

Profile of State

The State of Tripura is located in the North Eastern Region of India. It is the third smallest State of the country in terms of geographical area (10,491.69 sq. km) and second most populous State, after Assam, of North East India. The State is categorised as a Special Category State on account of which certain special privileges are given by Government of India (GoI) viz. 90 per cent grants and 10 per cent State share against 70 per cent grants and 30 per cent State share to General Category States in all the Centrally Sponsored Schemes (CSS). The State stands 18th in terms of population density in the country. As indicated in **Appendix-1.1 (Part-D)** the State's population increased from 31.99 lakh (2001) to 36.74 lakh (2011) recording a decadal growth rate of 14.85 per cent and estimated 10.70 per cent growth during 2008 to 2017 from a population of 35 lakh to 39 lakh during the period. The State's literacy rate increased from 73.20 per cent (as per 2001 census) to 87.22 per cent against the All India Average of 73.00 per cent (as per 2011 census). The per capita GSDP of the State was ₹ 38,615 in 2008-09 and ₹ 1,01,979 (Advance) in 2017-18 while the all India per capita GDP for the year 2017-18 was ₹ 1,29,800.

Gross State Domestic Product

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's Gross Domestic Product (GDP) at factor cost at current market price and the State GSDP at factor cost at current prices (base year 2011-12) are indicated below:

Table 1.1: Annual growth rate of GDP and GSDP at current prices

Year	2013-14	2014-15	2015-16	2016-17	2017-18
India's GDP (₹ in crore)*	112,33,522	124,45,128	136,82,035	151,83,709	167,73,145
Growth rate of GDP (per cent)	12.97	10.79	9.94	10.98	10.47
State's GSDP (₹ in crore)#	25,593	29,667	32,861.70 (P)	36,879.70 (A)	39,669.69 (A)
Growth rate of GSDP	18.14	15.92	10.77	12.23	7.57

* Source: Ministry of Statistics Programme Implementation for the year up to 2016-17.

Quarterly review report of the Finance Minister for the third Quarter 2017-18 and the Directorate of Economic & Statistics, Government of Tripura. (P): Provisional, (A): Advance Estimates.

1.1 Introduction

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Finance Accounts has been divided into two Volumes: Volume I and II. Volume I represents the financial statements of the Government in a summarised form while Volume II represents detailed financial statements.

This chapter provides a broad perspective of the Finances of the State Government during 2017-18. It analyses important changes in the major fiscal indicators compared to the previous year keeping in view the overall trends during the last five years. The analysis is based on the Finance Accounts and information obtained from the State Government. The structure of the Government Accounts and the layout of the Finance Accounts have been explained in **Appendix 1.1-Part-B** and **Appendix 1.4** presents the time series data on key fiscal variables/ parameters and fiscal ratios relating to the State Government finances for the period 2013-18.

1.1.1 Summary of Fiscal Transactions in 2017-18

Table 1.2 presents the summary of the State Government's fiscal transactions while **Appendix-1.2** provides details of receipts and disbursements as well as the overall fiscal position during the current year (2017-18) *vis-à-vis* the previous year (2016-17).

Table 1.2: Summary of Fiscal operations in 2017-18

(₹ in crore)

Receipts			Disbursements				
Particulars	2016-17	2017-18	Particulars	2016-17	2017-18		
Section-A: Revenue					Non-plan	Plan	Total
Revenue Receipts	9,645.46	10,067.95	Revenue Expenditure	8,855.14	8,787.44	1,569.78	10,357.22
Tax Revenue	1,422.01	1,422.02	General Services	3,503.17	4,383.45	15.13	4,398.58
Non-tax Revenue	218.85	493.48	Social Services	3,682.78	2,980.02	1,269.88	4,249.91
State's Share of Union Taxes and Duties	3,909.12	4,322.08	Economic Services	1,471.26	1,195.71	284.77	1,480.48
Grants-in-Aid from GoI	4,095.48	3,830.37	Grants-in-Aid & Contributions	197.93	228.26	0.00	228.26
Section-B: Capital and Others							
Misc. Capital Receipts	0.00	0.00	Capital Outlay	3,293.57	18.19	1,758.86	1,777.05
Recoveries of Loans & Advances	0.91	1.69	Loans and Advances Disbursed	27.28	0.36	6.65	7.01
Public Debt Receipts	1,139.56	1,333.41	Repayment of Public Debt	512.63	-	-	300.82
Contingency Fund	0.00	0.00	Contingency Fund	0.00	-	-	0.00
Public Account Receipts	3,931.53	3,373.83	Public Account Disbursements	3,134.96	-	-	2,922.64
Opening Cash Balance	2,835.35*	1,729.23	Closing Cash Balance	1,729.23	-	-	1,141.37
Total:	17,552.81	16,506.11	Total:	17,552.81			16,506.11

Source: Finance Accounts

Note: * Increased by ₹73 crore due to inclusion of investments out of State Disaster Relief Fund during 2015-16.

The following are the major changes in fiscal transactions during 2017-18:-

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State increased by 4.38 per cent ➤ Tax Revenue receipt of the State remains almost the same ➤ Non-tax Revenue receipts increased by 125.49 per cent ➤ State's Share of Union Taxes and Duties increased by 10.56 per cent ➤ Grants-in-Aid from Government of India decreased by 6.47 per cent
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Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue expenditure increased by 16.96 per cent ➤ Revenue expenditure on General Services increased by 25.56 per cent ➤ Revenue expenditure on Social Services increased by 15.40 per cent ➤ Revenue expenditure on Economic Services increased by 0.63 per cent ➤ Disbursement of Grants-in-Aid increased by 15.32 per cent
Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital expenditure decreased by 46.04 per cent ➤ Capital expenditure on General Services decreased by 40.03 per cent ➤ Capital expenditure on Social Services decreased by 32.80 per cent ➤ Capital expenditure on Economic Services decreased by 58.06 per cent
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of Loans and Advances decreased by 74.30 per cent ➤ Recoveries of Loans and Advances increased by 85.71 per cent
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts increased by 17.01 per cent ➤ Repayment of Public Debt decreased by 41.32 per cent
Public Account	<ul style="list-style-type: none"> ➤ Receipts from Public Account decreased by 14.19 per cent ➤ Disbursement of Public Account decreased by 6.77 per cent

1.1.2 Review of the Fiscal Situation

Tripura Fiscal Responsibility and Budget Management Act, 2005

As per recommendations of the Finance Commission (FC), the State Government had introduced the Tripura Fiscal Responsibility and Budget Management (TFRBM) Act, 2005 (revised in 2011) and had revised the Medium Term Fiscal Policy Statement (MTFPS) targets since 2010-11.

Accordingly, some major fiscal variables provided in the budget based on the recommendations of the XIV Finance Commission and the actual *vis-à-vis* the target in the TFRBM Act of the State are depicted in **Table 1.3**.

Table 1.3: Trends in major fiscal variations *vis-à-vis* projections for 2017-18

Fiscal variables	Targets/ projections set for the year 2017-18 as per			
	XIV FC	TFRBM Act	MTFPS	Achievement
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	To maintain Revenue surplus			(-) 289.27
Fiscal Deficit(-)/ Surplus (+) to GSDP ratio (<i>per cent</i>)	(-) 3.25	(-) 3.25	(-) 3.25	(-) 5.22
Ratio of outstanding liabilities to GSDP (<i>per cent</i>)	34.53	34.53	34.53	33.72

Source: XIV FC, MTFPS, Finance Accounts.

The State had not maintained Revenue Surplus during 2017-18 as per target set by the State. During 2017-18, the State witnessed a Revenue deficit of ₹ 289.27 crore and Fiscal Deficit of ₹ 2,071.64 crore. The State Government was not able to contain the Fiscal Deficit-GSDP ratio of 3.25 per cent set in the TFRBM Act and MTFPS. The outstanding liabilities to GSDP ratio was 33.72 per cent which was within the target of 34.53 per cent as prescribed in TFRBM Act and MTFPS and also projection made by XIV FC for the year 2017-18 for the State.

1.1.3 Budget Estimates and Actuals

The Budget Estimates (BEs) of the State Government provides an estimate of Receipts and Expenditure thereof for a particular financial year. The projected estimates are important as they guide the State Government's fiscal policy for a financial year. The accuracy in the estimates of receipt and expenditure reflects the fiscal marksmanship and effective implementation of fiscal policies for the overall

socio-economic development of the State. The following table shows the BEs and Actuals for selected parameters.

Table 1.4: Budget and Actuals of selected fiscal parameters 2017-18

(₹ in crore)

Sl. No.	Particulars	Budget Estimates	Actual	Percentage of actuals to BEs
	Revenue Receipts	13,552.56	10,067.95	74.29
1.	(a) Tax Revenue	1,450.00	1,422.02	98.07
	(b) Non-tax Revenue	290.00	493.48	170.17
	(c) State's Share of Union Taxes and Duties	4,500.00	4,322.08	96.05
	(d) Grants-in-Aid	7,312.56	3,830.37	52.38
	Revenue Expenditure	11,750.57	10,357.22	88.14
2.	(a) Revenue Expenditure on Non-plan Head	9,121.81	8,787.44	96.33
	(b) Revenue Expenditure on Plan Head	2,628.76	1,569.78	59.72
	Capital Receipts	1,606.00	1,786.30	111.23
3.	(a) Recovery of Loans and Advances	2.00	1.69	84.50
	(b) Borrowings	1,294.00	1,333.41	103.05
	(c) Net Loans from Public Accounts	310.00	451.20	145.55
	Capital Expenditure, of which	4,205.99	2,084.88	49.57
4.	<i>Repayment of Loans & Advances including Borrowings</i>	738.68	307.83	41.67
5.	Revenue Surplus (+)/ Deficit (-)	(+) 1,801.99	(-) 289.27	--
6.	Fiscal Surplus (+)/ Deficit (-)	(-) 1,663.32	(-) 2,071.64	--
7.	Primary Surplus (+)/ Deficit (-)	(-) 608.34	(-) 1,184.75	--

The collection of Revenue during 2017-18 against the BEs of the State was only 74 per cent. The collection of the Non-tax Revenue against the BEs was 170 per cent while achievement in respect of the Tax Revenues was 98 per cent during 2017-18. However, State's Share of Union Taxes and Duties and Grants-in-Aid from Central Government were lesser than the BEs for the year.

The Revenue Expenditure against the BEs during 2017-18 was 88 per cent while Capital Expenditure was only 50 per cent against the BEs.

The State witnessed a Revenue Deficit of ₹ 289.27 crore against the budgeted Revenue Surplus of ₹ 1,801.99 crore and Fiscal Deficit of ₹ 2,071.64 crore against the budgeted Fiscal Deficit of ₹ 1,663.32 crore respectively for the year 2017-18.

Further, it was noticed that the State Government had given a Grants-in-Aid amounting to ₹ 1,053.15 crore to other Autonomous Bodies during 2017-18 of which ₹ 770.06 crore was given for creation of Capital assets. Out of an expenditure of ₹ 770.06 crore incurred towards grants for creation of capital assets, a major portion of the amount were booked under various central schemes like, Indira Awas Yojna, Mahatama Gandhi National Rural Employment Guarantee Scheme, Pradhan Mantri Awas Yojna, Sarva Shiksha Abhiyan, etc. under Object Head-57 of Capital Account instead of Revenue Account during the year 2017-18. The owner(s) of the assets created were mainly either individual or Local Bodies though the list of the assets created are not furnished by the Government.

As per the Indian Government Accounting Standard (IGAS)-2, expenditure on Grants-in-Aid is to be classified as Revenue Expenditure. However, the Government incorrectly classified the expenditure of ₹ 770.06 crore as Capital Expenditure in

contravention of the Accounting Standards. As a result, the Revenue Deficit of the State for the year 2017-18 was understated to that extent.

On this being pointed out, the State Government stated (February 2019) that assets which are *de-facto* owned by the State Government will come under the Object Head-57 (Grants for creation of Capital Assets) and assets which are created for individual beneficiaries will come under Object Head-31 (Grants-in-Aid). Accordingly, the State Government had issued (31 January 2018) instructions to all the local Bodies, PSUs and Autonomous Bodies to this effect and decided to discontinue with the Object Head-57 wherever, it is not appropriate and provision will be made in the Budget Estimates for the year 2019-20.

Mode of Financing Fiscal Deficit

As per ‘Budget at a Glance 2017-18’, the Fiscal Deficit was anticipated to be ₹ 1,663.32 crore. The Finance Minister stated in the Budget Speech (2017-18) that this deficit would be met by means of implementing austerity measures and mobilising additional revenue by means of better tax compliance during 2017-18.

1.1.4 Gender Budget

In order to create a positive environment through economic and social policies for development of women and children to enable them to realise their full potential and to ensure equal rights and opportunities to them in their social and economic life and for their protection, the State Government introduced Gender Budget since 2005-06 and allocated funds for women fully or partly on various schemes within the overall budget. During 2017-18, an amount of ₹ 1,217.47 crore (32.33 *per cent* of total plan outlay of ₹ 3,766.23 crore) was allocated to 18 departments in the BEs. However, in the Revised Estimates (REs), the provision for the Gender Budget was made to 15 departments for ₹ 458.66 crore (21.79 *per cent*) only, out of total REs of ₹ 2,104.65 crore for the year 2017-18. The budget provision and expenditure thereagainst during the period from 2013-14 to 2017-18 are shown in **Table 1.5**:

Table 1.5: Provision and achievement of Gender Budget during 2013-18

(₹ in crore)

Year	Total budget for plan outlay	Provision for Gender Budget (<i>per cent</i> of total plan provision)	Expenditure (<i>per cent</i> of Provision)
2013-14	2,039.96	360.25 (18)	254.56 (71)
2014-15	4,326.02	551.71 (13)	336.63 (61)
2015-16	4,298.57	1,239.52 (29)	734.40 (59)
2016-17	4,525.97	1,290.35 (28)	909.82 (70)
2017-18	2,104.65	458.66 (22)	289.67 (63)

Source: Budget at a Glance 2013-14 to 2017-18.

Scrutiny of Budget at a Glance for the year 2018-19 revealed that out of total provision of ₹ 458.66 crore for women during 2017-18, the financial utilisation was only ₹ 289.67 crore through 15 departments resulting in short utilisation of fund of about 37 *per cent*. However, in 11 out of 15 departments, the utilisation of fund was 50 *per cent* and more during the year.

The Departments should utilise the provisions made in the Gender Budget towards strengthening the social and economic life of the woman.

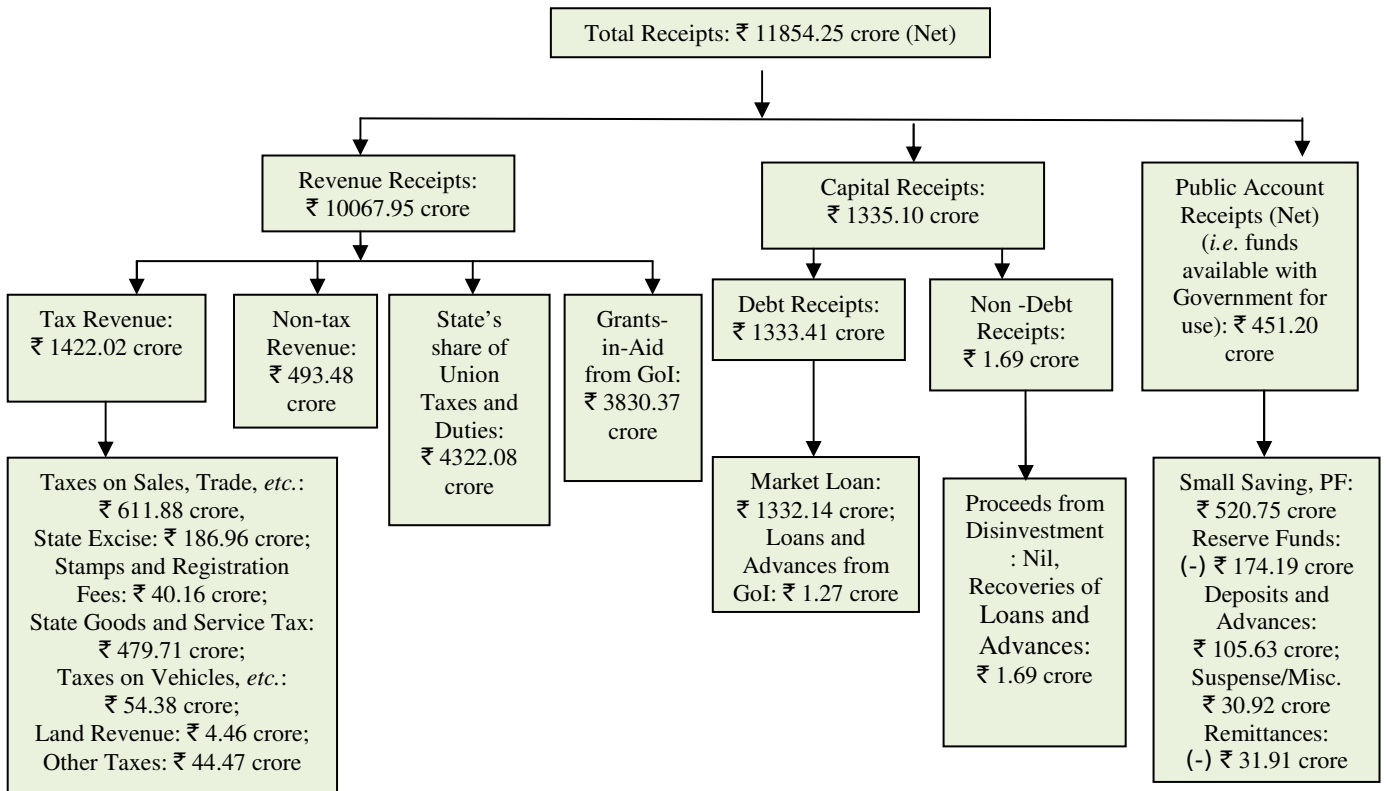
1.2 Resources of the State

1.2.1 Resources of the State as per the Annual Finance Accounts

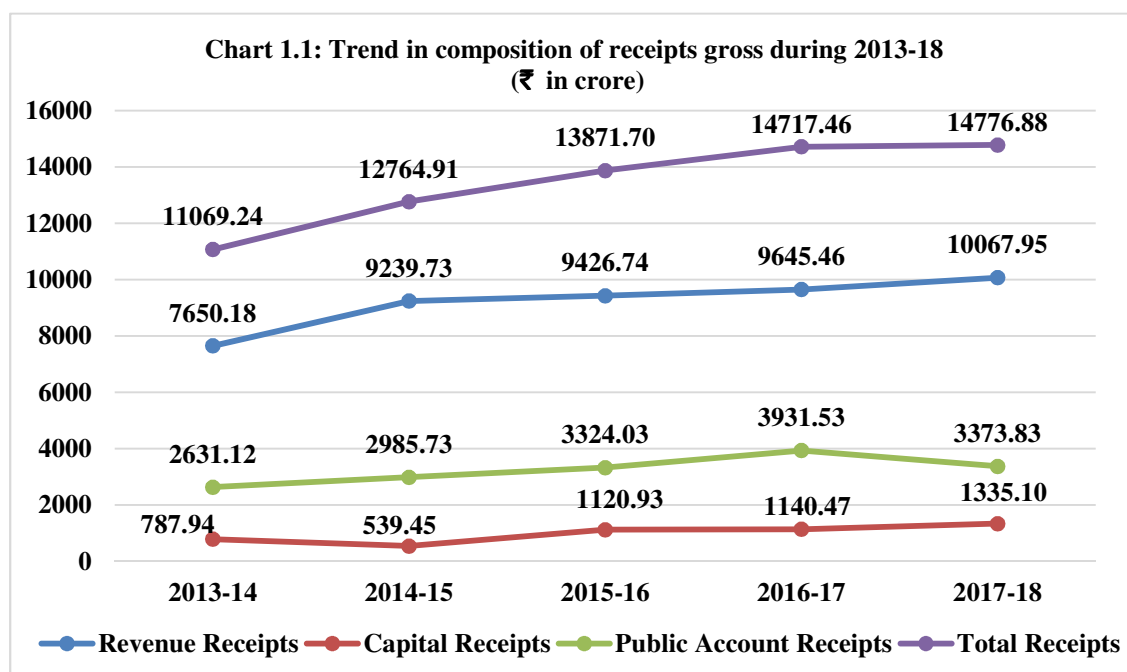
Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenue, Non-tax Revenue, State's Share of Union Taxes and Duties and Grants-in-Aid from GoI. Capital Receipts comprises of Miscellaneous Capital Receipts such as proceeds from Disinvestments, Recoveries of Loans and Advances, Debt Receipts from internal sources (Market Loans, Borrowings from Financial Institutions/ Commercial Banks) and Loans and Advances from GoI. Besides, the funds available in the Public Account after disbursement is also utilised by the Government to finance its requirement. **Table 1.2** and **Appendix-1.2** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts.

Following flowchart shows the components and sub-components of resources of the State during 2017-18:

Resources of the State during 2017-18



The trend in composition of receipts during 2013-18 is detailed in the **Chart 1.1**:



Revenue Receipts of the State increased from ₹ 7,650.18 crore in 2013-14 to ₹ 10,067.95 crore in 2017-18 which represented an increase of about 31.61 *per cent* over a period of five years. Capital Receipts increased by 69.44 *per cent* from ₹ 787.94 crore in 2013-14 to ₹ 1,335.10 crore in 2017-18. Total receipts of the State, however, increased by 33.49 *per cent* from ₹ 11,069.24 crore in 2013-14 to ₹ 14,776.88 crore in 2017-18.

1.2.2 Funds transferred to State Implementing Agencies outside the State Budget

As per GoI decision, all assistance to CSS and Additional Central Assistance (ACA) under various schemes would be released directly to the State Government and not to the State Implementing Agencies and hence, these funds would be routed through the State budget from the year 2015-16 onwards. But as per records of the Public Financial Management System (PFMS) portal of Controller General of Accounts, it was seen that an approximate amount of ₹ 426.74 crore under 51 schemes (**Appendix-1.3**) was released directly to the State Implementing Agencies and Non-Government Organisations during 2017-18 which were not routed through the budget of the State Government.

Table 1.6: Trend of Funds released by Central Government directly to the State Implementing Agencies outside the State Budget during 2013-18

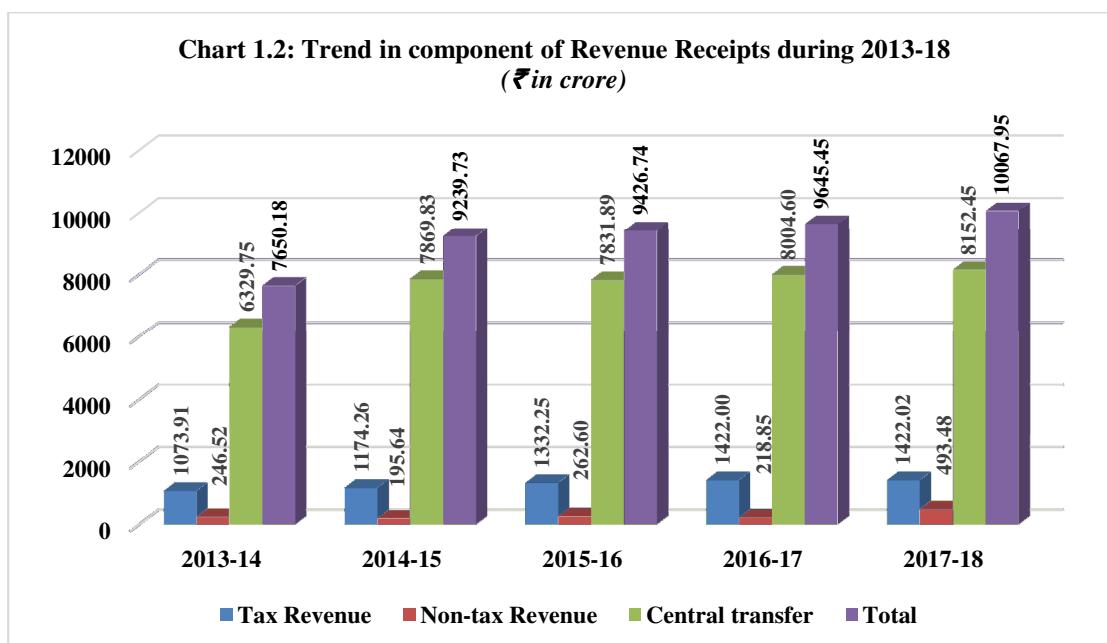
Particulars	Funds transferred				
	2013-14	2014-15	2015-16	2016-17	2017-18
Number of Programmes/ Schemes under which funds were transferred	57	43	38	57	51
Total funds transferred by Central Government	1,763.55	110.90	121.22	830.68	426.74

Source: Public Financial Management System portal of Controller General of Accounts.

Out of ₹ 426.74 crore released during 2017-18, ₹ 280.95 crore was released for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), ₹ 21.37 crore for Industrial Infrastructure Upgradation Scheme-IIUS DIPP under Tripura Industrial Corporation Limited, ₹ 20.44 crore for North Eastern Region-Textile Promotion Scheme under Tripura Handloom and Handcrafts Development Corporation Limited; ₹ 16.25 crore to the Directorate of Social Welfare and Social Education, Tripura towards Pradhan Mantri Vandana Yojana and ₹ 15 crore was released for Members of Parliament Local Area Development Scheme to the DM, West Tripura. With the release of these funds directly to the Implementing Agencies in the State, the resources of the State during 2017-18 stood at ₹ 12,280.99 crore (including the net receipts of ₹ 11,854.25 crore in the State) as on 31 March 2018.

1.3 Composition of Revenue Receipts

The Revenue Receipts of the State Government consist of State's Own Resources (Tax Revenue and Non-tax Revenue), State Share of Union Taxes & Duties and Grants-in-Aid from GoI. Details of the Revenue Receipts of the State Government are given in Statement-14 of the Finance Accounts (2017-18). The trends and composition of Revenue Receipts for the last five year period (2013-18) are presented in **Chart 1.2** and **Appendix-1.4**.



The contribution of Tax Revenue to the total Revenue Receipts during 2017-18 was ₹ 1,422.02 crore (14 per cent) and Non-tax Revenue of ₹ 493.48 crore constitute only about five per cent. Total central transfer was ₹ 8,152.45 crore (81 per cent) of which ₹ 3,830.37 crore (47 per cent) was as Grants-in-Aid from GoI and ₹ 4,322.08 crore (53 per cent) was as State's Share of Union Taxes and Duties during 2017-18. There was an increasing trend in respect of State's Share of Union Taxes and Duties whereas there was a decreasing trend in Grants-in-Aid during 2014-15 to 2017-18.

1.3.1 Trend in Revenue Receipts and Buoyancy Ratios relative to GSDP for the period 2013-18

The trend and growth of Revenue receipts and its buoyancy ratio with reference to GSDP at current prices (base year 2011-12) are shown in **Table 1.7**.

Table 1.7: Trends in Revenue Receipts and Buoyancy Ratios relative to GSDP

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR) (₹ in crore)	7,650.18	9,239.73	9,426.74	9,645.46	10,067.95
Rate of growth of RR (<i>per cent</i>)	8.51	20.78	2.02	2.32	4.38
RR/GSDP (<i>per cent</i>)	29.89	31.14	28.40	26.15	25.38
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	0.46	1.30	0.15	0.19	0.58
State's Tax Buoyancy w.r.t GSDP	0.38	0.59	1.13	0.52	0.01
Revenue Buoyancy with reference to State's Taxes	1.24	2.22	0.15	0.34	4.38

It was noticed that though the Revenue Receipts increased from ₹ 7,650.18 crore in 2013-14 to ₹ 10,067.95 crore in 2017-18, its ratio relative to GSDP came down to 25.38 *per cent* in 2017-18 from 29.89 *per cent* in 2013-14. The growth rate of Revenue Receipts in 2017-18 over the previous year was 4.38 *per cent*. Revenue Buoyancy during 2017-18 (0.58 *per cent*) was less than 1.00 as was the case during the previous year (0.19 *per cent*). However, State's Tax Buoyancy with respect to GSDP was meagre as the States own tax was almost the same of the previous year.

The growth rate of Revenue Receipts of the State was 4.38 *per cent* whereas the average growth rate of 11 Special Category States was 10.40 *per cent* in 2017-18 over the previous year.

1.3.2 State's Own Resources

State's Share of Union Taxes and Duties and Grants-in-Aid from GoI are determined on the basis of recommendations of the FC and State's performance in mobilisation of resources is assessed in terms of its own resources comprising Tax and Non-tax Revenue sources. The performances of State in mobilisation of Tax and Non-tax Revenue is important for attaining self-sufficiency or reduced dependency on Central Government. The State had adopted various fiscal policy measures *viz.* TFRBM Act, MTFPS to achieve this goal.

The projections of the XIV Finance Commission, MTFPS, BEs and the actual collection of Tax and Non-tax Revenues for the year 2017-18 are shown in **Table 1.8**.

Table 1.8: Projection of XIV FC, Budget Estimates *vis-à-vis* the Actual in respect of Tax and Non-tax Revenue for 2017-18

	(₹ in crore)		
	<i>XIV FC Projections</i>	<i>Budget Estimates</i>	<i>Actual collection</i>
<i>Tax Revenue</i>	2,261.00	1,450.00	1,422.02
<i>Non-tax Revenue</i>	464.00	290.00	493.48
Total	2,725.00	1,740.00	1,915.50

Source: XIV FC, Budget at a glance and Finance Accounts.

¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 0.15 implies that revenue receipts tend to increase by 0.15 percentage points if the GSDP increases by one *per cent*.

It can be seen from **Table 1.8** that the actual collection of Tax Revenue of the State was lower than both the projections of the XIV FC and the State's BEs for the year 2017-18. However, the collection of Non-tax Revenue was higher than both the projections of FC and the BEs for the year 2017-18. Overall, actual collection of the State's own resources was less than by 30 *per cent* against the projection made by the FC for the year 2017-18.

The State Government should enforce adequate measures to increase own resources of revenue.

i) Tax Revenue

There was an increasing trend in collection of Tax Revenue during the last five years period from 2013-14 to 2017-18. But the overall percentage of Tax Revenue to the total Revenue Receipts ranged between 13 *per cent* and 15 *per cent* during the last five years and it was 14 *per cent* in 2017-18 which had decreased by one *per cent* over the previous year.

The trend and composition of Tax Revenue of the State during 2013-14 to 2017-18 are shown in **Table 1.9**.

Table 1.9: Trend and Composition of Tax Revenue for the year from 2013-18

(₹ in crore)					
Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Sales, Trades, etc.	837.09	909.81	1,058.48	1,112.89	611.88
State Goods and Service Tax	NA	NA	NA	NA	479.71
State Excise	115.18	138.96	143.56	163.19	186.96
Taxes on Vehicles	36.79	36.09	37.62	43.60	54.38
Stamp Duty and Registration Fees	39.24	37.56	42.49	41.83	40.16
Land Revenue	8.07	10.76	5.97	13.32	4.46
Other Taxes ²	37.54	41.08	44.13	47.18	44.47
Total Tax Revenue	1,073.91	1,174.26	1,332.25	1,422.01	1,422.02
Total Revenue Receipts	7,650.18	9,239.73	9,426.74	9,645.46	10,067.95
Percentage of TR to RR	14.03	12.70	14.13	14.74	14.12

Source: Finance Accounts for the respective years

The major contribution (43 *per cent*) of the State's Tax Revenue was Sales Tax. It was seen that the collection of Tax Revenue from Sales Tax substantially decreased by ₹ 501.01 crore (45 *per cent*) in 2017-18 over the previous year due to implementation of Goods and Services Tax (GST) in 2017-18. During 2017-18, ₹ 479.71 crore was collected as State Goods and Services Tax (SGST). Out of total Sales Tax, etc. of ₹ 611.88 crore, ₹ 610.72 crore was collected as VAT during 2017-18. There was an increasing trend in respect of collection of State Excise and Taxes on Vehicles during the last five years which increased by 15 *per cent* and 25 *per cent* respectively during 2017-18 over the previous year.

² Other Taxes include Other Taxes on Commodities & Services; Taxes and Duties on Electricity; Agricultural Income; and Taxes on Profession, Trade, Callings & Employment.

(a) Position of protected revenue to actual collection after implementation of GST

The Tripura Goods and Services Tax (GST) Act, 2017 was passed by the State Legislature in June 2017 and made effective from 01 July 2017 in the State. The protected revenue³ of the State for the year 2017-18 in accordance with Section 6 of GST (Compensation to States) Act, 2017, was fixed at ₹ 1,025.03 crore with a monthly average⁴ protected revenue amounting to ₹ 85.42 crore for the period.

The protected revenue of the State for the period from July 2017 to March 2018 was worked out to ₹ 768.78 crore (₹ 85.42 crore × nine months). The actual revenue receipt of the State under State Goods and Services Tax (SGST) for the period from July 2017 to March 2018 was ₹ 479.71 crore including an amount of ₹ 23.18 crore on account of apportionment of Integrated Goods and Services Tax (IGST) and Other Tax collections of ₹ 259.71 crore. The details of different components of SGST including other collection received by the State during the corresponding period are shown in **Table 1.10**.

Table 1.10: Details of revenue received under GST Account during July 2017 to March 2018

(₹ in crore)	
Particulars	Amount
State Goods and Services Tax (SGST)	
(a) Tax	161.82
(b) Apportionment of Taxes from IGST	23.18
(c) Advance apportionment of Taxes from IGST	35.00
(d) Other collection including interest ⁵	259.71
Sub-Total	479.71
Receipts under taxes subsumed in GST during 2017-18	140.07
Total	619.78

Source: Finance Accounts 2017-18.

It can be seen from **Table 1.10** that the revenue collection of the State Government during 2017-18 was ₹ 619.78 crore which include ₹ 140.07 crore received on account of taxes subsumed in GST and ₹ 479.71 crore by means of SGST and IGST.

Section 7 (i) & (ii) of the Goods and Service Tax (Compensation to States) Act, 2017 provides that compensation shall be payable to any States for the loss arising on account of implementation of GST during the transition period and the compensation payable to a State shall be provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor-General of India. Out of the total receivable compensation of ₹ 149.00 crore, the State received

³ The GST (Compensation to state) Act, 2017 provides that Union shall compensate the states for loss of revenue due to implementation of GST. Base year for calculating the compensation shall be the revenue collection of the State for 2015-16. Protected revenue is calculated/arrived at, by taking into consideration the revenue collection of base year plus 14 per cent increase for every following year.

⁴ Ministry of Finance, Department of Revenue, GoI, Office Memorandum No. S-31011/03/2014-SO (ST)-Pt-I dated 29 August 2017.

⁵ Interest: ₹ 9.43 lakh, Penalty: ₹ 1.55 lakh, Fees: ₹ 134.33 lakh, Input Tax Credit cross utilisation of SGST and IGST: ₹ 25,825.83 lakh and Other receipts: ₹ 0.20 lakh)= ₹ 25,971.34 lakh.

an amount of ₹ 129.00 crore from the GoI during 2017-18. The remaining compensation of ₹ 20.00 crore was received in May 2018.

(b) Comparison of Tax Revenue to GSDP with neighbouring States

The comparison of ratio of Tax Revenue to GSDP of Tripura with that of seven Special Category States (SCS) situated in North Eastern Region (NER) is given in **Table 1.11**.

Table 1.11: Comparison of Tax Revenue to GSDP with seven SCSs of NER

State Name	(in per cent)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Tripura	4.20	3.96	4.05	3.86	3.58
Assam	5.06	4.83	4.47	4.69	4.66
Meghalaya	4.14	4.04	4.10	4.01	4.80
Mizoram	2.23	1.97	2.34	2.70	3.08
Manipur	2.92	2.88	2.69	2.52	3.41
Nagaland	2.01	2.11	2.08	2.41	2.70
Arunachal Pradesh	2.98	2.58	2.64	2.95	3.34
Sikkim	3.79	3.42	3.14	3.26	3.09

It can be seen from **Table 1.11** that the ratio Tax Revenue to GSDP for year 2017-18 in respect of Tripura was 3.58 per cent which was the third highest in comparison with seven neighbouring states. The percentage of Tax Revenue of Tripura range between 4.20 per cent and 3.58 per cent during last five years period from 2013-14 to 2017-18.

ii) Non-tax Revenue

The Non-Tax Revenue (NTR) of the State increased by ₹ 274.63 crore (125 per cent) in 2017-18 over the previous year mainly due to increase in Interest Receipts and Dividends, etc. by ₹ 257.56 crore (694 per cent) over the previous year.

The sector-wise collection of Non-tax Revenue are shown in **Table 1.12**.

Table 1.12: Sector-wise Non-tax Revenue Receipts

Name of Sector	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
General Service	70.80 (28.72)	57.90 (29.60)	64.74 (24.65)	71.41 (32.63)	85.14 (17.25)
Social Service	14.30 (5.80)	8.90 (4.55)	12.60 (4.80)	10.10 (4.62)	8.42 (1.71)
Economic Service	74.95 (30.40)	82.31 (42.07)	116.61 (44.41)	100.22 (45.79)	108.24 (21.93)
Interest Receipts, Dividends, etc.	86.47 (35.08)	46.53 (23.78)	68.65 (26.14)	37.12 (16.96)	291.68 (59.11)
Total	246.52	195.64	262.60	218.85	493.48

Source: Finance Accounts (figures in parentheses represent the percentage of total NTR)

Scrutiny of Annual Finance Accounts of the State for the year 2017-18 revealed that the major contribution to the NTR was receipts from the Interest Receipts and Dividend (59 per cent). Out of receipts of ₹ 291.68 crore, ₹ 276.99 crore was Interest Receipts, of which ₹ 237.63 crore was interest accrued on Sinking Fund Investment Accounts and ₹ 37.41 crore was realised as interest on investment of Cash balances during 2017-18. An amount of ₹ 14.69 crore was received as dividend from Public Sector Undertakings (₹ 14.27 crore from Tripura Forest Development & Plantation Corporation Limited and ₹ 0.42 crore from ONGC Tripura Power Company Limited) during the year.

Non-tax Revenue under General Sector increased by ₹ 13.73 crore in 2017-18 mainly due to increase in collection from Police by ₹ 13.04 crore. There was an increase of ₹ 8.02 crore in Economic Sector mainly due to increase in collection from Industries by ₹ seven crore during 2017-18.

1.3.3 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) from Centre to the State, a discretionary component of Central transfers, is considered to be an integral element of the Revenue Receipts of the State. The GoI released funds as grants under different schemes to the State for the last five years period as shown in **Table 1.13**.

Table 1.13: Grants-in-Aid received from GoI during 2013-14 to 2017-18

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-plan Grants	1,150.62	1,086.53	1,249.14	1,309.10	Nil
Grants for State Plan Schemes	3,004.78	4,720.17	2,867.77	2,401.04	(-) 1.57 ⁶
Grants for Central Plan Schemes	35.21	32.74	376.11	186.49	Nil
Grants for Centrally Sponsored Schemes	424.04	235.49	36.28	136.71	1,988.32
Grants for Special Plan Schemes	84.85	64.77	36.57	62.14	Nil
Finance Commission Grants	Nil	Nil	Nil	Nil	1,191.20
Others	Nil	Nil	Nil	Nil	652.42
Total	4,699.50	6,139.70	4,565.87	4,095.48	3,830.37
Percentage of increase/ decrease over previous year	7.45	30.64	(-) 25.63	(-) 10.30	(-) 6.47
Total grants as a percentage of Revenue Receipts	61	66	48	42	38

Source: Finance Accounts

It can be seen from **Table 1.13** that the Grants-in-Aid received from the GoI substantially increased from ₹ 4,699.50 crore in 2013-14 to ₹ 6,139.70 crore in 2014-15 which were the last two years of XIII FC Award period. But, during 2015-16 to 2017-18 (three years of XIV FC), Grants-in-Aid from centre showed a decreasing trend from ₹ 4,565.87 crore to ₹ 3,830.37 crore. During 2017-18, Grants-in-Aid decreased by ₹ 265.11 (6.47 per cent) crore over the previous year. Most of the grants were received under Centrally Sponsored Schemes (₹ 1,988.32 crore) and FC grants (₹ 1,191.20 crore) during 2017-18. As per recommendation of the XIV FC, the GoI had released ₹ 1,059.00 crore as Post-Devolution Revenue Deficit Grant, ₹ 101.60 crore as grants for Local Bodies and ₹ 30.60 crore towards Grants-in-Aid for State Disaster Response Fund (SDRF) during 2017-18. Besides, other grants like One Time Special Assistance (₹ 300 crore) and compensation (₹ 129 crore) for loss of revenue arising out of implementation of GST in the State were released by GoI during 2017-18.

During 2017-18, no grants for State Plan Schemes was released by the GoI. However, the unutilised grants of ₹ 157.50 lakh released by the Ministry of Social Justice and Empowerment, GoI during 2015-16 was refunded by the State

⁶ Minus due to refund of the un-utilised fund to the Ministry of Social Justice and Empowerment, Government of India during the year.

Government during the current year. Hence, the total grants of GoI during 2017-18 was understated to that extent.

Major part of the funds under Centrally Sponsored Schemes were released towards (i) Sarva Shiksha Abhiyan (SSA) (₹ 202.20 crore); (ii) Pradhan Mantri Awas Yojana (PMAY-Rural Mission) (₹ 183.16 crore); (iii) Pradhan Mantri Gram Sadak Yojana (PMGSY) (₹ 135.38 crore); (iv) Anganwadi Services (ICDS) (₹ 131.01 crore); (v) Mission for Development of 100 Smart Cities (₹ 131.00 crore); (vi) Mahatama Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (₹ 126.46 crore) and (vii) PMAY-Urban Mission (₹ 125.07 crore) during 2017-18.

1.3.4 Debt waiver under the Debt Consolidation and Relief Facilities

The State Government enacted the TFRBM Act, 2005 and the rules for carrying out the provisions of the Act were published in October 2006.

Subsequently, the State Government had amended the TFRBM Act, 2005 in April 2011 and renamed it as TFRBM (3rd Amendment) Act, 2011. Accordingly, the State had also revised its MTFPS targets since 2010-11.

On the recommendation of XIII FC, Central loan under Central Plan Schemes and Centrally Sponsored Schemes advanced to the State Government by the different Ministries other than the Ministry of Finance (MoF) and outstanding as on 31 March 2010, had been written off.

The MoF permitted the State Government to adjust the excess repayment of Principal and Interest on loans from Central Government made by the State after 31 March 2010 against repayment to the MoF. The State Government made excess payment of loans of ₹ 6.88 crore (Principal: ₹ 2.79 crore and Interest: ₹ 4.09 crore) after the effective date out of which, only ₹ 2.56 crore had been adjusted by MoF leaving an unadjusted balance of ₹ 4.32 crore (Principal: ₹ 2.01 crore and Interest: ₹ 2.31 crore) as of March 2017. This resulted in over statement of outstanding Public Debt of the State Government to that extent up to March 2017. During 2016-17, ₹ 31.62 crore of Central Loan (Non-plan: ₹ 0.57 crore; State Plan loan: ₹ 29.47 crore, CSS and other loans: ₹ 1.90 crore) was repaid to the GoI without adjusting the balance of ₹ 4.32 crore under the Debt Consolidation and Relief Facilities. Even during 2017-18, no adjustment of ₹ 4.32 crore was done which resulted in overstatement of the outstanding Loans and Advances from GoI to that extent as on 31 March 2018.

1.3.5 State's Share of Union Taxes and Duties

As per recommendation of the XIV FC, State's Share of Union Taxes and Duties has been increased to 42 *per cent* during the XIV FC award period from 2015-16 to 2019-20. During 2017-18, the devolution of State's Share of Union Taxes and Duties was ₹ 4,322.08 crore with an increase of 10.56 *per cent* over the previous year.

Devolution of different components under State's Share of Union Taxes and Duties during the last five year period from 2013-14 to 2017-18 are shown in **Table 1.14**:

Table 1.14: Trends in components of State's Share of Union Taxes and Duties during 2013-18**(₹ in crore)**

Component of State's Share of Union Taxes and Duties	2013-14	2014-15	2015-16	2016-17	2017-18
Corporation Tax	548.28	604.18	1,031.98	1,254.73	1,324.23
Income Tax	361.03	431.44	720.42	872.03	1,117.74
Taxes on Wealth	1.51	1.63	0.18	2.87	(-) 0.04
Union Excise & Customs	453.86	437.82	953.32	1,156.05	892.60
Service Tax & Others	265.57	255.06	560.12	623.44	489.35
Central GST	Nil	Nil	Nil	Nil	61.64
Integrated GST	Nil	Nil	Nil	Nil	436.56
Total	1,630.25	1,730.13	3,266.02	3,909.12	4,322.08
Percentage of increase of State's Share	9.18	6.13	88.77	19.69	10.56
Percentage over GSDP	6.51	5.94	9.84	10.60	10.90

Source: Finance Accounts.

There was an increasing trend in devolution of the State's Share of Union Taxes and Duties during the last five years period from 2013-14 to 2017-18. The quantum of the State's Share of Union Taxes substantially increased during last three years from 2015-16 to 2017-18 as the percentage of share was increased to 42 per cent in XIV FC Award period (2015-20) from 32 per cent in XIII FC period up to 2014-15. During 2017-18, the State's Share of Union Taxes and Duties was 43 per cent of total revenue receipts of the State of which the percentage of Corporation Tax, Income Tax, Service Taxes and Union Excise & Customs were 13, 11, 10 and nine per cent respectively. During 2017-18, the State Government received the share of net proceeds of ₹ 61.64 crore as Central Goods and Service Tax (CGST) and ₹ 436.56 crore as Integrated Goods and Service Tax (IGST) on Domestic supply of goods and services due to implementation of the GST in the State. The quantum of Service Tax and Others decreased by ₹ 134.09 crore (21.50 per cent) in 2017-18 over the previous year due to implementation of GST in the State.

1.3.6 Optimisation of XIV Finance Commission Grants during 2017-18

The XIV FC was constituted by the President under Article 280 of the Constitution of India on 02 January 2013 to give recommendations on specified aspects of Centre-State fiscal relations during the period 2015-20. As per the terms of reference, the XIV FC had three constitutionally mandated tasks, *namely*, the distribution of net proceeds of taxes between Union and States, Grants-in-Aid to the needy States and measures for supplementing the States resources for devolution to the Panchayats and Municipalities in the State. The Commission submitted its Report to the President on 15 December 2014 and the GoI accepted the Report issuing a Memorandum dated 24 February 2015.

Recommendations made by the XIV FC and accepted by the GoI for various component of grants and the grants actually released by the GoI to the State during last three years of XIV FC period from 2015-16 to 2017-18 are shown in **Table 1.15**.

Table 1.15: Recommendations of XIV FC and actual release of funds by GoI during 2015-18
(₹ in crore)

Sl. No.	Purpose for which grants is released	Recommended by the XIV FC			Actual released by GoI		
		2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
1.	Revenue Deficit Grants	1,089.00	1,089.00	1,059.00	1,089.00	1,089.00	1,059.00
2.	Grants for Local Bodies						
	a. Basic Grant						
	(i) Rural Local Bodies	36.24	50.18	57.98	36.24	50.18	67.35
	(ii) Urban Local Bodies	21.41	29.65	34.25	21.41	29.65	34.25
	Sub Total	57.65	79.83	92.23	57.65	79.83	101.60
	b. Performance Grant						
	(i) Rural Local Bodies	-	6.58	7.45	-	6.58	-
	(ii) Urban Local Bodies	-	8.75	9.90	-	-	-
	Sub Total	-	15.33	17.35	-	6.58	-
3.	Grants towards SDRF	28.00	28.00	31.00	27.90	29.70	30.60
	Total	1,174.65	1,212.16	1,199.58	1,174.55	1,205.11	1,191.20

Source: XIV FC recommendations, Finance Accounts.

The XIV FC recommended grants in two parts as Basic Grant and Performance Grant for duly constituted the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). In case of ULBs, the division between Basic and Performance Grant was on 80:20 basis.

Accordingly, the XIV FC projected State's share of ₹ 57.98 crore as Basic Grant and ₹ 7.45 crore as Performance Grant for PRIs for the year 2017-18, out of which ₹ 67.35 crore was released by the GoI.

In respect of ULBs, the XIV FC projected ₹ 34.25 crore as Basic Grant and ₹ 9.90 crore as Performance Grant for the State for the year 2017-18 of which, the GoI released only ₹ 34.25 crore.

1.4 Capital Receipts

All Government receipts which either create liabilities (e.g. Market Borrowings, Public Debt Receipts) or reduce assets (e.g. Disinvestment, Recovery of Loans and Advances) are treated as Capital Receipts. Thus, when Government raises funds either by incurring a liability or by disposing off its assets, it is called Capital Receipts.

The growth and composition of Capital Receipts during the last five year period are shown in **Table 1.16**.

Table 1.16: Trends in growth and composition of capital receipts during 2013-18
(₹ in crore)

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts (CR)	787.94	539.45	1,120.93	1,140.47	1,335.10
Miscellaneous Capital Receipts	0.00	0.0	0.00	0.00	0.00
Recovery of Loans and Advances	0.96	2.18	1.14	0.91	1.69
Public Debt Receipts	786.98	537.27	1,119.79	1,139.56	1,333.41
Rate of growth of Debt Capital Receipts (%)	(-) 5.64	(-) 31.73	108.42	1.76	17.01
Rate of growth of Non-Debt Capital Receipts (%)	(-) 23.81	127.08	(-) 47.71	(-) 20.18	85.71
Rate of growth of GSDP (%)	18.14	15.92	11.87	12.23	7.57
Rate of growth of Capital Receipts (per cent)	(-) 5.67	(-) 31.54	107.79	1.74	17.07

Source: Finance Accounts

The rate of growth of capital receipts in 2017-18 was 17.07 *per cent* as compared to 1.74 *per cent* in 2016-17. The major part of the capital receipts was from Public Debt of which ₹ 1,332.14 crore was received during 2017-18 from open market at an interest rate ranging between 7.25 *per cent* and 7.50 *per cent* per annum. The non-debt Capital Receipts (Recoveries of Loans and Advances) was very low during the last five year. However, during 2017-18, it was slightly higher than the previous year.

1.4.1 Recoveries of Loans and Advances

Non-Debt Capital Receipts *i.e.* Recovery of Loans and Advances by the State during the period 2013-18 was below one *per cent* of Public Debt receipts.

Table 1.17: Loans & Advances given by the State Government during 2017-18

Particulars	(₹ in crore)				
	Balance as on 31 March 2017	Advance during 2017-18	Total	Recovery	Balance as on 31 March 2018
Tripura State Electricity Corporation Limited	56.75	0.00	56.75	0.00	56.75
Society for Tripura Medical College & Dr. BRAM Teaching Hospital, Agartala	76.50	5.00	81.50	0.50	81.00
Loans to Government Servants	11.12	0.36	11.48	0.53	10.95
Loans to Co-operation	20.39	1.65	22.04	0.62	21.42
Others	22.91	0.00	22.91	0.04	22.87
Total	187.67	7.01	194.68	1.69	192.99

Source: Finance Accounts

During 2017-18, the State Government had given loans to the State Government Servants and to other Social and Economic Sectors for various developmental activities amounting to ₹ 7.01 crore; a decrease of 74 *per cent* from ₹ 27.28 crore in 2016-17. The total outstanding Loans and Advances as on 31 March 2018 was ₹ 192.99 crore, which increased by three *per cent* from ₹ 187.67 crore in 2016-17. Out of ₹ 7.01 crore disbursed as Loans and Advances during 2017-18, ₹ five crore was disbursed towards interest free loan to Society for Tripura Medical College & Dr. BRAM Teaching Hospital, Agartala for Medical (Social Sector). As on 01 April 2017, the outstanding balance against Tripura Medical College & Dr. BRAM Teaching Hospital, Agartala for Medical was ₹ 76.50 crore which stood at ₹ 81.00 crore at the end of 31 March 2018 after repayment of ₹ 50 lakh during the year.

During 2017-18, Recovery of Loans and Advances was only ₹ 1.69 crore, while the disbursement was ₹ 7.01 crore. The recovery was only 24 *per cent* of the disbursement.

1.4.2 Public Debt Receipts

Public Debt Receipts comprise of Internal Debt Receipts and Loans and Advances from GoI. A time series data on Public Debt Receipts during the last five year is shown in **Table 1.18**.

Table 1.18: Time series data on Public Debt Receipts during 2013-18

(₹ in crore)

Source of Public Debt	2013-14	2014-15	2015-16	2016-17	2017-18
Internal Debt					
Market Loans	550.03 (69.89)	150.00 (27.92)	575.00 (51.35)	990.32 (86.90)	1,137.00 (85.27)
National Small Savings Fund	74.41 (9.46)	182.07 (33.89)	254.88 (22.76)	Nil	Nil
Loans from other Financial Institutions	158.82 (20.18)	200.00 (37.23)	283.98 (25.36)	145.62 (12.78)	195.14 (14.63)
Total Internal Debt	783.26 (99.52)	532.07 (99.03)	1,113.86 (99.47)	1,135.94 (99.68)	1,332.14 (99.90)
Loans and Advances from GoI	3.73 (0.47)	5.20 (0.97)	5.93 (0.53)	3.62 (0.32)	1.27 (0.10)
Public Debt Receipts	786.99	537.27	1,119.79	1,139.56	1,333.41
Public Debt Repayment	219.91	300.00	447.29	512.63	300.82
Balance of Public Debt	567.08	237.27	672.50	626.93	1,032.59

Source: Finance Accounts. (Figures in parentheses indicates percentage to Public Debt receipts.)

It can be seen from **Table 1.18** that during 2017-18, Market loan increased by 15 per cent over the previous year and constituted 85 per cent of the total Public Debt Receipts. During 2017-18, ₹ 195.14 crore was received as loan from other Financial Institutions (National Bank for Rural Development).

Loans and Advances from GoI decreased by approximately 65 per cent during 2017-18 as compared to the previous year. After repayment of Public Debt amounting to ₹ 300.82 crore during 2017-18, the outstanding Public Debt of the State Government stood at ₹ 1,032.59 crore at the end of March 2018, which was 64.71 per cent more as compared to the previous year.

1.5 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, etc. which do not form part of the Consolidated Fund are kept in Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use. Details of Public Account balances for last five year period from 2013-14 to 2017-18 are shown in **Table 1.19**.

Table 1.19: Public Account Balances

(₹ in crore)

Resources under Public Account	2013-14	2014-15	2015-16	2016-17	2017-18
a. Small Savings, Provident Funds, etc.	2,712.56	3,014.96	3,355.00	3,751.00	4,271.75
b. Reserve Funds	651.54	679.57	625.03	745.37	571.19
c. Deposits and Advances	309.06	334.70	438.73	791.48	897.53
Total	3,673.16	4,029.23	4,418.76	5,287.85	5,740.47

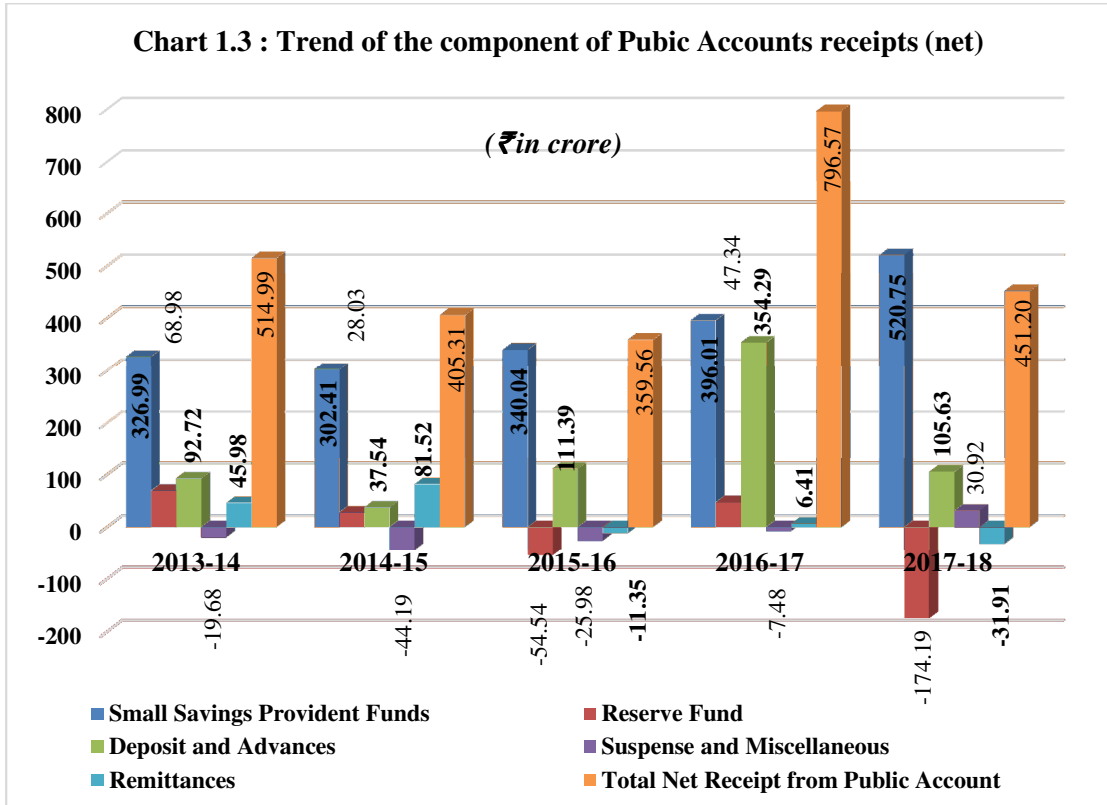
Source: Finance Accounts

The balance funds from Public Account receipts increased to ₹ 5,740.47 crore (8.56 per cent) at the end of the year 2017-18 from ₹ 5,287.85 crore in 2016-17. During last five years, there was an increase of 56.28 per cent up to 2017-18 in the balance of Public Account. Small Saving, Provident Fund, etc. increased by more than 57 per cent while Deposit and Advances increased by 190 per cent during the same

period. However, during 2017-18, ₹ 472.02 crore had been invested by the State Government under Reserve Funds in various Nationalised banks, of which, ₹ 369.02 crore was invested from Sinking Funds and ₹ 100.00 crore was invested from SDRF.

1.5.1 Trend and net availability of fund from Public Account during 2013-18

The trend of net availability of funds under various components of Public Accounts during the period 2013-18 is depicted in **Chart 1.3**.



The net availability of funds from Public Account during last five year period showed fluctuating trend which ranged between ₹ 359.56 crore and ₹ 796.57 crore during the period. During 2017-18, the net availability of fund from Public Account was ₹ 451.20 crore which the State Government had utilised to cover Fiscal Deficit.

1.6 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance as it is an important aspect of fiscal policy to achieve developmental goals. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially the expenditure directed towards development of Social Service.

1.6.1 Trend and Composition of Expenditure

Chart 1.4 presents the trends and composition of total expenditure during the last five year period from 2013-14 to 2017-18.

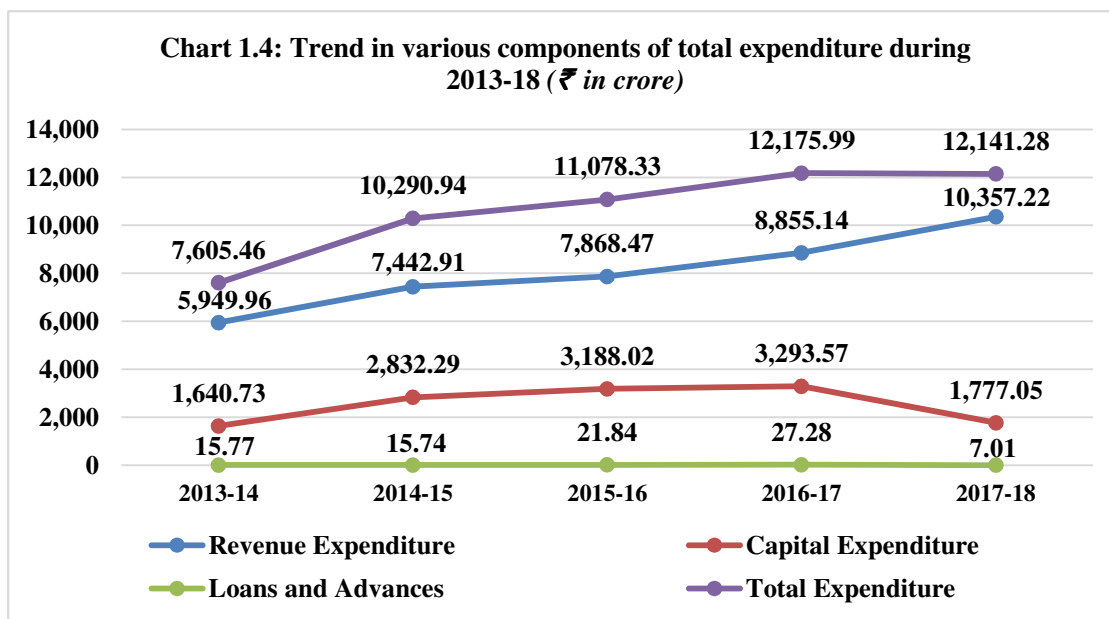


Chart 1.4 shows that the Total Expenditure (TE) comprising Revenue Expenditure, Capital Expenditure and disbursement of Loans and Advances steadily increased during 2013-14 to 2016-17 but slightly decreased (by ₹ 34.70 crore) from ₹ 12,175.29 crore in 2016-17 to ₹ 12,141.29 crore in 2017-18 due to decrease in Capital Expenditure and Loans and Advances.

1.6.2 Trend and Composition of Expenditure by Activities

The trends in composition of total expenditure by activities during the period from 2013-14 to 2017-18 is depicted in **Chart 1.5**.

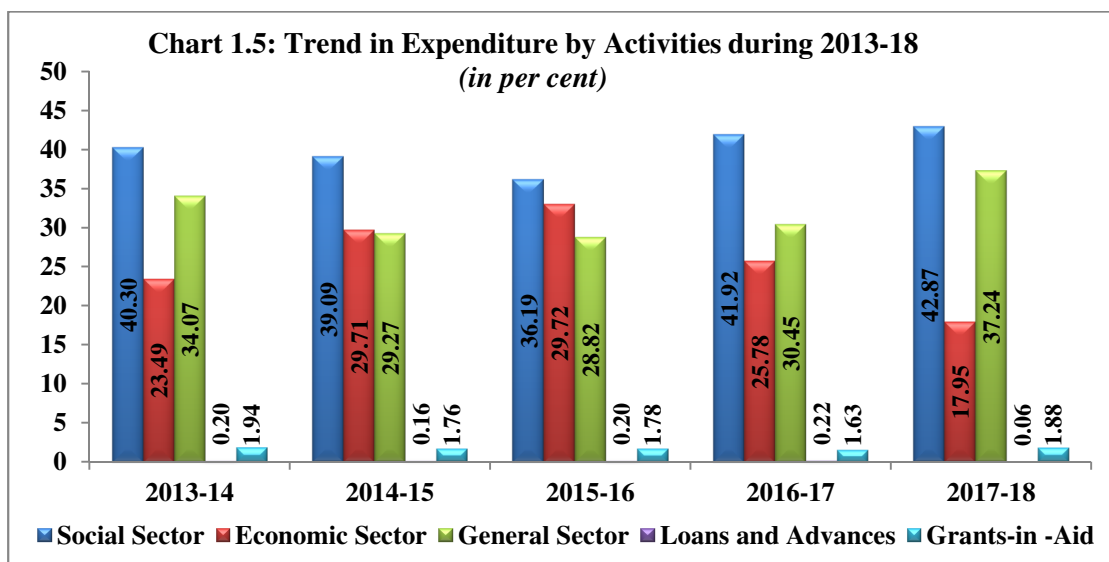


Chart 1.5 shows that the expenditure on General Sector steadily increased from 28.82 per cent in 2015-16 to 37.24 per cent in 2017-18 while it decreased from 34.07 per cent in 2013-14 to 28.82 per cent of the total expenditure in 2015-16. Expenditure on Social Sector ranged between 36.19 per cent and 42.87 per cent of total expenditure during the period of last five years from 2013-14 to 2017-18.

Under Economic Sector, the expenditure showed decreasing trend during last three out of last five year period from 33.01 *per cent* in 2015-16 to 17.95 *per cent* in 2017-18. Grants-in-Aid, however, showed an increasing trend in four years out of five years period while it decreased from 1.94 *per cent* in 2013-14 to 1.76 *per cent* in 2014-15.

1.6.3 Revenue Expenditure

The Revenue Expenditure (RE) is incurred to maintain the current level of services and make payment for past obligations and as such, does not result in any addition to the State’s infrastructure and services network. The Revenue expenditure as a *per cent* of total expenditure fluctuated between 71 *per cent* and 85 *per cent* during the last five years period 2013-18. The RE during 2017-18 was ₹ 10,357.23 crore (85 *per cent* to the total expenditure) which constituted about 26 *per cent* of the GSDP for the year.

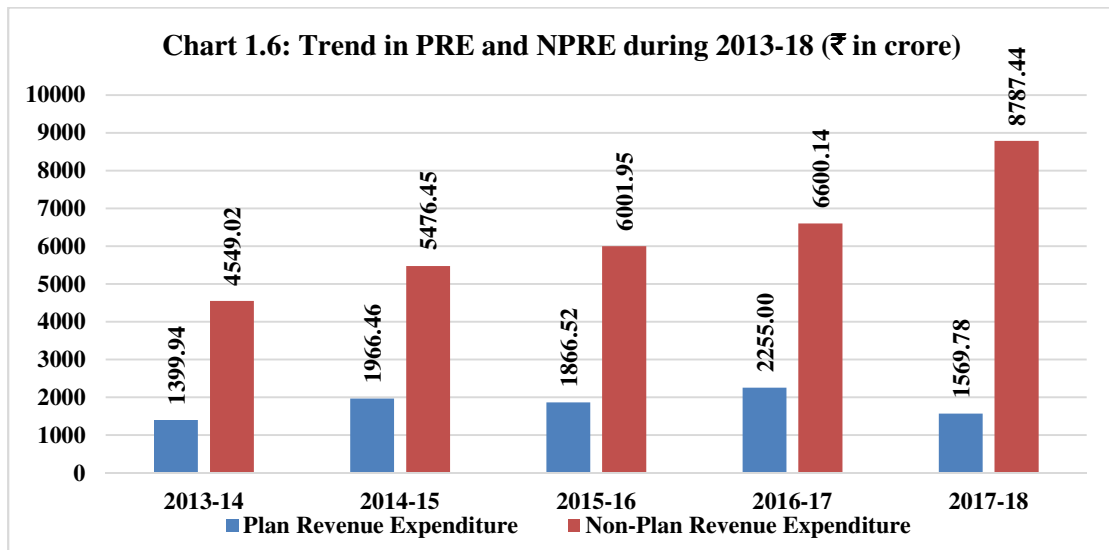
1.6.3.1 Plan Revenue Expenditure

During 2017-18, Plan Revenue Expenditure (PRE) was ₹ 1,569.78 crore which was 15 *per cent* of the total RE as compared to 25 *per cent* in 2016-17. Total PRE during 2017-18 decreased mainly due to decrease in expenditure in respect of Social and Economic Sectors by ₹ 475.06 crore and ₹ 204.70 crore respectively as compared to the previous year.

1.6.3.2 Non-Plan Revenue Expenditure

During 2017-18, the Non-Plan Revenue Expenditure (NPRE) was ₹ 8,787.44 crore (85 *per cent* of total RE) which increased by ₹ 2,187.30 crore (33 *per cent*) as compared to the previous year mainly due to increase in expenditure in respect of General Services by ₹ 900.87 crore (26 *per cent*).

The trend of PRE and NPRE during the period 2013-18 is depicted in **Chart 1.6**.



1.6.4 Growth of Revenue Receipts and Expenditure and their percentage to GSDP during 2013-18

Trend of Revenue Receipts and Expenditure with their growth of rate and percentage with GSDP and given in **Table 1.20**.

Table 1.20: Trend of Revenue Receipts and Revenue Expenditure as percentage of GSDP during 2013-18

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts					
Revenue Receipts (₹ in crore)	7,650.18	9,239.73	9,426.74	9,645.46	10,067.95
Rate of Growth of Revenue Receipts	8.51	20.78	20.24	2.32	4.38
As percentage of GSDP	29.89	31.15	28.40	26.15	25.38
Revenue Expenditure					
Revenue Expenditure (₹ in crore)	5,948.96	7,442.91	7,868.47	8,855.14	10,357.23
Rate of Growth of Revenue Expenditure	14.12	25.11	5.72	12.54	16.96
As percentage of GSDP	23.24	25.09	23.71	24.01	26.11
Revenue Surplus (+)/deficit (-)					
Revenue Surplus (+)/Deficit (-) (₹ in crore)	1,701.22	1,796.82	1,558.27	790.32	(-) 289.27
As percentage of GSDP	6.65	6.06	4.69	2.14	(-) 0.73

Source: Finance Accounts

The growth rate of Revenue Expenditure was higher than the Revenue Receipts in four out of five year period 2013-18 except 2015-16. However, the Revenue Receipts as a percentage of GSDP was lower than the percentage of Revenue Expenditure with respect to GSDP during 2017-18. During last four years from 2013-14 to 2016-17, there were revenue surplus which turn to a deficit of ₹ 289.27 crore in 2017-18.

1.6.5 Committed Expenditure

The Committed Expenditure of the State Government on revenue account mainly consists of Salaries and Wages, Interest Payments, Pension and Subsidies. The trend of components of Committed Expenditure are presented in **Table 1.21**. The Committed Expenditure during 2017-18 increased by 26.07 per cent as compared to the previous year. It was 73.24 per cent of Revenue Expenditure and 75.34 per cent of the Revenue Receipts during 2017-18.

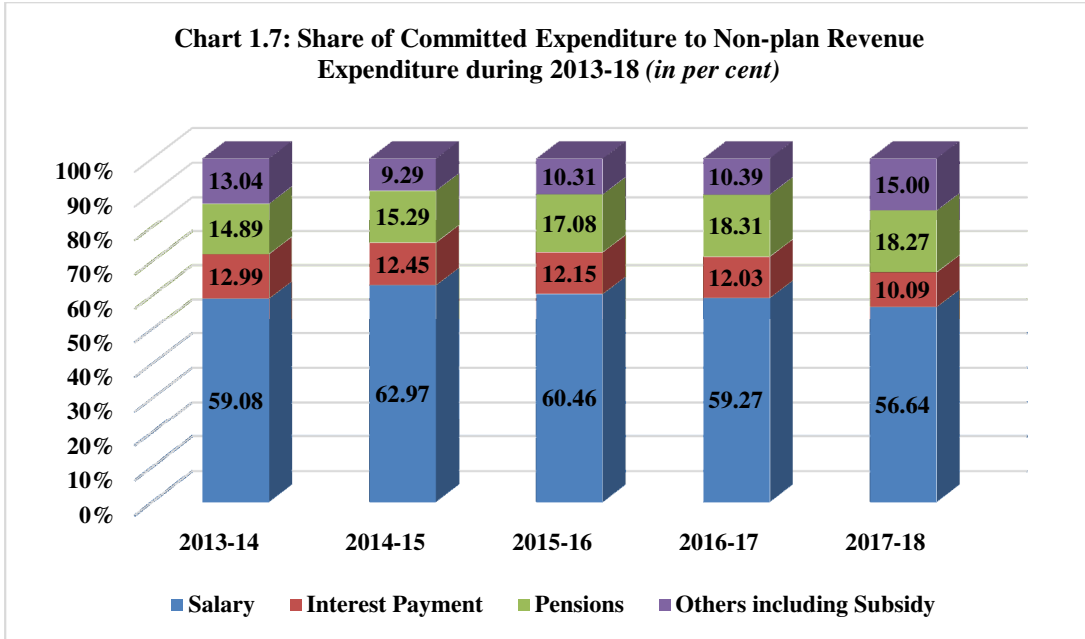
Table 1.21: Components of Committed Expenditure during last five year 2013-18

Components of Committed Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18	
					BEs	Actuals
Salaries & Wages, of which	2,687.68	3,123.13	3,628.51	3,911.88	5,191.66*	4,976.79**
<i>Non-plan Head</i>	2,307.23	2,676.68	3,059.91	3,287.71	5,191.66	4,872.34
<i>Plan Head</i>	380.45	446.45	568.60	624.17	Nil	104.45
Interest Payments	590.96	681.68	729.39	794.31	1,054.98	886.89
Expenditure on Pensions	677.25	837.18	1,025.31	1,208.67	1,500.00	1,605.23
Subsidies	104.18	145.50	133.93	102.13	65.75	116.57
Total	4,060.07	4,787.49	5,517.14	6,016.99	7,812.39	7,585.48
Total NPRE	4,549.02	5,476.45	6,001.95	6,600.14	8,787.44	
Total RE	5,949.96	7,442.91	7,868.47	8,855.14	10,357.22	
Total RR	7,650.18	9,239.73	9,426.74	9,645.46	10,067.95	

*Note: *Excluding Grants-in-aid of ₹195.25 crore and wages ₹26.86 crore.*

*** Excluding Grants-in-aid of ₹267.70 crore and wages ₹32.08 crore.*

The share of Committed Expenditure to NPRE during 2013-18 is depicted in **Chart 1.7**.



Expenditure on Salary

A significant part of the Committed Expenditure was Salary and Wages expenditure (Table 1.21).

During 2017-18, the expenditure on Salary and Wages constituted 56.64 per cent of Non-Plan Revenue expenditure which was 63.28 per cent of Revenue expenditure (excluding interest payments and pensions). The salary expenditure increased by ₹ 1,064.91 crore in 2017-18 as compared to the previous year. However, the percentage of salary expenditure with respect to NPRE marginally decreased in 2017-18 as compared to 2016-17. It was also lower than the BEs made by the State Government for the year 2017-18.

The growth rate of expenditure on Salary and Wages of the State during 2017-18 was 27.22 per cent over the previous year whereas, the average growth rate in respect of 11 Special Category States was 20.60 per cent.

Expenditure on Pension Payments

The expenditure on payment of Pensions and other retirement benefits of retired employees and Family Pensioners including Members of Legislative Assembly (MLAs) during 2017-18 was ₹ 1,605.23 crore which was 18.27 per cent of the NPRE and 15.50 per cent of the Revenue expenditure for the year. The expenditure on Pension increased by ₹ 396.56 crore (32.81 per cent) over the previous year and was higher than the normative assessment (₹ 1,065 crore) made by XIV FC as well as the BEs of the State Government for the year 2017-18.

As per retirement profile given in the Budget at a Glance 2018-19, about 42,316 State Government employees will retire from service during next 10 years from 2018-19 to 2027-28; out of which, 3,828 employees will retire during 2018-19 and provision for Pension liabilities of ₹ 2,026 crore had been made in the budget for the year 2018-19. Hence, the Pension liabilities of the State would increase in the coming years.

However, as per the Budget Speech 2018-19, the State Government had decided to introduce the New Pension Scheme (NPS) during 2018-19 (01 July 2018) as suggested by the XIV FC to reduce Pension liabilities.

As on 31 March 2018, there were 64,240 Pensioners including 62 MLAs and 55 MLAs Family Pensioners in the State as per information furnished by the State Government.

The growth rate of Pension payment of the State during 2017-18 was 32.81 per cent over the previous year while the average growth rate in respect of 11 Special Category States was 28.10 per cent.

Interest Payments

As shown in **Table 1.21**, Interest Payments increased by more than 50 per cent during the last five year period 2013-18 and it increased by about 12 per cent in 2017-18 over the previous year. Interest Payments (₹ 886.89 crore) during 2017-18 included interest on Internal Debt (₹ 571.45 crore), on Small Savings Provident Fund, etc. (₹ 294.57 crore) and interest on Loans and Advances from Central Government (₹ 20.87 crore). Out of ₹ 571.45 crore paid as interest against the Internal Debt during 2017-18, ₹ 364.61 crore was paid for market loan borrowed by the State Government. Overall interest payment was higher than the XIV FC projection (₹ 881 crore) but lower than the BEs (₹ 1,054.98 crore) made by the State Government for the year 2017-18. Interest payment during the year was 10 per cent of NPRES and nine per cent of the Revenue Receipts of 2017-18.

Subsidies

Subsidies provided by the State Government include both implicit and explicit subsidies which were utilised to bridge the gap between income and expenditure to certain selected Departments/ Corporations/ Government Companies.

During 2017-18, the State Government provided ₹ 116.57 crore as subsidy to various Departments and Government Companies/ Corporations. The Department-wise and year-wise explicit subsidies given by the State for the last five years from 2013-14 to 2017-18 are presented in **Table 1.22**.

Table 1.22: Department-wise explicit subsidies given by the Government during 2013-18

(₹ in crore)

Sl. No.	Name of Department	Amount of subsidies given				
		2013-14	2014-15	2015-16	2016-17	2017-18
1	Tribal Welfare	4.75	4.16	4.11	6.17	6.99
2	Welfare of SC, OBC & Minorities	3.45	2.50	2.39	5.16	5.95
3	Agriculture Department	6.90	9.05	6.85	1.00	7.60
4	Food, Civil Supplies & Consumers Affairs	48.08	66.81	51.58	49.63	65.75
5	Co-operation	40.00	0.18	0.00	0.17	0.28
6	Horticulture	1.00	0.80	0.00	0.00	Nil
7	Power (TSECL)	0.00	62.00	69.00	40.00	30.00
Total		104.18	145.50	133.93	102.13	116.57

Source: Finance Accounts

The quantum of subsidies increased by ₹ 14.44 crore (14 *per cent*) in 2017-18 over the previous year mainly due to increase in subsidy to Food and Civil Supplies by ₹ 16.12 crore and subsidy decreased by ₹ 10.00 crore to the TSECL.

However, during 2017-18, major subsidies were provided to the Food, Civil Supplies and Consumer Affairs Department (₹ 65.75 crore) and Power Department (Tripura State Electricity Corporation Limited) (₹ 30.00 crore) under Non-plan head. Subsidy of ₹ 65.75 crore was provided to the Food, Civil supplies and Consumer Affairs Department during 2017-18 through Public Distribution System. The quantum of subsidy provided during 2017-18 to the Agriculture Department (₹ 7.60 crore) was mainly on Plan head under Centrally Sponsored Scheme-I (Sub-Mission under Agricultural Mechanisation).

1.6.6 Local Bodies

The 73rd and 74th Constitutional Amendments Act marked a new era in the federal democratic set up in the grass root level. This amendment gave a constitutional status to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and recognised them as the third tier of Government. The Constitutional amendments provide for devolution of powers and responsibilities with respect to preparation of plans and programmes for economic development and social justice relating to 29 subjects to PRIs and 18 subjects to ULBs listed in the XI and XII Schedule of the Constitution of India respectively.

After the 73rd and 74th Constitutional amendment, the Government of Tripura (GoT) enacted the Tripura Panchayats Act, 1993 and Tripura Municipal Act, 1994 empowering Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) to function as institutions of self government and to accelerate economic development in rural and urban areas which would enable them to function as Local Self Government Institutions.

Panchayati Raj Institutions: Panchayati Raj system was established in the State comprising of Gram Panchayats (GPs) at village level, Panchayat Samitis (PSs) at block level and Zilla Parishads (ZPs) at district level. All the PRIs are governed by Tripura Panchayats Act, 1993. As of March 2018, there were eight ZPs, 35 PSs and 591 GPs in the State. In the Tripura Tribal Areas Autonomous District Council (TTAADC) area, there were 587 Village Development Committees (VDCs) and 40 Block Advisory Committees (BACs) which were synonymous to GPs and PSs respectively.

Urban Local Bodies: There were three categories of ULBs in the State *e.g.* Municipal Corporation, Municipal Councils (MCs) and Nagar Panchayats (NPs). All the ULBs were governed by the Tripura Municipal Act, 1994. There was one Municipal Corporation, 13 MCs and six NPs in the State as of March 2018.

Devolution of Funds, Functions and Functionaries (3Fs) to Panchayati Raj Institutions and Urban Local Bodies

The 73rd Constitutional amendment and the Tripura Panchayats Act, 1993 had provision for transfer of subjects to different tiers of PRIs. The State Government had devolved five subjects⁷ to PRIs out of 29 subjects listed in the XI Schedule of the Constitution (August, 2006 & August, 2007). The remaining 24 subjects had not been transferred (October 2017). Out of these five subjects, funds for payment of wages of pump operators and power consumption charges under Water Resources had only been transferred to the PRIs.

The 74th Constitutional amendments and the Tripura Municipal Act, 1994 envisaged transfer of functions of various departments of the State Government to ULBs. All the 18 functions listed in the XII Schedule of the Constitution had been transferred by the State Government to the ULBs. But in practice, functions like Fire Service, Roads and Bridges were controlled by the State Government departments.

Financial assistance to Local Bodies

Rural Local Bodies: During 2017-18, the GoI released ₹ 67.35 crore grants to the Rural Local Bodies as per recommendation of the XIV FC for the year. The State Government released ₹ 115.27 crore as Grants-in-Aid (GPs: ₹ 103.18 crore; PSs: ₹ 7.18 crore and ZPs: ₹ 4.91 crore during 2017-18.

Urban Local Bodies: The GoI released grants of ₹ 34.25 crore to ULBs during 2017-18 as per recommendation of the XIV FC for the year. The State Government released ₹ 305.75 crore as Grants-in-Aid to the Municipal Corporations/ MCs during 2017-18.

Auditing Arrangement of PRIs and ULBs

The CAG conducts audit of accounts of PRIs and ULBs as entrusted by the State Government under standard terms and conditions of Technical Guidance and Supervision (TGS) module under Section 20 (1) of the CAG's DPC Act, 1971.

Reporting Arrangement

As per the TGS arrangement, the CAG or his representative will have the right to report to the State Legislature, through the State Government, the results of audit at his discretion. Accordingly, audit findings on test-check of accounts of PRIs and ULBs conducted by the CAG are presented in the form of Annual Technical Inspection Report (ATIR) and submitted to the State Government for placement before the State Legislature.

As per information furnished by the State Government (August 2018), the ATIR on PRIs and ULBs for the year for 2011-12, 2012-13 and 2014-15 were presented to the Tripura Legislative Assembly on 26 March 2018.

⁷ (1) Water Resources, (2) Primary School, (3) Adult and Non- Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development under Rural Development Department.

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects *viz.* adequacy of expenditure (*i.e.* adequate provision for providing public services), efficiency of expenditure use and its effectiveness (assessment of outlay-outcome relationships for selected services).

1.7.1 Adequacy of Public Expenditure

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁸ like, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, *etc.* Expenditure on Social and Economic Services together constitute the Development Expenditure while the expenditure on General Services is treated as Non-Development Expenditure. Fiscal priority {ratio of expenditure category to Aggregate Expenditure (AE)} refers to the priority given to a particular category of expenditure by the State. Low fiscal priority can be stated to have been attached to a particular head of expenditure if it is below the Special Category State's average for the year.

Table 1.23 analyses the fiscal priorities of the State Government with regard to Development Expenditure (DE), Social Sector Expenditure (SSE), Economic Sector Expenditure (ESE), Capital Expenditure (CE), Expenditure on Education and Health relative to the Special Category State's (SCS) during three years 2013-14, 2016-17 and 2017-18.

Table 1.23: Fiscal priority of the State

Fiscal priority by the State	<i>(in per cent)</i>						
	AE/ GSDP	DE/ AE	SSE/ AE	ESE/ AE	CE/ AE	Education/ AE	Health/ AE
SCSs Average (ratio) 2013-14	23.50	64.00	37.60	29.30	13.80	18.30	5.40
Tripura Average 2013-14	29.72	63.99	40.30	23.48	21.57	16.84	5.38
SCSs Average (ratio) 2016-17	27.40	61.50	34.20	30.00	13.60	16.60	5.40
Tripura Average 2016-17	33.02	67.91	41.92	25.89	27.05	16.26	5.60
SCSs Average (ratio) 2017-18	25.80	58.90	34.90	28.90	15.50	18.20	6.20
Tripura Average 2017-18	30.60	60.88	42.91	17.97	14.64	19.37	6.50

A comparative study of average expenditure of Tripura State in 2013-14, 2016-17 and 2017-18 with that of the average of Special Category State's showed the following:

⁸ Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, *e.g.*, enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure, *etc.* Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept or need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. The examples of such goods include the provision of free or subsidised food for the poor to support nutrition, the delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, *etc.*

- The AE of the State as a proportion of the GSDP in 2013-14, 2016-17 and 2017-18 was higher than the Average of SCS's for the years.
- DE as a proportion of the AE of the State during 2016-17 and 2017-18 was higher than the average of SCS's but in 2013-14 the ratio of DE to AE in Tripura was almost the same as that of average of SCSs.
- The expenditure on Social Sector in Tripura as a proportion of AE in 2013-14, 2016-17 and 2017-18 was also in higher side than the average of SCS's during last three years from 2013-14 to 2017-18.
- The Capital Expenditure of the State as a proportion of the AE was higher in 2013-14 and 2016-17 than the average of SCSs but in 2017-18 it was in lower side as compared to the SCSs for the year.
- The expenditure in Education and Health Sectors of the State during 2013-14 was below the average expenditure of the SCSs. However, the ratio of Health and Education in 2017-18 in the State was better than the average ratio of SCSs for the year.

The State Government needs to give priority to Education and Health Sectors.

1.7.2 Efficiency of Expenditure Use

Apart from improving the allocation towards Development Expenditure⁹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to total expenditure (and/ or GSDP) and proportion of Revenue Expenditure being spent on Operation and Maintenance of the existing Social and Economic Services. The higher the ratio of these components to total expenditure (and/ or GSDP), the better would be the quality of expenditure. **Table 1.24** presents the trends in DE relative to the AE of the State during the last five year period from 2013-14 to 2017-18.

Table 1.24: Trend of Development expenditure during 2013-18

<i>(₹ in crore)</i>					
Components of Development Expenditure	2013-14	2014-15	2015-16	2016-17	2017-18
a. Development Revenue Expenditure <i>(per cent of total RE)</i>	3,456.18 (58.10)	4,587.08 (61.63)	4,625.36 (58.78)	5,154.04 (58.20)	5,730.38 (55.33)
b. Development Capital Expenditure <i>(per cent of total CE)</i>	1,395.12 (85.03)	2,493.08 (88.02)	3,040.48 (95.37)	3,089.02 (93.79)	1,654.38 (93.10)
c. Development Loans and Advances <i>(per cent of total L&A)</i>	15.50 (98.28)	15.74 (100)	21.84 (100)	26.58 (97.36)	6.65 (94.72)
Total Development Expenditure (a to c) <i>(per cent of Aggregate Expenditure)</i>	4,866.80 (63.99)	7,095.90 (68.95)	7,687.68 (69.39)	8,269.64 (67.92)	7,391.41 (60.88)
Aggregate Expenditure	7,605.46	10,290.94	11,078.33	12,175.99	12,141.28

Source: Finance Accounts of respective years.

It can be seen from **Table 1.24** that the Development Expenditure comprising Revenue, Capital Expenditure and Loans and Advances for Social and Economic

⁹ The analysis of the expenditure data is dis-aggregated into Development Expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorised into Social Services and Economic Services, which together constitute Development Expenditure, while expenditure on General Services is treated as Non-Development Expenditure.

Services increased by ₹ 2,524.61 crore (51.87 per cent) from ₹ 4,866.80 crore in 2013-14 to ₹ 7,391.41 crore in 2017-18. But after a continued increasing trend during 2013-14 to 2016-17, the overall DE decreased by 10.61 per cent in 2017-18 over the previous year due to decrease in Development Capital Expenditure by 46 per cent.

- DE as a percentage of AE (Revenue plus Capital plus Loans and Advances) ranged between 60.88 per cent and 69.39 per cent during the period 2013-18.
- While Revenue Development Expenditure as a percentage of total Revenue Expenditure ranged between 55.33 per cent and 61.63 per cent, the Capital Development Expenditure as a percentage of total Capital Expenditure ranged between 85.03 per cent and 95.37 per cent during the period of last five years 2013-18.
- DE on Loans and Advances was more or less constant trend and ranged between 94.72 per cent and 100 per cent during the period 2013-18. During 2017-18, the Development loan under Social Services was given for Medical and Public Health Sector (₹ five crore) and ₹ 1.65 crore was given for Agriculture and allied activities under Economic Sector.

1.7.3 Efficiency of expenditure on selected Social and Economic Services

The efficiency of Government expenditure on selected parameters in some major areas under Social and Economic Services during 2017-18 as compared to 2016-17 are depicted in **Table 1.25**.

Table 1.25: Efficiency of expenditure use in selected Social and Economic Services during 2017-18 as compared to 2016-17

Social/Economic Infrastructure	2016-17			2017-18		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O & M		S & W	O & M
Social Services (SS)						
Education, Sports, Art & Culture	7.47	82.42	17.58	7.17	77.67	22.33
Health & Family Welfare	21.41	61.73	38.27	17.92	68.88	31.12
Water Supply, Sanitation, and Housing & Urban Development	76.26	31.69	68.31	67.91	38.30	61.70
Other Social Services	18.69	5.68	19.32	5.16	23.50	76.50
Total (SS)	27.84	54.03	45.97	18.35	59.17	40.83
Economic Services (ES)						
Agriculture & Allied Activities	15.27	53.50	46.50	3.94	65.04	34.96
Irrigation & Flood Control	27.42	90.19	9.81	26.43	100	-
Power & Energy	12.49	7.76	92.24	8.67	19.59	80.41
Transport	81.90	3.73	96.27	72.80	-	100
Other Economic Services	56.33	44.90	55.10	32.98	50.15	49.85
Total (ES)	53.12	42.58	57.42	32.09	52.63	47.37
Total (SS plus ES)	37.47	50.76	49.24	22.40	57.48	42.52

TE: Total Expenditure (CE plus RE of the sub-sectors); CE: Capital Expenditure; RE: Revenue Expenditure; S & W: Salaries and Wages; O & M: Operations and Maintenance.

It is evident from **Table 1.25** that:

The ratio of Capital Expenditure to total expenditure both in Social and Economic Services substantially decreased during 2017-18 as compared to the previous year mainly due to decrease in expenditure in Health and Family Welfare, Water Supply, etc. under Social Services and in all the Sectors under both Social and Economic Services.

On the other hand, the Salary and Wage Expenditure with reference to total Revenue Expenditure increased from 54.03 *per cent* in 2016-17 to 59.17 *per cent* in 2017-18 under Social Services while it increased from 42.58 *per cent* in 2016-17 to 52.63 *per cent* in 2017-18 in respect of the Economic Services. Overall Salary and Wages Expenditure in Social and Economic Services during 2017-18 increased from 50.76 *per cent* in 2016-17 to 57.48 *per cent* in 2017-18 of the total Revenue Expenditure in these Services. As a percentage of Revenue Expenditure (SS *plus* ES), the share of Operation and Maintenance Expenditure, however, decreased by 6.72 *per cent*, over previous year, to 42.52 *per cent* during 2017-18.

1.8 Financial Analysis of Government Expenditure and Investments

This section present the broad financial analysis of investments and other Capital Expenditure undertaken by the Government during the current year as well as previous years:

1.8.1 Financial Results of Irrigation Projects

There was no major commercial irrigation project in the State. However, during 2017-18, the State Government incurred an expenditure of ₹ 42.34 crore under Revenue and ₹ 8.06 crore under Capital head for Minor Irrigation purpose of which ₹ 1.37 crore was incurred on maintenance on lift irrigation schemes during 2017-18. Besides, a nominal amount (₹ 9.65 lakh) had been incurred under Revenue and ₹ 3.16 crore under Capital head on Medium Irrigation (Non-commercial) during 2017-18. Revenue of ₹ 0.65 crore was collected by the State on Surface water under Minor Irrigation.

1.8.2 Incomplete Projects

As per information furnished by the State Public Works Department, there were 62 incomplete works/ ongoing projects as on 31 March 2018 with initial budgeted cost of ₹ five crore and above in each case. The cumulative expenditure incurred on these works as on 31 March 2018 was ₹ 406.64 crore of which ₹ 109.02 crore was incurred during 2017-18.

As on 31 March 2018, there was 18 incomplete works/ projects which was scheduled to be completed by 31 March 2018. The cumulative expenditure up to 31 March 2018 was ₹ 104.20 crore against budgeted cost of ₹ 155.54 crore. The summarised position of the incomplete works along with their total cumulative expenditure as on 31 March 2018 are given in **Table 1.26**.

Table 1.26: Category-wise profile of incomplete projects which were scheduled to be completed by 31 March 2018

(₹ in crore)			
Name of projects	No. of incomplete projects	Initial budgeted cost	Cumulative expenditure as on 31 March 2018 (Per cent)
Building Works	9	81.43	42.57 (52)
Bridge Works	2	15.05	8.22 (55)
Road Works	2	19.69	12.75 (65)
Water Resource Works	5	48.19	40.66 (84)
Total:	18	164.36	104.20 (63)

Source: Finance Accounts 2017-18.

Out of nine incomplete building works, which were scheduled to be completed by 31 March 2018, there was time overrun ranging from 6 months to 2 years in case of four works and in case of one work¹⁰, there was cost overrun of ₹ 1.14 crore {₹ 9.11 crore (actual expenditure) minus ₹ 7.97 crore (estimated cost)} as on 31 March 2018. Two bridge works remained incomplete after incurring a cumulative expenditure of ₹ 8.22 crore (55 per cent of estimated cost) with time overrun of 2 to 4 years as on 31 March 2018. Two construction works of link road towards Indo-Bangla Border remained incomplete since the date of their commencement in 2013. In case of three Water Resource Works, there was time overrun of 3 to 7 years and cost overrun of ₹ 5.52 crore {₹ 33.90 crore (cumulative expenditure) minus ₹ 28.38 crore (estimated cost)} as on 31 March 2018.

Due to non-completion of the works in time, the intended benefits could not accrue to the stakeholders.

1.8.3 Investment and Returns

As on 31 March 2018, Government's investment was ₹ 1,503.88 crore in two Statutory Corporations, 14 Government Companies, 25 Co-operatives Societies and one Rural Bank (Table 1.27).

Table 1.27: Return on investment

Investment/Return/Cost of borrowings	2014-15	2015-16	2016-17	2017-18
Investment at the end of the year (₹ in crore)	1,303.73	1,385.69	1,446.06	1,503.88
Return on investment (₹ in crore)	0.51	13.41	0.05	14.69
Return on investment (per cent)	0.04	0.97	#	0.95
Average rate of interest on Government borrowings (per cent)	13.18	12.95	7.50	7.50
Difference between cost of funds and return (per cent)	13.14	11.98	7.50	6.55

Source: Finance Accounts

Note: # negligible

Out of ₹ 1,503.88 crore invested by the State Government up to the end of the year 2018, ₹ 1,173.58 crore had been invested in 14 Government Companies, ₹ 148.53 crore in two Statutory Corporations, ₹ 148.14 crore in 25 Cooperative Societies and one Rural Bank (₹ 33.63 crore). The amount and details of investment in ONGC Tripura Power Company Limited are yet to be received from the State Government. Out of the 14 Government Companies, six Companies with Government investment of ₹ 197.10 crore, have not finalised their accounts for the last two to four years which is gross violation of provisions of Companies Act.

During 2017-18, ₹ 57.82 crore was invested out of which ₹ 52.04 crore was invested in seven Government Companies. Out of ₹ 52.04 crore invested in Government Companies, ₹ 30.00 crore was invested in Tripura Jute Mills Limited. A dividend of ₹ 14.27 crore¹¹ was received by the Government during 2017-18, which was less than one per cent of the total investment.

The Government paid interest at an average rate of 7.50 per cent on its borrowings during 2017-18, whereas return on State's investment is just one per cent. Continued

¹⁰ Construction of Polytechnic Institute at Fulkumari, Udaipur, under Gomati District

¹¹ Excluding dividend of ₹ 0.42 crore received from ONGC Tripura Power Company Limited

use of borrowed funds to fund investments, which do not have sufficient financial returns will lead to an unsustainable financial position.

The Government may ensure proper justification for investment of high cost funds.

1.8.4 Loans and Advances by State Government

In addition to investments as equity capital in Corporations, Companies and Co-operative Societies, Government had also been providing Loans and Advances to these Institutions/ Organisations. The Government further provides loans to its employees for construction of houses and other miscellaneous purposes. **Table 1.28** depicts the outstanding Loans and Advances as on 31 March 2018 and Interest Receipts *vis-à-vis* Interest Payments during the last five year period from 2013-14 to 2017-18:

Table 1.28: Average Interest Receipts on Loans advanced by the State Government

(₹ in crore)					
Quantum of Loans/ Interest Receipts/ Cost of borrowings	2013-14	2014-15	2015-16	2016-17	2017-18
Opening Balance	112.24	127.05	140.61	161.31	187.68
Amount advanced during the year	15.77	15.74	21.84	27.28	7.01
Amount repaid during the year	0.96	2.18	1.14	0.91	1.69
Closing Balance	127.05	140.61	161.31	187.68	193.00
Net addition of Loans	14.81	13.56	20.70	26.37	5.32
Interest Receipts	1.27	1.08	2.55	1.41	1.94
Interest Receipts as <i>per cent</i> to outstanding Loans and Advances	0.99	0.76	1.58	0.84	1.01
Interest Payments as <i>per cent</i> to outstanding Fiscal Liabilities of the State Government	6.77	7.31	7.02	7.50	7.50
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	5.79	6.55	5.44	6.66	6.49

At the end of March 2018, the Government had outstanding Loans and Advances of ₹ 193.00 crore of which, ₹ 99.05 crore and ₹ 82.68 crore were outstanding in respect of Social and Economic Services respectively. Outstanding loans increased by ₹ 4.46 crore in the year 2017-18 over the previous year under Social Services mainly due to increase in loans for Medical and Public Health sector. Outstanding Loans to Government Servants marginally decreased from ₹ 11.12 crore to ₹ 10.95 crore at the end of the year 2018 due to recovery of loans amounting to ₹ 0.53 crore during the current year.

The interest receipts as a percentage of outstanding loans was one *per cent* against the interest rate of 7.50 *per cent* paid on outstanding debt during 2017-18.

The Government should take effective steps to minimise the outstanding loan.

1.8.5 Cash Balances and Investment of Cash Balances

It is desirable that the in-flow of State's resources matches its expenditure obligations. However, to take care of any temporary mismatches in flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMAs)-ordinary or special and overdraft from Reserve Bank of India (RBI) had been put in place. The operative limit for normal WMAs was ₹ 150 crore for the State with effect

from 01 November 2013 and the operative limit for special WMAs had been revised by the Bank from time to time.

Under the agreement with the RBI, the State Government had to maintain a minimum cash balance of ₹ 29.00 lakh with the Bank. If the balance fell below the agreed minimum balance on any day, the deficiency was to be made good by taking WMAs/ overdrafts. However, the State had not availed any WMAs (ordinary or special) since 1999-2000. **Table 1.29** depicts the Cash Balances and Investments made by the State Government out of the Cash Balances during 2016-17 and 2017-18.

Table 1.29: Cash Balances and Investments of Cash Balances

Particulars	Opening balance on 1-4-2017	Closing balance on 31-3-2018
<i>(₹ in crore)</i>		
(a) General Cash Balance -		
• Cash in Treasuries	0.00	0.00
• Deposits with Reserve Bank	(-) 299.87	(-) 6.93
• Deposits with other Banks	0.00	0.00
• Remittances in transit-Local	(-) 1.13	(-) 1.13
Total	(-) 301.00	(-) 8.06
Investments held in Cash Balance Investment Account	1,356.72	639.54
Total (a)	1,055.72	631.48
(b) Other Cash Balances and Investments		
• Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	41.59	37.88
• Permanent advances for contingent expenditure with Departmental officers	0.00	0.00
• Investment of Earmarked Funds	631.92	472.01
Total (b)	673.51	509.89
Grand total (a) plus (b)	1,729.23	1,141.37

- The cash balance of the State at the end of 2017-18 decreased by ₹ 587.86 crore (34 per cent) from ₹ 1,729.23 crore at the end of the year 2016-17 to ₹ 1,141.37 crore in 2017-18.
- The funds in Cash Balance Investment Account decreased by ₹ 717.18 crore (52.86 per cent) as on 31 March 2018.
- Cash balance of ₹ 639.54 crore held under Cash Balance Investment Account as on 31 March 2018 was invested in GoI 14 days Treasury Bills and realised interest of ₹ 37.41 crore during 2017-18 on the investment of Cash Balances. The interest receipts was 5.85 per cent on the investment of Cash Balances as on 31 March 2018.
- The investment of Earmarked Funds decreased by ₹ 159.91 crore (25.31 per cent) as on 31 March 2018 from ₹ 631.92 crore as on 31 March 2017.
- Out of investment of ₹ 472.01 crore under Earmarked Funds, ₹ 369.02 crore was invested from Sinking Fund Account while ₹ 100.00 crore was invested by the State from SDRF during 2017-18.

1.8.6 Fresh Borrowings by the State

During 2017-18, the State Government resorted to fresh loans amounting to ₹ 1,332.14 crore out of which, ₹ 1,137.00 crore was long term loan from open market at an average interest rate of 7.50 per cent redeemable at par in the year 2027. The borrowings of the State Government during 2017-18 exceeded (3.36 per cent) the limit of three per cent of GSDP recommended by the XIV FC. The repayment of borrowing during 2017-18 was ₹ 269.00 crore of which, ₹ 113.20 crore was repaid towards the special securities issued to National Small Savings Fund (NSSF). However, no loan had been taken from NSSF by the State during 2017-18.

The outstanding balance of the borrowings from Internal Debt at the end of 31 March 2018 was ₹ 7,398.47 crore (increased by 16.78 per cent) from ₹ 6,335.33 crore¹² at the end of 31 March 2017.

While, the outstanding loan from NSSF decreased by ₹ 113.20 crore, the outstanding loans from open market and other financial institutions increased by ₹ 1,176.02 crore during 2017-18.

The receipt and payment of market borrowings during last five years period 2013-18 are shown in **Table 1.30**.

Table 1.30: Trend in Market Borrowings during 2013-18

Year	Transactions during the year			Balance as on 31 March	Amount in Cash Balance Investment Account as on 31 March
	Receipts	Repayment	Addition		
2013-14	783.25	172.14	611.11	4,719.24	3,460.88
2014-15	532.07	268.78	263.29	4,982.50	3,371.25
2015-16	1,113.86	415.65	698.21	5,680.71	2,207.79
2016-17	1,135.94	481.01	654.93	6,335.64	1,356.72
2017-18	1,332.14	269.00	1,063.14	7,398.47	639.54
Total	4,897.26	1,606.58	3,290.68		

The details of the borrowings from Public Debt and its composition during 2017-18 are presented in **Table 1.31**.

Table 1.31: Details of the Public Debt during 2017-18

Name of borrowing	Opening Balance as on 01-04-2017	Receipts	Repayments	Closing Balance as on 31-03-2018	Net increase (+)/ decrease (-)
Market loans	4,001.01	1,137.00	0.00	5,138.01	(+) 1,137.00
Loans from LIC of India	50.56	0.00	14.79	35.77	(-) 14.79
Loans from GIC	1.06	0.00	0.25	0.81	(-) 0.25
Loans from NABARD	853.26	195.14	138.85	909.55	(-) 56.29
Loans from National Cooperative Development Corporation	6.43	0.00	1.91	4.52	(-) 1.91
Special Securities issued to NSSF of the Central Government	1,421.82	0.00	113.20	1,308.62	(-) 113.20

¹² Decrease of ₹ 32.00 lakh from last year's closing balance of ₹ 6335.65 crore is due to *pro forma* transfer to appropriate Minor Head 800-Other receipts below Major Head 0075-Misc. General Services being rectification of misclassification of the previous year.

Table 1.31: Details of the Public Debt during 2017-18 (Concl'd.)

(₹ in crore)

Name of borrowing	Opening Balance as on 01-04-2017	Receipts	Repayments	Closing Balance as on 31-03-2018	Net increase (+)/ decrease (-)
Loans from other institutions	1.19	0.00	0.00	1.19	0.00
Loans and Advances from the GoI	267.71	1.27	31.82	237.16	(-) 30.55
Total Public Debt	6,603.04	1,333.41	300.82	7,635.63	(+) 1,032.59

Source: Finance Accounts 2017-18

The State Government should consider restricting to need-based borrowings and utilising the existing cash balances before resorting to market borrowings at higher rate of interest.

1.9 Assets and Liabilities

1.9.1 Growth and Composition of Assets and Liabilities

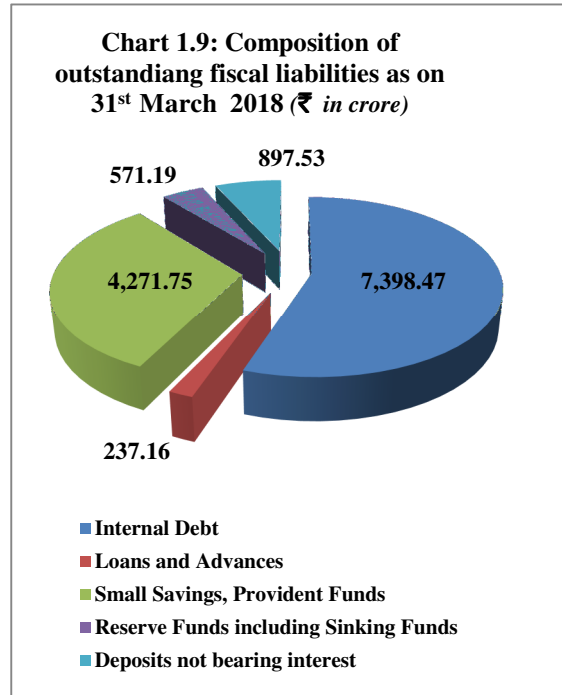
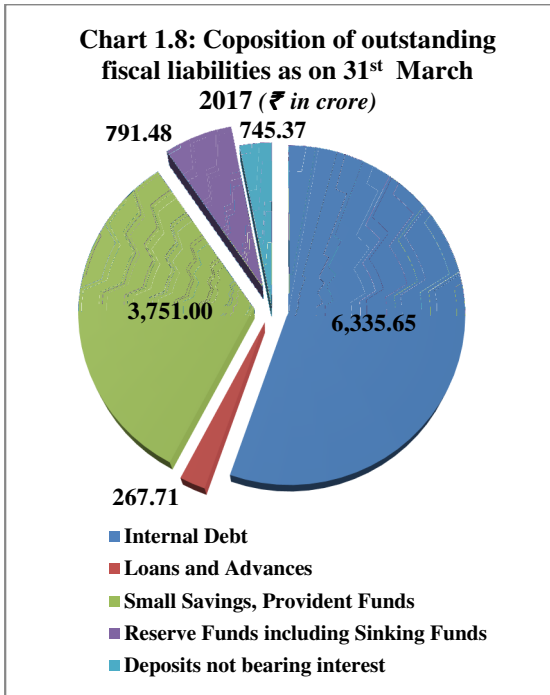
In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix-1.5** gives an abstract of such liabilities and the assets as on 31 March 2018 compared with the corresponding position on 31 March 2017. While the liabilities in the Appendix consist mainly of Internal Borrowings, Loans and Advances from the GoI, receipts from the Public Account and Reserve Funds, the Assets comprise mainly of the Capital Outlay, Loans and Advances given by the State Government and Cash Balances.

The FRBM Act, 2005 of the State had defined the total liabilities as follows: “*The total liabilities means the liabilities under the Consolidated Fund and the Public Account of the State and shall also include borrowings by the Public Sector Undertakings and the special purpose vehicles and other equivalent instruments including guarantees where principal and/ or interest are to be serviced out of the State budget*”.

As per statement of the Finance Accounts, the liabilities of the State Government comprise Market Loans, Loans from Financial Institutions, Special Securities issued to NSSF, Loans from GoI, Small Savings, Provident Funds, etc., Reserve Funds and Deposits, etc.

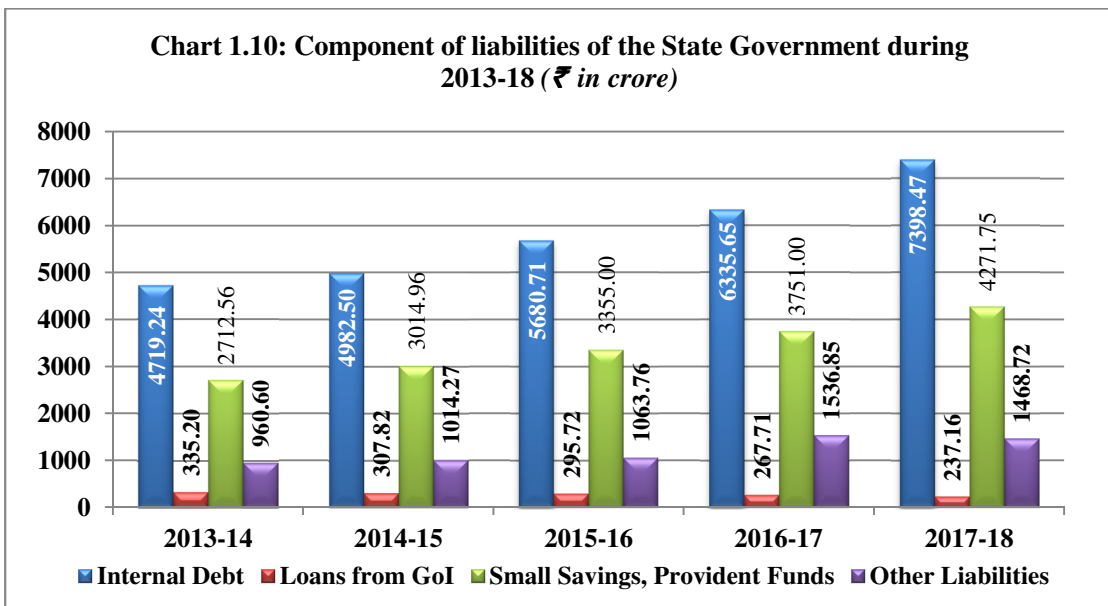
1.9.2 Fiscal Liabilities

The composition of outstanding fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.8** and **1.9** respectively.



The overall outstanding liabilities of the State increased by ₹ 1,484.89 crore as on 31 March 2018 as compared to 31 March 2017. The percentage of outstanding liabilities with reference to the GSDP was 33.72 *per cent* against the projection of 34.53 *per cent* in the Medium Term Fiscal Policy Statement (MTFPS) made by the State for the year 2017-18. The major contributor of the fiscal liabilities was Internal Debt (55 *per cent*) followed by Small Savings Provident Fund (32 *per cent*) and Deposits (seven *per cent*) during 2017-18. However, the outstanding liabilities in respect of Loans and Advances from GoI decreased by 11 *per cent* during 2017-18 as compared to the previous year.

The trends in outstanding liabilities during the last five year period from 2013-14 to 2017-18 are presented in **Chart 1.10**.



1.9.3 Transactions under Reserve Funds

Reserve Funds are created for specific and well-defined purposes in the accounts (Public Account) of the State Government and are funded by contributions/ grants from the consolidated fund of India/ State.

As on 31 March 2018, there are two types of Reserve Funds in the State viz. (i) Interest Bearing and (ii) Non-Interest Bearing Reserve Funds.

i) Interest Bearing Reserve Funds

As per the recommendations of FCs, the State Government constituted SDRF under Major Head-8121 as Interest bearing Reserve Fund during 2010-11. As per the guidelines of the fund, the share of contribution between the Central and State Government to the fund was 90:10. During 2017-18, GoI released ₹ 30.60 crore as Central Share towards SDRF against ₹ 31.00 crore recommended by the XIV FC for the year. The State contributed its share of ₹ 3.40 crore to the fund during 2017-18. Overall receipt of the fund during the year was ₹ 34.00 crore and an expenditure of ₹ 48.82 crore was incurred from the SDRF during 2017-18. Overall corpus of SDRF at the end of 31 March 2018 stood at ₹ 193.79 crore, of which ₹ 100 crore was held in investment Account up to the end of the year 2017-18. The Government was liable to pay interest of ₹ 7.22 crores¹³ on the un-invested amount which will lead to understatement of Revenue as well as Fiscal Deficit.

ii) Reserve Funds not Bearing Interest

As on 31 March 2018, there are two Major Heads under Reserve Funds, viz. (a) 8222-Sinking Funds and (b) 8235-General and Other Reserve Funds operated by the State Government.

(a) Sinking Funds

As per recommendation of the FCs, the State Government constituted a Sinking Fund since 1999-2000 with an initial investment of ₹ 10.00 crore for open market loans. The fund was to be utilised as an amortisation fund for redemption of the outstanding liabilities of the Government commencing from the financial year 2006-07.

The balance in the Sinking Fund (Investment Account) as on 31 March 2017 was ₹ 529.21 crore. During 2017-18, as against the minimum required contribution of ₹ 56.29 crore (0.50 per cent of Outstanding Liabilities of ₹ 11,258.95 crore at the beginning of the year), the State Government did not make any contribution towards the Fund in violation of rules and, therefore, has deferred its current year's liability to future years, which has the impact of understating the fiscal deficit by an equivalent amount. Further, during the year, ₹ 77.44 crore was received as interest on Sinking Fund Investment Account which was reinvested by the RBI. During 2017-18, the State Government had withdrawn accrued interest of ₹ 237.63 crore from the Sinking Fund Investment Account and credited the same to the Revenue Receipts for clearing

¹³ Calculated at the rate of 7.70 per cent as applicable to WMAs

the internal debt. The balance of the Account of ₹ 369.02 crore was invested by the State at the end of the year 2017-18.

(b) General and Other Reserve Funds

The State Government had operated a Reserve Funds not bearing interest under Major Head 8235 – General and Other Reserve Funds. The Government constituted a Guarantees Redemption Fund (GRF) on 12 July 2007 for meeting its obligations arising out of the Guarantees issued on behalf of State Government Companies and Corporation. This fund is classified under the head 8235–General and Other Reserve Fund–117–Guarantees Redemption Fund in the Public Account. As on 31 March 2017, there was a balance of ₹ 7.56 crore in the General and Other Reserve Funds which increased to ₹ 8.38 crore as on 31 March 2018. During 2017-18, ₹ 0.82 crore was credited in this account of which, ₹ 0.54 crore was from the State Government and ₹ 0.28 crore was as interest accrued on GRF Investment Account. Out of the total balance of ₹ 8.38 crore, ₹ 2.99 crore had been invested up to the end of 31 March 2018.

1.9.4 Contingent Liabilities

Status of Guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee had been extended. Under Article 293 of the Constitution of India, the State Legislature fixed the limits of annual incremental risk weighted guarantees to one *per cent* of the GSDP of that year within which Government may give guarantee on the security of the Consolidated Fund of the State.

The State Government also introduced ‘The Tripura Government Guarantee Redemption Fund Scheme’ in July 2007 and the scheme was implemented with effect from the financial year 2007-08. It was decided by the Government to charge one *per cent* Guarantee Redemption Fee on the fresh guarantee to cover the risk of the liabilities which may arise on invocation of the guarantees. The scheme was revised as Guarantees Redemption Fund Scheme by the Government and notified in the Tripura Gazette on 29th January 2016, effective from the financial year 2015-16.

As per the revised guidelines, the State Government shall contribute minimum 0.5 *per cent* of outstanding guarantees every year to achieve a minimum level of three *per cent* of GSDP in the next five years. The fund shall be gradually increased to a desirable level of five *per cent*. If guarantees have been invoked or are likely to be invoked, additional funds (over and above five *per cent*) shall be maintained. Further, in order to enable the transfer of total contribution amount to the fund, the Government would make suitable budget provision under Major Head “2075-Miscellaneous General Services, 797-Transfer to Reserve Fund and Deposit Accounts –Guarantees Redemption Fund”. But the State Government did not make any budget provision for the financial year 2016-17 for contribution to this fund

though the scheme had been effective from the financial year 2016-17. The details of outstanding position of guarantees are given in **Table 1.32**.

Table 1.32: Status of Guarantees–Contingent Liabilities

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Maximum amount guaranteed during the year	25.00	79.00	67.00	64.00	54.00
Outstanding amount of guarantees, of which	187.80	241.48	287.78	312.53	327.65
i) <i>Principal</i>	187.72	241.40	287.70	312.45	327.57
ii) <i>Interest</i>	0.08	0.08	0.08	0.08	0.08
Ceiling fixed by the State Government Act, if any, as percentage of GSDP	1	1	1	1	1
Outstanding amount of guarantee to Revenue Receipts (<i>per cent</i>)	2.45	2.61	3.05	3.24	3.25

During 2017-18, the State Government had given fresh guarantees of an amount of ₹ 54.00 crore for repayment of loans raised by four Co-operative Bank and Societies of which maximum guarantees were given to the Tripura Minorities Co-operative Development Corporation Limited (₹ 20.00 crore) followed by Tripura Scheduled Castes Co-operative Development Corporation Limited (₹ 19.00 crore) and Tripura OBC Co-operative Development Corporation Limited (₹ 15.00 crore).

As on 31 March 2018, there was an outstanding guarantees of ₹ 327.65 crore (3.25 *per cent* of RR) inclusive of interest of ₹ 0.08 crore of which maximum outstanding was with the Power Department (₹ 117.82 crore). There was an outstanding amount of ₹ 61.51 crore with the Tripura Minorities Co-operative Development Corporation Limited followed by Tripura Scheduled Caste, Co-operative Development Corporation Limited (₹ 54.47 crore) and Tripura OBC Co-operative Development Limited (₹ 53.98 crore) at the end of the year 2017-18. The outstanding guarantees was 0.83 *per cent* of GSDP which was within the limit fixed by the State Government for the year. The outstanding guarantees, with respect to the Revenue Receipts however, marginally increased to 3.25 *per cent* during 2017-18. During 2017-18, the Government received ₹ 0.54 crore as guarantee Commission/ Fee from three Co-operative Societies¹⁴.

Off Budget Borrowings

There was no off-budget borrowing for the year 2017-18. As such, the Government had not exceeded the annual permissible limit of 0.5 *per cent* of the GSDP for off-budget borrowings according to the TFRBM Act, 2005.

¹⁴ 1. Tripura SC Cooperative Development Corporation = ₹ 0.19 crore
 2. Tripura OBC Cooperative Development Corporation = ₹ 0.15 crore
 3. Tripura Minorities Cooperative Development Corporation = ₹ 0.20 crore

1.10 Analysis of Borrowings of Government

(i) Debt Management

Table 1.33: Public Debt Management

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
i) Total Public Debt received	786.98	537.27	1119.79	1139.56	1333.41
ii) Less : Debt Repayment	219.91	300.00	447.29	512.63	300.82
iii) Less: Net disbursement of Loans and Advances by the State	(+) 14.81	(+) 13.56	(+) 20.70	(+) 26.37	(+) 5.32
Net Debt utilised (i) – (ii) - (iii)	(+) 552.26	(+) 223.71	(+) 651.80	(+) 600.56	(+) 1027.27
Ratio of Net Debt utilised to total Debt received (<i>per cent</i>)	70	42	58	53	77

Fiscal Deficit is usually financed by way of borrowings by the State. **Table 1.33** shows that during 2017-18, the State Government borrowed funds of ₹ 1,333.41 crore, of which, ₹ 1,332.14 crore were from Internal Debt and ₹ 1.27 crore Loans from the GoI. During 2017-18, the Government repaid Public Debt of ₹ 300.82 crore. Further, ₹ 594.35 crore was paid as interest on outstanding Public Debt of which ₹ 571.45 crore was on Internal Debt (Market Loans and Others) and ₹ 22.90 crore was on outstanding Loans and Advances from GoI during 2017-18.

During 2017-18, there was a Fiscal Deficit of ₹ 2,071.64 crore. To finance this Fiscal Deficit, the State Government utilised ₹ 1,027.27 crore from the borrowed funds, shown in **Table 1.33**.

(ii) Debt Profile

The maturity profile of Outstanding Debt of the State is given in the following table:

Table 1.34: Maturity Profile of Outstanding Debt

Amount of Debt Maturing	(₹ in crore)					
	During 2018-19	During 2019-21	During 2021-23	During 2023-25	2025-26 onwards	Total
(A) Internal Debt, of which	292.59	910.31	1,182.06	926.58	4,086.93	7,398.47
(i) Market Loans	156.00	635.00	945.00	700.00	2,702.00	5,138.00
(ii) Loans from Financial Institutions	79.72	161.57	123.32	112.84	474.40	951.85
(iii) NSSF Loans	56.87	113.74	113.74	113.74	910.53	1,308.62
(B) Loans from GoI, of which	31.30	62.91	62.20	50.60	29.96	236.98*
(i) Plan Loans	30.77	61.89	61.30	49.82	29.30	233.08
(ii) Non-plan Loans	0.53	1.02	0.91	0.78	0.66	3.90
Grand Total	3,23.89	973.22	1,244.26	977.18	4,116.89	7,635.45
(C) Average interest rate	NA	NA	NA	NA	NA	NA

Source: Finance Account 2017-18

* Excluding pre 1984-85 loan of ₹0.18 crore.

As on 31 March 2018, there was an outstanding Debt of ₹ 7,635.63 crore of which the Internal Debt was ₹ 7,398.47 crore and ₹ 237.16 crore as Loans from GoI. **Table 1.34** shows that out of total outstanding Debt of ₹ 7,635.63 crore as of 31 March 2018, ₹ 3518.55 crore (Internal Debt:-₹ 3311.54 crore and Loans from GoI:-₹ 207.01 crore) (46.08 *per cent* of outstanding loan) is to be repaid within the next seven years. Prior to 1984-85, loans from GoI amounting to ₹ 0.18 crore had not been included in the Debt profile as the information had not been received from the

State Government. The total outstanding debt as on 31 March 2018 are shown in **Appendix 1.5**.

(iii) Debt Sustainability

Debt sustainability refers to the State's ability to service its debt in future. It is important to analyse various indicators that determine the debt sustainability of the State. If the rate of growth of economy (GSDP) exceeds the interest rate of public borrowings, the Debt-GSDP ratio of the State is likely to be stable. The indicators of debt sustainability of the State during 2013-14 to 2017-18 are given in **Table 1.35**:

Table 1.35: Debt Sustainability, Indicators and Trends

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Public Debt (₹ in crore)	5,054.45	5,290.32	5,976.43	6,603.36	7,635.63
Rate of growth (per cent)	12.64	4.67	12.97	10.49	15.63
Debt/GSDP (per cent)	19.75	17.83	18.19	17.91	19.25
Rate of growth of GSDP (per cent)	18.14	15.92	11.87	12.23	7.57
Outstanding Public Debt/RR	66.06	57.27	63.40	68.46	75.84
Average interest rate of outstanding Public Debt (per cent)	12.39	13.18	12.95	8.34	7.50
Net availability of borrowed fund (₹ in crore)	491.10	(-) 39.10	302.67	602.19	579.89
Burden of Interest Payments (IP/RR) (per cent)	7.72	7.44	7.74	5.44	8.81

Table 1.35 shows that the rate of growth of the outstanding Public Debt sharply increased during 2017-18 by 15.63 per cent as compared to 2016-17. The growth of GSDP during 2017-18 was only 7.57 per cent. The debt-GSDP ratio also increased to 19.25 per cent in 2017-18 from 17.91 per cent in 2016-17. The average interest rate of Public Debt and the rate of growth of GSDP during 2017-18 was almost the same.

The net funds available from borrowed funds after providing interest payment and repayment decreased from ₹ 491.10 crore in 2013-14 to (-) ₹ 39.10 crore in 2014-15. However, 2015-16 onwards, it showed an increasing trend and it increased to ₹ 602.19 crore in 2016-17, which declined to ₹ 579.89 crore in 2017-18. During the year 2017-18, Government raised internal debt of ₹ 1,332.14 crore, loans and advances from GoI of ₹ 1.27 crore and other obligations of ₹ 1,812.71 crore. The Government repaid internal debt of ₹ 269.00 crore, ₹ 31.82 crore to GoI, discharged other obligations of ₹ 1,362.52 crore and paid interest of ₹ 886.89 crore resulting in net availability of borrowed funds ₹ 579.89 crore. It indicates the better debt sustainability of the State.

(iv) Cash Balance Investment

The position of the Cash Balance Investment Account during the last five year is detailed in **Table 1.36**.

Table 1.36: Year-wise position of Cash Balance Investment Account 2013-18

(₹ in crore)

Year	Opening balance	Closing balance	Interest receipts on investment	Interest paid on market loan
2013-14	2,305.70	3,460.88	85.20	185.51
2014-15	3,460.88	3,380.74	44.94	242.19
2015-16	3,380.74	2,207.79	52.69	249.96
2016-17	2,207.79	1,356.72	35.66	294.17
2017-18	1,356.72	639.54	37.41	365.53

It was seen that there was a decreasing trend in the balance of Cash balance Investment Account during the period 2013-18. It decreased by 53 *per cent* during 2017-18 over the previous year. During 2017-18, the entire balance of ₹ 639.54 crore under Cash Balance Investment Account as on 31 March 2018 was invested in GoI Treasury Bills. The State Government received ₹ 37.41 crore as interest on investment of Cash balance and paid ₹ 365.53 crore on borrowings from market during 2017-18.

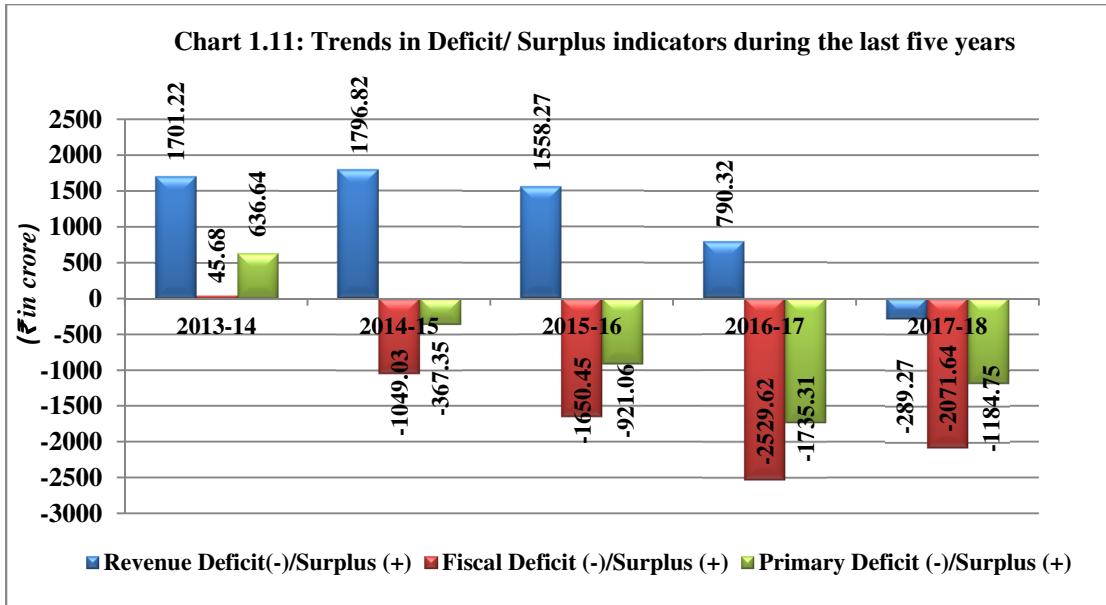
The Government paid the interest on outstanding market loan at the rate of 7.11 *per cent* whereas interest receipts on cash balance investment was only 5.85 *per cent* during 2017-18. Hence, it is evident that the interest rate paid by the Government on market loan was more than the rate of interest receipts from the cash balance investment Account for the year 2017-18.

1.11 Fiscal Imbalances

Three key fiscal parameters-Revenue, Fiscal and Primary Deficits-indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The nature and quantum of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and applied are also important pointers to its fiscal management. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and Fiscal Deficits *vis-à-vis* targets set under FRBM Act/ Rules for the financial year 2017-18.

1.11.1 Trends in Deficits

Chart 1.11 presents the trends in Deficit/ Surplus indicators over the period 2013-18.



The State could not have Revenue Surplus during 2017-18. There was a Revenue Deficit of ₹ 289.28 crore in 2017-18 against the Revenue Surplus of ₹ 790.32 crore in 2016-17. Revenue Deficit was (-) 0.73 per cent of GSDP. During 2017-18, there was a Fiscal Deficit of ₹ 2,071.64 crore {(-) 5.22 per cent of GSDP} against the Fiscal Deficit of ₹ 2,529.62 crore in 2016-17. The State witnessed a Primary Deficit of ₹ 1,184.76 crore {(-) 2.99 per cent of GSDP} in 2017-18 which was, however, decreased by ₹ 550.55 crore over the previous year.

1.11.2 Composition of Fiscal Deficit/ Surplus and its Financing Pattern

The financing pattern of the Fiscal Deficit/ Surplus had undergone a compositional shift as reflected in the **Table 1.37**:

Table 1.37: Decomposition and financing pattern of Fiscal Deficit

Particulars	(₹ in crore)			
	2014-15	2015-16	2016-17	2017-18
Decomposition of Fiscal Deficit (-)/ Surplus (+)				
Fiscal Deficit/ Surplus as percentage to GSDP	(-) 3.39	(-) 4.97	(-) 6.86	(-) 5.22
Revenue Deficit (-)/ Surplus (+)	1,796.82	1,558.27	790.32	(-) 289.27
Capital Expenditure	2,832.29	3,188.02	3,293.57	1,777.05
Net Loans and Advances	13.56	20.70	26.37	5.32
Total	(-) 1,049.03	(-) 1,650.45	(-) 2,529.62	(-) 2,071.64
Financing Pattern of Fiscal Deficit (-)/Surplus (+)				
Market Borrowings (Net)	32.00	355.47	753.38	1,137.00
Loans from GoI (Net)	(-) 26.02	(-) 25.71	(-) 28.00	(-) 30.55
Special Securities Issued to NSSF (Net)	125.07	176.26	(-) 112.57	(-) 113.20
Loans from Financial Institutions (Net)	106.22	166.48	14.12	39.34
Small Savings, Provident Fund, etc. (Net)	302.41	340.04	396.01	520.75
Deposits and Advances (Net)	37.54	111.39	354.29	105.62
Suspense and Misc. (Net)	(-) 44.19	(-) 25.98	(-) 7.48	30.92
Remittances (Net)	81.52	(-) 11.35	6.41	(-) 31.91
Others (Reserve Funds) (Net)	(+) 28.03	(-) 54.54	(+) 47.34	(-) 174.19
Increase (+)/decrease (-) in cash balance	(-) 406.45	(-) 618.39	(-) 1,106.12	(-) 587.86

Source: Finance Accounts

The fiscal deficit is the total borrowing requirement of the State and is the excess of Revenue Expenditure and Capital Expenditure including Loans and Advances over the Revenue and Non-debt Capital Receipts. Decomposition of Fiscal Deficit reveals the extent of various borrowings resorted to by the State Government to meet its requirements of funds over and above the revenue and Non-debt Receipts. **Table 1.37** shows that there was a Fiscal Deficit of ₹ 2,071.64 crore during 2017-18, which was largely managed by market borrowings raised by the State Government and Loans from Public Account and by utilising the cash balances.

Although, there was a decrease in Capital Expenditure and Loans and Advances by the State Government, the Fiscal Deficit was 5.22 *per cent* of GSDP, which was above the limit of 3.25 *per cent* of GSDP recommended by XIV FC as well as the State's own projection for the year.

1.11.3 Quality of Deficit/ Surplus

Table 1.38 indicates the extent to which the Deficit/ Surplus had been on account of enhancement in Capital Expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.38: Primary Deficit/ Surplus–Bifurcation of factors

(₹ in crore)

Year	Non-Debt Receipts	Details of Expenditure				Non-Debt Receipts <i>vis-à-vis</i> PRE	Primary Deficit (-)/ Surplus (+)
		Primary Revenue	Capital	Loans & Advances	Primary		
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2013-14	7,651.14	5,358.00	1,640.73	15.57	7,014.50	2,293.14	636.64
2014-15	9,241.91	6,761.23	2,832.29	15.74	9,609.26	2,480.68	(-) 367.35
2015-16	9,427.88	7,139.08	3,188.02	21.84	10,348.94	2,288.79	(-) 921.06
2016-17	9,646.37	8,060.83	3,293.57	27.28	11,381.68	1,585.54	(-) 1,735.31
2017-18	10,069.64	9,470.33	1,777.05	7.01	11,254.39	599.31	(-) 1,184.75

Source: Finance Accounts

Non-Debt Receipts of the State during 2013-18 were sufficient to meet the Primary Revenue Expenditure. Non-Debt Receipts during the period 2013-18 increased by 31.61 *per cent*. The Primary Revenue Expenditure increased by 76.75 *per cent* during the same period due to increase in expenditure in Social Services by 76 *per cent* and General Services by 88 *per cent*. During the period 2013-18, Capital Expenditure ranged between 15 *per cent* and 29 *per cent* of the total expenditure and it was 15 *per cent* in 2017-18 against 27 *per cent* in 2016-17. The State had a Primary Deficit of ₹ 1,184.75 crore during 2017-18 against ₹ 1,735.31 crore in 2016-17, a decrease of 32 *per cent* within a year.

1.12 Conclusion

Surplus/ Deficit

The fiscal position of the State is viewed in terms of key fiscal parameters—Revenue Surplus, Fiscal Deficit, Primary Deficit, *etc.* The State had witnessed Revenue and Primary Deficit during 2017-18. During the year, Fiscal Deficit of the State stood at ₹ 2,071.64 crore which decreased by 18 *per cent* over the previous year.

Revenue Receipts

During 2017-18, 81 *per cent* of the Revenue Receipts (₹ 8,152.45 crore) was from GoI as Central transfer while 19 *per cent* revenue consisted of State's own sources (*i.e.* Tax and Non-tax Revenue). The collection of Tax (₹ 1,422.02 crore) and Non-tax Revenue (₹ 493.48 crore) during 2017-18 were much below the XIV FC projection for the year.

Expenditure of the State Government

During 2017-18, 85 *per cent* of total expenditure was on revenue account (₹ 10,357.22 crore) of which 85 *per cent* of Revenue Expenditure was under Non-plan head. On the other hand, Capital Expenditure (₹ 1,777.05 crore) was 15 *per cent* of total expenditure for the year 2017-18 which decreased by 16 *per cent* relating to the total expenditure as compared to previous year.

Development Expenditure during 2017-18 was ₹ 7,391.41 crore which decreased by 11 *per cent* over the previous year mainly due to decrease in Capital Development Expenditure.

Expenditure on Salary and Wages during 2017-18 was ₹ 4,976.79 crore which was 41 *per cent* of total expenditure and 73 *per cent* of Revenue Expenditure. Salary expenditure increased by 27 *per cent* during 2017-18 over the previous year due to revision of pay by the State Government.

Fiscal Correction Path

During 2017-18, the State's Revenue Deficit was 0.73 *per cent* of GSDP against the projection of Revenue Deficit of 1.07 *per cent* recommended by the XIV FC. During the year, Fiscal Deficit was 5.22 *per cent* of GSDP against the projection of 3.25 *per cent* by XIV FC.

Fiscal Liabilities

The percentage of outstanding liabilities to GSDP during 2017-18 was 33.72 *per cent*, which was within the projection in the MTFPS as well as by XIV FC (34.25 *per cent*). During 2017-18, Interest Receipts as percentage of outstanding Loans and Advances by the Government was 1.01 *per cent* while interest paid by the Government as a percentage of outstanding liabilities was 7.50 *per cent*. The outstanding liabilities at the end of 31 March 2018 was ₹ 13,376.10 crore.

Investment and Returns

Investment of Government money in Government Companies and Statutory Corporations is increasing year after year. During 2017-18, the Government had invested ₹ 57.82 crore of which, ₹ 52.04 crore was invested in seven Government Companies while dividend of ₹ 14.27 crore was received from one Government company. The average rate of interest on Government borrowings was 7.50 *per cent* during the year.