

GOVERNMENT OF GOA
STATEMENT OF THE CHIEF MINISTER
ON THE
PRESENTATION
OF
ANNUAL FINANCIAL STATEMENT

FOR THE YEAR 2005-2006

11TH AUGUST, 2005

Sir,

I rise to present the Budget for the year 2005-06. As the members are aware, the Annual Financial Statement for the year 2005-06 has already been presented to the Parliament in March 2005 and vote on account passed for five months. Sir, in the recently held meeting with the Planning Commission, I have presented the version of development that my government would like to pursue in the years to come. Led by an employment generating and high value adding agriculture sector coupled with creation of a high class physical and social

infrastructure is the route that I believe, will bring growth and prosperity to the state. Sir, it is already a known fact that Goa is on a higher trajectory as far as social and economic indicators are concerned vis-à-vis other states in the country. However, we have set for ourselves a goal that would take us to the standards of developed nations in the world in the years to come. With these few words I now turn to the figures for the year 2004-05 and 2005-06.

2003-04 Actuals & 2004-05 Revised Estimates

Sir, the financial year 2004-05 is likely to see a healthy growth in state's own revenue receipts. State's own tax revenues for the year is anticipated at Rs. 836.16 crore against an actual collection of Rs. 710.77 crore in 2003-04. This implies a growth of 17.75 percent in the collection of tax revenues. As far as net non tax revenues are concerned, the actuals for the year 2003-04 stands at Rs. 356.47 crore. The anticipated receipts for the year 2004-05 is Rs. 440.38 crore. The shortfall in net non-tax revenues from the budget estimates of Rs. 510.39 crore is due to the discontinuation of trading of power. As a result of this, anticipated revenue deficit for the year 2004-05 is pegged at Rs. 75.47 crore vis-à-vis the projected figure of Rs. 7.95 crore at the Budget Estimate stage. However, there is an improvement in the revenue deficit as compared to a figure of Rs. 140.47 crore in 2003-04. Capital receipts, which is primarily borrowings, is anticipated at Rs. 733.84 crore during 2004-05 against an actual of Rs. 522.78 crore. This increase is mainly due to more than expected inflow of small savings. Capital expenditure is expected to be to the tune of Rs. 569.56 crore which is a growth of almost 43 percent over the actual figures of Rs. 398.31 crore for the year 2003-04. The total plan expenditure (state plan plus centrally sponsored schemes) as per the revised estimate

figures for 2004-05 is Rs. 871.90 crore against Rs. 584.93 crore in 2003-04, thereby implying an increase of 49 percent. The fiscal deficit of the state has been increasing consistently. From Rs. 430.34 crore in the year 2003-04 (actuals) it is estimated to be as high as Rs. 628.02 crore in 2004-05. This increase in fiscal deficit is a result of increased borrowings by the state and is a cause for concern.

As a proportion of total receipts in the year 2004-05, tax and non tax revenues comprise 55 percent as against 60 percent in the year 2003-04. Share in central taxes and grants in aid add up to 13 percent in 2004-05 compared to 11 percent in 2003-04. Borrowings and other liabilities is anticipated to constitute 32 percent of the receipts in 2004-05 thereby increasing by 3 percentage point over 2003-04. On the expenditure front, salaries, wages, pensions and gratuities added up to 25 percent of the total expenditure thereby reducing from 28 percent in 2003-04. Subsidies remained constant at 2 percent while debt servicing is anticipated to decrease to 20 percent in 2004-05 compared to 22 percent in 2003-04. Expenditure on works, maintenance and materials is slated to increase to 23 percent from 21 percent in 2003-04. Similarly, investment, advances and contributions is also likely to increase to 8 percent from 5 percent in 2003-04. Grants in aid and other transfers which includes salaries payable to grant in institutions also show a declining trend vis-à-vis 2003-04.

Sir, while presenting these figures for the years 2003-04 and 2004-05 I would like to mention that a note on financial position of the state, giving trends of all receipts and expenditure over the last decade, is available for perusal of the esteemed members of the House.

BUDGET PROPOSALS 2005-06

Sir, in my opening remarks I have already spelt out the direction in which my government would like the development process in the state to move. We have already initiated efforts in formulating and reorienting schemes to suit this vision. Without going into the details I will dwell upon a few initiatives that my government would be taking up on a priority basis. Sir, one of the major initiatives taken by the state in conjunction with Maharashtra has been the Tillari Irrigation Project. Unfortunately the project completion is still to see the light of the day due to lack of proper direction and financial assistance. It is my government's commitment to ensure that the project is completed at the earliest. This will not only increase the agriculture potential but will also give a boost to the agrarian economy by way of employment generation. Apart from this, it would also augment the drinking water supply to the state. The state, in spite of being a much sought after tourist destination, does not have a modern Convention Centre. This facility, I feel, would be both a great off season tourism booster as well as generator of employment through related convention activities like trade fairs and exhibitions. My government has already identified the land for this purpose at Dona Paula. The scheme has also been approved by the Planning Commission. A study of the physical and financial modalities will be commissioned soon. Health sector in the state needs to be improved drastically. As a first step towards this, I intend to upgrade the existing facilities in the Goa Medical College and add super-specialities. This, besides promoting health tourism, will also considerably arrest the outflow of about Rs.12 crore annually that the state is incurring presently towards referral

of medical cases to other state. Tourism generates employment in the hospitality industry. To capitalize on this and to equip our people with the best practices of this industry, my government, in cooperation with the private sector, proposes to set up a state of the art Institute of Hotel Management. Preliminary work in this direction has already commenced and I am confident of coming up with a concrete plan in the near future.

Sir, quality education is the fundamental building block needed to capitalize on the emergence of a knowledge based economy worldwide. My government will position itself to emerge as a facilitator for creation of centers of excellence through the private public participation route. It is also necessary to bridge a clear gap that has emerged in the quality of education being imparted in the private educational institutions and government schools. My government will take necessary steps to let the major stake-holder, namely, the community itself, to take the lead in rejuvenating the school to ensure that the present generation of young Goans emerge as key players in the knowledge economy boom. My government is also committed to strengthen and reform the Goa University which remains a key institution providing quality higher education to local Goan youth at affordable prices. The trend of declining budgetary support to Goa University will be reversed with clear focus on performance parameters.

Sir, solid waste management and sanitation in towns and coastal belts are issues which need immediate attention. My government has accorded utmost priority to this, Sir, a huge constraint that is being faced by the state presently is lack of a state of the art airport. In spite of heavy demand from foreign charters, lack of a full fledged civilian airport, has in effect, held back the foreign tourist inflow into the state.

While giving a boost to tourism, the airport will also open a multitude of avenues for employment in the state. The feasibility study for setting up a new airport in Mopa is already on and expression of interest is likely to be floated by November-December this year. Proper road connectivity is an important factor affecting trade and commerce-the full potential of the existing port at Mormugao will not be exploited until and unless there are proper roads connecting the port to the hinterland within and out of the state. In order to meet this, my government intends to set up an expressway from the Mormugao port. Employment generation and pace of industrial development will be rejuvenated through setting up of Special Economic Zone. A large number of Goans have to go to Mumbai and Delhi for various reasons. The existing accommodation in these metros are highly inadequate both numerically and facilitywise. I intend to take up the construction of new facilities for this purpose in New Delhi and Mumbai. Sir, while some of the proposals mentioned by me above, have already been provided for in the Budget, the financial provision for others will be made in the first batch of supplementaries that will be presented to this august house in the near future. The additional allocations given by Planning Commission while enhancing the outlay from Rs.975.87 crore to Rs.1025 crore

along with the existing budget surplus will provide the resources to finance these additional expenditure.

Sir, on the fiscal and financial front the state is committed to implement the recommendations of the Twelfth Finance Commission-this I am sure, will further improve the financial parameters of the state. My government is committed to the path of financial reforms and fiscal prudence. However, this will be done without compromising on the developmental needs of the state. Accordingly public-private partnership route will be explored fully.

The budget for the year 2005-06 projects a revenue deficit of Rs.41.79 crore, fiscal deficit of Rs.631.70 crore and primary deficit of Rs.249.02 crore. The proportion of tax and non tax revenues in the total receipts is pegged at 57 percent and borrowings at 28 percent thereby improving over the anticipated position of the year 2004-05. On the expenditure front the proportionate spending on debt servicing is likely to come down from 20 percent in 2004-05 to 18 percent in 2005-06.

With these few words I commend the Annual Financial Statement for the year 2005-06 to the august House.

Thank you Sir.

Jai Hind

(The House was adjourned at 4.05 pm till 2.30 pm on Friday the 12th August 2005)