and Broadcasting	1403.86	1534.27	1474.88	1412.02	2059.27
(f) Labour and Labour Welfare	1268.44	1319.32	1838.84	2378.82	2596.95
(g) Social Welfare and Nutrition	10299.15	18036.68	15795.48	17809.63	19747.02
Total, B - SOCIAL Services	75113.09	84879.96	110633.8	137427.7	164147.2

Source: GOG, various years

Part I SUMMARISED STATEMENTS (Rupees In Lakhs)	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Subsidies					
0401 - Crop Husbandry	8105	7151	10883	8912	11676
0403 - Animal Husbandry	1803	2172	2120	2195	2993
0404 - Dairy Development	827	2145	2701	4168	4398
0405 - Fisheries	2053	2193	3389	3598	3887

0406 - Forestry and Wild Life	3066	2638	3332	3404	4512
0425 - Co-operation	922	1148	976	946	1079
0435 - Other Agricultural Programmers	20218	20266	25685	25752	30358
0515 - Other Rural Development Programmers	8974	9339	9432	7576	13343
0701 - Major and Medium Irrigation	1200	1921	2274	2445	2007
0702 - Minor Irrigation	1959	2091	2083	2549	2766
0801 - Power	16321	11027	-1156	-137	-21994
0851 - Village and Small Industries	1535	2274	2192	1354	1803
0852 - Industries	4616	3714	4260	4541	4080
0853 - Non-Ferrous Mining and Metallurgical Industries	-87951	-26993	2729	-48237	-14469
1050 - Ports and Light Houses	-3541	-709	173	-119	-9
1054 - Roads and Bridges	11515	12261	8326	10838	13021
1056 - Inland Water Transport	20526	22606	24963	26683	29256
1452 - Tourism	3752	2535	4136	4747	14169
1456 - Civil Supplies	247	302	304	579	607
Total, C- Economic Services	-15273	45283	77387	27755	64605
B - SOCIAL SERVICES subsidies					
(a) Education, Sports , Arts and Culture	94014.79	102095	119788.9	120861.9	130712.3
(b) Health and Family Welfare	36863.64	40567.6	43361.48	47777.28	52875.85
(c) Water Supply, Sanitation, Housing and Urban Development	21119.36	16558.86	16520.96	20647.71	25074.26
(d) Information and Broadcasting	1846.84	1969.04	1668.1	1528.77	1986.69
(f) Labour and Labour Welfare	2944.73	3111.02	3372.89	3696.12	3968.45
(g) Social Welfare and Nutrition	20441.55	38189.46	53088.01	57059.25	68901.4
Total, B - SOCIAL Services	179518.5	204191	244173.6	263123.7	295977.6

Source: GOG, various years

13. Outcome Evaluation of State Finances in the context of the recommendations of the 14th Finance Commission.

13.1 Introduction

One of the terms of reference of the Fourteenth Finance Commission (FC-IV) with regard to state finances was to "review the state of the finances, deficit and debt levels of the Union and the States, keeping in view, in particular, the fiscal consolidation roadmap recommended by the Thirteenth Finance Commission (FC-XIII), and suggest measures for maintaining a stable and sustainable fiscal environment consistent with equitable growth" (FC, 2014). In this chapter we will assess the state finances of Goa based on the above mentioned recommendation for the time period 2006-07 to 2015-16. We will particularly assess the performance of the major indicators of Goa's finances for the award period of the FC-XIII (2010-11 to 2014-15) and the first year of the FC-XIV (2015-16). All the major indicators have been expressed as a percentage to the Gross State Domestic product at factor cost (current prices).

13.2 Assessment of fiscal and debt indicators of Goa, 2006-07 to 2015-16

In this section we assess the deficit and debt indicators of Goa. The fiscal and debt indicators for the time period 2006-07 to 2015-16 have been given in Table 13.1.

13.2.1 Fiscal Deficit

The fiscal road map laid down by the Twelfth Finance Commission (FC-XII) required that the states should limit their fiscal deficit to a maximum 3% of GSDP by 2008-09. However the FC - XIII allowed for temporary increases in fiscal deficits during 2008-09 and 2009-10 taking into consideration the global crisis and the need for undertaking counter-recessionary expenditure (FC, 2009) .

The FC-XIII recommended that those states that had a zero revenue deficit or a revenue surplus in 2007-08, would be able to achieve a fiscal deficit of 3 per cent of GSDP by 2011-12 onwards. The FC-XIII also expected that the maximum fiscal deficit that these states would incur in 2009-10 was 4 per cent of GSDP due to the effect of the global crisis (FC, 2009).

The FC-IV fixed the annual limit of fiscal deficit to 3 per cent of GSDP during its award period. However if the states fulfilled certain criteria, they could have a maximum fiscal deficit-GSDP limit of 3.5 per cent in any given year (FC, 2014) . The criteria were as follows:

- a. The states that had a favourable debt-GSDP ratio of 25 per cent or less in the previous year would be eligible for flexibility of 0.25 per cent over and above the 3 percent limit for any given year for which the borrowing limits were to be fixed.
- b. States would be further eligible for an additional fiscal deficit of 0.25 per cent of GSDP in a given year for which the borrowing limits were to be fixed if the interest payments as a percentage of revenue receipts were 10 per cent or less in the previous year.

Besides the above mentioned criteria to avail the flexibility criteria of 0.5 percent the states had to attain zero revenue deficit in the year in which the borrowing limits were to be fixed and the immediately preceding year (FC, 2014). Besides this, if a state attained a fiscal deficit that was less than 3 per cent of GSDP, that state could borrow upto the level of the shortfall in any given year, provided that it fulfilled all the requisite conditions. If the fiscal deficit exceeded 3 per cent in any given year, the state needed to make a downward adjustment in the following year. This is not applicable for states that were eligible for the additional fiscal limit recommended by the FC-IV (FC, 2014)

In 2007-08 although Goa had a surplus on the revenue account it had a large fiscal deficit of 3.63 percent. The FC-XIII recommended that the states should use their revenue surplus to undertake capital expenditure and a fiscal deficit not exceeding 3 per cent of GSDP. In the following year despite the crisis, Goa incurred a fiscal deficit of 2.53 percent. In 2009-10 Goa had fiscal deficit of 4.24 percent which was a slightly higher than what was expected by the FC-XIII due to the effects of global crisis.

Since Goa had a surplus on the revenue account in 2007-08, as per the recommendations of the FC-XIII it was expected to reduce its fiscal deficit to 3 percent of GSDP from 2011-12 onwards. In 2011-12, Goa attained a fiscal deficit of 2.08 percent which was well within the limit set by the FC-XIII. However the following two years that is 2012-13 and 2013-14, Goa had a fiscal deficit of greater than 3 percent of GSDP and in 2014-15 the fiscal deficit dropped to 2.4 percent of GSDP. In 2015-16 which is the first year of the award period of the FC-IV, Goa attained a fiscal deficit of 2.46 percent which was within the annual target of 3 percent that was set by the FC-XIV (Table 13.1).

13.2.2 Revenue Deficit

The fiscal road map laid down by the FC-XII required the elimination of state revenue deficits by 2008-09. However as in the case of fiscal deficits, the FC -XIII allowed for temporary increases in revenue deficits in 2008-09 and 2009-10.

The FC-XIII based on their growth assumptions expected that all states that had incurred zero revenue deficit or a revenue surplus in 2007-08 would be able to achieve a zero revenue deficit by 2011-12. Hence the FC-XIII recommended a target of zero revenue deficit to be achieved by all such states from 2011-12 onwards (FC, 2009).

FC-IV had also recommended not only to have a zero revenue deficit but to have surplus on the revenue account in order to direct it towards capital investment(FC, 2014).

According to the recommendations of the FC-XIII, Goa had a to have a zero revenue deficit or revenue surplus in 2011-12 and maintain it thereafter. Goa did attain a revenue surplus in 2011-12 of 0.7 percent. However in the following two years that is 2012-13 and 2013-14 it incurred revenue deficits of 0.57 percent and 0.98 percent respectively. In 2015-16, Goa attained the target set by the FC-XIV by attaining a revenue surplus of -0.24 percent (Table 13.1).

13.2.3 Primary Deficit

No annual targets have been set for the primary deficit by the FCs. However we have included it in our analysis as it is an important indicator. Primary deficit is defined as the fiscal deficit minus interest payments. In terms of primary deficit there was a surplus for only one year that is in 2010-11. For all the other years Goa incurred a deficit on the primary account. The primary deficit indicator has been very volatile. In 2006-07 it was only 0.24 percent however in the following year it widened to 1.24 percent and again dropped in 2008-09 to 0.4%. In 2009-10 it again widened to 2.14% and was surplus for the following year. From 2011-12 up to 2013-14 the primary deficit was on a rise and it dropped in 2014-15 to 0.23% and rose again to 0.5% in 2015-16 (Table 13.1).

13.2.4 Revenue-fiscal deficit ratio

The revenue-fiscal deficit ratio is an indicator of the extent of borrowing that is used to finance the revenue expenditures (FC, 2014). The state resorted to borrowing for financing the revenue expenditures for three years that is 2009-10, 2012-13 and 2013-14 (Table 13.1).

13.2.5 Outstanding debt & liabilities

While calculating the debt indicator we have used the definition that was used by the FC-IV. Outstanding debt & liabilities include internal debt of state Governments, loans and advances from the Centre and other liabilities which include small savings and provident funds, reserve fund and deposits (interest and non-interest bearing) (FC, 2014).

FC-XIII had fixed the target of the debt-GSDP ratio to 25% of GSDP to be attained by all states by 2014-15. The FC-IV had kept the same target of a debt –GSDP ratio of 25 percent to be achieved by all states by 2019-20. Besides this they provided annual flexibility for additional borrowing to States as mentioned in the section of the fiscal deficit.

Goa with a debt-GSDP ratio of 29 percent in 2014-15 did not achieve the target set by the FC-XIII. The FC-XIV had predicted a debt-GSDP ratio for Goa at 25.8 percent in 2015-16, however Goa's actual debt –GSDP ratio in the same year was 28 percent (Table 13.1).

13.2.6 Interest Payments-Revenue ratio

Interest payments as a percent of revenue receipts have declined over the years. On an average the interest payments/revenue ratio was 13.4 percent during the period of the FC-XIII. The FC-IV based on their assessment expected Goa to have an interest payments/revenue ratio of 12.86 percent in 2015-16. Goa achieved an interest payments/revenue ratio of 12.6 percent in 2015-16 (Table 13.1). In order to avail an additional 0.5 of fiscal deficit over and above the 3 percent limit as recommended by the FC-XIV, Goa has to have an interest payments /revenue ratio of 10 percent.

Table 13.1 Fiscal and Debt indicators of the Goan economy (%), 2006-07 to 2015-16

	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Fiscal Deficit/GSDP	2.95	3.63	2.53	4.24	1.68	2.08	3.01	3.77	2.4	2.46
Revenue Deficit/GSDP	-0.86	-0.85	-0.4	0.44	-1.96	-0.7	0.57	0.98	-0.58	-0.24
Primary Deficit/GSDP	0.24	1.25	0.41	2.14	-0.35	0.34	0.83	1.20	0.23	0.50
Revenue deficit/Fiscal deficit	-29	-23	-16	10	-117	-34	19	26	-24	-10
Outstanding debt and liabilities/GSDP	34.6	32.3	28.1	27.8	26.8	22.7	29.5	35.4	29.1	28.3

Interest Payments/Revenue receipts	17.1	15.9	15.3	14.9	12.5	12.7	14.2	14.1	13.5	12.6
Source: Deficit and debt indicators are from Finance Accounts, GoG, Various Years GSDP is from (MOSPI, 2015, 2018) Note : (+) indicates deficit , (-) indicates surplus Data on GSDP for the years 2006-07 to 2010-11 is based on the 2004-05 series and data on GSDP for the years 2011-12 to 2015-16 is based on the 2011-12 series. The outstanding reserve fund and deposits on advances for the march end 2006 was taken from (RBI, 2006)										

13.3 Assessment of Revenue Receipts of Goa, 2006-07 to 2015-16

In this section we will be assessing Goa's major revenue indicators which have been presented in Table 13.2 and Table 13.3

The average revenue receipts as a percentage of GSDP during the tenure of the FC-XIII (2010-11 to 2014-15) was 15.8 percent. This was despite the mining ban that was implemented in Goa from September 2012 onwards. In the first of year of the FC-IV (2015-16), the revenue receipts as a percentage of GSDP were 15.5 percent despite Goa receiving higher transfers from the Centre as compared to the previous years of this study (Table 13.2)

The own tax revenue was on an average around 7.6 percent of GSDP during the tenure of FC-XIII. In fact during the years of the ban on mining Goa's tax effort was 7.7 percent in 2012-13, 10 percent in 2013-14 and 8.1 percent in 2014-15 which was higher than the previous years. In 2015-16, Goa's own tax revenue as a percentage of GSDP dropped to 7.2 percent which was below the tax-GSDP ratio of 7.87 percent as projected by the FC-XIV (Table 13.2) . In 2015-16, Goa's actual own tax revenues were less than the projected values of the FC-XIV by Rs. 987 Crore (Table 13.3).

VAT which comprised of 65 percent of Goa's own tax revenues in 2010-11 and 2011-12 (at the beginning of the award period of FC-XIII) dropped to 48 percent in 2013-14 and 2014-15 (at the end of the award period). In fact from 2006-07 to 2011-12 VAT comprised of more than 60 percent of the own tax revenues of the state. From 2012-13 to 2015-16 VAT as a percentage of state own tax revenues dropped to below 55 percent (Table 13.2).

Goa's own non tax revenue on an average was 5.3 percent during the award of the FC-XIII. The own non tax revenue as a percentage of GSDP has remained below the 5 percent since the mining ban was implemented from September 2012 in the state. In 2015-16, Goa's own non tax revenue at 4.4 percent of GSDP was the least during the entire period of this study (Table 13.2).

Despite Goa's own tax revenue as percentage of GSDP in 2015-16 being low as compared to previous years, its non-tax revenue receipts were Rs. 1501 crore higher than the assessed value by the FCX- IV (Table 13.2).

Goa's total own revenue as a percentage of GSDP on an average was 12.94 percent during the period of the FC-XIII. In 2013-14, Goa's own revenue as a percentage of GSDP was 14 percent which was the highest during entire period of this study. This was despite a drop in the own non tax revenue as a percentage of GSDP in 2013-14 and thus was due to greater tax collections in the state. In 2015-16 the total own revenue was 11.6 percent. The value of own revenue as a percentage of GSDP in 2015-16 was similar to the one reported in 2008-09 (11.5 percent) which was the crisis year (Table 13.2). Despite the decrease in the percentage in 2015-16, Goa's actual own revenue receipts were higher than the projected value of own revenue receipts of the FC-X-IV by Rs.513 crores (Table 13.3).

The total transfers from the Centre as a percentage of GSDP were 2.92 percent during the FC-XIII and 3.9 percent during 2015-16. Percentage share of Central taxes in GSDP during the period of FC- XIII was on an average 1.92 percent. In 2015-16 the percentage share of Central taxes in GSDP was 3.5 percent. This was due to the increase in the tax devolution share of Goa to 0.38 percent during the FC-XIV from 0.27 percent during the FC-XIII. The state's share in the divisible pool of Central taxes was also increased to 42% during the FC- IV as compared to 32% of the FC-XIII. The grants as percentage of GSDP on an average were 0.98 percent during the FC-XIII and 0.4 percent during 2015-16 (Table 13.2).

Table 13.2 Trends in the revenue receipts of Goa (% of GSDP), 2006-07 to 2015-16

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.Total revenue receipts	15.8	15	13.9	14.1	16.2	13.6	15.3	18	16.1	15.5
2.Own tax revenue	7.8	6.9	6.7	6.1	6.4	6.0	7.7	10.0	8.1	7.2
3.Own non-tax revenue	5.6	5.3	4.9	5.9	6.8	5.5	4.8	4.6	4.9	4.4
4.Total Own Revenue (2+3)	13.4	12.3	11.5	12.0	13.1	11.5	12.5	14.6	13.0	11.6
5.Tax devolution	1.9	2.0	1.6	1.5	1.7	1.6	2.0	2.4	1.9	3.5
6.Grants in	0.5	0.8	0.7	0.6	1.3	0.6	0.8	1.0	1.2	0.4

aid										
7.Total transfers from the Union (5+6)	2.4	2.8	2.4	2.1	3.1	2.2	2.8	3.4	3.1	3.9
Source: Deficit and debt indicators are from Finance Accounts, GoG, Various Years GSDP is from (MOSPI, 2015, 2018) Data on GSDP for the years 2006-07 to 2010-11 is based on the 2004-05 series and data on GSDP for the years 2011-12 to 2015-16 is based on the 2011-12 series.										

Table 13.3 Actuals and assessed own revenue receipts of Goa, 2015-16 (Rs. Crore)

	Actual own revenue receipts	Assessed Own Revenue Receipts	Difference Col 2-Col 3
1	2	3	4
Own revenue receipts	6408	5895	513
Own tax revenue	3976	4963	-987
Own non -tax revenue	2432	931	1501
Source: Actual own revenue receipts are from Finance Accounts, GoG, Various Years Assessed Own Revenue Receipts are from (FC, 2014)			

13.4 Assessment of Goa's Expenditure , 2006-07 to 2015-16

In this section we will assess Goa's revenue and capital expenditure. The FC-IV has taken a holistic view of the revenue expenditure without distinction between plan and non-plan. Hence in this study we have analysed the aggregate revenue expenditure and its main components.

On an average Goa's revenue expenditure as a percentage of GSDP was 15.48 percent during the FC-XIII. In 2015-16 Goa's revenue expenditure as a percentage of GSDP was 15.3 percent. From 2006-07 to 2011-12, Goa's revenue expenditure as a percentage of GSDP was below 15 percent and from 2012-13 onwards it has remained above 15 percent (Table 13.4). In 2015-16, Goa's revenue expenditure(actuals) was greater than the value assessed by FC-XIV by Rs. 1727 Crore (Table 13.5).

The expenditure on General services on the revenue account on an average comprised of 4.8 percent of GSDP during the period of FC-XIII and 4.7 percent during 2015-16. Interest payments as a percentage of GSDP on an average was around 2.14 percent during the FC-XIII

and was 2 percent during 2015-16 (Table 13.4). In 2015-16, Goa's interest payments (actuals) were less than the value assessed by FC-XIV by Rs. 76 Crore (Table 13.5). On an average pensions comprised of 1.29 percent of GSDP during FC-XIII and 1.3 percent during 2015-16 (Table 13.4). In 2015-16, Goa's expenditure on pensions (actuals) was greater than the value assessed by FC-XIV by Rs. 153 Crore (Table 13.5).

Social services on an average comprised of around 5.78 percent of GSDP during the FC-XIII and 5.8 percent during 2015-16. Economic services comprised of around 4.94 percent during the FC-XIII and 4.9 per cent during 2015-16.

Capital expenditure as a percentage of GSDP on an average was 2.86 percent during the FC-XIII and 2.9 percent during 2015-16. The capital expenditure as a percentage of GSDP during 2006-07 to 2010-11 was above equal to or above 3.5 percent as compared to the later years (2011-12 to 2015-16) where it was below 3 percent. We have also analysed capital expenditure as a percentage of total expenditure. For the time period 2006-07 to 2010-11 the average capital-total expenditure ratio was 20 percent and for the time period 2011-12 to 2015-16 the average capital-total expenditure ratio was 15 percent. This was despite the fact that Goa has had revenue surplus for 2011-12, 2014-15 and 2016-17.

Table 13.4 Trends in Goa's aggregate expenditure (% of GSDP), 2006-07 to 2015-16

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.Revenue Expenditure	14.9	14.2	13.5	14.5	14.2	12.9	15.9	18.9	15.5	15.3
2.General Services of which	4.8	4.3	4.2	4.6	4.4	3.9	4.9	5.8	5.0	4.7
a. Interest Payments	2.7	2.4	2.1	2.1	2.0	1.7	2.2	2.6	2.2	2.0
b. Pension	0.9	0.7	0.9	1.2	1.1	1.0	1.3	1.6	1.4	1.3
c. Other general services	1.1	1.2	1.2	1.3	1.3	1.1	1.4	1.6	1.4	1.4
3.Social Services	5	4.8	4.7	5.1	5.3	4.6	5.8	7.3	5.9	5.8
4.Economic Services	5.2	5.2	4.6	4.8	4.5	4.5	5.2	5.8	4.7	4.9
5.Capital Expenditure	3.8	3.5	3.5	3.7	3.6	2.8	2.5	2.8	2.6	2.9

6.Total Expenditure (1+5)	18.7	17.7	17	18.2	17.9	15.7	18.4	21.7	18.1	18.2
Source: Deficit and debt indicators are from Finance Accounts, GoG, Various Years GSDP is from (MOSPI, 2015, 2018) Data on GSDP for the years 2006-07 to 2010-11 is based on the 2004-05 series and data on GSDP for the years 2011-12 to 2015-16 is based on the 2011-12 series.										

Table 13.5 Actuals and assessed revenue expenditure of Goa, 2015-16 (Rs. Crore)

	Actual revenue expenditure	Assessed Revenue expenditure	Difference Col 2- Col 3
1	2	3	4
Revenue Expenditure	8420	6693	1727
Interest payments	1075	1151	-76
Pension	743	590	153
Source: Source: Actual revenue expenditure are from Finance Accounts, GoG, Various Years Assessed Revenue expenditure are from (FC, 2014)			

14. Sustainable Debt Road Map

In the large literature on public debt sustainability (which we will not attempt to summarize here), it is stated that debt is sustainable to the extent that the government faces a present-value borrowing constraint (Greiner, et al. 2006). In this strand of models, this implies that the current value of public debt must equal the discounted sum of future surpluses exclusive of interest payments. Debt is considered to be sustainable when the level of debt is such that it will be defaulted by the borrower. Therefore, the level of sustainable debt varies depending on the context. The challenge of commenting on debt sustainability lies in the fact that it depends on predictions about the future where prediction errors are inevitable. Debt is an accumulation of deficits over time. If the deficits are coming down then it sends out positive expectations that debt ratios will decline in future. Therefore, any discussion of debt sustainability hinges on trends and expectation of deficits. The government of India has recently published a status paper on debt that brings together information that was available from different sources (GoI 2018). At the sub-national level, RBI had published a study in 2005. (Kaur, Mukherjee, and Ekka 2018) have updated this and found that overall, at the state level debt is sustainable except in some states.

The state of Goa has already been able to meet the target set by the GFRBM Act. The economy of the state experienced a high growth rate in 2016-17 at around 18.9 percent. Fiscal deficit in the same year as a percentage of GSDP at 1.45 percent was almost half of the target set by the FRBM. Revenue surplus increased to more than one percent of GDP. A high growth with fiscal stability augurs well for the economy.

The question is with these very positive developments in the state's economy will this lead to a greater role for the state to improve the delivery of public services and set an example for other states to emulate.

Envisaging the future of fiscal health for the State of Goa

We make an attempt to envisage the fiscal scenarios of the state of Goa using three scenarios. In the first scenario, we maintain the fiscal deficit at the present level of 1.5 percent of GSDP and argue that an improved collection from taxes would enable the state to spend more on capital formation in sectors like health and education. It is not certain whether the cut in the growth of revenue expenditure to 5 percent growth could be sustained in the future.

The second scenario argues for a relaxation in the fiscal deficit and the state spends more on capital and revenue and raise the fiscal deficit to 3 percent of GSDP which is the FRBM target rate.

In the third scenario, the fiscal deficit is squeezed to zero over time doing away with the need for the state to borrow. It entails maintenance of expenditure profile and a better revenue collection from tax and non-tax sources.

We understand that the future fiscal scenario projection will remain dependent on the state's share in central taxes and grants to be received from the central government. We assume that there would be a growth in the share of central taxes because of the expected buoyancy in the direct tax collection of the Centre. We assume that grants will be maintained at the present level of 0.5 percent by assuming the grants to grow at the same rate as the GSDP growth. And hence this exercise is best construed to be indicative in nature.

Since the fiscal variables and all other key variables are expressed in terms of GSDP, it is important to assume the future growth rate of the GSDP. We are conservative in our assumption regarding the future growth of the state economy. We prefer to assume the economy to grow by 15 percent per annum year on year at current prices.

14.1 Method

To envision the future, we will project the growth of those fiscal variables which are amenable to state policy and state governance. State's share in central taxes, grants to be received from the Centre are therefore allowed to grow at a rate observed in the past and their growth remains outside the purview of our projection exercise. Even after the implementation of the GST in 2017, the state's share (SGST) in GST has ceased to be a matter of state policy and hence should be kept out of the discretionary discretion policy handles. We however make assumptions about own tax revenue though the state's collection is small and the non-tax revenue. On the expenditure front, we project general services, social services, economic services (which all constitute the revenue expenditure) and capital outlay.

Once we project revenue and expenditure, the extent of net borrowing will be an outcome of the difference between total expenditure and receipts consisting of revenue receipts and non-debt capital receipts. We keep non-debt capital receipts out of the analysis.

Fiscal deficit (FD) is therefore residually determined. We derive fiscal deficit as,

$$14.1 \quad \text{Fiscal deficit} = \text{Revenue deficit} + \text{capital outlay}$$

We ignore net lending in the projection exercise altogether because of its limited significance in the past.

Outstanding debt in the period “t” is derived as

$$14.2 \quad \text{Debt}_t = \text{Debt}_{t-1} + \text{FD}_t \quad \text{where FD=Fiscal deficit}$$

$$14.3 \quad (\text{Debt}_t / Y_t) = (\text{Debt}_{t-1} / Y_{t-1}) * (Y_{t-1} / Y_t) + \text{FD}_t \quad \text{where Y= GSDP}$$

Interest payment is linked to the growth of the debt build up where “i” is the effective interest rate on debt defined as

$$14.4 \quad \text{Interest}_t / \text{Debt}_{t-1} = i$$

Therefore,

$$14.5 \quad (\text{Interest}_t / Y_t) = (i) * (\text{Debt}_{t-1} / Y_{t-1})$$

The interest payment is a part of general services but in our projection we apply the growth rate on the general services as a whole independent of the growth of the interest payments.

We consider the period 2016-17 as the base year for projection for the period 2017-18 to 2026-27.

Scenario 1: Business as Usual (BAU) Scenario

Scenario 2: Fiscal deficit to be raised to 3.0 percent of GSDP

Scenario 3: Fiscal deficit to be phased out

Table 14.1: Projecting the future of state fiscal

	BAU Scenario	Scenario 2 : FD = 3% of GSDP	Scenario 3 : FD = Nil
General Services	12	10.5	10
Social Services	5	20	15
Economic Services	19	20	14
Capital Outlay	10	20	15
Own tax revenue	7.2	16	16
Non tax revenue	12	12	12
Share in central taxes	19	19	19
Grants	15	15	15
Source: Authors' own estimates.			

Scenario 1

This is the base scenario also labelled here as the Business As Usual (BAU) scenario (see Table 14.2). We formulate the base scenario mostly on the basis of the growth rates realized in 2016-17 which is our base year for projections. As we can see, the social services grew by a meagre 5 percent. The growth in capital outlay was also on the lower side at 10 percent which implies that over time, the share of capital outlay in GSDP would further fall. The growth in own tax collection was also very modest at a little more than 7 percent. Given the performance of the state level undertakings and high income growth of the state, the non-tax revenue went up by nearly 12 percent in 2016-17. Though grants had a growth rate of 20 percent, we assume it will grow by 15 percent in future to remain conservative in our base scenario.

Outstanding public debt without saving and provident fund was 19.2% of GSDP in 2016-17. It is expected to reduce to 15 % over the next five years under this scenario. It further drops to 11.3% by 2026. If we consider Public debt including savings and provident fund, then this is expected to decline from 26.1% to 18.9% in the first five years and further drops to 13.3% by 2026.

These improvements would be made possible by improved performance on the revenue deficit front by maintaining a the surplus (though marginally declining) and increasing the primary surplus from 0.33 to 0.71 and further to 0.32 by 2026. This helps in improving the fiscal deficit scenario from 1.45% to 1.13% in the first years years and further to 0.96 by 2026.

Table 14.2: Fiscal Deficit equals 1.5 percent of GSDP (Scenario 1, FD=BAU)

	Growth rate assumed	2016-17	2017-18	2018-19	2019-20	2020-21
A. Revenue Expenditure		13.7	13.31	12.94	12.60	12.31
General Services	0.12	4.5	4.34	4.22	4.11	4.00
Social Services	0.05	5.2	4.73	4.32	3.94	3.60
Economic Services	0.19	4.1	4.25	4.39	4.55	4.70
B. Capital Outlay	0.1	2.5	2.43	2.32	2.22	2.13
Total Expenditure (A+B)		16.3	15.74	15.26	14.82	14.44
<i>Financed by</i>						
I. Revenue Receipts		14.8	14.39	13.99	13.63	13.30
Own tax revenue	0.072	6.6	6.15	5.74	5.35	4.98
Share in central taxes	0.19	3.6	3.69	3.81	3.95	4.08
Non tax revenue	0.12	4.2	4.09	3.99	3.88	3.78
Grants	0.15	0.5	0.45	0.45	0.45	0.45
II. Net borrowing		1.6	1.36	1.27	1.20	1.13
III. Withdrawal fr Pub Ac.		-0.2	0.00	0.00	0.00	0.00
Total Receipts (I+II+III)		16.3	15.74	15.26	14.82	14.44
<i>Fiscal indicators</i>						

Revenue Deficit		-1.08	-1.07	-1.05	-1.03	-0.99
Fiscal Deficit		1.45	1.36	1.27	1.20	1.13
Primary Deficit		-0.33	-0.99	-0.89	-0.80	-0.71
Outstd Public Debt		19.2	18.1	17.0	15.9	15.0
Outstd Debt incl Sav & PF		26.1	24.0	22.2	20.5	18.9
<i>GSDP at fc at mar pr (Rs Crore)</i>		64544	74226	85359	98163	112888
Interest payments (Eff Int rate)		0.09	2.3	2.2	2.0	1.8

Continued for the period 2021-2026

	Growth rate assumed	2021-22	2022-23	2023-24	2025-26	2026-27
A. Revenue Expenditure		12.06	11.84	11.65	11.50	11.38
General Services	0.12	3.90	3.80	3.70	3.60	3.51
Social Services	0.05	3.29	3.00	2.74	2.50	2.29
Economic Services	0.19	4.87	5.04	5.21	5.39	5.58
B. Capital Outlay	0.1	2.03	1.94	1.86	1.78	1.70
Total Expenditure (A+B)		14.09	13.78	13.51	13.28	13.08
<i>Financed by</i>						
I. Revenue Receipts		13.01	12.74	12.51	12.30	12.12
Own tax revenue	0.072	4.65	4.33	4.04	3.76	3.51
Share in central taxes	0.19	4.23	4.37	4.53	4.68	4.85
Non tax revenue	0.12	3.68	3.59	3.49	3.40	3.31
Grants	0.15	0.45	0.45	0.45	0.45	0.45

II. Net borrowing		1.08	1.04	1.00	0.98	0.96
III. Withdrawal fr Pub Ac.		0.00	0.00	0.00	0.00	0.00
Total Receipts (I+II+III)		14.09	13.78	13.51	13.28	13.08
<i>Fiscal indicators</i>						
Revenue Deficit		-0.95	-0.91	-0.86	-0.80	-0.74
Fiscal Deficit		1.08	1.04	1.00	0.98	0.96
Primary Deficit		-0.62	-0.54	-0.46	-0.39	-0.32
Outstd Public Debt		14.1	13.3	12.6	11.9	11.3
Outstd Debt incl Sav & PF		17.5	16.3	15.2	14.2	13.3
<i>GSDP at fc at mar pr (Rs Crore)</i>		129821	149294	171688	197442	227058
Interest payments (Eff Int rate)		1.7	1.6	1.5	1.4	1.3

Scenario 2

In scenario 2 we project that the state could do better on the social services side and could consider making the following possible adjustments. The growth in the social sector could be enhanced to 20 percent. We allow the economic services and capital outlay also to grow by 20 percent as a proxy for balanced growth. The only change on the revenue side is in the realm of own tax revenue. Since the economy is expected to grow by 15 percent, we expect that the own tax revenue would grow marginally above the growth rate of GSDP at 16 percent. In this scenario, the fiscal deficit reaches the FRBM ceiling level of 3 percent in the first five years. However, by 2026 it rises to 4.7% breaching the FRBM ceiling. This indicates that corrective action may need to be taken after the first five years if one were to stay within the FRBM limit under this scenario. Even though FD reaches the FRBM ceiling value, the public debt outstanding reduces over the next five years from 19.2% to 18.95% in the first five years. However, we see a rise in debt to 24% if we extend the period to 2026 keeping all other parameters constant. If we consider public debt to include small savings and provident fund, then we see a decline from 26.1% to 22.3% in the first five years and then a rise to 26.3%.

Table 14.3: Fiscal Deficit equals 3.0 percent of GSDP (Scenario 2; FD=3)

	Growth rate assumed	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21
A. Revenue Expenditure		13.7	13.97	14.22	14.50	14.80
General Services	0.105	4.5	4.28	4.11	3.95	3.79
Social Services	0.2	5.2	5.41	5.64	5.89	6.14
Economic Services	0.2	4.1	4.28	4.47	4.66	4.86
B. Capital Outlay	0.2	2.5	2.65	2.76	2.89	3.01
Total Expenditure (A+B)		16.3	16.62	16.98	17.38	17.81
<i>Financed by</i>						
I. Revenue Receipts		14.8	14.89	14.97	15.06	15.15
Own tax revenue	0.16	6.6	6.66	6.72	6.78	6.83
Share in central taxes	0.19	3.6	3.69	3.81	3.95	4.08
Non tax revenue	0.12	4.2	4.09	3.99	3.88	3.78
Grants	0.15	0.5	0.45	0.45	0.45	0.45
II. Net borrowing		1.6	1.72	2.01	2.33	2.66
III. Withdrawal fr Pub Account		-0.2	0.0	0.0	0.0	0.0
Total Receipts (I+II+III)		16.3	16.62	16.98	17.38	17.81
<i>Fiscal indicators</i>						
Revenue Deficit		-1.08	-0.92	-0.75	-0.56	-0.35
Fiscal Deficit		1.45	1.72	2.01	2.33	2.66
Primary Deficit		-0.33	-0.62	-0.18	0.24	0.63

Outstd Public Debt		19.2	18.42	18.03	18.01	18.32
Outstd Debt incl Sav & PF		26.1	24.39	23.23	22.52	22.25
<i>GSDP at fc at mar pr (Rs Crore)</i>		<i>64544</i>	<i>74226</i>	<i>85359</i>	<i>98163</i>	<i>112888</i>
<i>Interest payments (Eff Int rate)</i>		<i>0.09</i>	<i>2.3</i>	<i>2.2</i>	<i>2.1</i>	<i>2.0</i>

Continued for the period 2021-2026

	Growth rate assumed	2021- 22	2022- 23	2023- 24	2025- 26	2026- 27
A. Revenue Expenditure		15.13	15.49	15.87	16.29	16.73
General Services	0.105	3.65	3.50	3.37	3.23	3.11
Social Services	0.2	6.41	6.69	6.98	7.28	7.60
Economic Services	0.2	5.08	5.30	5.53	5.77	6.02
B. Capital Outlay	0.2	3.14	3.28	3.42	3.57	3.72
Total Expenditure (A+B)		18.27	18.77	19.29	19.86	20.45
<i>Financed by</i>						
I. Revenue Receipts		15.26	15.37	15.49	15.61	15.75
Own tax revenue	0.16	6.89	6.95	7.01	7.08	7.14
Share in central taxes	0.19	4.23	4.37	4.53	4.68	4.85
Non tax revenue	0.12	3.68	3.59	3.49	3.40	3.31
Grants	0.15	0.45	0.45	0.45	0.45	0.45
II. Net borrowing		3.02	3.40	3.81	4.24	4.70
III. Withdrawal fr Pub Account		0.0	0.0	0.0	0.0	0.0

Total Receipts (I+II+III)		18.27	18.77	19.29	19.86	20.45
<i>Fiscal indicators</i>						
Revenue Deficit		-0.12	0.12	0.39	0.67	0.98
Fiscal Deficit		3.02	3.40	3.81	4.24	4.70
Primary Deficit		1.02	1.39	1.75	2.11	2.47
Outstd Public Debt		18.95	19.88	21.10	22.59	24.34
Outstd Debt incl Sav & PF		22.36	22.85	23.68	24.83	26.30
<i>GSDP at fc at mar pr (Rs Crore)</i>		<i>129821</i>	<i>149294</i>	<i>171688</i>	<i>197442</i>	<i>227058</i>
<i>Interest payments (Eff Int rate)</i>		<i>2.0</i>	<i>2.0</i>	<i>2.1</i>	<i>2.1</i>	<i>2.2</i>

Scenario 3

In the third scenario, we argue that the fiscal deficit could altogether be eliminated (see Table 14.4). While we do not expect the state to mobilise more tax and non-tax revenue as this may not be institutionally feasible, it would be prudent for this scenario to focus on the expenditure side. To maintain the same level of services with greater effectiveness and efficiency, the state needs to undertake governance reforms with zeal to achieve efficiency in the use of resources in expenditure management, curbing wastage and expenses which are not warranted. We can be conservative in our expenditure growth and bring down the general, social and economic services to grow at 10, 14 and 14 percent respectively. Capital outlay is projected to grow at 15 percent. Over a period of five years, the fiscal deficit declines to a negligible amount for the first years and then turns into a fiscal surplus of 1.35 by 2026.

In this scenario, public debt would decline from 19.2% in 2016-17 to 11.9% over the next five years. It would further decline to 4% by 2026-27. If we were to consider public debt including small savings and provident fund, then we would see a decline in debt from 26.1% to 6.14% (in 2026).

Table 14.4: Fiscal Deficit is completely eliminated (Scenario 3: FD=0)

	Growth rate assumed	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21
A. Revenue Expenditure		13.7	13.63	13.52	13.42	13.33
General Services	0.1	4.5	4.30	4.14	4.00	3.86
Social Services	0.15	5.2	5.23	5.27	5.32	5.37
Economic Services	0.14	4.1	4.10	4.10	4.10	4.10
B. Capital Outlay	0.15	0.0	2.56	2.58	2.61	2.63
Total Expenditure (A+B)		16.3	16.19	16.10	16.03	15.96
<i>Financed by</i>						
I. Revenue Receipts		14.8	15.02	15.23	15.46	15.69
Own tax revenue	0.16	6.6	6.72	6.84	6.96	7.08
Share in central taxes	0.19	3.6	3.72	3.88	4.05	4.23
Non tax revenue	0.12	4.2	4.13	4.06	3.98	3.91
Grants	0.15	0.5	0.46	0.46	0.47	0.47
II. Net borrowing		1.6	1.17	0.87	0.57	0.27
III. Withdrawal fr Pub Ac.		-0.2	0.0	0.0	0.0	0.0
Total Receipts (I+II+III)		16.3	16.19	16.10	16.03	15.96
<i>Fiscal indicators</i>						
Revenue Deficit		-1.08	-1.40	-1.71	-2.04	-2.36
Fiscal Deficit		1.45	1.17	0.87	0.57	0.27
Primary Deficit		-0.33	-1.18	-1.29	-1.40	-1.52

Outstd Public Debt		19.2	18.01	16.7	15.2	13.6
Outstd Debt incl Sav & PF		26.1	24.03	21.95	19.83	17.66
<i>GSDP at fc at mar pr (Rs Crore)</i>		<i>64544</i>	<i>73580</i>	<i>83881</i>	<i>95625</i>	<i>109012</i>
Interest payments (Eff Int rate)		<i>0.09</i>	<i>2.3</i>	<i>2.2</i>	<i>2.0</i>	<i>1.8</i>

Continued for the period 2021-2026

	Growth rate assumed	2021- 22	2022- 23	2023- 24	2025- 26	2026- 27
A. Revenue Expenditure		13.24	13.16	13.08	13.01	12.94
General Services	<i>0.1</i>	<i>3.72</i>	<i>3.59</i>	<i>3.47</i>	<i>3.34</i>	<i>3.23</i>
Social Services	<i>0.15</i>	<i>5.41</i>	<i>5.46</i>	<i>5.51</i>	<i>5.56</i>	<i>5.61</i>
Economic Services	<i>0.14</i>	<i>4.10</i>	<i>4.10</i>	<i>4.10</i>	<i>4.10</i>	<i>4.10</i>
B. Capital Outlay	<i>0.15</i>	<i>2.65</i>	<i>2.68</i>	<i>2.70</i>	<i>2.72</i>	<i>2.75</i>
Total Expenditure (A+B)		15.89	15.83	15.78	15.73	15.68
<i>Financed by</i>						
I. Revenue Receipts		15.94	16.19	16.46	16.74	17.04
Own tax revenue	<i>0.16</i>	<i>7.20</i>	<i>7.33</i>	<i>7.46</i>	<i>7.59</i>	<i>7.72</i>
Share in central taxes	<i>0.19</i>	<i>4.42</i>	<i>4.61</i>	<i>4.81</i>	<i>5.02</i>	<i>5.24</i>
Non tax revenue	<i>0.12</i>	<i>3.85</i>	<i>3.78</i>	<i>3.71</i>	<i>3.65</i>	<i>3.58</i>
Grants	<i>0.15</i>	<i>0.47</i>	<i>0.48</i>	<i>0.48</i>	<i>0.49</i>	<i>0.49</i>
II. Net borrowing		-0.04	-0.36	-0.68	-1.01	-1.35
III. Withdrawal fr Pub Ac.		0.0	0.0	0.0	0.0	0.0

Total Receipts (I+II+III)		15.89	15.83	15.78	15.73	15.68
<i>Fiscal indicators</i>						
Revenue Deficit		-2.70	-3.04	-3.38	-3.74	-4.10
Fiscal Deficit		-0.04	-0.36	-0.68	-1.01	-1.35
Primary Deficit		-1.63	-1.75	-1.87	-1.99	-2.12
Outstd Public Debt		11.9	10.1	8.1	6.1	4.0
Outstd Debt incl Sav & PF		15.45	13.19	10.89	8.54	6.14
<i>GSDP at fc at mar pr (Rs Crore)</i>		<i>124274</i>	<i>141672</i>	<i>161506</i>	<i>184117</i>	<i>209894</i>
Interest payments (Eff Int rate)		<i>1.6</i>	<i>1.4</i>	<i>1.2</i>	<i>1.0</i>	<i>0.8</i>

As we said earlier, while the future is unpredictable, fiscal management in Goa as the figures for deficit indicate, has been effective and conservative. The fiscal conservatism has not led to a downturn in growth in GSDP. Depending on what deficit choice the state makes, the issue of debt sustainability seems manageable in Goa in the medium term, *ceteris paribus*.

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