

Chapter II: Finances of the State

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

Major changes in Key Fiscal Aggregates during 2020-21 vis-à-vis 2019-20

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2020-21, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	Revenue Receipts of the State decreased by 1.08 <i>per cent</i> Own Tax Receipts of the State increased by 3.49 <i>per cent</i> Non-Tax Receipts decreased by 10.04 <i>per cent</i> State's Share of Union Taxes and Duties increased by 0.65 <i>per cent</i> Grants-in-Aid from Government of India decreased by 5.87 <i>per cent</i>
Revenue Expenditure	Revenue Expenditure decreased by 4.69 <i>per cent</i> Revenue Expenditure on General Services increased by 2.57 <i>per cent</i> Revenue Expenditure on Social Services decreased by 5.95 <i>per cent</i> Revenue Expenditure on Economic Services decreased by 8.85 <i>per cent</i> Expenditure on Grants-in-Aid increased by 0.45 <i>per cent</i>
Capital Expenditure (Capital Outlay)	Capital Expenditure increased by 5.34 <i>per cent</i> Capital Expenditure on General Services increased by 161.74 <i>per cent</i> Capital Expenditure on Social Services increased by 53.46 <i>per cent</i> Capital Expenditure on Economic Services decreased by 13.61 <i>per cent</i>
Loans and Advances	Disbursements of Loans and Advances decreased by 10.00 <i>per cent</i> Recoveries of Loans and Advances decreased by 59.19 <i>per cent</i>
Public Debt	Public Debt Receipts increased by 10.18 <i>per cent</i> Repayment of Public Debt decreased by 7.76 <i>per cent</i>
Public Account	Public Account Receipts decreased by 9.41 <i>per cent</i> Public Account Disbursements decreased by 3.11 <i>per cent</i>

Each of the above indicators is analyzed in the succeeding paragraphs.

2.2 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2020-21 with 2019-20 figures, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2020-21 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)

Particulars	2019-20	2020-21	Increase(+)/ Decrease(-)
Source			
Opening Cash Balance with RBI	12,277.88	11,396.60	-881.28
Revenue Receipts	63,868.70	63,176.18	-692.52
Misc. Capital Receipts	4.70	4.85	0.15
Recoveries of Loans and Advances	256.78	104.80	-151.98
Inter-State Settlement	0.13	-0.67	-0.80
Public Debt Receipts (Net)	10,892.50	13,561.39	2,668.89
Public Account Receipts (Net)	6,190.85	325.76	-5,865.09
Contingency Fund	4.92	0.00	-4.92
Total	93,496.46	88,568.91	-4,927.55
Application			
Revenue Expenditure	73,477.31	70,032.84	-3,444.47
Capital Expenditure	8,566.39	9,024.19	457.80
Disbursement of Loans and Advances	56.11	50.50	-5.61
Inter-State Settlement	0.05	0.01	-0.04
Contingency Fund	0.00	0.00	0.00
Closing Cash Balance with RBI	11,396.60	9,461.37	-1,935.23
Total	93,496.46	88,568.91	-4,927.55

Source: Finance Accounts 2019-20 and 2020-21

Chart 2.1: Sources of Resources (per cent)

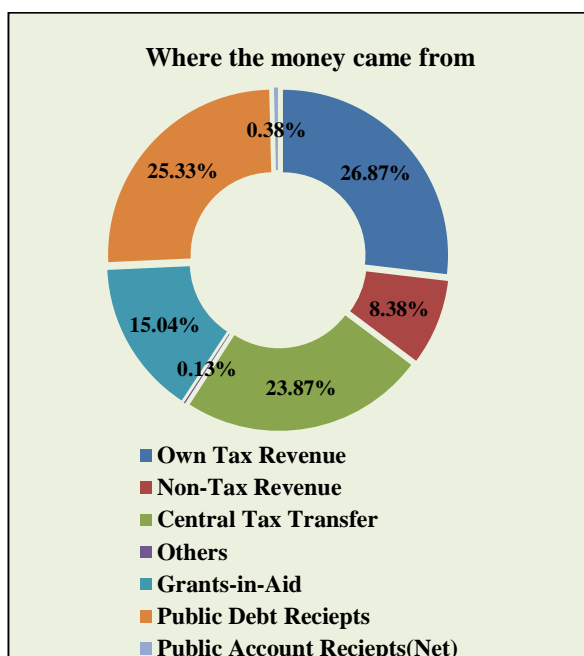
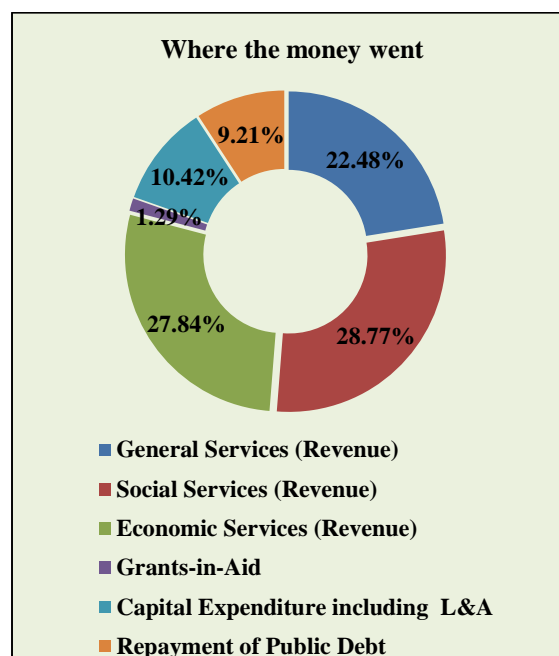


Chart 2.2: Application of Resources (per cent)



Source: Finance Accounts 2020-21

Note: Others include Recoveries of Loans & Advances, Capital Receipts and Contingency Fund

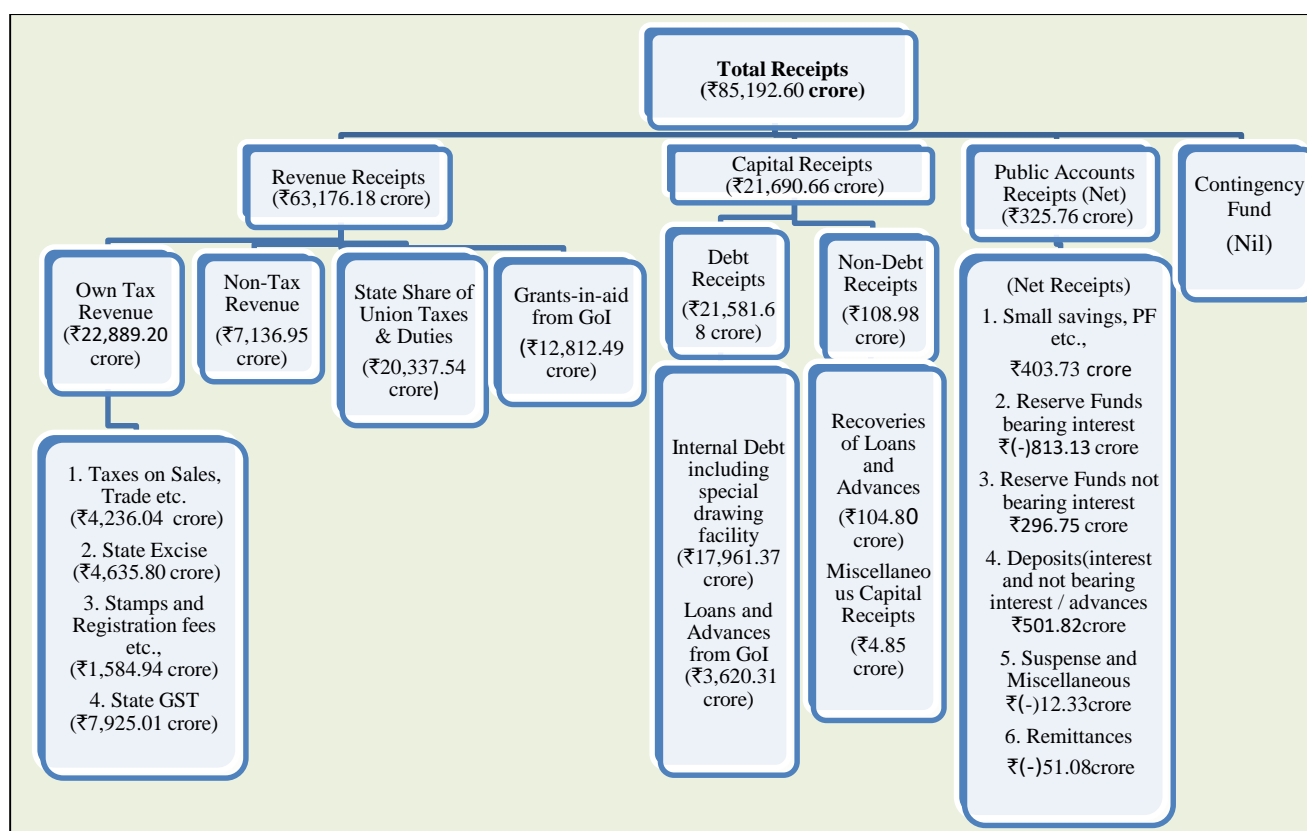
2.3 Resources of the State

- Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
- Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both revenue and capital receipts form part of the Consolidated Fund of the State.
- Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the State

Chart 2.3 presents the composition of the overall receipts. Besides, the Revenue and Capital receipts, funds available in the Public Account (net of disbursement made from it) are also utilized by the Government to finance its deficit.

Chart 2.3: Composition of receipts of the State during 2020-21



Source: Finance Accounts 2020-21

2.3.2 Revenue Receipts

Revenue receipts consist of the State's Own Tax and Non-Tax Revenue, Central Tax transfers and Grants-in-aid from GoI.

2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts 2.4 and 2.5 respectively.

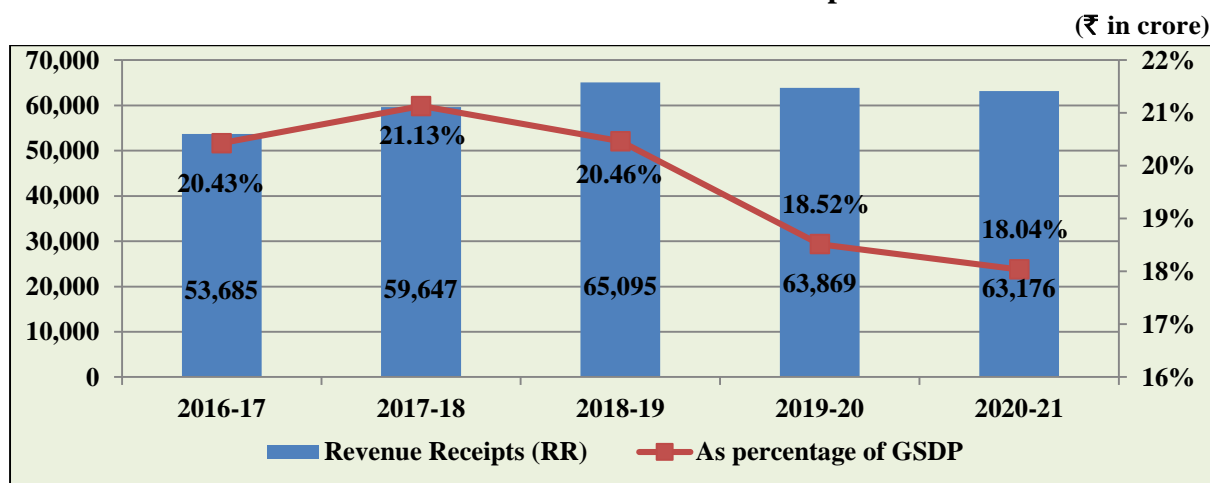
Table 2.3: Trend in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	53,685.25	59,647.07	65,094.93	63,868.70	63,176.18
Rate of growth of RR (<i>per cent</i>)	16.53	11.11	9.13	(-1.88)	(-1.08)
Own Tax Revenue (₹ in crore)	18,945.21	19,894.68	21,427.26	22,117.85	22,889.20
Non-Tax Revenue (₹ in crore)	5,669.25	6,340.42	7,703.02	7,933.77	7,136.95
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	10.43	6.58	11.04	3.16	(-0.08)
Gross State Domestic Product (₹ in crore)	2,62,802	2,82,283	3,18,101^P	3,44,955^Q	3,50,270^A
Rate of growth of GSDP (<i>per cent</i>)	16.72	7.41	12.69	8.44	1.54
RR/GSDP (<i>per cent</i>)	20.43	21.13	20.46	18.52	18.04
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	0.99	1.50	0.72	(-0.22)	(-0.70)
State's Own Revenue Buoyancy to GSDP	0.62	0.89	0.87	0.37	0.05

Source of GSDP figures: Directorate of Economics and Statistics of the Chhattisgarh State.

P-Provisional Estimates; Q-Quick Estimates; A-Advance Estimate

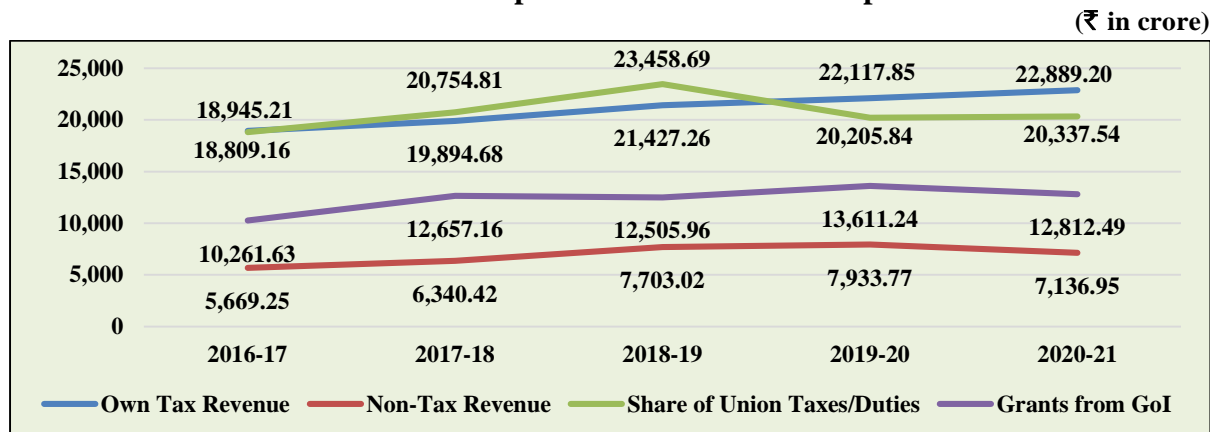
Chart 2.4: Trend of Revenue Receipts



Source: Finance Accounts of the respective years

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

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts of the respective years

An analysis of Revenue receipts of the State revealed that:

- Revenue receipts increased by ₹9,490.93 crore from ₹53,685.25 crore in 2016-17 to ₹63,176.18 crore during 2020-21. However, the Revenue receipts decreased by ₹692.52 crore (1.08 per cent) in 2020-21 over previous year mainly due to decrease in receipts of State's non-tax revenue by ₹796.82 crore (10.04 per cent) and Grants-in-aid from GoI by ₹798.75 crore (5.87 per cent).
- About 48 per cent of the Revenue receipts during 2020-21 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 52 per cent.
- During the current year, Revenue receipts decreased marginally by 1.08 per cent (₹692.52 crore) while the Revenue expenditure decreased significantly by 4.69 per cent (₹3,444.47 crore), leading to decrease in Revenue Deficit to ₹6,856.66 crore, as against Revenue Deficit of ₹9,608.61 crore in the previous year.

2.3.3 State's own resources

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

The states actual Own Tax and Non-Tax Revenue receipts for the year 2016-17 to 2020-21 are given in the **Table 2.4**

Table 2.4: Growth of State's own Tax/Non-Tax revenue during 2016-21

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Own Tax Revenue (₹ in crore)	18,945.21	19,894.68	21,427.26	22,117.85	22,889.20
Rate of Growth (per cent)	10.95	5.01	7.70	3.22	3.49
Non-Tax Revenue (₹ in crore)	5,669.25	6,340.42	7,703.02	7,933.77	7,136.95
Rate of Growth (per cent)	8.71	11.84	21.49	3.00	(-)10.04

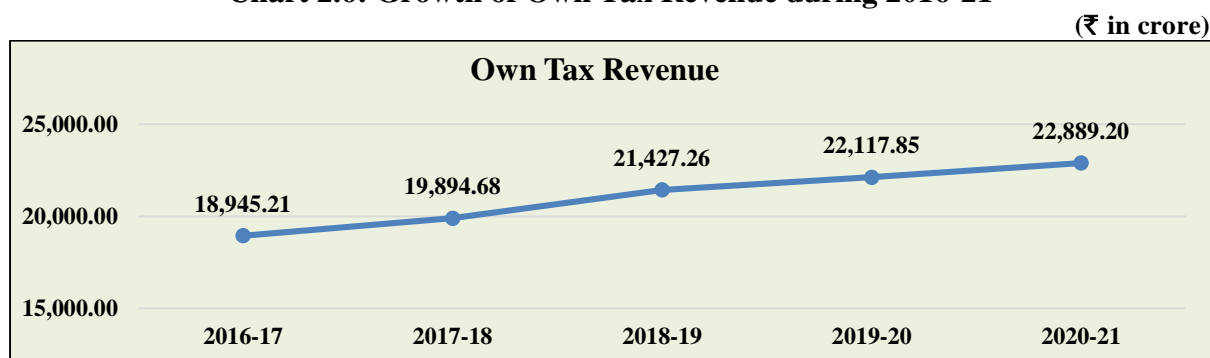
Source: Finance Accounts of the respective years

- The growth rate of Own Tax Revenue (OTR) showed fluctuating trends ranging from 3.22 to 10.95 *per cent* and marginally increased from 3.22 *per cent* in 2019-20 to 3.49 *per cent* in 2020-21.
- The growth rate of Non-Tax Revenue (NTR) showed fluctuating trends ranging from (-)10.04 *per cent* to 21.49 *per cent* and decreased by ₹796.82 crore (10.04 *per cent*) from ₹7,933.77 crore in 2019-20 to ₹7,136.95 crore in 2020-21.

2.3.3.1 Own Tax Revenue

Own Tax Revenue of the State Government during the five-year period 2016-21 is given in Chart 2.6:

Chart 2.6: Growth of Own Tax Revenue during 2016-21



Source: Finance Accounts of the respective years

The component-wise details of Own Tax Revenue collected during the five-year period 2016-21 are given in Table 2.5.

Table 2.5: Component-wise Own Tax Revenue during 2016-21

(₹ in crore)

Heads	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Taxes on Sales, Trades, etc.	9,927.21	6,449.60	4,087.72	3,931.37	4,144.86	4,236.04
State Goods and Services Tax	0.00	4,386.56	8,203.41	7,894.82	10,700.92	7,925.01
State Excise	3,443.51	4,054.00	4,489.03	4,952.36	5,199.72	4,635.80
Taxes on Vehicles	985.27	1,180.01	1,204.85	1,274.85	1,600.00	1,148.07
Stamps and Registration Fees	1,211.35	1,197.47	1,108.46	1,634.63	1,705.00	1,584.94
Land Revenue	503.66	446.41	487.57	551.50	600.00	937.71
Taxes on Goods and Passengers	1,340.36	477.66	54.51	40.51	03.00	79.83
Taxes and duties on electricity	1,495.48	1,688.96	1,790.27	1,837.00	2,200.00	2,341.41
Other Taxes	38.37	14.01	1.44	0.81	0.39	0.39
Total	18,945.21	19,894.68	21,427.26	22,117.85	26,153.89	22,889.20

Source: Finance Accounts of respective years and Budget Books for the year 2020-21

Own Tax Revenue of the State increased by ₹3,943.99 crore (20.82 *per cent*) from ₹18,945.21 crore in 2016-17 to ₹22,889.20 crore in 2020-21. During the year, the Own Tax Revenue increased by ₹771.35 crore (3.49 *per cent*) mainly due to increase in receipts under Taxes and duties on electricity (₹504.41 crore), land revenue (₹386.21 crore). Out of the Total Tax Revenue of ₹22,889.20 crore in 2020-21, Goods and Services Tax contributed 34.62 *per cent* followed by State Excise (20.25 *per cent*) and Taxes on Sales, Trades, etc. (18.51 *per cent*).

As can be seen from the table above, receipts from taxes on sales, trades etc., Goods and Passengers and duties on electricity fees exceeded budget estimates during 2020-21 while there was a significant shortfall in receipts from State Goods and Services tax, state excise, taxes on vehicles, stamps and registration fees compared to budgetary projections.

2.3.3.2 State Goods and Services Tax (SGST)

The State Government implemented the Goods and Services Tax (GST) Act, with effect from 01 July 2017. Under the GST (Compensation to the States) Act, 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. A base year (2016-21) revenue figure of taxes subsumed under GST was finalised under GST Act. As per the provisions of the Act, the projected revenue for Chhattisgarh was calculated at ₹14,166.11 crore for the year 2020-21 by applying the projected growth at the rate of 14 per cent per annum over the base year (2015-16) revenue of ₹7,357.43 crore.

Revenue on account of GST for the year 2020-21 has been depicted in the Finance Accounts as per nature of receipts *i.e.* State Goods and Services Tax (SGST), Input Tax Credit cross utilization of SGST and Integrated Goods and Services Tax (IGST), Apportionment of IGST-transfer-in of Tax component to SGST and Advance apportionment from IGST. Against the projected revenue of ₹14,166.11 crore, the revenue receipts of the State under GST was ₹7,925.01 crore during the year 2020-21. The State Government received compensation of ₹3,212.16 crore from GoI for loss of revenue arising out of implementation of GST. Besides, the State Government also received back to back loan of ₹3,109 crore from GoI to meet the resource gap due to shortfall in GST compensation during 2020-21.

2.3.3.3 Non-Tax Revenue

The component-wise details of Non-Tax Revenue collected during the years 2016-21 were as follows:

Table 2.6: Component wise non-tax Revenue during 2016-21

(₹ in crore)						
Revenue head	2016-17	2017-18	2018-19	2019-20	2020-21	% increase / decrease during 2020-21 over the previous year
Non-ferrous Mining and Metallurgical Industries	4,141.47	4,911.44	6,110.24	6,195.73	5,538.49	(-)10.61
Major Irrigation	437.35	461.23	521.81	437.04	445.91	2.02
Forestry and Wild Life	405.15	291.17	236.73	249.37	277.09	11.12
Interest receipts	157.24	180.44	189.55	232.41	89.77	(-)61.37
Other non-tax receipts	528.04	496.14	644.69	819.22	785.69	(-)4.09
Total	5,669.25	6,340.42	7,703.02	7,933.77	7,136.95	(-)10.04

Source: Finance Accounts of the respective years

The Total Non-Tax Revenue receipts increased by ₹1,467.70 crore (25.89 per cent) from

₹5,669.25 crore in 2016-17 to ₹7,136.95 crore in 2020-21. The Non-Tax Revenue decreased by 10.04 per cent (₹796.82 crore) during 2020-21 over the previous year mainly due to decrease in receipts from auctioned coal blocks under Non-ferrous Mining and Metallurgical Industries by ₹657.24 crore and interest receipts by ₹142.64 crore.

2.3.3.4 Central Tax Transfers

The GoI accepted the recommendations of XV FC to decrease the States' share in the divisible pool of taxes from 42 per cent to 41 per cent with effect from 2020-21 onwards.

The details of Chhattisgarh State's share in Union Taxes and Duties during 2016-21 are given in Table 2.7.

Table 2.7: Central Tax Transfers

(₹ in crore)

Head	2016-17	2017-18	2018-19	2019-20	2020-21
Central Goods and Services Tax	0.00	291.44	5,789.33	5,733.71	6,068.90
Integrated Goods and Services Tax	0.00	2,094.36	462.00	0.00	0.00
Corporation Tax	6,019.53	6,352.98	8,157.09	6,889.42	6,117.65
Taxes on Income other than Corporation Tax	4,183.59	5,364.62	6,007.35	5,398.34	6,269.51
Customs	2,589.37	2,093.70	1,662.66	1,280.78	1,097.20
Union Excise Duties	2,956.84	2,188.50	1,104.93	890.49	686.04
Service Tax	3,045.99	2,369.40	217.76	0.00	84.52
Other Taxes	13.84	(-)0.19	57.57	13.10	13.72
Central Tax transfers	18,809.16	20,754.81	23,458.69	20,205.84	20,337.54
Percentage of increase over previous year	19.68	10.34	13.03	(-)13.87	0.65
Percentage of Central tax transfers to Revenue Receipts	35.04	34.80	36.04	31.64	32.19

Source: Finance Accounts of the respective years

Over the five-year period 2016-21, Central tax transfers increased by 8.13 per cent from ₹18,809.16 crore in 2016-17 to ₹20,337.54 crore in 2020-21. The growth rate of Central Tax Transfers which ranged above 10 per cent during 2016-19 turned negative during 2019-20 and remained less than one per cent during 2020-21. The increase of Central Tax transfers by ₹131.70 crore (0.65 per cent) in 2020-21 over the previous year was mainly under Taxes on Income other than Corporation Tax (₹871.17 crore) and Central Goods and Service tax (₹335.19 crore). However, during 2020-21 the Corporation Tax and Customs decreased by ₹771.77 crore and ₹183.58 crore respectively.

2.3.3.5 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-21 are detailed in Table 2.8.

Table 2.8: Grants-in-Aid from GoI

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants	2,013.42	#	#	#	#
Grant for State Plan Scheme	7,785.03				
Grant for Central Plan Scheme (including Centrally Sponsored Plan Scheme)	463.18				
Grants for Centrally Sponsored Schemes	#	9,275.76	8,214.77	7,808.24	6,975.55

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Finance Commission Grants		1,460.23	1,679.48	2,044.75	2,289.50
Other Transfers/Grants to State		1,921.17	2,611.70	3,758.25	3,547.44
Total	10,261.63	12,657.16	12,505.95	13,611.24	12,812.49
Percentage of increase over the previous year	27.29	23.34	(-)1.19	8.84	(-)5.87
Revenue Receipts	53,685.25	59,647.07	65,094.93	63,868.70	63,176.18
Total grants-in-aid as a percentage of Revenue Receipts of the State	19.11	21.22	19.21	21.31	20.28

#There are no figures since the nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

Source: Finance Accounts of the respective years

GIA constituted 20 per cent of revenue receipts of the State Government during the year 2020-21. Grants for Centrally Sponsored Schemes (₹6,975.55 crore) to the State constituted 54 per cent of the total grants during the year. Finance Commission Grants (₹2,289.50 crore) to the State were provided for Local Bodies and State Disaster Response Fund (SDRF) and constituted 18 per cent of total grants during the year. Other Grants to State from the GoI (₹3547.44 crore) included GST compensation of ₹3,212.16 crore which constituted 90.54 per cent of other transfer/grant. Grants-in-Aid from GoI decreased by ₹798.75 crore (5.87 per cent) during the year 2020-21 compared to the previous year primarily due to decrease in receipt of *Samagra Shiksha Yojana* (Elementary Education), *Pradhan Mantri Awaas Yojana (Gramin)*, *Pradhan Mantri Gram Sadak Yojna*- Programme fund for Road connectivity Project on Left Wing Extremism affected areas. Further, the State Government received back to back loan of ₹3,109 crore in lieu of shortfall in GST compensation during 2020-21 as debt receipt which would otherwise be a transfer as GIA from GoI.

2.3.3.6 Fifteenth Finance Commission Grants

Fifteenth Finance Commission Grants were provided to the states for local bodies and State Disaster Response Fund (SDRF). Details of grants provided by the GoI to the State in this regard during the year 2020-21 are given in Table 2.9.

Table 2.9: Grants-in-Aid released by GoI as per recommendation of Fifteenth Finance Commission (XVFC)

Transfers	(₹ in crore)		
	Recommendation of 15 th FC	Actual release by GoI	Difference
	2020-21	2020-21	2020-21
Local Bodies			
1. Grants to PRIs			
(a) Basic Grants (Grants-in-aid-General)	1,454.00	1454.00	0.00
2. Grants to ULBs			
(a) Grants for Million Plus cities	214.00	160.50	(-)53.50
(b) Grants for non-Million Plus cities	486.00	243.00	(-)243.00
Total for Local Bodies	2,154.00	1,857.50	(-)296.50
State Disaster Response Fund	432.00	432.00	0.00
Grand Total	2,586.00	2,289.50	(-)296.50

Source: Finance Accounts of 2020-21 and XVFC report

- As of March 2021, the State Government received entire basic grants to PRIs

(₹1,454.00 crore) as against the recommendation of Fifteenth Finance Commission (XVFC) during 2020-21.

- The State Government had received ₹1,857.50 crore for ULBs against the XVFC recommendation of ₹2,154.00 crore for non-million plus cities, million plus cities and basic grant during 2020-21.
- The State Government received entire Union's share of State Disaster Response Fund against the recommendation of XVFC (₹432.00 crore) during 2020-21.

2.3.3.7 Capital Receipts

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

The following table shows the trends in growth and composition of Capital Receipts.

Table 2.10: Trends in growth and composition of Capital Receipts

Sources of State's Receipts under capital section	2016-17	2017-18	2018-19	2019-20	2020-21
Miscellaneous Capital Receipts (₹ in crore)	2.37	3.32	5.26	4.70	4.85
Recovery of Loans and Advances (₹ in crore)	172.99	138.59	162.32	256.78	104.80
Inter-State Settlement (₹ in crore)	0.38	1.24	0.56	0.13	-0.67
(A) Non-Debt Capital Receipts (₹ in crore)	175.74	143.15	168.14	261.61	108.98
Rate of growth of non-debt Capital Receipts (<i>per cent</i>)	(-)41.37	(-)18.54	17.46	55.59	(-)58.34
Internal Debt (₹ in crore)	5,098.40	9,187.89	13,816.66	19,308.36	17,961.37
Growth Rate of Internal Debt (<i>in per cent</i>)	28.25	80.21	50.38	39.75	(-)6.98
Loans and advances from the Central Government (₹ in crore)	381.53	464.55	553.44	279.17	3,620.31
(B) Public Debt Receipts (₹ in crore)	5,479.93	9,652.44	14,370.10	19,587.53	21,581.68
Receipts under capital section (A+B) (₹ in crore)	5,655.67	9,795.59	14,538.24	19,849.14	21,690.66
Rate of growth of Public Debt receipts under capital section (<i>per cent</i>)	(-)24.43	76.14	48.88	36.31	10.18
Rate of growth of GSDP at current price (<i>per cent</i>)	16.72	7.41	12.69	8.44	1.54
Rate of growth of receipts under capital section (<i>per cent</i>)	(-)25.10	73.2	48.42	36.53	9.28

Source: Finance Accounts of the respective years

Capital receipts of the State increased by 283.52 *per cent* from ₹5,655.67 crore in 2016-17 to ₹21,690.66 crore in 2020-21. During 2020-21, the capital receipts increased by ₹1,841.52 crore (9.28 *per cent*) mainly due to increase in Public Debt receipts by ₹1,994.15 crore (10.18 *per cent*) attributable to Market Loan of ₹13,000 crore (60.23 *per cent* of Public Debt) and back to back loan (₹3,109 crore) in lieu of GST shortfall included under the loans and advances from the Central Government.

2.3.4 State's performance in mobilization of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. Details of the State's actual own tax and non-tax

revenues for 2020-21 in comparison to the Fifteenth Finance Commission (XVFC) assessment and budget estimates are given in **Table 2.11**.

Table 2.11: Tax and non-tax receipts vis-à-vis projections

	XVFC projections (₹ in crore)	Budget Estimates (₹ in crore)	Actual (₹ in crore)	Percentage variation of actual over	
				Budget estimates	XVFC projections
Own Tax revenue	31,784.00	26,155.00	22,889.20	(-)12.49	(-)27.99
Non-tax revenue	8,477.00	9,215.00	7,136.95	(-)22.55	(-)15.81
Total	40261.00	35,370.00	30,026.15	(-)15.11	(-)25.42

Source: Finance Accounts, Budget Books and Finance commission report

The State Government was short by 25.42 per cent in meeting the expectations of the XVFC and 15.11 per cent in mobilizing its own resources against the targets set in its own budget estimates. Shortfall in Own Tax revenue (₹3,265.80 crore) was mainly due to collection of less State GST by ₹2,775.91 crore than projections made in the budget. Similarly, shortfall of ₹2,078.05 crore in Non Tax revenue against budget estimates was mainly due to less receipts under Non Ferrous Mining and Metallurgical Industries (₹1,131.51 crore).

2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

2.4.1 Growth and composition of expenditure

The total expenditure incurred, its composition, and relative share in GSDP during the years 2016-17 to 2020-21 is presented in **Table 2.12**.

Table 2.12: Total Expenditure and its composition

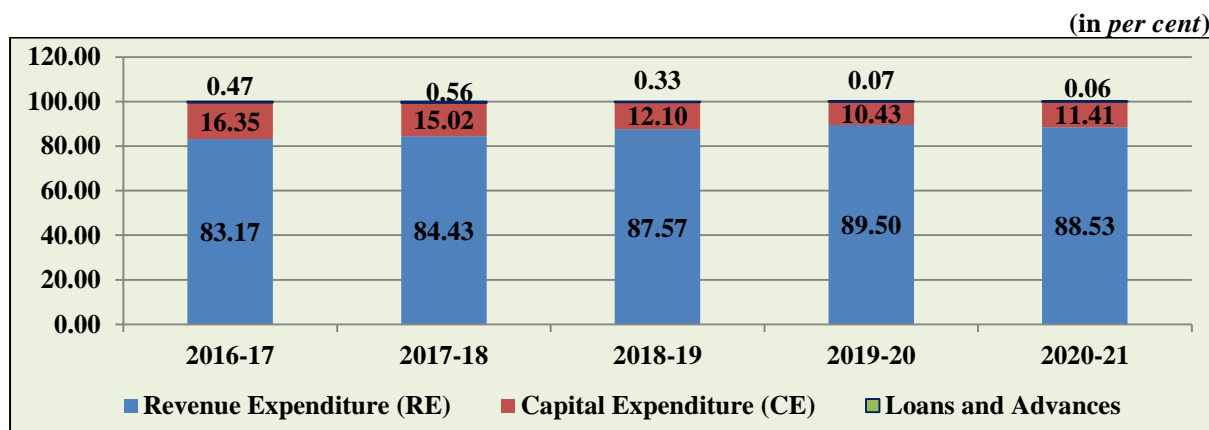
(₹ in crore)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	57,908.26	66,600.54	73,555.31	82,099.86	79,107.54
Revenue Expenditure (RE)	48,164.60	56,229.75	64,411.17	73,477.31	70,032.84
Capital Expenditure (CE)	9,470.51	10,000.96	8,903.45	8,566.39	9,024.19
Loans and Advances	273.15	369.83	240.69	56.16	50.51
As a percentage of GSDP					
GSDP at current prices	2,62,801	2,82,283	3,18,101	3,44,955	3,50,270
TE/GSDP	22.04	23.59	23.12	23.80	22.58
RE/GSDP	18.33	19.92	20.25	21.30	19.99
CE/GSDP	3.60	3.54	2.80	2.48	2.58
Loans and Advances/GSDP	0.10	0.13	0.08	0.02	0.01

Source: Finance Accounts of the respective years

The above table shows that total expenditure of the State increased by 36.61 *per cent* from ₹57,908.26 crore in 2016-17 to ₹79,107.54 crore in 2020-21. The total expenditure which showed increasing trend during 2016-20, declined during the year 2020-21. It decreased by 3.64 *per cent* over the previous year mainly due to decrease in revenue expenditure by ₹3,444.47 crore (4.69 *per cent*). As a percentage of GSDP, the total expenditure remained in the range of 22.04 *per cent* to 23.80 *per cent* during 2016-21. **Chart 2.7** depicts the trend of the share of the components in total expenditure.

Chart 2.7: Total Expenditure: Trends in share of its components



Source: Finance Accounts of the respective years

As is evident from the above chart, capital expenditure has shown a declining trend during 2017-20. However, during 2020-21 the capital expenditure marginally increased from ₹8,566.39 crore in 2019-20 to ₹9,024.19 crore in 2020-21.

In terms of activities, the total expenditure (refer *Appendix 2.1*) is comprises of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative expenditure on these components are shown in **Table 2.13**.

Table 2.13: Share of various sectors of expenditure

(₹ in crore)

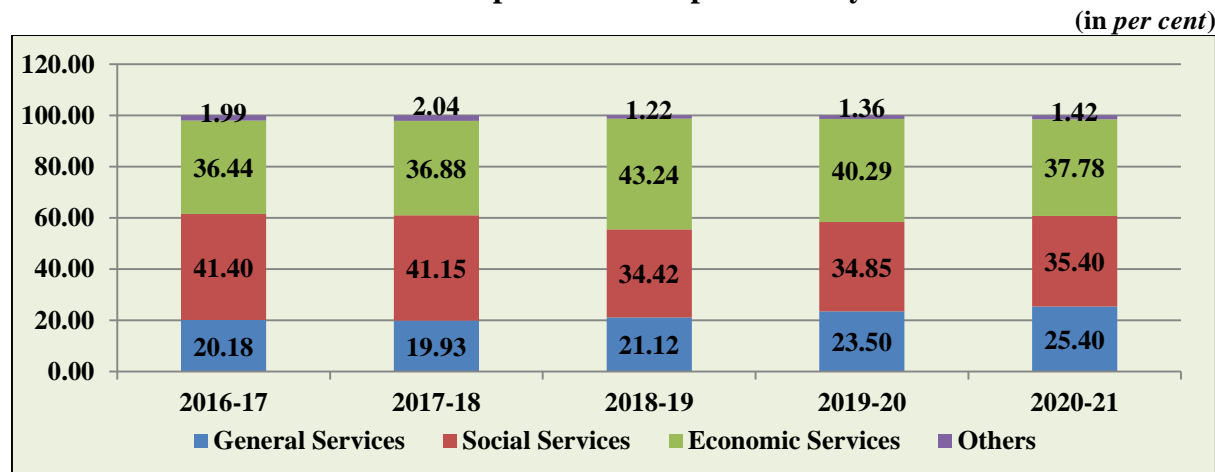
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	11,683.77	13,373.74	15,535.80	19,289.82	20,095.21
Social Services	23,972.80	27,116.57	25,319.17	28,610.12	28,001.32
Economic Services	21,100.70	24,744.50	31,804.93	33,079.55	29,885.69
Others (Grants to Local Bodies and Inter-State settlement)	1,150.99	1,365.73	895.41	1,120.37	1,125.32
Total	57,908.26	66,600.54	73,555.31	82,099.86	79,107.54

Source: Finance Accounts of the respective years

- Expenditure on General services increased by ₹805.39 crore (4.18 *per cent*) from ₹19,289.82 crore in 2019-20 to ₹20,095.21 crore in 2020-21 mainly due to increase in expenditure on Government Contribution to Defined Pension Contribution Scheme (₹497.81 crore) and interest payment (₹663 crore).

- Expenditure in Social Services decreased over the previous year mainly due to decrease in expenditure under the Major Head 2202-General Education (₹1,772.81 crore) on *Sarva Siksha Abhiyan* (₹516.31 crore) and on tribal sub plan (₹1,065.81 crore).
- Expenditure in Economic Services decreased over the previous year mainly due to decrease in expenditure on subsidies by ₹4,170.10 crore mainly attributed to decrease in subsidies under short term agriculture loan waiver scheme (₹2,022.25 crore), chief minister's food assistance scheme (₹867.44 crore), sugar distribution scheme (₹222.03 crore).

Chart 2.8: Total expenditure - Expenditure by activities



Source: Finance Accounts of the respective years

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

The overall revenue expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and revenue receipts are indicated in **Table 2.14** and the sectoral distribution of revenue expenditure pertaining to 2020-21 is given in **Chart 2.9**.

Table 2.14: Revenue Expenditure—basic parameter

(₹ in crore)

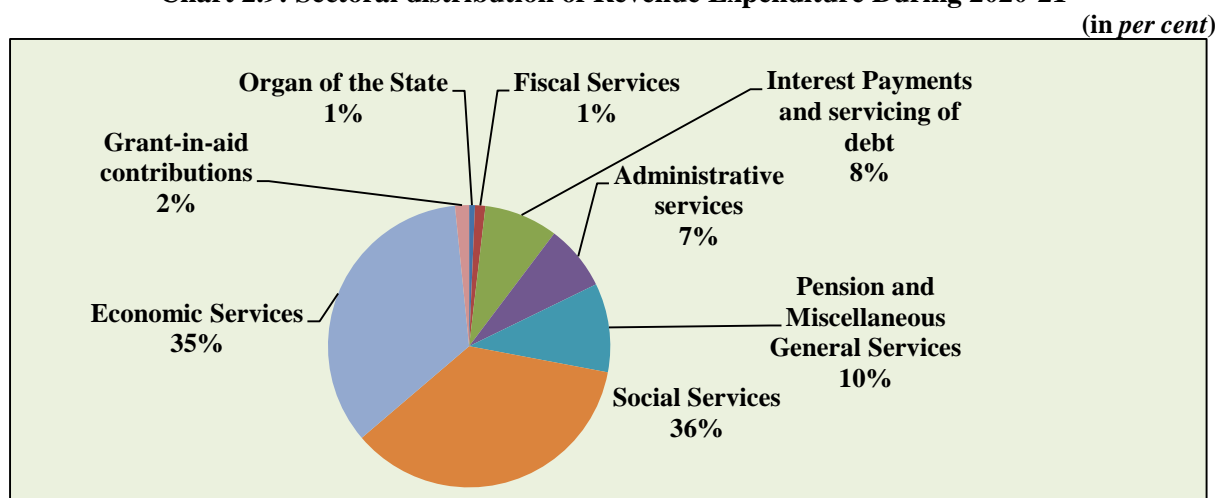
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	57,968.26	66,600.55	73,555.31	82,099.86	79,107.54
Revenue Expenditure (RE)	48,164.60	56,229.75	64,411.17	73,477.31	70,032.84
Rate of Growth of RE (<i>per cent</i>)	10.21	16.74	14.55	14.08	(-)4.69
Revenue Expenditure as percentage of TE	83.09	84.43	87.57	89.50	88.53
RE/GSDP (<i>per cent</i>)	18.32	19.92	20.25	21.30	19.99
Revenue Receipts (RR)	53,685.25	59,647.07	65,094.93	63,868.70	63,176.18
Rate of Growth of RR (<i>per cent</i>)	16.53	11.11	9.13	(-)1.88	(-) 1.08
RE as percentage of RR	89.72	94.27	98.95	115.04	110.85
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.61	2.26	1.15	1.67	(-)3.05
Revenue Receipts (ratio)	0.62	1.51	1.59	(-)7.49	4.34

Source: Finance Accounts of respective years

Revenue expenditure ranged from 83.09 per cent to 89.50 per cent of the total expenditure during the period 2016-21. Rate of growth of revenue expenditure of the state showed a decreasing trend during 2017-18 to 2020-21. Revenue expenditure decreased during 2020-21 over the previous year mainly due to decrease in subsidies from ₹11,483.23 crore in 2019-20 to ₹7,307.94 crore in 2020-21. During 2020-21, revenue expenditure as percentage of GSDP has decreased from 21.30 per cent to 19.99 per cent over the previous year. As can be seen from the Table 2.1.4, the revenue buoyancy ratio which was 1.67 in the year 2019-20 has decreased to (-)3.05 in the year 2020-21 due to negative growth rate of revenue expenditure.

The sectoral distribution of revenue expenditure is given in **Chart 2.9**.

Chart 2.9: Sectoral distribution of Revenue Expenditure During 2020-21



Source: Finance Accounts of 2020-21

2.4.2.1 Major Changes in Revenue Expenditure

Table 2.15 details significant variations under various Heads of Account with regard to Revenue expenditure of the State during the current year and the previous year.

Table 2.15: Details of significant variation in Revenue Expenditure

(₹ in crore)

Major Heads of Accounts	2019-20	2020-21	Difference	%Increase(+) /Decrease(-)
Decrease				
2435-Other Agricultural Programmes	2,729.30	13.73	-2,715.57	-99.50
2425-Co-operative	2,430.15	176.33	-2,253.82	-92.74
2202-General Education	15,736.87	13,964.06	-1,772.81	-11.27
2408-Food Storage and Warehousing	5,735.40	4,311.02	-1,424.38	-24.83
2515- Other Rural Development Programmes	2,875.21	2,453.72	-421.49	-14.66
2216-Housing	674.65	284.29	-390.36	-57.86
Increase				
2401- Crop Husbandry	2,239.15	7,519.38	5,280.23	235.81
2049-Interest Payments	4,970.33	5,633.11	662.72	13.33

2071-Pensions and Other Retirement	6,637.98	7,135.79	497.81	7.50
2210- Medical and Public Health	4049.05	4924.27	875.22	21.62

Source: Finance Accounts for the respective years

Revenue expenditure declined significantly during the year, mainly due to decrease in subsidy for short term agricultural loan waiver scheme, *Laghu evam Seemant Krishak rin maafi yojana*, assistance to credit co-operatives, decrease in expenditure in *Sarva Siksha Abhiyan*, *Tribal Sub-Plan*, food subsidies, assistance to Gram Panchayats. Further, increase in expenditure was mainly due to *Rajiv Gandhi Kishan Nyay Yojana* and *Godhan Nyay Yojana*, interest on market loan and Rural Health Services.

2.4.2.2 Committed and Non-Committed Expenditure

Expenditure of State Government on revenue account can be classified as committed and non-committed expenditure. Committed Expenditure of Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. Expenditure other than committed expenditure can be classified into non-committed expenditure. Increase in committed expenditure restricts the Government's ability to incur developmental expenditure.

Table 2.16 presents the trends in the components of committed expenditure during 2016-21.

Table 2.16: Components of Committed Expenditure

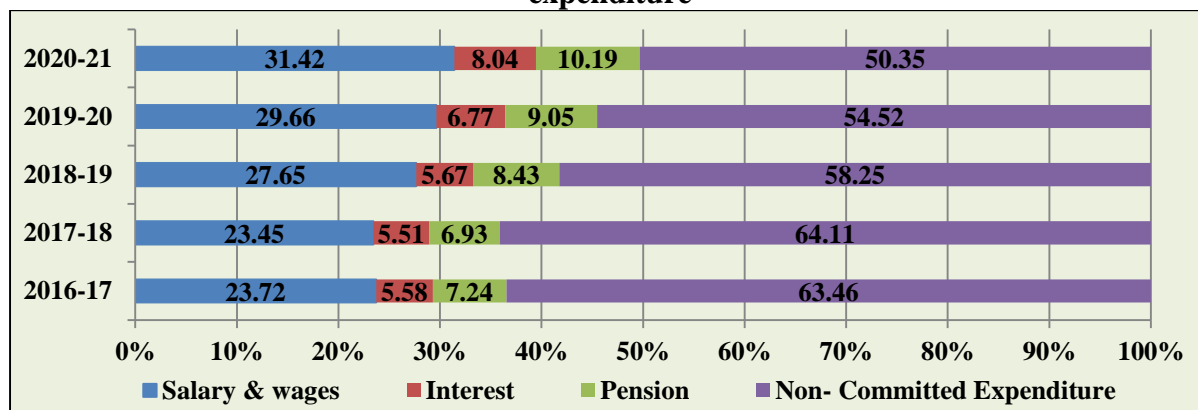
(₹ in crore)					
Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	11,424	13,184	17,808	21,764	22,002
Expenditure on Pensions	3,487	3,898	5,429	6,638	7,136
Interest Payments	2,687	3,098	3,653	4,971	5,633
Total	17,598	20,180	26,890	33,373	34,771
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	21.28	22.10	27.36	34.08	34.83
Expenditure on Pensions	6.50	6.54	8.34	10.39	11.30
Interest Payments	5.01	5.19	5.61	7.78	8.92
Total	32.78	33.83	41.31	52.25	55.05
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	23.72	23.45	27.65	29.62	31.41
Expenditure on Pensions	7.24	6.93	8.43	9.03	10.19
Interest Payments	5.58	5.51	5.67	6.77	8.04
Total	36.54	35.89	41.75	45.42	49.64

Source: Finance Accounts of the respective years

Committed Expenditure has grown from ₹17,598 crore (36.54 per cent of RE) in 2016-17 to ₹34,771 crore (49.64 per cent of RE) in 2020-21. The interest payment has increased (109.63 per cent) as compared to the year 2016-17 due to continuous rise in the public debt during 2016-17 to 2020-21. The interest and pension payment expenditure of the state doubled during last five years.

Percentage of committed and non-committed expenditure to revenue receipts and revenue expenditure during 2016-21 is given in **Chart 2.10**.

Chart 2.10: Share of Committed and Non-Committed Expenditure in revenue expenditure



Source: Finance Accounts of the respective years

As can be seen from **Chart 2.10** above, committed expenditure constituted 36.54 *per cent* of total revenue expenditure and 32.78 *per cent* of revenue receipts in 2016-17 and increased to 49.64 *per cent* of total revenue expenditure and 55.05 *per cent* of total revenue receipts.

2.4.2.3 Un-discharged Liability under National Pension System

During 2020-21, expenditure on pension payments was ₹7,135.78 crore, out of which ₹1,129.00 crore was incurred towards National Pension System (NPS) applicable to employees recruited on or after 1 January 2005.

National Pension System (NPS)

State Government employees recruited on or after 1 November 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. In terms of the scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government, and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

Deduction of contributions under New Pension Scheme from the employees commenced from March 2006 along with contribution of arrears for the period December 2004 to February 2006. During 2020-21, receipts under the Major Head 8342 Other Deposits – (117) Defined Contribution Pension Scheme was ₹1,139.59 crore², out of which ₹1,133.25 crore was transferred to NSDL, resulting in less transfer of amount *i.e.* ₹6.34 crore, which was kept in the Public Account. Further, against employee's contribution of ₹1,133.84 crore, the State Government contributed only ₹1,129.00 crore. The short contribution of ₹4.84 crore to Defined

² ₹1,133.84 crore pertains to employees contribution and ₹5.75 crore pertains to employee and employers contribution of deputation employees out of which ₹1,130.76 crore pertains to employees contribution and ₹2.49 crore pertains to employee and employers contribution of deputation employees transferred to NSDL during 2020-21.

Contribution of Pension Scheme, resulted in understatement of revenue deficit and fiscal deficit.

As on 31 March 2021, there was an accumulated balance of ₹32.17 crore in the Public Account, pending transfer to NSDL/Trustee Bank. Short contribution of ₹4.84 crore and non-transfer of ₹32.17 crore resulted in avoidable liability of ₹37.01 crore to the State Government and created uncertainty in respect of benefit due to the employees to that extent.

Further, the Government is liable to pay/adjust interest in respect of balances under Deposits bearing interest. The State Government has liability to pay interest of ₹1.83 crore³ on non-transferred balance of ₹25.83 crore as on 1 April 2020, which was not paid, resulting in understatement of revenue deficit and fiscal deficit.

2.4.2.4 Subsidies

During 2020-21, the State Government, paid ₹7,307.94 crore as subsidy. The details of subsidies provided by the State Government during 2016-21 are shown in Table in **Table 2.17**.

Table 2.17: Expenditure on subsidies during 2016-21

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	4,189.14	5,004.69	8,323.01	11,483.23	7,307.94
Subsidies as a percentage of Revenue Receipts	7.80	8.39	12.79	17.98	11.57
Subsidies as a percentage of Revenue Expenditure	8.70	8.90	12.92	15.63	10.44

Source: Finance Accounts of the respective years

The expenditure on subsidies increased by ₹7,294.09 crore (174.12 *per cent*) from ₹4,189.14 crore in 2016-17 to ₹11,483.23 crore in 2019-20. However, it was decreased to ₹7,307.94 crore during 2020-21. The decrease in the expenditure on subsidies by ₹4,175.29 crore (36.36 *per cent*) during 2020-21, was mainly due to decrease in subsidies under short term agricultural loan waiver scheme (by ₹2,022.25 crore), Chief Ministers food assistance scheme (by ₹867.44 crore), *Laghu evam simant krishak* loan waiver scheme (by ₹694.57 crore), and Sugar Distribution scheme (by ₹222.03 crore).

2.4.2.5 Financial assistance by the State Government to Local Bodies and other Institutions

The quantum of financial assistance by way of grants and loans provided by the State Government to Local Bodies and other institutions during last five years are given in **Table 2.18**.

³ as per the rate of interest notified by the Government/payable to General Provident Fund

Table 2.18: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
(A) Local Bodies					
Municipal Corporations and Municipalities	3,234.45	3,425.75	2,778.73	3,138.94	3,554.17
Panchayati Raj Institutions	8,899.54	10,899.36	6,905.17	6,006.83	4,421.79
Total (A)	12,133.99	14,325.11	9,683.90	9,145.77	7,975.96
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	218.90	235.45	170.44	273.67	204.97
Development Authorities	262.27	287.03	271.41	235.06	229.93
Co-operative & Other Institutions and NGO's	7,057.47	10,155.72	13,255.70	10,499.70	12,555.37
Total (B)	7,538.64	10,638.20	13,697.55	11008.43	12,990.27
Total (A+B)	19,672.63	24,963.31	23,381.45	20,154.20	20,966.23
Revenue Expenditure	48,164.60	56,229.75	64,411.17	73,477.31	70,032.84
Assistance as percentage of Revenue Expenditure	40.84	44.40	36.30	27.43	29.94

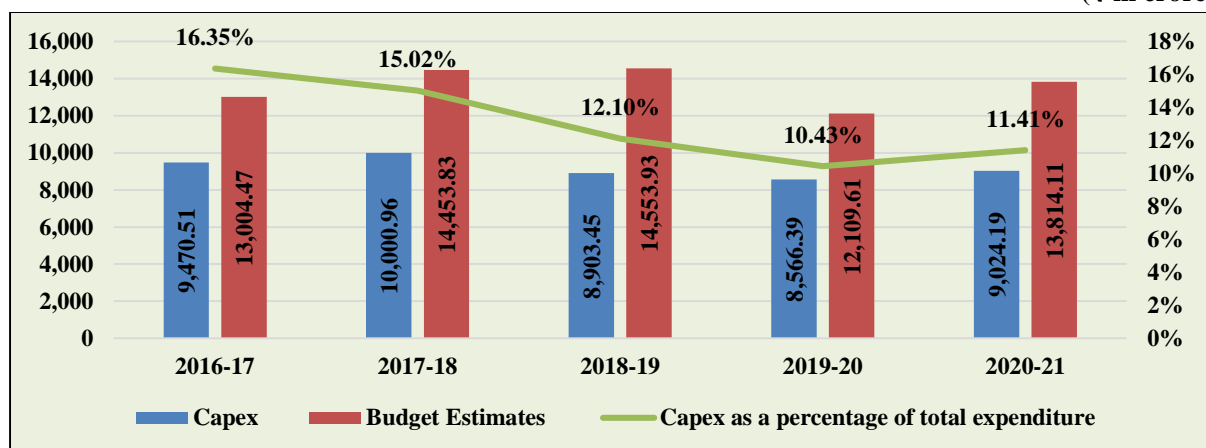
Source: Finance accounts of respective years

2.4.3 Capital Expenditure

Capital expenditure includes primarily expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges, etc. Details of capital expenditure during the five-year period 2016-21 are given in Chart 2.11.

Chart 2.11: Capital Expenditure in the State

(₹ in crore)



Source: Finance Accounts of the respective years

Capital expenditure increased by 5.34 per cent (₹457.80 crore) mainly due to increase in expenditure in Jal Jeevan Mission Yojana, and Jawahar Setu Yojana. During 2020-21, 37 per cent of total capital expenditure (₹9,024.19 crore) was incurred on Roads and Bridges (₹3,351.28 crore) followed by ten per cent on water supply and sanitation (₹907.93 crore).

2.4.3.1 Major changes in Capital Expenditure

Table 2.19 highlights the cases of significant increase or decrease in various heads of account in capital expenditure during 2020-21 *vis-à-vis* the previous year.

Table 2.19: Capital Expenditure during 2019-20 compared to 2020-21

(₹ in crore)

Major Heads of Accounts	2019-20	2020-21	Difference	% Increase(+) /Decrease(-)
Increase				
4215-Capital Outlay on Water Supply and Sanitation	375.18	907.93	532.75	142.00
4059-Capital Outlay on Public Works	148.85	400.11	251.26	168.80
4210-Capital Outlay on Medical and Public Health	361.82	511.71	149.89	41.43
4202-Capital Outlay on Education, Sports, Art and Culture	315.32	415.91	100.59	31.90
4225-Capital Outlay on Welfare of SCs/STs and OBCs	230.46	358.30	127.84	55.47
Decrease				
5054-Capital Outlay on Roads and Bridges	3,928.86	3,351.28	(-)577.58	(-)14.70
5275-Capital Outlay on other Communication Services	250.00	70.00	(-)180.00	(-)72.00
4515-Capital Outlay on other Rural Development	505.19	350.57	(-)154.62	(-)30.61

Source: Finance Accounts of 2019-20 and 2020-21

The above table reveals that there was a significant increase in expenditure on Water Supply and Sanitation and Public Works, mainly due to increase in expenditure under *Jal Jeevan Mission, Jawahar Setu Yojana*, constructions under Infrastructure Development Fund and Environment Fund, construction of *Raj Bhavan* etc.

2.4.3.2 Quality of Capital Expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government as of 31 March 2021.

2.4.3.2.1 Quality of investment in Companies, Corporations and other Bodies

Capital Expenditure in companies, corporations and other bodies, which are loss making or where net worth is completely eroded, is not sustainable.

Investments made and loans given to companies (e.g. DISCOMs), corporations (e.g. SC & ST Financial Corporation), and co-operatives (e.g. sugar mills), which are loss making and those whose net worth is completely eroded, affect the quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure. Issues related to quality of investment in PSUs *viz.* Investment in PSUs, Rate of Return on Investment, Erosion of Net Worth, Dividend Payout, Return on Capital Employed etc., have been discussed in detail in **Chapter 5** of the Report.

2.4.3.2.2 Investment and Returns

As per the Finance Accounts 2020-21, the Government of Chhattisgarh had invested ₹7,261.30 crore in 10 Statutory Corporations, 28 Government Companies, 22 Joint Stock Companies, two Rural Banks and 1460 Co-operative Institutions and local bodies in the State as of 31 March 2021. The State Government earned a return of ₹2.29 crore on these investments during 2020-21. Year-wise details of investment by the Government of Chhattisgarh over the five-year period 2016-17 to 2020-21 are as follows:

Table 2.20: Details of Investment and Return on Investment

	(₹ in crore)				
Investment/Return/Cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Statutory Corporations (No. of entities)	35.90(02)	37.82(02)	86.92(10)	87.88(10)	88.34(10)
Government Companies (No. of entities)	6,459.45(13)	6,459.45(13)	6,683.34(28)	6,683.34(28)	6,683.34(28)
Joint Stock Companies (No. of entities)	57.60(04)	144.80(05)	145.21(22)	145.21(22)	145.21(22)
Rural Banks (No. of entities)	24.31(01)	25.15(01)	25.15(02)	25.15(02)	25.15(02)
Co-operative Institutions and Local Bodies (No. of entities)	201.34(1523)	199.15(1523)	327.42(1523)	324.21(1460)	319.26(1460)
Total Investment	6,778.60	6,866.37	7,268.05	7,265.79	7,261.30
Investment at the end of the year	6,778.60	6,866.37	7,268.05	7,265.79	7,261.30
Return on investment	0.55	4.80	1.49	2.39	2.29
Return on investment (per cent)	0.01	0.07	0.02	0.03	0.03
Average rate of interest on Government borrowing (per cent)	6.62	6.38	6.10	6.83	6.57
Difference between interest rate and return (per cent)	6.61	6.31	6.08	6.80	6.54
Loss due to difference between interest rate of market borrowing and returns (₹ in crore)	448.07	433.27	442.15	493.86	474.89
<i>Figures in the bracket shows the number of entities</i>					

Source: Finance Accounts of respective years

During 2020-21, the return on investment was 2.29 crore (0.03 per cent). However, the Government paid interest on its borrowing at an average rate of 6.57 per cent during the same period. Continued use of borrowed funds to fund investment which do not have sufficient financial returns will lead to an unsustainable financial position.

2.4.3.2.3 Loans and Advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, the State Government has also provided loans and advances to many institutions/ organisations.

Table 2.21 presents the outstanding loans and advances as on 31 March 2021, along with interest receipts *vis-à-vis* interest payments during the five-year period 2016-17 to 2020-21.

Table 2.21: Quantum of Loans disbursed and recovered during 2016-17 to 2020-21

(₹ in crore)					
Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
Opening balance of loans outstanding	1,273.96	941.98	1,519.63	1,597.75	1,397.08
Amount advanced during the year	272.71	368.76	240.44	56.11	50.50
Amount repaid during the year	172.99	138.59	162.32	256.78	104.80
Closing Balance of loans outstanding	1,373.69	1,172.16	1,597.75	1,397.08	1,342.78
Net addition	99.72	230.17	78.12	(-200.67)	(-54.30)
Interest received	30.19	27.61	28.32	1.67	6.88
Interest rate on Loans and Advances given by the Government	2.28	2.36	1.77	0.12	0.51
Rate of Interest paid on the outstanding borrowings of the Government	6.62	6.38	6.10	6.83	6.57
Difference between rate of interest paid and interest received (<i>per cent</i>)	(-4.34)	(-4.02)	(-4.33)	(-6.71)	(-6.06)

Source: Finance Accounts of Respective years

The loans disbursed during the year have decreased as compared to the previous year. At the end of March 2021, the Government had outstanding loans and advances of ₹1,342.78 crore, out of which ₹286.02 crore pertains to Urban Local Bodies, ₹381.93 crore pertains to Government companies and ₹392.52 crore pertains to co-operative societies/bodies.

Further, the Government paid loans and advances during the year to the following sugar mills against which the repayment of earlier loans are in arrears.

Table 2.22: Details of loans and advances to sugar mills during 2020-21

(₹ in crore)					
Name	Year of previous Loans outstanding Since	Amount of principal outstanding as of 1 st April 2020	Amount of loans during this year	Repayment made during the year	Total amount outstanding
Loh Purush Sardar Vallabh Bhai Patel Sugar Mill Limited	2017-18	82.00	13.00	0.00	95.00
Bhoramdev Co-operative Sugar Mill Limited	2016-17	74.00	13.00	10.00	77.00
Mahamaya Co- operative Sugar Mill, Limited	2010-11	89.67	24.00	10.00	103.67

2.4.3.3 Capital blocked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra burden in terms of servicing of debt and interest liabilities.

The details of incomplete projects costing ₹10 crore and above which were to be completed on or before 31 March 2021 are given in **Table 2.23**.

Table 2.23: Department-wise profile of incomplete projects

Department	Number of incomplete projects	Estimated cost	Incomplete Projects				Cumulative expenditure of all 149 incomplete projects as on 31 March 2021
			Initial estimated cost of 51 incomplete projects whose cost was revised		Revised cost of 51 incomplete projects	Cost overrun of 51 incomplete projects which were revised	
			No.	Amount			
Public Works	15	516.68	02	151.60	551.20	399.60	586.89
Water Resources	134	3,927.48	49	1,766.61	3,670.42	1,903.81	4883.49
Total	149	4,444.16	51	1,918.21	4,221.62	2,303.41	5,470.38

Source: Finance Accounts 2020-21

Delay in completion of project works increases the risk of cost escalation. Since the State Government had not evaluated the cost of 98 incomplete projects, the actual amount of expenditure to be incurred by the State could not be ascertained, and due to delay in completion of these projects, the intended benefits from the projects could not be achieved.

2.4.4 Expenditure priorities

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

The fiscal priorities of the State Government with regard to development expenditure, social services expenditure and capital expenditure during 2016-17 and 2020-21 are shown in **Table 2.24** below:

Table 2.24: Expenditure priority of the State with regard to Health, Education and Capital expenditure

	TE/GSDP	SSE/TE	ESE/TE	DE/TE	CE/TE	Education/TE	Health/TE
Average (Ratio) 2016-17 of							
General Category States*	17.12	35.81	35.16	70.97	19.77	14.93	5.49
Chhattisgarh State	22.03	41.40	36.44	77.84	16.83	19.89	5.69
Average (Ratio) 2020-21 of							
General Category States*	16.18	37.81	28.48	66.29	13.03	15.00	6.74
Chhattisgarh State	22.58	35.40	37.78	73.18	11.47	18.39	7.19

TE: Total Expenditure, SSE: Social sector Expenditure, DE: Development Expenditure, CE: Capital Expenditure, Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure, development Loan and Advances disbursed. *States other than NE and Himalayan States

Source: Data provided by Economic Advisor

While the allocative priority accorded to capital expenditure in general by the State Government during 2016-17 has been lower than the General Category States (GCS), in terms of social expenditure and development expenditure, especially on health and education, the State fared better than the GCS. The relevant ratios vis-à-vis GCS continued in the same manner during 2020-21 as well, except for social expenditure, which has seen a reduction in Chhattisgarh in comparison with GCS.

2.4.5 Object head wise expenditure

Finance Accounts depict transactions only up to the Minor Head level. Therefore, a drill down view of budgetary allocation and extent of expenditure (above ₹1,000 crore) incurred on the actual items at the Object Head Level is given in **Table 2.25** below:

Table 2.25: Object head wise expenditure (where the expenditure is ₹1000 crore and above) vis-à-vis budget authorisation

Head	Original Budget Estimate	Expenditure	Utilisation Percentage
14- Grants-in-Aid	28,574.16	20,975.25	73.41
01- Salaries and Allowances	24,881.01	20,742.54	83.37
13- Financial Assistance	8,078.20	7,307.93	90.46
12- Pension and Retirement benefits	6,681.33	7,114.99	106.49
97- Construction Works	5,767.38	3,283.79	56.94
35- Interest / Loan Repayments	6,616.78	5,853.90	88.47
26- Major Construction Works	5,059.94	3,260.61	64.44
45- Creation of Capital Assets	2,922.19	1,837.67	62.89
25- Materials and Supplies	3,551.87	2,800.51	78.85
37- Inter Account Transactions	2,165.32	1,344.34	62.09
Total	94,298.18	74,521.53	79.03

Source: Finance Accounts 2020-21

As can be seen from the above Table, out of a total budgetary allocation of ₹94,298.18 crore under 10 object heads, the actual expenditure during 2020-21 was only ₹74,521.53 crore (79.03 per cent).

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

The status of receipts and disbursement under Public Account are shown in Statement 21 of the Finance Accounts. Component-wise net balances in the Public Account of the State as of end of March 2021 are given in **Table 2.26** below:

Table 2.26: Component-wise net balances in Public Account as of 31 March 2021

(₹ in crore)						
Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Fund, etc.	National Small Savings Fund, State Provident Funds and Other Accounts	426.96	640.61	754.51	785.26	403.73
J. Reserve Funds	(a) Reserve Funds bearing Interest	323.40	(-)517.65	197.87	701.07	(-)813.13
	(b) Reserve Funds not bearing Interest	316.40	39.72	(-)33.08	5155.13	296.75
K. Deposits and Advances	(a) Deposits bearing Interest	(-)1.74	(-)21.02	(-)6.79	(-)5.62	(-)4.13
	(b) Deposits not bearing Interest	552.40	141.79	(-)224.60	(-)518.43	505.95
	(c) Advances	0.02	0.18	0.00	(-)0.09	0.00
L. Suspense and Miscellaneous	(a) Suspense	37.53	(-)72.83	(-)21.28	(-)6.30	(-)9.58
	(b) Other Accounts	(-)159.01	22.10	1.70	(-)0.96	(-)2.75
	(c) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	67.54	54.39	(-)126.73	93.41	(-)36.49
	(b) Inter-Governmental Adjustment Account	(-)18.40	16.53	4.30	(-)12.62	(-)14.59
Total		1,545.10	303.82	545.90	6,190.85	325.76

Source: Finance Accounts of respective years

Component-wise net balances in Public Account as of 31 March of the respective year decreased from ₹1,545.10 crore in 2016-17 to ₹325.76 crore in 2020-21. The net balances in Public Account decreased by ₹5,865.10 crore in 2020-21 over the previous year, mainly due to decrease in Reserve Funds not bearing interest by ₹5,184.58 crore.

2.5.2 Reserve Funds

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

There were 17 Reserve Funds earmarked for specific purposes in the State with effect from 2000-2001 (since the formation of the State), out of which, 14 funds were operative and three funds were in-operative as of 31 March 2021. The total accumulated balance at the end of 31 March 2021 in these funds was ₹9,180.67 crore (₹9,180.57 crore in operative funds and ₹0.10

crore in in-operative funds), out of which ₹7,181.07 crore (78.22 per cent) was invested.

A Reserve Fund viz, *Gramin Vikas Nidhi*, was constituted in 2001-02 for providing employment in rural areas. During 2020-21, ₹23.02 crore was transferred to the fund and the cumulative balance of the fund as on 31 March 2021 was ₹288.68 crore but no expenditure has been incurred out of this fund since its inception.

Transfers into reserve funds and disbursement therefrom are affected through debit and credit entries under the appropriate revenue and expenditure heads under the Consolidated Fund. These represent actual cash transfers only if they impact the Reserve Bank Deposits either directly or by way of investment. Since there was no actual cash outflow, these transactions depicted by GoCG against reserve fund are only book entries to the extent of amount not invested, which violate the spirit underlying the creation and operation of reserve funds.

2.5.3 Consolidated Sinking Fund

Following the recommendations of the 12th Finance Commission, the State has created a Consolidated Sinking Fund (CSF) for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Funds, etc. Further, as per recommendation of the 12th Finance Commission, a minimum annual contribution of 0.50 per cent of outstanding liabilities at the beginning of the year was required to be transferred to the fund.

During 2020-21, GoCG transferred ₹275 crore (0.35 per cent of outstanding liability of ₹78,712.46 crore at the beginning of the year) to the Consolidated Sinking Fund against the minimum requirement of ₹393.56 crore (representing 0.5 per cent of outstanding liabilities of ₹78,712.46 crore as on 31 March 2020) resulting in a short contribution of ₹118.56 crore. As on 31 March 2021, an amount of ₹2,586.94 crore was lying in the Fund, and the entire amount was invested in Government of India securities.

2.5.4 State Disaster Response Fund

As per the State Disaster Response Fund (SDRF) guidelines, the State Government had to transfer the entire amount of Central Government Share and the corresponding state's share to the Fund. The SDRF had an opening balance of ₹491.88 crore as of 01 April 2020. During the year, the State Government received ₹345.60 crore as Central Government Share and the corresponding state share of ₹115.20 crore which was to be transferred to the fund, but the State Government transferred only ₹230.40 crore to the fund (Central share- ₹172.80 crore and State share- ₹57.60 crore), resulting in understatement of revenue deficit and fiscal deficit. In addition, the State Government also transferred ₹89.00 crore (₹66.75 crore of Central Share received during 2019-20 and corresponding State Share of ₹22.25 crore) to the fund during 2020-21. The State Government also incurred expenditure of ₹717.50 crore on natural calamities from the fund during the year. Thus, the SDRF had a closing balance of ₹103.11⁴ crore as on 31 March 2021.

⁴ Including ₹9.33 crore of Treasury deposit.

Further, the XVFC recommended to create the State Disaster Mitigation Fund (SDMF) for local level and community-based interventions which reduce the risks and promote environment-friendly settlements and livelihood practices. The Government of India and the State Government are required to contribute to the fund in the proportion of 75:25 respectively. During 2020-21, the State Government received ₹86.40 crore as Central Share. Thus, the State Government had to transfer of ₹115.20 crore to SDMF (₹86.40 crore Central Share alongwith ₹28.80 crore State Share). However, the State Government transferred only ₹57.60 crore (₹43.20 Crore-Central Share and ₹14.40 crore State Share), resulting in understatement of revenue deficit and fiscal deficit. The SDMF had a closing balance of ₹57.60 crore as of 31 March 2021, out of which ₹57.14 crore has been invested in 91 day treasury bills.

Details of expenditure charged to SDRF is given below in **Table 2.27**:

Table 2.27: Details of expenditure charged to SDRF

(₹ in crore)

Head	Minor Head of Account	Expenditure during 2020-21
2245- Relief on Account of Natural Calamities		
01-Drought		
101	Gratuitous Relief	5.95
282	Public Health	32.74
02-Floods, Cyclones, etc.		
101	Gratuitous Relief	18.33
106	Repairs and Restoration of Damaged Roads and Bridges	0.96
110	Assistance for repair and restoration of damaged Water Supply, Drainage and Sewerage Works	0.11
111	Ex-gratia Payments to bereaved families	15.89
112	Evacuation of population	22.87
113	Assistance for repair and construction of Houses	28.84
114	Assistance to Farmers for purchase of Agriculture Input	7.45
116	Assistance to Farmers for repairs of damaged tube wells and Pump sets	0.01
117	Assistance to Farmers for purchase of livestock	6.81
80-General		
101	Centre for Training to Disaster Preparedness	0.04
102	Management of Natural Disasters, Contingency Plans in disaster prone areas	60.19
800	Other Expenditure	517.30
Total SDRF Expenditure		717.49
05-State Disaster Response Fund		
901	Deduct- Amount met from State Disaster Response Fund	(-)717.50

Source: Finance Accounts

2.5.5 Guarantee Redemption Fund

As per the recommendation of the 12th Finance commission, the Government of Chhattisgarh was required to constitute a Guarantee Redemption Fund (GRF) with minimum annual contribution of 0.50 *per cent* of outstanding guarantee at the beginning of the year.

Accordingly, the State Government was required to create a GRF and transfer ₹99.18 crore to the Fund in 2020-21. Contrary to the Finance Commission recommendations, the State Government has decided not to form the GRF as most of guarantees sanctioned by the State Government were of “low and medium risk” and none of the institutions had defaulted in repayment of loan against the guarantees sanctioned shifting the liability/burden to the State Government since the formation of the State.

2.6 Debt management

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

2.6.1 Debt profile: Components

As per Chhattisgarh FRBM act, Public Debt comprises internal debt of the State Government and Loans and Advances from Central Government. Internal debt consists of Market Loans, Ways and Means advances from RBI, Compensation and other Bonds, Loans from Financial Institutions and Special Securities issued to National Small Savings Fund of Central Government.

The details relating to total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 are given in **Table 2.28:**

Table 2.28: Component wise debt trends

(₹ in crore)

Particular	2016-17	2017-18	2018-19	2019-20	2020-21	
Outstanding Overall Debt	44,258.28	52,907.08	66,749.51	78,712.46	92,714.22	
Public Debt	Internal Debt	28,330.29	36,690.44	49,553.83	60,382.67	70,538.81
	Loans from GoI	2,047.16	2,339.57	2,700.39	2,764.05	6,169.30
Liabilities on Public Account	13,880.83	13,877.07	14,495.29	15,565.74	16,006.11	
Rate of growth of outstanding overall debt (D) (per cent)	17.27	19.54	26.16	17.92	17.79	
Gross State Domestic Product (GSDP)	2,62,801	2,82,283	3,18,101	3,44,955	3,50,270	
Rate of growth of GSDP (G) (per cent)	16.72	7.41	12.69	8.44	1.54	
Debt/GSDP (per cent)	16.84	18.74	20.98	22.82	25.58 ⁵	
Total Debt Receipts⁶	11,803.64	15,851.32	20,736.52	31,921.72	33,423.87	
Total Debt Repayments	6,113.92	7,202.52	6,923.87	19,958.77	19,422.11	
Total Debt Available	5,689.72	8,648.80	13,812.65	11,962.95	14,001.76	

Source: Finance Accounts of respective years

⁵ Debt to GSDP ratio has been calculated on the total debt of ₹89,605.22 crore after excluding the amount of back to back loan (₹3,109 crore) from the total outstanding debt (₹92,714.22 crore).

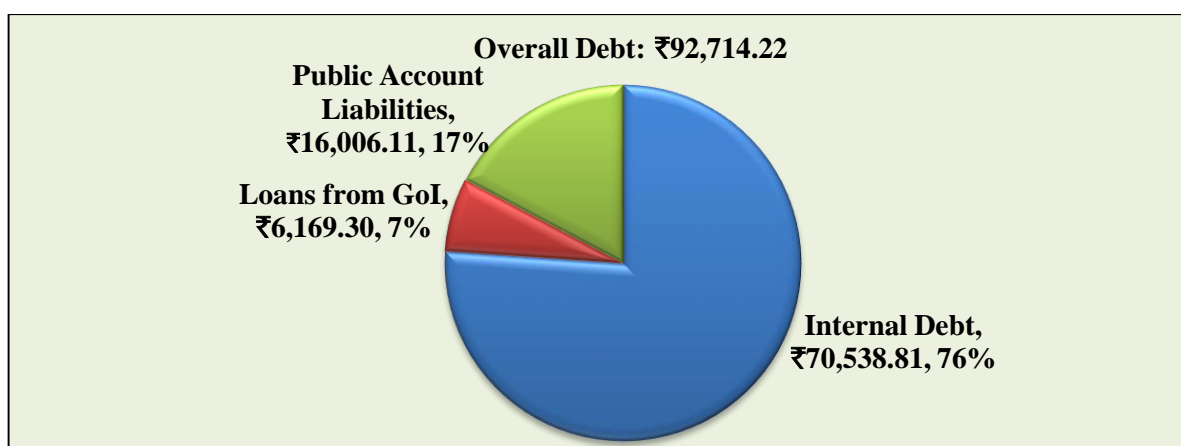
⁶ Including Public Account Liabilities

The amount of outstanding overall debt shown above included back to back loan of ₹3,109 crore provided in lieu of shortfall in GST Compensation as debt receipt to the State Government with no repayment liability for the State. The effective outstanding overall debt after excluding the back to back loan would be ₹89,605.22 crore. During 2020-21, the debt repayment decreased marginally and total debt receipts increased by ₹1,502.15 crore (4.71 per cent) as compared to previous year. The rate of growth of outstanding overall debt in all the five years exceeded the rate of growth of GSDP, however, the difference (D-G) was highest (16.25 per cent) during the year 2020-21.

Component-wise break-up of debt is shown below in **Chart 2.12**.

Chart 2.12: Break up of Outstanding Overall Debt at the end of 2020-21

(₹ in crore)



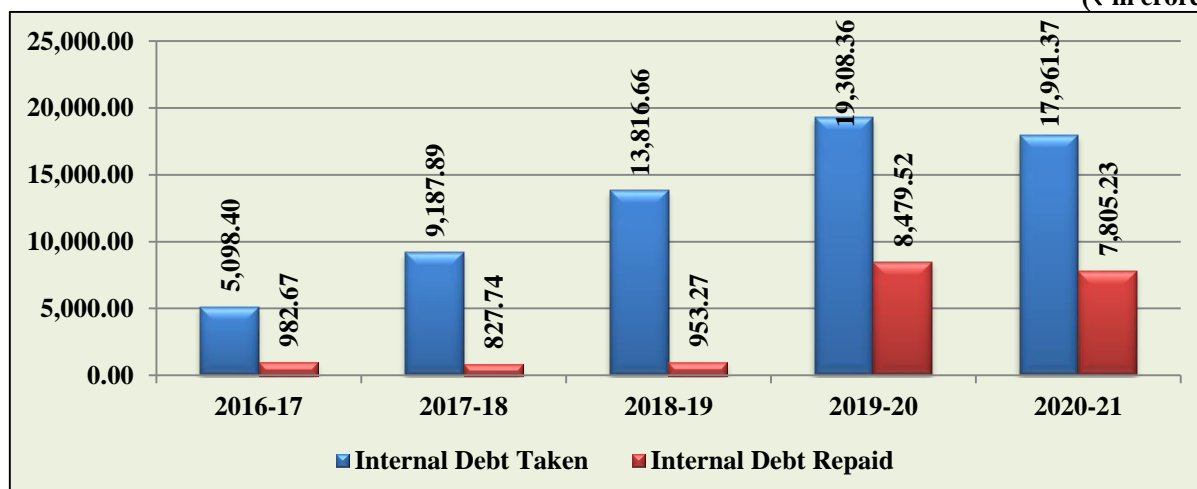
Source: Finance Accounts-2020-21

Internal debt (₹70,538.81 crore), which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 76 per cent of the total outstanding debt.

Chart 2.13 depicts Internal Debt taken by the State Government and repayment for the same period.

Chart 2.13: Internal debt taken vis-a-vis repaid

(₹ in crore)



Source: Finance Accounts of the respective years

During 2016-21, the internal debt receipts under the overall debt of the State Government increased by 252 *per cent* from ₹5,098.40 crore in 2016-17 to ₹17,961.37 crore in 2020-21. The State Government during 2020-21 utilized 43.45 *per cent* of its internal debt receipts in repayment of previous internal debt, resultantly only 56.55 *per cent* was available for expenditure. This availability was lowest (56.08 *per cent*) in 2019-20 and highest (93.1 *per cent*) in 2018-19.

2.6.2 Components of fiscal deficit and its financing pattern

Fiscal Deficit represents the total financing that the State requires (predominantly by drawing on its cash and investment balances with the RBI and by borrowing) to meet the excess of the Revenue and Capital Expenditure (including loans and advances) over Revenue and Non-debt Receipts. Financing pattern of fiscal deficit is reflected in **Table 2.29**.

Table 2.29: Components of fiscal deficit and its financing pattern

(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Composition of Fiscal Deficit					
Revenue Deficit (-)/ Surplus(+)	5,520.65	3,417.32	683.76	(-)9,608.61	(-)6,856.66
Net Capital Expenditure	(-)9,468.14	(-)9,997.64	(-)8,898.19	(-)8,561.69	(-)9,019.34
Net Loans and Advances	(-)99.78	(-)230.00	(-)77.80	200.75	53.62
Excluded expenditure under UDAY	0.00	0.00	0.00	0.00	0.00
Total	(-4,047.27)	(-6,810.32)	(-82,92.23)	(-17,969.55)	(-15,822.38)
Financing pattern of Fiscal Deficit					
Market borrowings	3,897.68	8,100.00	12,899.99	10,980.00	10,500.00
Loans from GOI	211.57	292.41	360.82	63.66	3,405.25
Special securities issued to NSSF	(-)420.53	(-)431.13	(-)443.74	(-)455.88	(-)455.88
Loans from financial institutions (NABARD)	638.58	691.28	407.14	304.72	112.02
Ways and Means advances from RBI	0.00	0.00	0.00	0.00	0.00
Small Savings, PF etc.	426.96	640.61	754.51	785.26	403.73
Deposits and Advances	550.68	120.95	(-)231.39	(-)524.14	501.82
Suspense and Miscellaneous	(-)629.98	(-)1,611.16	(-)5,709.95	4,505.27	1,845.02
Remittances	49.14	70.92	(-)122.43	80.79	(-)51.08
Others	639.8	(-)765.14	60.40	814.16	(-)465.18
Total	5,363.90	7,108.74	7,975.35	16,553.84	15,795.70
Overall Surplus(+)/Deficit(-)	1,316.63	298.42	(-)316.88	(-)1,415.71	(-)26.68
Total	4,047.27	6,810.32	8,292.23	17,969.55	15,822.38

Source: Finance Accounts of respective years

During 2020-21, Market borrowing (₹13,000 crore) raised by the State Government continued to finance a major portion of fiscal deficit and its share in financing fiscal deficit was 66.36 *per cent*.

Receipts and Disbursements under different components financing the Fiscal Deficit are shown in **Table 2.30**:

Table 2.30: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

Sl. No.	Particulars	Receipt	Disbursement	Net
1	Market Borrowings	13,000.00	2,500.00	10,500
2	Loans from GOI	3,620.31	215.06	3,405.25
3	Special Securities issued to NSSF	0.00	455.88	(-)455.88
4	Loans from Financial Institutions	934.85	822.83	112.02
5	Small Savings, PF, etc.	1,690.60	1,286.87	403.73
6	Deposits and Advances	4,094.42	3,592.60	501.82
7	Suspense and Miscellaneous	1,39,629.30	1,37,784.28	1,845.02
8	Remittances	8,570.63	8,621.71	(-)51.08
9	Reserve Fund	6,057.17	6,522.35	(-)465.18
10	Contingency fund	0.00	0.00	0.00
11	Overall Deficit	1,77,597.28	1,61,801.58	15,795.70
12	Increase/Decrease in cash balance	0.00	26.68	(-)26.68
13	Gross Fiscal Deficit	1,77,597.28	1,61,774.90	15,822.38

Source: Finance Accounts

2.6.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. **Table 2.31** and **Chart 2.14** below shows the debt maturity profile of the State.

Table 2.31: Maturity profile of repayment of State debt

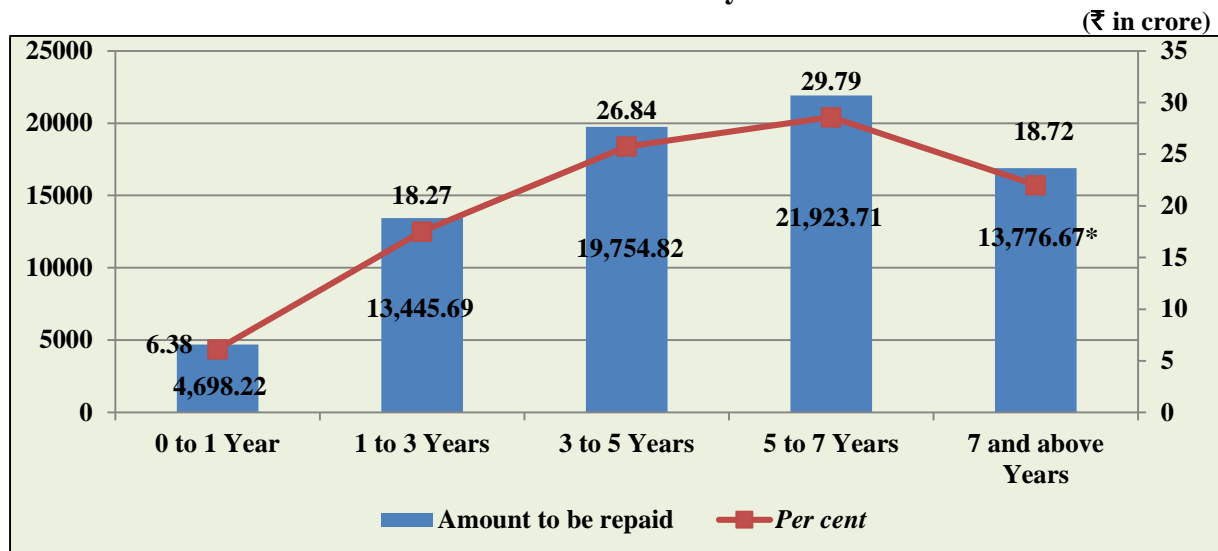
(₹ in crore)

Period of repayment (Years)	Internal Debt	Loans & Advances from Central Government	Total	Percentage (w.r.t. Public debt)
0 to 1	4,417.92	280.30	4,698.22	6.38
1 to 3	12,857.36	588.33	13,445.69	18.27
3 to 5	19,404.71	350.11	19,754.82	26.84
5 to 7	21,608.93	314.78	21,923.71	29.79
7 and above	12,053.29	1239.54	13,292.83	18.06
Others ⁷	196.60	287.24	483.84	0.66
Total	70,538.81	3,060.30	73,599.11	100.00

Source: Finance Accounts 2020-21

⁷ Details of maturity year not available

Chart 2.14: Debt Maturity Profile



Source: Finance Accounts 2020-21.* includes others (₹483.84 crore) for which maturity year not available.

The maturity profile of the State debt as on 31 March 2021 indicates that the State has to pay 81.25 per cent of the debt within the next seven years.

2.7 Debt Sustainability Analysis (DSA)

Fiscal liabilities are considered sustainable if the State Government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. During the years 2016-17 to 2020-21, debt-GSDP ratio and burden of interest payment continued to rise exceeding the target limit prescribed by the Finance Commission except for the year 2020-21, as discussed below.

2.7.1 Fiscal Deficit and Debt Sustainability

In the context of fiscal sustainability, the Thirteenth Finance Commission defined debt sustainability in terms of debt-GDP ratio and also in terms of interest payments relative to revenue receipts. The XV FC recommended fiscal consolidation for the Central and State Government and provided limits for fiscal deficit and debt stock as a percentage of GSDP. Status of debt stock *vis-à-vis* XV FC targets are given in **Table 2.32**.

Table 2.32: Analysis of Debt sustainability

Year	Fiscal Deficit to GSDP		Debt Stock to GSDP	
	(in per cent)			
	14 th /15 th FC targets	Achievement	14 th /15 th FC targets	Achievement
2016-17	3.50	1.54	15.50	16.84
2017-18	3.50	2.41	17.05	18.74
2018-19	3.50	2.61	18.40	20.98
2019-20	5.00	5.21	19.58	22.82
2020-21	5.00	4.53	28.10	25.58

Source: Finance Accounts of the respective years and XIV/XV Finance Commission Report

The State Government was able to contain the fiscal deficit below the FC targets during 2016-21 except during 2019-20, where it was significantly more than the targets. The Debt-GSDP ratio was also not achieved during 2016-20, however, the same was achieved during 2020-21.

The debt to GSDP ratio (25.58 *per cent*) has been calculated on total outstanding debt of ₹89,605.22 crore excluding back to back loan of ₹3,109 crore in lieu of GST compensation shortfall.

2.7.2 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. **Table 2.33** below shows the utilisation and trends of utilisation of borrowed funds.

Table 2.33: Utilisation of borrowed funds

(₹ in crore)						
Sl No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Total Borrowings ⁸	11,803.64	15,851.32	20,736.52	31,921.72	33,423.87
2	Repayment of earlier borrowings (Principal)	6,113.92	7,202.52	6,923.87	19,958.77	19,422.11
3	Balance available after borrowing repayments	5,689.72	8,648.80	13,812.65	11,962.95	14,001.76
4	Net Capital expenditure	(-)9,468.14	(-)9,997.64	(-)8,898.19	(-)8,561.69	(-)9,019.34
5	Net Loans and Advances	(-)99.78	(-)230	(-)77.80	200.75	53.62
6	Portion of Revenue expenditure met out of net available borrowings	Nil	Nil	Nil	3,602.01	5,036.04
7	Surplus borrowing in Cash Balance	Nil	Nil	4,836.66	Nil	Nil

Source: Finance Accounts of the respective years

The above table shows that 58 *per cent* of borrowed funds were utilised towards the repayment of earlier borrowings and only 27 *per cent* were used for the capital expenditure during the year 2020-21. The funding of revenue expenditure from borrowings increased from ₹3,602.01 crore (11.28 *per cent*) to ₹5,036.04 crore (15.06 *per cent*) of borrowings during the year 2020-21 over previous year which leads to a build-up of stock of debt and interest liabilities and forces the Government, eventually, to cut capital expenditure. Thus, with greater awareness of future debt payments, the Government should ensure that fresh borrowings do not have to be paid back in those years where maximum repayment is due.

2.7.3 Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

⁸ Total Borrowing including Public Debt and Other Public Account liabilities

As per Chhattisgarh State Government Guarantees Rules, 2003 framed by legislature under Article 293 of the Constitution, the total outstanding guarantees in a financial year shall not exceed seventy *per cent* of the State Revenue Receipts in the preceding year as reflected in the books of the Accountant General. The maximum amount for which guarantee was given by the State Government and outstanding guarantees at the end of the financial year for the last five years are given in **Table 2.34**.

Table 2.34: Guarantees given by the Government of Chhattisgarh

(₹ in crore)

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Ceiling applicable to the outstanding amount of guarantees	12,641.13	6,549.89	19,573.79	27,994.79	26,694.79
Outstanding amount of guarantees	3,982.97	3,881.92	10,769.42	18,459.36	19,836.13

Source: Finance Accounts of the respective years

As of 31 March 2020, State Government guaranteed the loans of various entities amounting to ₹18,469.42 crore. During the year 2020-21, it guaranteed a further amount of ₹3,260.78 crore. An amount of ₹1,894.07 crore was repaid during the year, leaving the outstanding guarantees at the end of March 2021 at ₹19,836.13 crore. The outstanding amount of guarantees were about 31.39 *per cent* of the total revenue receipts (₹63,176.18 crore) of the State. During the year 2020-21, against the guarantee fees receivable of ₹76.58 crore, ₹74.58 crore was received and guarantees fees for guarantees given to *Atal Nagar Vikas Pradhikaran* (₹2.00 crore) was not received.

2.7.4 Management of Cash Balances

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that State Government takes recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. **Table 2.35** depicts the cash balances and the investments made out of these by the State Government during the year.

Table 2.35: Status of Cash Balances

(₹ in crore)

	Opening balance as on 01 April 2020	Closing balance as on 31 March 2021
A. General Cash Balances		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank	(-)1,094.99	(-)1,121.67
Deposits with other Banks	0.00	0.00
Remittances in transit	0.00	0.00
Total	(-)1,094.99	(-)1,121.67
Investment held in 'Cash Balance Investment Account'	5,246.81	3,389.68
Total A	4,151.82	2,268.01

	Opening balance as on 01 April 2020	Closing balance as on 31 March 2021
B. Other Cash Balances and Investments		
Cash with the Departmental Officers viz. Forest, Public Works Departments, Military Secretary to the Governor	12.17	11.95
Permanent advances for contingent expenditure with Departmental Officers	0.34	0.34
Investment of Earmarked Funds	7,232.27	7,181.07
Total B	7,244.78	7,193.36
Total A and B	11,396.60	9,461.37
Interest realised	196.10	29.66

Source: Finance Accounts of 2020-21

Cash Balances of the State Government at the end of the current year decreased by ₹1,935.23 crore from ₹11,396.60 crore in 2019-20 to ₹9,461.37 crore in 2020-21. Under an agreement with the Reserve Bank of India (RBI) the Government of Chhattisgarh has to maintain the required minimum cash balance of ₹0.72 crore with the RBI. If the balance falls below the agreed minimum balance on any day, the shortfall is made good by taking Ordinary and Special Ways and Means Advance or Ordinary Ways and Means Advance. While the State Government has not availed of any Ways and Means Advances during 2020-21, it availed of Special Drawing facility of ₹4,026.52 crore from RBI and paid an interest of ₹1.06 crore in this regard during 2020-21.

The cash balance investments of the State during the five-year period 2016-17 to 2020-21 are given below in the **Table 2.36**.

Table 2.36: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Cash Balance Investment				Market Loan availed	Closing Cash Balance
	Opening Balance	Closing Balance	Increase(+)/ decrease(-)	Interest realised		
2016-17	1,856.17	2,512.00	655.83	126.78	4,200.00	4,658.85
2017-18	2,512.00	4,070.85	1,558.85	140.20	8,100.00	6,804.91
2018-19	4,070.85	9,759.02	5,688.17	144.33	12,899.99	12,277.88
2019-20	9,759.02	5,246.81	(-)4,512.21	196.10	11,680.00	11,396.60
2020-21	5,246.81	3,389.68	(-)1,857.13	29.66	13,000.00	9,461.37

Source: Finance Accounts of respective years

The position of closing cash balance during last five years indicates a growing trend from ₹4,658.85 crore to ₹12,277.88 crore during 2016-19 and it decreased to ₹9,461.37 crore as of March 2021. The surplus cash balance was invested in Government of India treasury bills.

The surplus cash balance held in investment account amounting to ₹3,389.68 crore was mainly due to raising of Market Loan of ₹2,000 crore in the month of March 2021. The buildup of large cash balances increases the interest cost burden for the State Government. The State Government could have lowered its borrowings and burden of interest by utilizing surplus cash balance available with it.

2.8 Conclusion

The State Government registered a nominal decrease of 1.08 per cent in its Revenue Receipts during 2020-21 compared to the previous year. The Own tax revenue increased by 3.49 per cent and non-tax revenue decreased by 10.04 per cent and could not achieve the level anticipated in budgetary projections. The State continued to be dependent on Government of India with 52 per cent of the revenue coming from State Share of Union Taxes and Duties and Grants-in-aid.

The Revenue Expenditure decreased by 4.69 per cent during 2020-21 compared to the previous year, whereas Capital Expenditure increased by 5.34 per cent during the same period. The total expenditure declined during 2020-21.

Debt repayment decreased in 2020-21 as compared to 2019-20 and total debt receipts increased by ₹1,994.15 crore (10.18 per cent) when compared to 2019-20. The total outstanding debt of the State Government at the end of 2020-21 would be ₹89,605.22 crore excluding back to back loan of ₹3,109 crore. During 2020-21, borrowed funds amounting to ₹5,036.04 crore was utilised for revenue expenditure. Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable in the long run and would impact creation of assets.

2.9 Recommendations

- i.** State Government should explore various measures to mobilise additional resources to improve its fiscal parameters in line with the targets specified by the Finance Commission and its own FRBM projections.
- ii.** Capital expenditure needs to be enhanced and borrowed funds should be utilised to create assets to stimulate growth. Government should review and analyse the reasons for delays in completion of capital projects and initiate expeditious measures to enable the departments involved, to overcome the hurdles in this regard.