

**CHAPTER-II**  
**FINANCES OF THE STATE**



## CHAPTER-II

# FINANCES OF THE STATE

### 2.1 Major changes in Key fiscal aggregates in 2020-21

This section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year. Each of these indicators would be analysed in the succeeding paragraphs.

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

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>➤ Revenue receipts of the State increased by 20.82 per cent</li><li>➤ Own Tax receipts of the State increased by 10.97 per cent</li><li>➤ Own Non-tax receipts increased by 5.09 per cent</li><li>➤ State's Share of Union Taxes and Duties increased by 0.16 per cent</li><li>➤ Grants-in-Aid from Government of India increased by 46.18 per cent</li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>➤ Revenue expenditure increased by 7.41 per cent</li><li>➤ Revenue expenditure on General Services increased by 3.15 per cent</li><li>➤ Revenue expenditure on Social Services increased by 7.79 per cent</li><li>➤ Revenue expenditure on Economic Services increased by 18.78 per cent</li><li>➤ Expenditure on Grants-in-Aid and contributions increased by 6.92 per cent</li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>➤ Capital expenditure decreased by 5.79 per cent</li><li>➤ Capital expenditure on General Services increased by 1.30 per cent</li><li>➤ Capital expenditure on Social Services increased by 2.28 per cent</li><li>➤ Capital expenditure on Economic Services decreased by 13.27 per cent</li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>➤ Disbursement of Loans and Advances decreased by 22.93 per cent</li><li>➤ Recoveries of Loans and Advances increased by 71.23 per cent</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts decreased by 12.57 per cent</li><li>➤ Repayment of Public Debt decreased by 16.63 per cent</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts increased by 30.23 per cent</li><li>➤ Disbursement of Public Account increased by 33.63 per cent</li></ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"><li>➤ Cash balance increased by ₹ 1,368.34 crore (130.80 per cent)</li></ul>

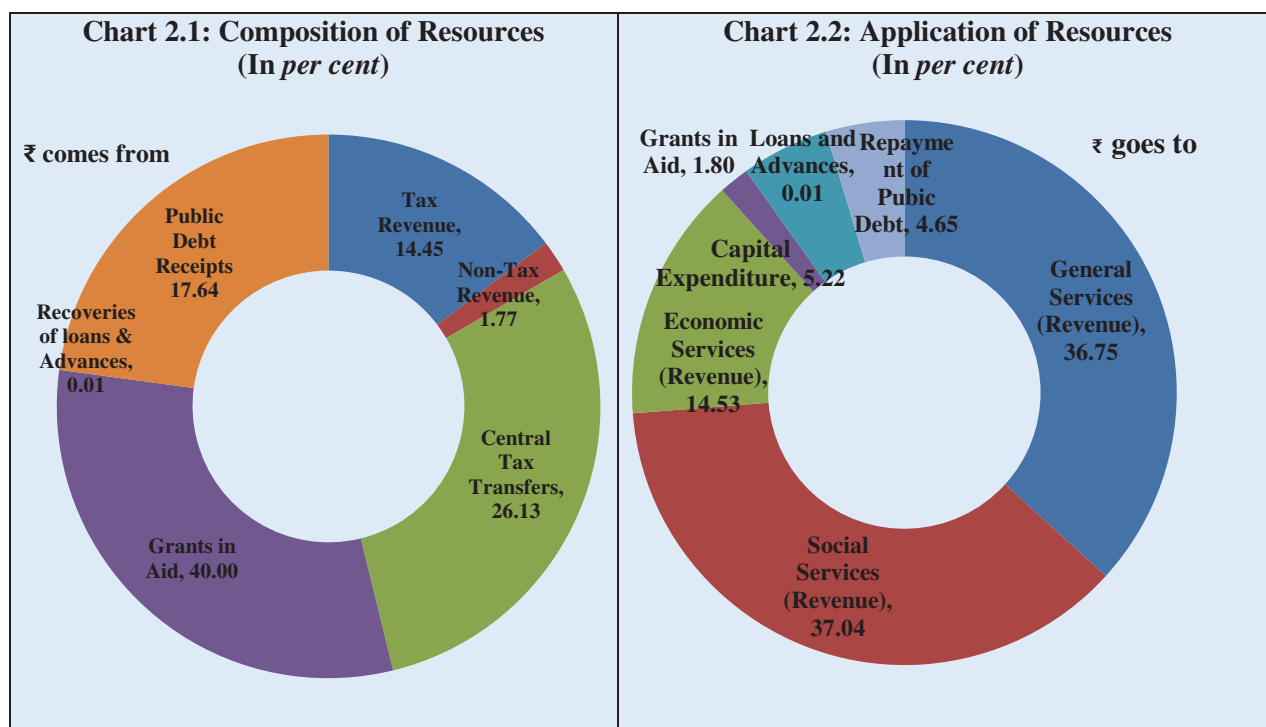
## 2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the State during the financial year compared to the previous year.

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

(₹ in crore)

	Particulars	2020-21	2019-20	Increase(+)/ Decrease(-)
<b>Sources</b>	Opening Cash Balance with RBI	1,046.17	968.52	77.65
	Revenue Receipts	13,292.40	11,001.59	2,290.81
	Recoveries of Loans and Advances	1.25	0.73	0.52
	Public Debt Receipts (Net)	2,107.11	2,368.70	(-) 261.59
	Public Account Receipts (Net)	1,170.37	970.51	199.86
	<b>Total</b>	<b>17,617.30</b>	<b>15,310.05</b>	<b>2,307.25</b>
<b>Application</b>	Revenue Expenditure	14,367.82	13,376.91	990.91
	Capital Expenditure	832.08	883.22	(-) 51.14
	Disbursement of Loans and Advances	2.89	3.75	(-) 0.86
	Closing Cash Balance with RBI	2,414.51	1,046.17	1,368.34
	<b>Total</b>	<b>17,617.30</b>	<b>15,310.05</b>	<b>2,307.25</b>



## 2.3 Resources of the State

The resources of the State are;

**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.

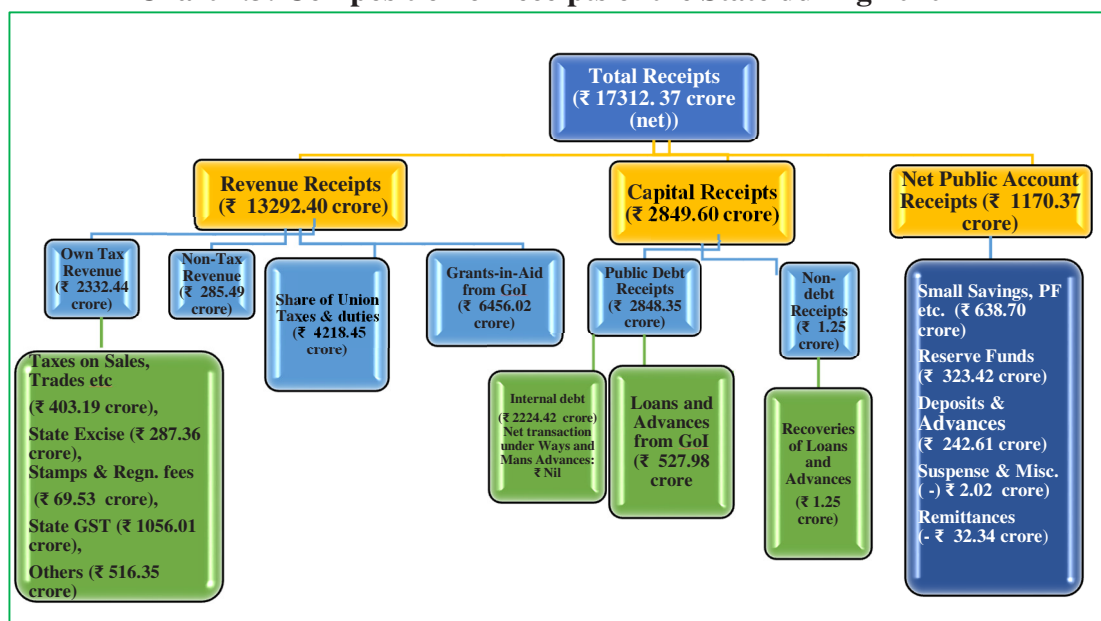
**Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

This paragraph provides the composition of the overall receipts. Besides, the Capital and Revenue Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit.

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



### 2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the central government and State's own receipts. Wherever necessary, sub-paragraphs are included.

#### 2.3.2.1 Trends and growth of Revenue Receipts

During 2020-21, the Revenue Receipts increased by ₹ 2,290.81 crore (20.82 per cent) as compared to the previous year mainly due to more release of Grants-in-Aid from Central Government by ₹ 2,039.65 crore (46.18 per cent) and Own-tax Revenue by

₹ 230.65 crore (10.97 per cent) during 2020-21. However, there was a minimum increase in State's Own Non-Tax Revenue (₹ 13.84 crore) and State's Share of Union Taxes (₹ 6.67 crore) during the year. The Revenue Receipts of the State was 22.58 per cent of GSDP (Advanced Estimates) during 2020-21 as compared to 19.70 per cent of GSDP during 2019-20.

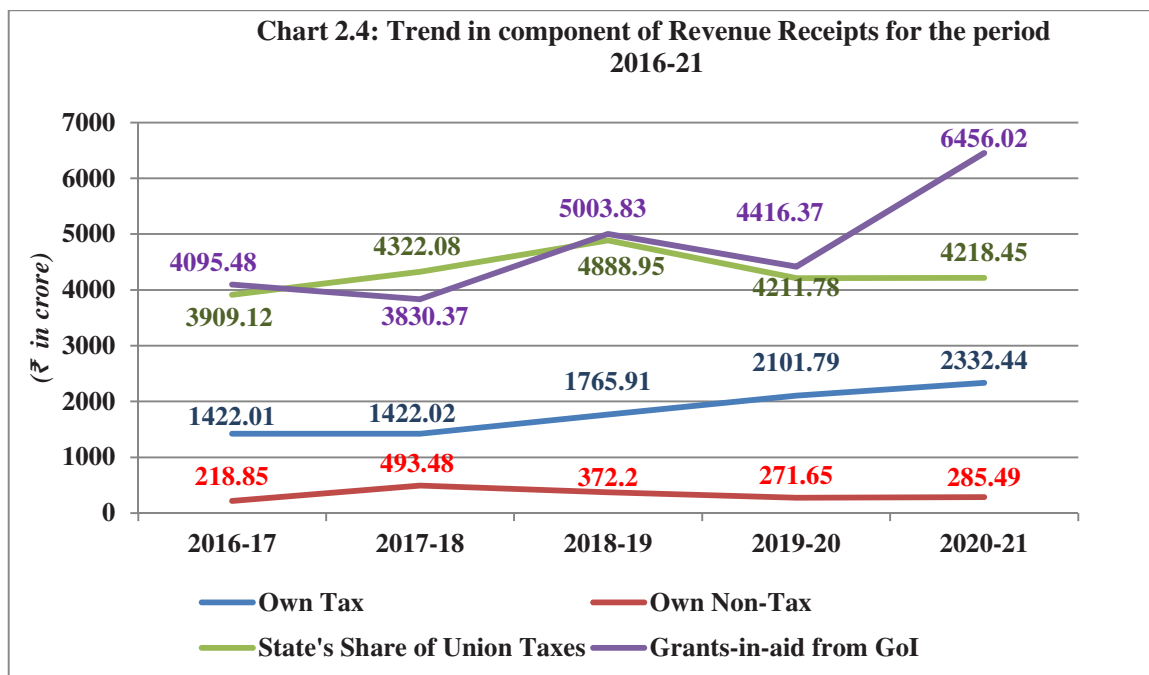
The trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period are shown in **Table 2.3**. Further, trends in revenue receipt and composition of revenue receipts are given in **Chart 2.4**.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	9645.46	10067.95	12030.89	11001.59	13292.40
Rate of growth of RR (per cent)	2.32	4.38	19.50	(-)8.56	20.82
Own Tax Revenue	1422.01	1422.02	1765.91	2101.79	2332.44
<b>Non-Tax Revenue</b>	<b>218.85</b>	<b>493.48</b>	<b>372.20</b>	<b>271.65</b>	<b>285.49</b>
<b>Total Own Revenue</b>	<b>1640.86</b>	<b>1915.50</b>	<b>2138.11</b>	<b>2373.44</b>	<b>2617.93</b>
Rate of growth of Own Revenue (Own Tax and Non- tax Revenue) (per cent)	2.88	16.74	11.62	11.01	10.30
Gross State Domestic Product (₹ in crore) (2011-12 Series)	39479	43716	49823	55857	58880(A)
Rate of growth of GSDP (per cent)	9.85	10.73	13.97	12.11	5.41
RR/GSDP (per cent)	24.43	23.03	24.14	19.70	22.58
Buoyancy Ratios <sup>1</sup>					
Revenue Buoyancy w.r.t GSDP	0.24	0.41	1.39	(-) 0.70	3.84
State's Own Revenue Buoyancy w.r.t GSDP	0.29	1.56	0.83	0.90	1.90

*Source of GSDP figures: Ministry of Statistics and Programme Implementation, Government of India upto 2019-20. GSDP for 2020-21 was as furnished by the Statistical Department, Government of Tripura.*

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



### 2.3.2.2 State's Own Resources

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

#### Own Tax Revenue

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc.

The Own Tax Revenue (OTR) receipts increased by ₹ 230.65 crore (10.97 per cent) during the year 2020-21 as compared to the previous year mainly due to increase in collection of SGST by ₹ 29.38 crore (2.86 per cent), State Excise by ₹ 55.66 crore (24.02 per cent) and Other Taxes by ₹ 173.30 crore (73.50 per cent) which was off set by decrease of ₹ 32.69 crore (7.50 per cent) as Sales Tax (VAT) during the year. Other Taxes during the year increased mainly due to increase in collection of Tripura Road Development Cess by ₹ 94.33 crore (58.42 per cent) as compared to previous year. However, the percentage of increase of OTR in Tripura was higher than the average increase of NE and Himalayan States (2.97 per cent) during 2020-21. The trend and composition of the State's Own Tax Revenue during the last five year period is shown in Table 2.4.

**Table 2.4: Components of State's own tax revenue**

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Sales Tax	1,112.89	611.88	361.95	435.88	442.80	403.19
SGST	0.00	479.71	977.44	1,026.63	1,310.70	1,056.01
State Excise	163.19	186.97	214.35	231.70	266.00	287.36
Taxes on Vehicles	43.60	54.38	83.50	97.14	101.00	97.41
Stamp Duty and Registration Fees	41.83	40.16	51.32	61.67	64.00	69.53
Land Revenue	13.32	4.46	5.29	12.98	14.50	9.85
Other taxes	47.18	44.47	72.06	235.79	240.00	409.09 <sup>2</sup>
<b>Total Own Tax</b>	<b>1,422.01</b>	<b>1,422.02</b>	<b>1,765.91</b>	<b>2,101.79</b>	<b>2,439.00</b>	<b>2,332.44</b>

Source: Finance Accounts

### State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 per cent from the base year, for a period of five years. The Central Government levies the Integrated Goods and Services Tax (IGST) on inter-state supply of goods and services and apportions the State's share of tax to the State where the goods or services are consumed.

The Tripura Goods and Services Tax (TGST) Act, 2017 was implemented in the State with effect from July 2017. After implementation of the GST Act in July 2017, the State had collected GST of ₹ 479.71 crore, ₹ 977.44 crore and ₹ 1,026.63 crore during 2017-18, 2018-19 and 2019-20 respectively. During 2020-21, the GST collection was ₹ 1056.01 crore in the State. GST Compensation is the revenue of the State Government under the GST Compensation to States Act, 2017. The State received GST compensation of ₹ 129.00 crore, ₹ 155.00 crore, ₹ 171.00 crore and ₹ 276.50 crore during 2017-18, 2018-19, 2019-20 and 2020-21 respectively. In addition to the GST Compensation of ₹ 276.50 Crore as Revenue Receipts, the State Government also received 'back to back loan in lieu of GST Compensation shortfall' amounting to ₹ 226.00 crore under debt receipts of the State Government, with no repayment liability to the State. The State Government had received ₹ 436.56 crore and ₹ 96.30 crore as share of net proceeds under Integrated Goods and Services Tax (IGST) from the Central Government during 2017-18 and 2018-19 respectively.

Monthly collection of various components of SGST during 2020-21 are shown in **Table 2.5**.

<sup>2</sup> Other taxes includes taxes on Agricultural Income (₹ 0.04 crore); Taxes on Immovable property other than Agricultural Land (₹ 0.13 crore); Other taxes on Income and Expenditure (₹ 40.99 crore); Taxes and Duties on Electricity (₹ 112.09 crore) and Other Taxes and Duties on Commodities and Services (₹ 255.84 crore)



Table 2.5: Month-wise collection of SGST during 2020-21

(*₹ in crore*)

Month	Tax	Interest including penalty & fees	Input Tax Credit Cross utilisation of SGST	Apportionment of IGST. Transferring of taxes	Advance IGST & other Receipts	Total
1	2	3	4	5	6	7
April 2020	8.65	0.09	2.92	1.29	0.00	12.95
May 2020	42.31	0.54	20.73	3.12	0.00	66.70
June 2020	35.00	0.50	31.15	4.08	0.01	70.74
July 2020	25.43	0.29	61.64	9.03	0.00	96.39
August 2020	21.06	0.23	40.49	5.78	0.00	67.56
September 2020	26.04	0.23	61.09	7.50	0.00	94.86
October 2020	29.35	0.83	61.30	5.63	0.05	97.16
November 2020	28.77	0.76	60.98	5.18	0.00	95.69
December 2020	38.35	1.62	-4.56	64.29	0.00	99.70
January 2021	34.87	0.77	53.78	6.40	0.00	95.82
February 2021	29.91	0.73	51.71	3.77	47.26	133.38
March 2021	41.41	0.86	47.13	8.10	27.56	125.06
<b>Total</b>	<b>361.15</b>	<b>7.45</b>	<b>488.36</b>	<b>124.17</b>	<b>74.88</b>	<b>1056.01</b>

Source: Information furnished by the State Government

### Non Tax Revenue

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

During the year 2020-21, the Non-tax collection of the State was ₹ 285.49 crore which increased by ₹ 13.84 crore (5.09 per cent) from ₹ 271.65 crore during the previous year mainly due to increase in receipts under Police (₹ 10.67 crore), Public Works (₹ 2.00 crore) and Miscellaneous General Services (₹ 23.67 crore), offset by decrease in receipts under interest and dividend (₹ 2.47 crore); Other Administrative services (₹ 3.07 crore); Industries (₹ 10.71 crore) and Stationery and Printing (₹ 0.65 crore). The major sources of Non-tax revenue during the year 2020-21 were receipts from Industries (31.37 per cent), followed by Police (26.55 per cent) and Forestry and Wild Life (6.81 per cent). The interest receipts during 2020-21 were mainly from the Cash Balance Investment Account (₹ 17.04 crore) by book adjustment.

**Table 2.6: Components of State's non-tax revenue during 2016-17 to 2020-21**

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
1. Interest receipts	37.07	276.99	146.11	19.25	22.00	18.11
2. Dividends and Profits	0.05	14.69	2.15	7.95	8.58	6.62
<b>3. Other non-tax receipts(a to f)</b>	<b>181.73</b>	<b>201.80</b>	<b>223.94</b>	<b>244.45</b>	<b>272.42</b>	<b>260.76</b>
a) Minor Irrigation	0.47	0.99	0.84	0.32	0.50	0.20
b) Road Transport	0	0	0	0	0.80	0.06
c) Roads and Bridges	1.40	2.95	6.54	4.91	6.60	2.03
d) Urban Development	0.01	0	0.01	0	0	0
e) Education	2.29	1.48	1.78	1.05	2.00	1.04
f) Others	177.56	196.38	214.77	238.17	261.52	257.43 <sup>3</sup>
<b>Total</b>	<b>218.85</b>	<b>493.48</b>	<b>372.20</b>	<b>271.65</b>	<b>302.00</b>	<b>285.49</b>

Source: Finance Accounts

### 2.3.2.3 Transfers from the Centre

Central transfers (Share of Union Taxes and Grants-in-aid) is the discretionary component and is also considered to be an integral part of the Revenue receipts of the State. The State Government is largely dependent on the Central transfers, which is released by the Central Government as per the recommendation of the Finance Commission. These grants are received by the State through Treasury route and reflected in the Annual Accounts.

During the last 10 years, from 2010-11 to 2019-20, there were two Central Finance Commissions (XIII FC and XIV FC) constituted by the Central Government. As per recommendations of these FCs, the State Government had received a substantial portion of Central grants for implementation of various schemes/programme in the State.

The XIII FC recommended 32 *per cent* share of union taxes to the State during the period for 2010-15 and average devolution of share at 9.31 *per cent* of GSDP during the period.

However, the XIV FC had recommended for increasing the percentage of State's Share of Union Taxes to 42 *per cent* during the FC award period from 2015-16 to 2019-20. As a result, the devolution of State's Share of Union Taxes had substantially increased during the XIV FC Award period.

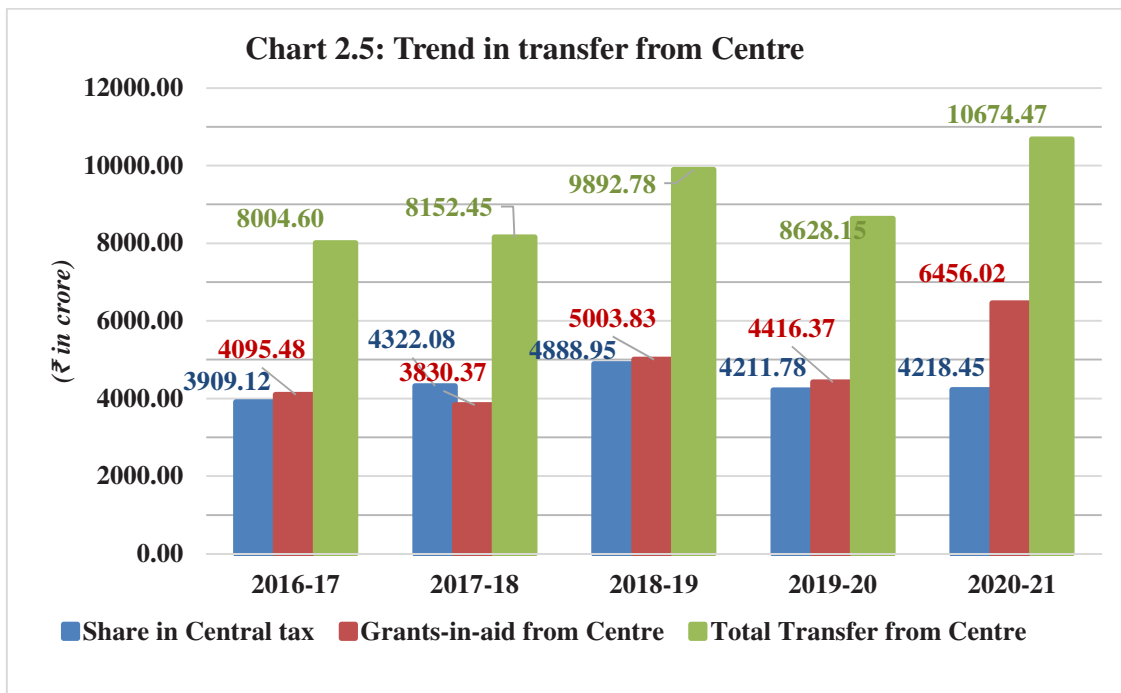
On the other hand, the grant-in-aid from GoI substantially decreased during the XIV FC Award period from 2015-16 to 2019-20 while the quantum of Grants in XIII FC period were more than the XIV FC period due to additional grants recommended by the XIII FC for State specific needs during its award period (2010-15).

<sup>3</sup> Include Police (₹ 75.79 crore); Other Administrative Services (₹ 5.22 crore); Miscellaneous General Services (₹ 44.11 crore); Forestry and Wild life (₹ 19.45 crore); Industries (₹ 89.56 crore); Animal Husbandry (₹ 1.57 crore); Crop Husbandry (₹ 2.54 crore) etc. and others (₹ 19.19 crore).

The Fifteenth Central Finance Commission (XV- FC) was constituted on 27<sup>th</sup> November 2017 by the President of India. The Commission has been mandated to submit two Reports, first Report for the year 2020-21 and a final Report for the period 2021-22 to 2025-26. The Commission submitted its first Report on 05 December 2019 covering the financial year 2020-21 effective from 01 April 2020.

The XV FC recommended 41 *per cent* of the net proceeds of Union Taxes to States against the 42 *per cent* as recommended by the XIV FC. One *per cent* would be retained with the Central Government for financing the requirements of newly formed Union Territories of Jammu & Kashmir and Ladakh. The GoI has accepted the recommendation of the XV FC. The Commission recommended 0.709 *per cent* of the divisible pool of resources as share of net proceeds for Tripura based on the methodology prescribed by it.

The trend and composition of Central Transfers during last five years are shown in **Chart 2.5**.



Details of Central tax transfer

Table 2.7: Details of Central Tax Transfers

Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Central Goods and Services Tax (CGST)	0.00	61.64	1206.74	1195.17	1400.00	1258.50
Integrated Goods and Services Tax (IGST)	0.00	436.56	96.30	0.00	119.86	0.00
Corporation Tax	1254.73	1324.23	1700.27	1436.04	1900.00	1269.27
Taxes on Income other than Corporation Tax	872.03	1117.74	1252.18	1125.24	1300.00	1300.84
Customs	539.73	436.40	346.56	266.97	500.00	227.34
Union Excise Duties	616.32	456.20	230.32	185.63	340.00	142.28
Service Tax	623.43	489.35	44.58	-	0.00	17.36
Other Taxes <sup>4</sup>	2.88	(-0.04)	12.00	2.73	0.14	2.86
<b>Central Tax transfers</b>	<b>3909.12</b>	<b>4322.08</b>	<b>4888.95</b>	<b>4211.78</b>	<b>5560.00</b>	<b>4218.45</b>
Percentage of increase over previous year	19.69	10.56	13.12	(-) 13.85		0.16
Percentage of Central tax transfers to Revenue Receipts	41	43	41	38		32

During 2020-21, the State Government received ₹ 4,218.45 crore as State's Share of Union Taxes against ₹ 6,063.00 crore as recommended by XV FC for the year, which marginally increased by ₹ 6.67 crore from the actual receipts of the State during the previous year mainly due to increase in share of CGST and offset by decrease of the share in Corporation Tax and customs, *etc.* during the year.

After implementation of the GST Act in July, 2017 in the Country, the Central Government released the share of Central Goods and Service Tax (CGST) of ₹ 61.64 crore during the 1<sup>st</sup> year (2017-18) which subsequently increased to ₹ 1,206.74 crore during 2018-19 and marginally decreased to ₹ 1,195.17 crore (0.96 *per cent*) during 2019-20. During 2020-21, the State had received ₹ 1258.50 crore as share of CGST which was 29.83 *per cent* of total Central Tax transfers to the State. The State had received ₹ 1,269.27 crore during 2020-21 as share of Central Taxes from the Corporation taxes and it was 30 *per cent* of the total Central Tax transfers against the 34 *per cent* in 2019-20.

**Grants-in-aid from GoI**

During 2020-21, the State had received ₹ 6,456.02 crore as net Grants-in-aid from GoI which increased by 46.18 *per cent* from ₹ 4,416.37 crore during 2019-20, mainly due to more release of funds from GoI under Finance Commission grants and Centrally Sponsored Schemes (CSS) during the year.

<sup>4</sup> Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services, *etc.*

**Table 2.8: Details of Grants-in-aid from Government of India***(₹ in crore)*

Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
Non-Plan Grants	1309.10	0.00	0.00	0.00	0.00	0.00
Grants for State Plan Schemes	2401.04	(-) 1.57	0.00	(-) 5.10	0.00	0.00
Grants for Central Plan Schemes <sup>5</sup>	186.49	0.00	0.00	0.00	0.00	0.00
Grants for Centrally Sponsored Schemes	136.71	1988.32	1861.03	2254.37	4346.29	2331.45
Grants for Special Plan Schemes	62.14	0.00	0.00	(-) 5.20	0.00	(-)3.12
Finance Commission Grants	0.00	1191.20	1131.10	1063.22	3623.00	3563.95
Other transfers/Grants to States/Union Territories with Legislature	0.00	652.42	2011.70	1109.08	663.39	563.74
<b>Total</b>	<b>4095.48</b>	<b>3830.37</b>	<b>5003.83</b>	<b>4416.37</b>	<b>8710.18</b>	<b>6456.02</b>
Percentage of increase over the previous year	(-) 10.30	(-) 6.47	30.64	(-) 11.74	97.22	46.18
Percentage of GIA to Revenue Receipts	42	38	42	40	65.52	49

*Source: Finance Accounts. Minus receipts due to refund amount under the schemes*

Scrutiny of the accounts of the State Government for the year 2020-21 revealed that out of the grants received by the State for various Centrally Sponsored Schemes (₹ 2,331.45 crore), ₹ 696.06 crore was received for Rural Development Schemes during the financial year 2020-21. Major funds received for Rural Development Schemes were mainly under National Rural Employment Guarantee Scheme (MGNREGS) (₹ 290.76 crore), National Rural Livelihood Mission (NRLM) (₹ 174.55 crore) followed by Pradhan Mantri Awaas Yojana (PMAY) Gramin (₹ 113.62 crore) during the year.

The State Government received ₹ 472.58 crore from GoI for implementation of various Schemes through the School Education Department of which ₹ 403.71 was received for the Samagra Shiksha Abhiyan (earstwhile Sarva Shiksha Abhiyan) during 2020-21. Further, it was noticed that the Government received ₹ 141.79 crore for Drinking Water and Sanitation Programme of which, ₹ 117.46 crore was for Jal Jeevan Mission (NRDWP) during 2020-21. During 2020-21, the State Government received ₹ 24.20 crore as grants relating to COVID-19 of which, ₹ 23.21 crore was for India Covid-19 Emergency Response and Health System in the State.

Further, **Table 2.8** shows that the other transfers/grants from GoI substantially decreased in 2020-21 as compared to the previous years particularly as compared to the years 2018-19 and 2019-20 due to non-receipt of Special Assistance for Capital

<sup>5</sup> 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

investment/works during the year while during 2018-19 and 2019-20, the State Government received as Special Assistance of ₹ 1,500 crore and ₹ 698.70 crore respectively for undertaking the Capital investment/works in the State. Out of ₹ 698.70 crore received during 2019-20, ₹ 358.70 crore was received for completion of 81 ongoing projects.

During 2020-21, the State had refunded the un-utilised fund of ₹ 3.12 crore to the GoI which was received from the Ministry of DoNER during 2011-12, 2016-17 and 2017-18 under various Special Plan Schemes.

As per records, an amount of ₹ 8.00 lakh was released to the Tourism Department, Government of Tripura by the NEC during 2016-17 towards the programme 'Destination North East-2016' against the total approved project cost of ₹ 10.00 lakh. Out of ₹ 8.00 lakh, ₹ 3.69 lakh remained unspent with the Implementing Agency. The Ministry issued order (May 2020) to the Implementing Agency (Tourism Department) to refund the unspent amount which was refunded by the State Government during 2020-21.

The NEC approved (February 2018) ₹ 4.43 crore for another on-going project 'Infrastructure Development of Kamalpur English Medium H.S School, Kamalpur, Dhalai District, Tripura and released (February 2018) its 1<sup>st</sup> instalment amounting to ₹ 1.59 crore for the project. Meanwhile the project was dropped by the Project Identification Committee of the State. As a result, the NEC issued order (May 2020) to refund the released amount alongwith accrued bank interest immediately to the Consolidated Fund of India. But the State Government refunded only the principal amount of ₹ 1.59 crore during 2020-21. Further, it was noticed that an amount of ₹ 1.50 crore for Upgradation of Cancer Hospital, Agartala was lying unspent since 2017 with the State Government. The Ministry of DONER issued order (June 2019) to the State to refund the unspent amount to the Consolidated Fund of India which was refunded by the State Government during 2020-21.

It indicates that, the State was not able to utilise the central grants for the purpose for which it was sanctioned. As a result, the stakeholders in the State were deprived of the benefits of the schemes.

### **Fifteenth Finance Commission (XV FC) Grants**

#### **Grants-in-aid from GoI as per recommendation of the XV FC**

The XV FC has recommended Grants-in-aid of Revenues to States for Revenue deficit, special grants, nutrition grants, grants for local bodies and disaster management under Article 275 of the Constitution of India. The GoI has accepted the recommendations except Special grants and nutrition grants and requested the Commission for reconsideration.

Accordingly, the GoI had released grants for Local Bodies, Disaster related grants (SDRF/ NDRF), Revenue deficit grants, *etc.* during 2020-21. Against the recommended fund of ₹ 3587 crore (Local Bodies: ₹ 283 crore, Revenue deficit grants: ₹ 3,236 crore and grants under SDRF: ₹ 68.00 crore) for the year 2020-21, the GoI released

₹ 3,563.95 crore (Local Bodies: ₹ 260 crore, Revenue deficit grants: ₹ 3,235.95 crore and grants under SDRF: ₹ 68.00 crore) during the year, resulting in a short release of ₹ 23.05 crore during 2020-21. There was short release of fund of ₹ 23 crore by GoI towards the Urban Local Bodies (ULBs). In addition, the GoI had released ₹ 12.93 crore to the State towards National Disaster Response Fund (NDRF) during 2020-21.

A comparative status of recommendations made by the XIV FC for last year and XV FC for 2020-21 and fund released by GoI there against are shown in **Table 2.9**.

**Table 2.9: Recommended funds, actual release and transfers of Grant-in-aid from GoI**  
(₹ in crore)

Transfers	Recommendation of the XIV FC for 2019-20	Recommendation of the XV FC for 2020-21	Actual release by GoI		Release by State Government	
			2019-20	2020-21	2019-20	2020-21
<b>Local Bodies</b>	<b>169.97</b>	<b>283.00</b>	<b>154.07</b>	<b>260.00</b>	<b>154.07</b>	<b>260.00</b>
(i) Grants to PRIs	101.71	191.00	90.63	191.00	90.63	191.00
(ii) Grants to ULBs	68.26	92.00	63.44	69.00	63.44	69.00
<b>SDRF</b>	<b>34.00</b>	<b>68.00</b>	<b>34.20</b>	<b>68.00</b>	<b>36.10<sup>6</sup></b>	<b>73.68<sup>7</sup></b>
<b>Revenue Deficit grant</b>	<b>875.00</b>	<b>3236.00</b>	<b>874.96</b>	<b>3235.95</b>	-	-

Source: XIV-FC & XV-FC Report and Finance Accounts

### 2.3.3 Capital receipts

**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.

There was an increasing trend in Capital Receipts in the State during the period from 2016-17 to 2019-20 mainly due to more receipts from Public Debt (net) during the period. However, during 2020-21, the Capital Receipts decreased by ₹ 261.07 crore (11.02 *per cent*) as compared to 2019-20 mainly due to less receipts (net) from Internal Debt by ₹ 788.95 crore (32.86 *per cent*) and offset by increase of Loans from GoI during the year compared to the previous year. The GoI has given Loans and Advances of ₹ 226.00 crore as Back to Back loan in lieu of GST compensation shortfall to State during 2020-21 which bears 4.93 *per cent* interest per annum. As a result, the liabilities of the State to the GoI increased substantially by ₹ 495.15 crore but this includes back to back loan of ₹ 226.00 crore during the year which does not have a repayment obligation. During 2020-21, the State Government had availed ₹ 95.95 crore as Ways and Means Advances and repaid the same along with interest of ₹ 1.50 lakh during 2020-21.

<sup>6</sup> Includes State share of ₹ 1.90 crore and contribution by Centre ₹ 34.20 crore.

<sup>7</sup> Includes state share of ₹ 5.68 crore (₹ 3.78 crore for the year 2020-21 and ₹ 1.90 crore for 2019-20).

**Table 2.10: Trends in growth and composition of capital receipts**

(₹ in crore)					
Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts	627.84	1034.28	1210.12	2369.43	2108.36
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	0.91	1.69	0.60	0.73	1.25
Public Debt Receipts (Net)	626.93	1032.59	1209.52	2368.70	2107.11
Internal Debt	654.93	1063.14	1228.32	2400.91 <sup>8</sup>	1611.96 <sup>9</sup>
Growth rate	(-)6.20	62.33	15.54	95.46	(-) 32.86
Loans and advances from GoI	(-)28.00	(-)30.55	(-)18.80	(-)32.21	495.15 <sup>10</sup>
Growth rate	(-)8.91	(-)9.11	(-)38.46	(-)71.33	1637.26
Rate of growth of debt Capital Receipts	(-) 6.78	64.71	17.13	95.84	(-) 11.04
Rate of growth of non-debt capital receipts	(-)20.18	85.71	(-)64.50	21.67	71.23
Rate of growth of GSDP	9.85	10.73	13.97	12.11	5.41
Rate of growth of Capital Receipts (per cent)	(-) 6.80	64.74	17.00	95.80	(-) 11.02

*Source: Finance Accounts and for GSDP– Ministry of Statistics and programme Implementation, Government of India.*

### 2.3.4 State's performance in mobilisation of resources

State's share of Union taxes and duties and Grants-in-aid from GoI are determined on the basis of recommendations of the Finance Commission (FC) and State's performance in mobilisation of own resources comprising own tax and non-tax revenue. It is an important part of the State for attaining self-sufficiency or for dependency on Central Government.

During 2020-21, the total Revenue Receipts of the State was ₹ 13,292.40 crore of which, ₹ 2,617.93 crore (19.69 per cent) was from state's own sources only during the year. State Government received over 80 per cent of Revenue from GoI as Grants-in-aid and State's Share of Union Taxes and Duties during the year 2020-21.

The actual collection of Own Tax Revenue during 2020-21 contributed 89 per cent of own resources during the year. The Own Tax Revenue was 95.63 per cent of the Budget Estimates and 95.79 per cent of the XV FC projection for the year 2020-21. **Table 2.11** shows the position of Tax and Non-tax Revenue receipts vis-à-vis projections of FC during 2020-21.

<sup>8</sup> Including gross figure under Ways and Means Advances availed and repayment made of ₹ 176.66 crore during the year 2019-20

<sup>9</sup> Including gross figure under Ways and Means Advances availed and repayment made of ₹ 95.95 crore during the year 2020-21.

<sup>10</sup> Includes back to back loan of ₹ 226.00 crore given by the GoI in lieu of compensation of GST without any repayment obligations.



**Table 2.11: Tax and non-tax receipts *vis-à-vis* projections for 2020-21**

(₹ in crore)

Particulars	XV-FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
				Budget estimates	FC projections
Own Tax revenue	2435.00	2439.04	2332.44	4.37	4.21
Non-tax revenue	694.00	302.00	285.49	5.47	58.86
<b>Total</b>	<b>3129.00</b>	<b>2741.04</b>	<b>2617.93</b>	<b>4.49</b>	<b>16.33</b>

## 2.4 Application of resources

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

### 2.4.1 Growth and composition of expenditure

**Capital Expenditure:** All charges for the first construction of a project as well as charges for intermediate maintenance of the work yet not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

**Revenue Expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

**Tables 2.12, 2.13 and Chart 2.6** present the trend and composition of total expenditure during last five years from 2016-17 to 2020-21 while **Chart 2.7** presents the percentage of expenditure in various services during 2020-21.

During the last five year period, the total expenditure showed an increasing trend from ₹ 12,175.99 crore in 2016-17 to ₹ 15,202.79 crore in 2020-21 mainly due to increase in expenditure on Revenue Account. While the percentage of total expenditure to GSDP during the period 2016-2021 varied from 25.77 to 30.84 *per cent*, the percentage of Revenue expenditure to GSDP varied from 22.43 *per cent* to 24.40 *per cent* during the same period. The percentage of Capital expenditure to GSDP varied from 1.41 *per cent* to 8.34 *per cent* during the period of last five years. It indicates that a major part of the expenditure was incurred for current consumption for running the organisations including establishment and other administrative expenses, instead of creating Capital assets.

During 2020-21, out of total expenditure of ₹ 15,202.79 crore (25.82 *per cent* of GSDP), Revenue expenditure was ₹ 14,367.82 crore (24.40 *per cent* of GSDP) and Capital expenditure was only ₹ 832.08 crore (1.41 *per cent* of GSDP). Loans and Advances

were disbursed by the State amounting to ₹ 2.89 crore during 2020-21. Component wise expenditure are shown in **Table 2.12**.

**Table 2.12: Component wise expenditure**

*(₹ in crore)*

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	12175.99	12141.28	13371.19	14263.88	15202.79
Revenue Expenditure (RE)	8855.14	10357.22	11889.20	13376.91	14367.82
Capital Expenditure (CE)	3293.57	1777.05	1480.87	883.22	832.08
Loans and Advances	27.28	7.01	1.12	3.75	2.89
<b>As a percentage of GSDP</b>					
TE/GSDP	30.84	27.77	26.83	25.53	25.82
RE/GSDP	22.43	23.69	23.86	23.95	24.40
CE/GSDP	8.34	4.06	2.97	1.58	1.41
Loans and Advances/GSDP	0.07	0.02	0.002	0.007	0.005

**Source:** GSDP figures as Advanced Estimates for 2020-21 furnished by the Directorate of Economic and Statistics, Government of Tripura.

The composition of total expenditure by activities during the period of last five years is shown in **Table 2.13**.

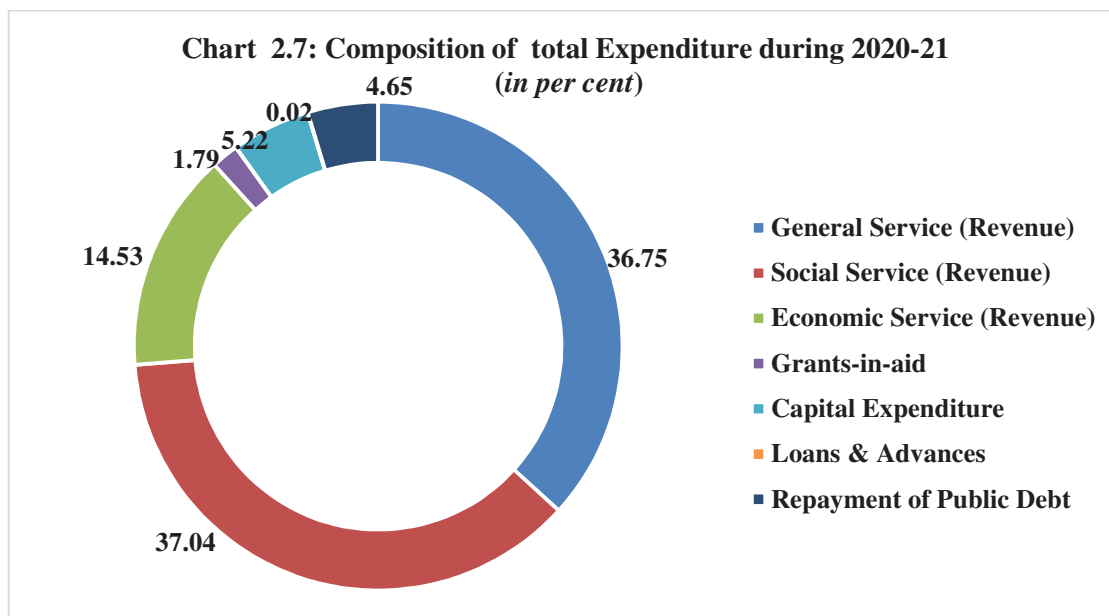
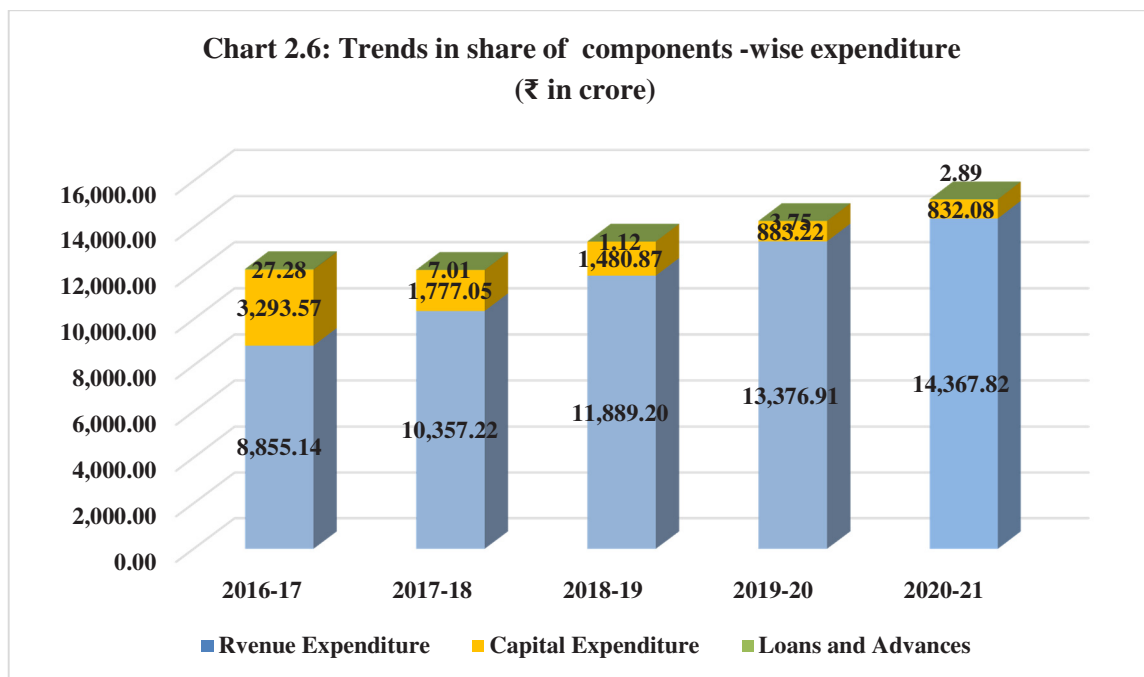
**Table 2.13: Relative share of various sectors of expenditure**

*(in per cent)*

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	30.45	37.24	38.97	40.41	39.10
Social Services	41.92	42.87	43.41	40.83	41.17
Economic Services	25.78	17.95	15.86	16.85	17.82
Others (Grants to Local Bodies and Loans and Advances)	1.85	1.94	1.76	1.91	1.91

The above table shows that the percentage of total expenditure in General Services ranged between 30.45 *per cent* and 40.41 *per cent* and in respect of Social Services, it ranged between 40.83 *per cent* and 43.41 *per cent* while the percentage of Economic Services ranged between 15.86 *per cent* and 25.78 *per cent* during the period 2016-17 to 2020-21.

During 2020-21, the percentage of General, Social and Economic Services to total expenditure were 39.10 *per cent*, 41.17 *per cent* and 17.82 *per cent* against the percentage of 40.41 *per cent*, 40.83 *per cent* and 16.85 *per cent* respectively in 2019-20. The percentage of expenditure in General Services, however, decreased from 40.41 *per cent* in 2019-20 to 39.10 *per cent* in 2020-21 mainly due to decrease in expenditure on pension payments and miscellaneous General Services under Revenue account during the year. The percentage to total expenditure in Social Services and Economic services increased marginally during 2020-21. Share of component-wise expenditure during 2016-21 is depicted in **Chart 2.6**.



### 2.4.2 Revenue Expenditure

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

The trends of Revenue Expenditure (RE) and its basic parameters during the last five year period from 2016-17 to 2020-21 are shown in **Table 2.14**. It shows that the growth of RE during the last five year period ranged between 6.66 per cent and 16.96 per cent and it was 6.66 per cent in 2020-21 which was lower than the previous years. On the other hand, the percentage of RE to TE ranged between 71.02 per cent and 94.51 per cent during the same period and it was 94.51 per cent in 2020-21 which was higher than the previous year. RE as a percentage of RR ranged between 91.81 per cent and 121.59 per cent during the last five year period and it was 108.09 per cent during 2020-21.

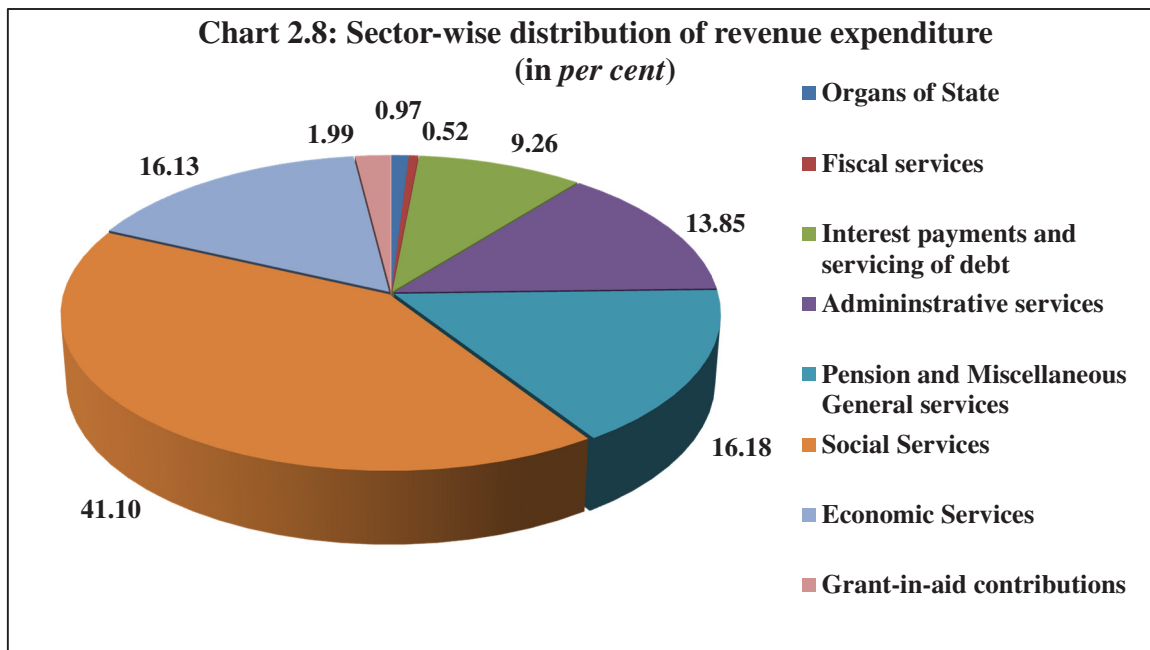
The buoyancy ratio of RE with GSDP during the five year period ranged between 1.03 *per cent* and 1.58 *per cent* and it was 1.37 *per cent* during 2020-21 while the buoyancy ratio of RE to RR ranged between (-) 1.46 *per cent* and 5.41 *per cent* and it was 0.35 *per cent* during 2020-21 resulting the State in revenue deficit for the State during 2020-21.

During 2020-21, the RE has been distributed in different Sectors as shown in **Chart 2.9**.

**Table 2.14: Revenue Expenditure – Basic Parameters**

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	12175.99	12141.28	13371.19	14263.88	15202.79
Revenue Expenditure (RE)	8855.14	10357.22	11889.20	13376.91	14367.82
Rate of Growth of RE ( <i>per cent</i> )	12.54	16.96	14.79	12.51	7.41
Revenue Expenditure as percentage of TE	72.73	85.31	88.92	93.78	94.51
RE/GSDP ( <i>per cent</i> )	22.43	23.69	23.86	23.95	24.40
RE as percentage of RR	91.81	102.87	98.82	121.59	108.09
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	1.27	1.58	1.06	1.03	1.37
Revenue Receipts (ratio)	5.41	3.87	0.76	(-)1.46	0.35

Source: Finance Accounts of respective years



#### 2.4.2.1 Major changes in Revenue Expenditure

Significant Variations under various Heads of Account with regard to revenue expenditure of the State during the current year *vis-a-vis* the previous year are shown in **Table 2.15**.

**Table 2.15: Variation in Revenue Expenditure during 2020-21 compared to 2019-20**  
(₹ in crore)

Major Heads of Account	2020-21	2019-20	Increase(+)/ Decrease (-)
2055-Police	1383.82	1332.81	51.01
2015- Elections	13.50	68.64	(-)55.14
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	467.01	359.50	107.51
2202-General Education	2313.82	2481.60	167.78
2501-Special Programmes for Rural Development	207.07	251.96	(-) 44.89
2071-Pensions and other Retirement Benefits	2321.61	2370.59	(-) 48.98
2851- Village Industries	73.77	55.74	18.03
2049-Interest Payments	1284.81	1124.95	159.86
2217-Urban Development	628.21	247.32	380.89
2216-Housing	224.49	258.58	(-) 34.09
2406-Forestry and Wild Life	154.18	125.39	28.79
2515-Other Rural Development Programmes	581.73	429.06	152.67

It shows that there were major changes in expenditure during 2020-21 as compared to the previous year under Major Heads 2217, 2202, 2049, 2225, 2515. Revenue expenditure increased by 154.01 *per cent* under Major Head 2217-Urban Development mainly due to increase in expenditure in respect of constructions, Special component Plan for Scheduled Castes and Tribal Area Sub-plan, Assistance to local bodies, Corporations, urban development and Town improvement, *etc.* during the year. Expenditure increased by 14.21 *per cent* under 2049-Interest payments during 2020-21 mainly due to interest payments on Internal Market Loans, management of Debt, interest payment on State Provident Funds, *etc.* Revenue expenditure incurred under Major Head 2515-Other Rural Development programme was more than 35.58 *per cent* during 2020-21 as compared to the previous year mainly due to more expenditure on community development, Special component plan for SC, Tribal Area Sub-plan and DRDA Administration respectively. However, there was a decrease in expenditure under Major Heads 2216, 2015, 2071 and 2501 during the year 2020-21. As no Elections to Parliament/State legislatures were held during the year, hence, there was decrease in expenditure in MH 2015-Elections. Further, under MH 2501- Special Programme for Rural Development, there was decrease in expenditure by 17.82 *per cent* mainly due to decrease in expenditure for project implementation and special component for SC during the year.

As per information furnished (August 2021) by the State Government, an expenditure amounting to ₹ 19.72 crore was incurred from the Revenue account in various heads (2210, 2211, 2202, 2220 and 2056) relating to COVID-19 for taking preventive and mitigation measures of the pandemic situation in the State during the year 2020-21 as no specific object head was created for incurring COVID related expenditure during the year.

### 2.4.2.1(a) Special Assistance for Capital works and utilisations of funds

During 2020-21, the State Government has not received any Special Assistance for undertaking Capital Investments/works. However, during last three years from 2017-18 to 2019-20 the State had received the Special Assistance for this purpose. During 2018-19 an amount of ₹ 1500 crore was received from the GoI in two instalments as One Time Special Assistance-Capital. As per information furnished by the State Government (May 2020), the status of utilisation of Special Assistance of ₹ 750.00 crore (out of ₹ 1500 crore) which was released by the Ministry of Finance, GoI (September 2018) was sent to the NITI Aayog (November 2018) showing only the status of allocation of the fund among 25 State Government Departments during 2018-19. Further, during 2019-20, the State had received ₹ 658.70 crore as Special Assistance for Capital works out of which ₹ 358.70 crore was received for completion of 81 ongoing projects in the State. The State was requested to furnish the information on utilisation of this fund. But no reply has been received (November 2021). As such, it could not be ascertained whether the fund was utilised for the intended purpose by the implementing Agencies.

During 2020-21, the GoI sanctioned ₹ 300.00 crore under the Scheme for Special Assistance as Loan to State for Capital Expenditure.

### 2.4.2.2 Committed Expenditure

Committed Expenditure (CE) of the State Government on revenue account consists of interest payments; expenditure on salaries and wages and pensions. It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. The components of Committed Expenditure during 2016-17 to 2020-21 are given in **Table 2.16**.

**Table 2.16: Components of Committed Expenditure during 2016-17 to 2020-21**

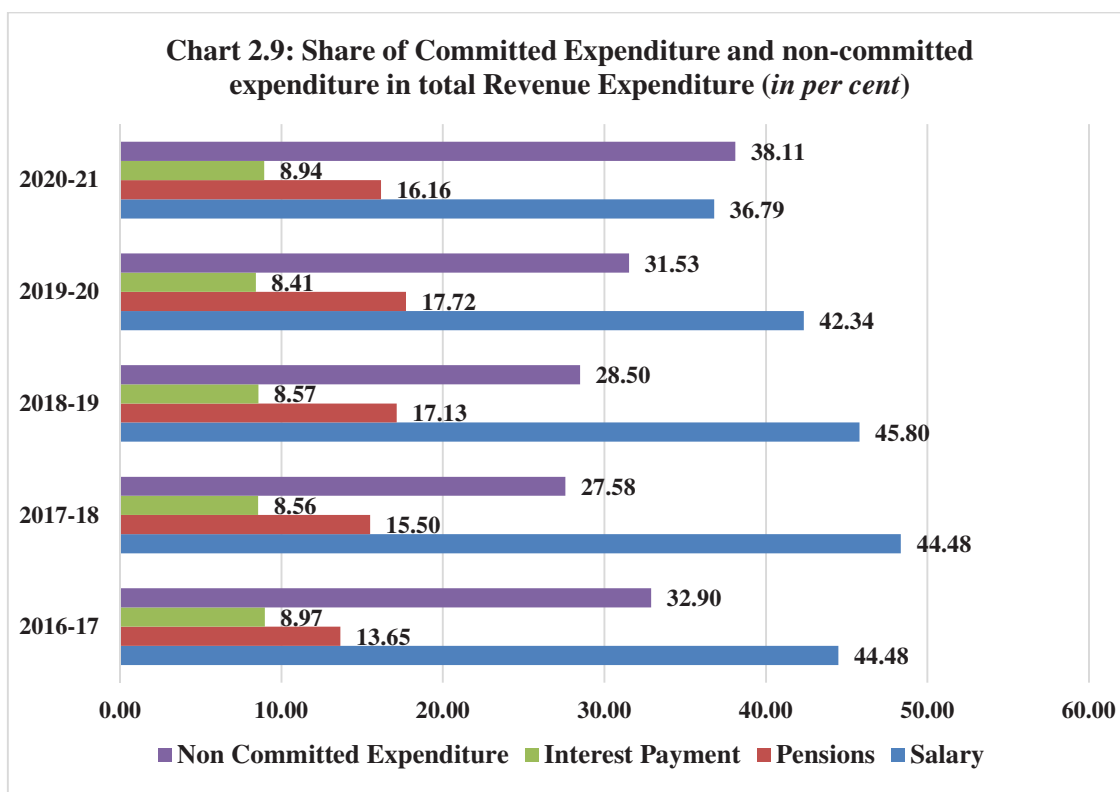
(₹ in crore)

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages <sup>11</sup>	3938.74	5008.87	5445.23	5663.10	5285.81
Expenditure on Pensions	1208.67	1605.23	2036.49	2370.59	2321.61
Interest Payments	794.31	886.89	1018.95	1124.98	1284.81
<b>Total</b>	<b>5914.72</b>	<b>7500.99</b>	<b>8500.67</b>	<b>9158.67</b>	<b>8892.23</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	40.84	49.75	45.26	51.48	39.77
Expenditure on Pensions	12.53	15.94	16.93	21.55	17.47
Interest Payments	8.23	8.81	8.47	10.22	9.67
<b>Total</b>	<b>61.32</b>	<b>74.50</b>	<b>70.66</b>	<b>83.25</b>	<b>66.90</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	44.48	48.36	45.80	42.34	36.79
Expenditure on Pensions	13.65	15.50	17.13	17.72	16.16
Interest Payments	8.97	8.56	8.57	8.41	8.94
<b>Total</b>	<b>66.79</b>	<b>72.42</b>	<b>71.50</b>	<b>68.47</b>	<b>61.89</b>

<sup>11</sup> The expenditure on Grants-in-aid (Salary), which reflects salaries for employees of grantee bodies (e.g. aided schools and colleges), as distinct from government servants separately are excluded.

Scrutiny of the accounts of the State Government for the year 2020-21 revealed that out of the total salary and wages expenditure of ₹ 5,285.81 crore (excluding Grants-in-aid of ₹ 261.65 crore), an expenditure of ₹ 55.06 crore was incurred on Central assistance including CSS/CP schemes. The higher salary paid departments of the State Government were Education, Health and Family Welfare, Home (Police), Agriculture, Public works, *etc.* and maximum salary expenditure was incurred on Home (Police) Department amounting to ₹ 1,321.46 crore, followed by Education (School) Department amounting to ₹ 905.38 crore during the year 2020-21.

The status of committed and non-committed revenue expenditure during 2020-21 is shown in **Chart 2.9**.



### 2.4.2.3 Undischarged liabilities in National Pension System

The State Government introduced the ‘National Pension System’ (NPS) applicable to all new entrants joining the State Government Service, on or after 1<sup>st</sup> July 2018. Under this system, employees contribute 10 *per cent* basic pay and dearness allowance, which is matched by the State Government and both employee’s and employer’s contribution are initially transferred to the Public Account (Major Head ‘8342-117-Defined Contributory Pension Scheme’). The State Government has the responsibility to deposit both employee’s and employer’s share with the designated authority i.e., National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS.

As on 1 April 2020, there was un-transferred Fund of ₹ 0.52 crore in Defined Contributory Pension Scheme under the Fund. During 2020-21, the State Government deposited ₹ 12.39 crore (employees’ contributions: ₹ 6.08 crore and Government’s

contribution: ₹ 6.31 crore) into the Fund created under MH 8342-117 and transferred an amount of ₹ 12.63 crore (including ₹ 0.24 crore from previous balance) to NSDL leaving a balance of ₹ 0.28 crore in the Fund at the end of 31 March 2021. Non-transferring of contribution may accumulate the interest liabilities of ₹ 0.04 crore<sup>12</sup> of the State Government.

#### 2.4.2.4 Subsidies

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

During 2020-21, the State Government provided subsidies amounting to ₹ 145.83 crore through various departments which were 1.10 *per cent* of RR and 1.01 *per cent* of RE of the State during the year. The quantum of subsidies contributed to revenue deficit by 13.56 *per cent* during the year. The quantum of subsidy increased by ₹ 89.21 crore during 2020-21 as compared to the previous year.

Subsidy was provided by the State Government through the Animal Resource Development Department (₹ 4.68 crore), Food Civil Supplies and Consumers Affairs (₹ 42.78 crore), Agriculture (₹ 58.02 crore), Power Department (₹ 40.00 crore), Cooperation (₹ 0.30 crore) and Information Technology Department (₹ 0.05 crore) respectively during the year 2020-21.

A major part of the subsidy was provided to the Agriculture Department (₹ 58.02 crore) during the year mainly for development activities *viz.* implementation of CSS under Sub-mission of Agriculture Mechanisation (₹ 34.17 crore), State share for the National Mission for Agriculture Extension Technology Scheme (NMAET) (₹ 3.93 crore) and Agriculture Development (₹ 5.50 crore). Moreover, under ‘Pradhan Mantri Fasal Bima Yojana’ the State Government provided subsidy of ₹ 5.12 crore and ₹ 4.84 crore for RKVY during the year. Subsidy of ₹ 4.46 crore was provided for the administrative purposes to the Agriculture Department under Special component for SC and Tribal Areas sub-plan during 2020-21. It is noticed that the State Government provided subsidy of ₹ 40 crore to the Power Department for Tripura State Electricity Corporation Limited against the Budget Estimate during the year 2020-21.

**Table 2.17: Expenditure on subsidies during 2016-21**

Particulars	₹ in crore				
	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	102.13	116.57	133.19	56.62	145.83
Subsidies as a percentage of Revenue Receipts	1.06	1.16	1.11	0.51	1.10
Subsidies as a percentage of Revenue Expenditure	1.15	1.13	1.12	0.42	1.01

<sup>12</sup> Calculated on ₹ 0.52 crore at the interest rate of 7.10 *per cent* as notified by the Government and payable to the General Provident Fund



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

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans.

The trend of the financial assistance provided by the State Government during the period of last five years from 2016-17 to 2020-21 is shown in **Table 2.18**.

**Table 2.18: Financial Assistance to Local Bodies and others during 2016-17 to 2020-21**  
(₹ in crore)

Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	404.57	305.75	312.21	263.89	533.70
Panchayati Raj Institutions	90.98	115.27	116.08	145.63	554.26
<b>Total (A)</b>	<b>495.55</b>	<b>421.02</b>	<b>428.29</b>	<b>409.52</b>	<b>1087.96</b>
<b>(B) Others</b>					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	-	-	-	-	-
Development Authorities	-	-	-	-	-
Hospitals and Other Charitable Institutions	-	-	-	-	-
Other Institutions	2578.65	1823.21	1973.10	2229.00	1777.53
<b>Total (B)</b>	<b>2578.65</b>	<b>1823.21</b>	<b>1973.10</b>	<b>2229.00</b>	<b>1777.53</b>
<b>Total (A+B)</b>	<b>3074.20</b>	<b>2244.23</b>	<b>2401.39</b>	<b>2638.52</b>	<b>2865.49</b>
Revenue Expenditure	8855.13	10357.22	11889.20	13376.91	14367.82
Assistance as percentage of Revenue Expenditure	34.72	21.67	20.20	19.72	19.94

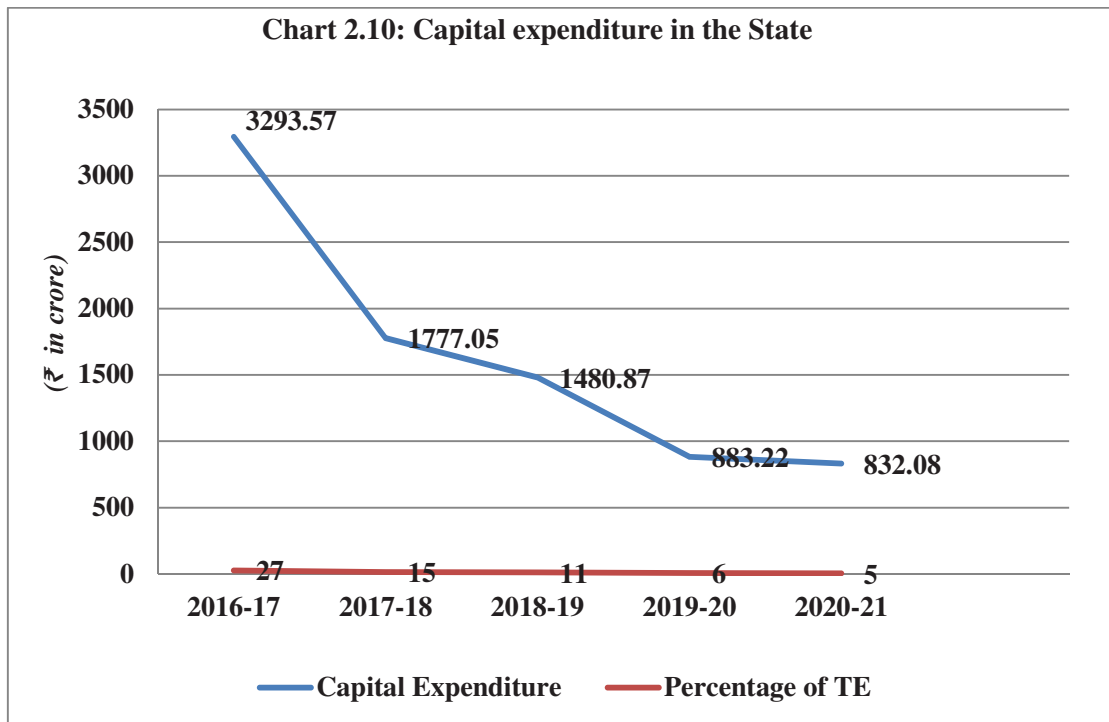
Source: Finance Accounts

**Table 2.18** shows that the quantum of financial assistance provided by the State Government during 2020-21 to the local bodies and other Institutions substantially increased from ₹ 2,638.52 crore in 2019-20 to ₹ 2,865.49 crore in 2020-21. During 2020-21, there was an increase of ₹ 2,26.97 crore (8.60 per cent) as compared to the previous year mainly due to increase in quantum of grants to the Local Bodies by ₹ 678.44 crore (165.67 per cent) during the year (increase in quantum of grants to the Urban Local Bodies (ULBs) by 102.24 per cent and to Panchayati Raj Institutions (PRIs) by 280.59 per cent). During 2020-21, out of total Grants-in-aid of ₹ 2,865.49 crore (19.94 per cent of RE), ₹ 1,777.53 crore was paid to other institutions by the State Government. Further, the Government had given grants for ₹ 13.91 crore for creation of Capital assets from the Capital Account in violation of Accounting Standard which resulted in overstatement of Capital Expenditure and understatement of Revenue Deficit to that extent.

### 2.4.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Capex in both Centre and State is being met from budgetary support and extra budgetary resources/off budget. Of late, the infrastructure

requirements have increased manifold and SPVs have been set up to carry out bulk of capex. The trend of Capital expenditure during last five years is shown in **Chart 2.10**.



#### 2.4.3.1 Major changes in Capital Expenditure

During 2020-21, capital expenditure was ₹ 832.08 crore (5.47 per cent of TE) which decreased by ₹ 51.14 crore (5.79 per cent) as compared to the previous year. Moreover, the State Government has given as Grants-in-aid of ₹ 13.91 crore under various Central Schemes like, MGNREGA, Pradhan Mantri Awaas Yojana, etc. to the local bodies or individuals and this was booked under Capital account instead of Revenue Expenditure, resulting in overstatement of Capital Expenditure and understatement of Revenue expenditure to that extent during 2020-21. Major changes in capital expenditure in some major heads are shown in **Table 2.19**.

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

(₹ in crore)

Major Heads of Accounts	2020-21	2019-20	Percentage of Decrease (-)/ Increase (+)
4059-Capital Outlay on Public Works	72.85	58.13	25.32
4070-Other Administrative Services	5.93	13.72	(-) 56.78
4210-Medical and Public Health	25.07	51.40	(-) 51.23
4215-Water Supply and Sanitation	292.74	157.15	86.28
4216-Housing	0.91	3.19	(-) 71.47
4217-Urban Development	0.00	94.25	(-) 100
4225-Welfare of SC, ST, OBC and minorities	12.98	19.32	(-) 32.82
4405-Capital Outlay on Fisheries	6.09	20.91	(-) 70.88

**Table 2.19: Capital Expenditure during 2020-21 compared to 2019-20 (concl.)***(₹ in crore)*

Major Heads of Accounts	2020-21	2019-20	Percentage of Decrease (-)/ Increase (+)
4406- Forestry and Wild Life	0.00	7.39	(-) 100
4515-Other Rural Development Programmes	0.02	117.08	(-) 99.98
4701-Medium Irrigation	0.47	0.78	(-) 39.74
4711-Flood Control Projects	0.00	0.92	(-) 100
4801-Power Projects	0.00	27.51	(-) 100
4875-Capital outlay on Other Industries	0.27	0.00	100
5054-Roads and Bridges	211.73	140.88	50.29
5055-Capital Outlay on Road Transport	9.55	16.41	(-) 41.80
5452-Capital outlay on Tourism	6.68	0.00	100

It was noticed that the expenditure under Major Heads 4515, 4217, 4210, 4801 and 4405 respectively decreased substantially during 2020-21 as compared to the previous year.

However, expenditure under Major Heads (MH) 4059, 4215 and 5054 increased during the year 2020-21 and it substantially increased in respect of MH 4215 mainly due to implementation of National Rural Drinking Water Programme in the Rural Areas of the State. Expenditure increased under Major Head 4059 was mainly due to increase in expenditure towards construction works of Office and other Buildings, Acquisition of land for development of Agartala Town under Public Works Project, *etc.* The expenditure under MH 5054 increased over and above 50 *per cent* during the financial year 2020-21, as compared to the previous year, mainly due to more expenditure incurred for construction of Rural Bridges under NLCPR, EAP, PMGSY, CRF, *etc.* in the State. Against the nil expenditure under Major Head 4875 and 5452 during 2019-20, the State Government had incurred expenditure of ₹ 0.27 crore and ₹ 6.68 crore under those Major Heads of accounts respectively during 2020-21. Further, there was no capital expenditure under MH 4217, 4406, 4711 and 4801 respectively during the year 2020-21.

The matter of decreasing Capital Expenditure and misclassification was discussed in the Exit Conference held on 20 August 2021 with the State Finance Department. The Finance Department assured to take necessary steps to reverse the decreasing trend of Capital Expenditure. Regarding misclassification, it was stated that there was some misunderstanding on the issue and an appropriate reply clarifying the issue will be submitted soon. Reply is awaited (November 2021).

#### **2.4.3.2 Quality of capital expenditure**

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other bodies such as financial corporations, *etc.*

Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

**2.4.3.2 (i) Quality of investments in the companies, corporations and other bodies**

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

Investments made and loan given to companies, corporations (e.g. SC & ST Financial Corporations), and cooperatives, which are loss making and those where net worth is completely eroded, affect quality of capital expenditure. Return on investment in share capital invested in State Public Sector Enterprises (SPSEs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

The State Government makes investments in various Government Companies, Corporations and Co-operative Societies every year. The expenditure is debited on Capital Account with an aim to support strengthening of their functioning and to get some returns from them as dividend.

As on 31 March 2021, there were 14 working Government Companies, One statutory Corporation, one Bank, four joint stock companies/ corporation and 25 Co-operative Societies. The State Government made investment of ₹ 1,648.66 crore<sup>13</sup> in these companies/ corporations and Co-operative Societies as on 31 March 2020. As on 31 March 2021, the investment increased to ₹ 1,714.19 crore with the fresh investment of ₹ 65.53 crore during 2020-21 in six Government Companies (₹ 52.34 crore), one Statutory Corporation (₹ 8.50 crore) and two Co-operative Societies (₹ 4.69 crore). During 2020-21, the State Government received ₹ 6.62 crore as dividend from only two Joint stock companies<sup>14</sup>.

Out of the investment amount of ₹ 52.34 crore in six working Government Companies, ₹ 25.21 crore was invested in Tripura Jute Mills Ltd. followed by ₹ 14.12 crore in Tripura Handloom and Handicrafts Development Corporation Ltd. which are loss making companies in the State. An amount of ₹ 8.50 crore was invested in Tripura Road Transport Corporation (only Statutory Corporation in the State) during 2020-21. Details of the investments and returns as on 31 March during last five years period from 2016-17 to 2020-21 are shown in **Table 2.20**.

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<sup>13</sup> Differs with the information furnished by the State Government and actually booked in the Accounts by ₹ 29.98 crore. This difference is under reconciliation.

<sup>14</sup> North East Transmission Company Ltd.: (₹ 617.10 lakh) and ONGC Tripura Power Company Ltd.: (₹ 44.80 lakh).

Table 2.20: Investment and Return

(₹ in crore)

Investment/ return/ cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year (₹ in crore)	1446.06	1503.88	1562.57	1648.66	1714.19
Return (₹ in crore)	0.05	14.69	Nil	7.94	6.62
Return (per cent)	Ω	0.95	Nil	0.48	0.38
Average rate of interest on Government Borrowings(per cent)	7.50	7.50	7.16	7.89	7.67
Difference between interest rate and return (per cent)	7.50	6.55	7.16	7.41	7.29
<b>Difference between interest on Government borrowings and return on investment (₹ in crore)#</b>	<b>188.45</b>	<b>98.45</b>	<b>111.88</b>	<b>124.55</b>	<b>124.85</b>

Source: Finance Accounts; Note: # Investment at the end of the year\* difference between interest rate and return. Ω Negligible

The State Government should review the performance of the Companies and Corporations in view of the huge cumulative investments and low returns from them, year after year.

Table 2.21: Equity Investments made in companies/corporations, whose net worth completely eroded

(₹ in crore)

Sl. No.	Company/ Corporation	Year of Accounts	Net worth#	Equity Investment* made during 2020-21	Cumulative investment as on 31 March 2021*
1	Tripura Handloom and Handicrafts Development Corporation Ltd.	2019-20	(-) 6.33	14.12	143.92
2	Tripura Rehabilitation and Plantation Corporation Ltd.	2018-19	(-)6.12	3.00	57.90
3	Tripura Road Transport Corporation Ltd.	2016-17	(-) 121.69	8.50	169.78
4.	Tripura Industrial Development Corporation Limited.	2019-20	(-) 7.88	Nil	16.91

Source: #Latest finalised accounts of SPSEs; \* State Finance Accounts, 2020-21

**Table 2.22: Equity Investments made in loss making companies/corporations**

(₹ in crore)

Sl. No.	Name Company/ Corporation	Year of accounts	Accumulated loss*	Equity investment# made during 2020-21	Cumulative investment as on 31 March 2021#
1	Tripura Road Transport Corporation Ltd.	2016-17	(-)284.64	8.50	169.78
2	Tripura Small Industries Corporation Ltd.	2016-17	(-)46.53	5.76	455.05
3	Tripura Handloom and Handicraft Development Corporation Limited	2019-20	(-)151.13	14.12	143.23
4	Tripura Jute mills Ltd.	2019-20	(-)352.16	25.21	389.25
5	Tripura Tea Development Corporation Limited	2019-20	(-)28.01	3.50	53.80
6.	Tripura Industrial Development Corporation Limited	2019-20	(-) 24.05	Nil	16.91
7.	Tripura Rehabilitation in Plantation Corporation Limited	2018-19	(-) 10.70	3.00	57.90

Source: \*Latest finalised accounts of SPSEs; # State Finance Accounts, 2020-21

#### 2.4.3.2 (ii) Loans and Advances by the State Government

The State Government paid Loans and Advances to various organisations and Government servants for various purposes. During 2020-21, the Government paid ₹ 2.89 crore as Loans and Advances and recovered only ₹ 1.25 crore from the Government Servant (₹ 0.49 crore) and from others (₹ 0.76 crore) during the year. The outstanding loans and advances at the end of 31 March 2021 stood at ₹ 198.17 crore. During 2020-21, the Government received ₹ 0.08 crore as interest on the loans given to the Government Servants particularly House building and Computer Advances. The rate of interest on the loans and Advances given by the State was 11.20 per cent whereas the average rate of interest paid the Government on the outstanding borrowings ranged between 6.55 per cent and 11 per cent during the period of last five years.

The quantum of loans and advances and recovered during last five year period are shown in **Table 2.23**.

**Table 2.23: Quantum of loans disbursed and recovered during five years**

(₹ in crore)

Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loans outstanding	161.31	187.68	193.00	193.51	196.53
Amount advanced during the year	27.28	7.01	1.12	3.75	2.89
Amount recovered during the year	0.91	1.69	0.60	0.73	1.25
Closing Balance of the loans outstanding	187.68	193.00	193.51	196.53	198.17
Net addition	26.37	5.32	0.51	3.02	1.64
Interest received	1.41	1.94	NA	0.06	0.08
Interest rate on Loans and Advances given by the Government.	10.90	10.90	10.90	11.20	11.20
Rate of Interest paid on the outstanding borrowings of the Government	7.50	7.50	7.16	7.89	7.67
Difference between the rate of interest paid and interest received (per cent)	3.40	3.40	3.743.40	3.31	3.53

**2.4.3.2 (iii) Capital locked in incomplete projects**

Trends in capital blocked in incomplete capital works would 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 led to extra burden in terms of servicing of debt and interest liabilities.

As per information furnished by the State Government, there were 29 incomplete capital works costing ₹ five crore and above on which, expenditure of ₹ 185.54 crore was incurred up to the end of March 2021, against the estimated cost of ₹ 442.24 crore. During 2020-21, an expenditure of ₹ 97.21 crore was incurred on these 29 works. Details of incomplete projects are given in **Table 2.24**.

**Table 2.24: Incomplete works as on 31 March 2021***(₹ in crore)*

Type of works	No of incomplete projects/works	Estimated cost	Expenditure incurred	
			During 2020-21	As on 31-03-2021
Building Works	15	124.40	36.62	98.48
Road Works	11	287.73	49.15	75.62
Bridges Works	1	12.11	1.10	1.10
Drinking Water and Sanitation Works	2	18.00	10.34	10.34
<b>Total</b>	<b>29</b>	<b>442.24</b>	<b>97.21</b>	<b>185.54</b>

Age-wise break-up of incomplete capital works costing ₹ five crore and above during the year 2020-21 are shown in **Table 2.25**.

**Table 2.25: Age-wise abstract of incomplete capital works each costing ₹ five crore and above***(₹ in crore) (No. of works in bracket)*

Period	Amount and No. of works					Total Amount
	Building	Road	Bridge	Water Resource	DWS	
Upto 2016-17	605.67 (201)	331.75 (55)	210.00 (52)	197.92 (36)	5.53 (2)	1350.87 (346)
2017-18	54.71 (36)	41.90 (16)	12.39 (05)	0.01 (05)	...	109.02 (62)
2018-19	98.95 (43)	65.42 (17)	10.88 (08)	0.12 (04)	25.35 (06)	200.72 (78)
2019-20	57.44 (38)	114.46 (20)	3.38 (3)	1.09 (2)	...	176.37 (63)
2020-21	36.62 (15)	49.15 (11)	1.10 (1)	-	10.34 (2)	97.21 (29)

*Source: Finance Accounts.*

The incomplete works included six building construction works, commenced between 2013-16, under the Public Works Department remained incomplete after incurring an expenditure that ranged between 80 per cent to 114 per cent of the original estimated cost. Details of such incomplete projects whose age is five year or more are shown in **Table 2.26**.

**Table 2.26: Incomplete building construction works commenced between 2013-16**

(₹ in crore)

Sl. No.	Name of the incomplete works	Original Estimated cost	Date and year of commencement	Expenditure incurred	
				during 2020-21	as on 31-03-2021
1.	Construction of 56 Nos Type-III & 24 Nos. Type-III residential quarters at Kendriya Sansodhanagar Complex, Bishalgarh	5.01	8/2015	-	4.50 (90%)
2.	Special Repairing retro-fitting and restoration of M.B.B College, Agartala	7.42	2016	4.00	6.00 (81 %)
3.	Construction of Bus Terminal Building at Nagerjala, Agartala	5.98	11/2015	0.37	6.63 (111%)
4.	Construction of Auditorium at Panchayati Raj Training Institute, Arundhuti Nagar, Agartala	6.50	03/2016	2.19	6.40 (98%)
5.	Construction of “Vigyan Gram” (Regional Science City), at Agartala	19.49	8/2013	1.48	22.25 (114%)
6.	Construction of Administrative and Academic Block for District Institute Educational Training IDIET)	4.99	03/2016	1.04	3.97 (80%)

**Table 2.26** shows that the construction work of Vigyan Gram (Regional Science City)-Phase-I at Agartala commenced on 6 August 2013, was scheduled to be completed by August 2014 but remained incomplete after incurring an expenditure of ₹ 22.25 crore against the estimated cost of ₹ 19.49 crore as on 31 March 2021. The construction work of Bus Terminal Building at Nagerjala, Agartala, commenced on 02 November 2015, was scheduled to be completed by May 2017 remained incomplete after incurring an expenditure of ₹ 6.63 crore against the estimated cost of ₹ 5.98 crore as on 31 March 2021. However, details of revision of cost, if any, was not made available by the State Government.

#### 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 State’s or national average. The higher the ratio of these components to total expenditure, the better the quality of expenditure.

**Table 2.27: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

(in per cent)

Particulars	TE/GSDP	DE/TE	CE/TE	Education/TE	Health/TE
NE and Himalayan States Average (2016-17)	26.50	66.20	15.97	16.67	5.67
Tripura State (2016-17)	30.84	67.92	27.05	1.12	1.20
NE and Himalayan States Average (2020-21)	26.92	57.33	15.67	15.22	6.15
Tripura State (2020-21)	25.82	61.02	5.47	15.24	5.92

Source: Economic Survey Report 2020-21



It can be seen from **Table 2.27** that:

- During the year 2020-21, the percentage of total expenditure to GSDP, CE to TE and Health to TE in the State was lower than the average of NE and Himalayan States during the year.
- The percentage of expenditure to total expenditure in respect of Education was higher than the average of NE and Himalayan States during 2020-21.
- Percentage of expenditure of the State on education to total expenditure increased from 1.12 during 2016-17 to 15.24 in 2020-21. Similarly, percentage of expenditure of the State on Health to total expenditure increased from 1.20 during 2016-17 to 5.92 in 2020-21.
- It was also seen that there was a substantial shift in State's capital expenditure to total expenditure from 27.05 *per cent* in 2016-17 to 5.47 *per cent* in 2020-21.
- Development expenditure to total expenditure in the State was higher than the NE and Himalayan States during 2020-21. However, development expenditure to total expenditure decreased from 67.92 *per cent* in 2016-17 to 61.02 *per cent* in 2020-21.

## 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 component-wise net balances in Public Account of the State during last five year period 2016-17 to 2020-21 is shown in **Table 2.28** and **Chart 2.11**. The analysis of the Net balances of various components in the Public Account are given in the respective paragraphs.

**Table 2.28: Component-wise net balances in Public Account as of 31 March of the year 2016-17 to 2020-21**

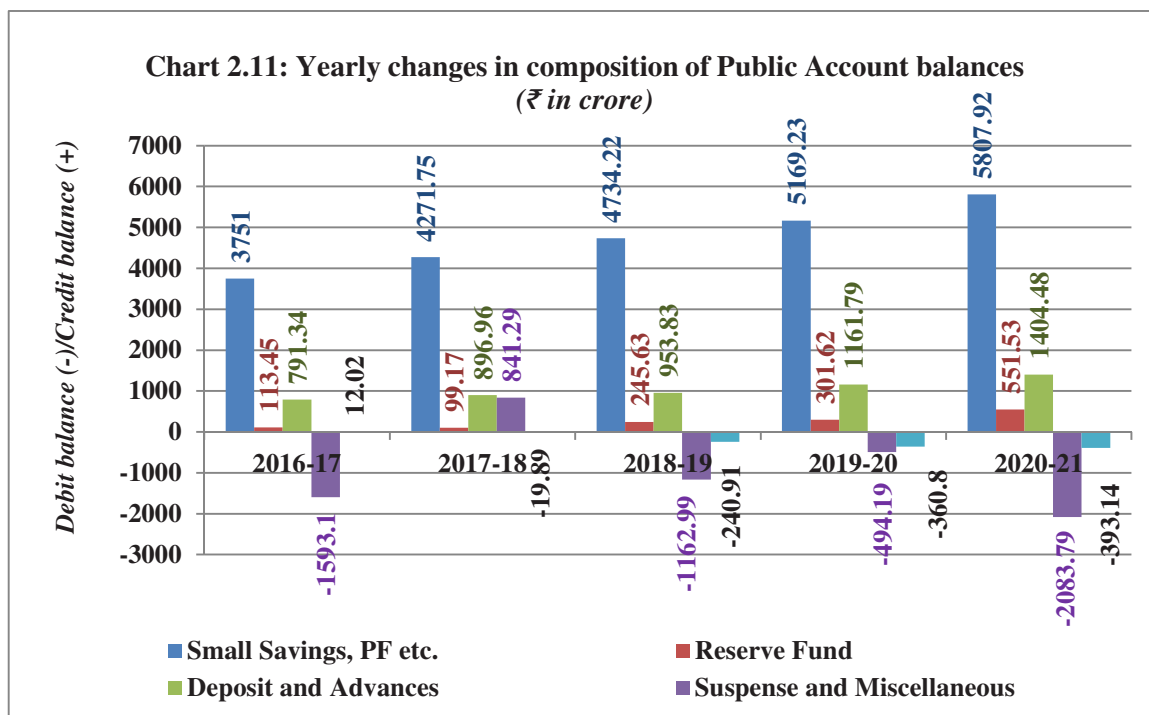
(₹ in crore)						
Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	3751.00	4271.75	4734.22	5169.23	5807.92
J. Reserve Funds	(a) Reserve Funds bearing Interest	108.61	93.79	241.13	292.65	443.96
	(b) Reserve Funds not bearing Interest	4.84	5.38	4.50	8.97	107.57

**Table 2.28: Component-wise net balances in Public Account as of 31 March of the year 2016-17 to 2020-21 (concl.)**

(₹ in crore)

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
K. Deposits and Advances	(a) Deposits bearing Interest	0.06	0.02	0.01	0.52	0.29
	(b) Deposits not bearing Interest	791.42	897.51	955.86	1162.14	1404.19
	(c) Advances	(-) 0.14	(-) 0.57	(-) 2.04	(-) 0.87	(-) 0.07
L. Suspense and Miscellaneous	(b) Suspense	(-) 194.79	(-) 163.87	(-) 478.60	(-) 111.81	(-) 113.84
	(c) Other Accounts	(-) 1398.31	(-) 677.42	(-) 684.39	(-) 382.38	(-) 1969.95
	(d) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(e) Miscellaneous	0.00	0.00	0.00	0.00	0.00
	(a) Money Orders, and other Remittances	12.25	(-) 19.51	(-) 241.40	(-) 360.57	(-) 393.67
M. Remittances	(b) Inter-Governmental Adjustment Account	(-) 0.23	(-) 0.38	0.49	(-) 0.23	0.53
	<b>Total</b>	<b>3074.71</b>	<b>4406.70</b>	<b>4529.78</b>	<b>5777.65</b>	<b>5286.93</b>

Note: +ve denotes credit balance and -ve denotes debit balances



### 2.5.2 Reserve Funds (RF)

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. The contributions to these funds are made from the Consolidated Fund of the State.

As on 31 March 2021, there were two types of Reserve funds in the State viz. (i) Interest bearing and (ii) Non-interest bearing. The Interest bearing Reserve Funds

contains one Major Head (8121) while non-interest bearing Reserve Funds contains three Major Heads (8222, 8225 and 8235) during 2020-21. There was an inactive Reserve Fund under Major Head 8235-General and other Reserve Funds of Government Commercial Department/ Undertakings where there was a balance of ₹ 420.51 lakh as on 31 March 2021. Details of transactions during the year in the active Reserve Funds are discussed below.

### 2.5.2.1 Consolidated Sinking Fund

The State Government set up the sinking fund in line with the recommendation of the XII FC for amortisation of market borrowing as well as other loans and debt obligations. The fund is managed by the Reserve Bank of India. This Fund is operated in Major Head 8222 under the Public Account.

According to guidelines of Reserve Bank of India, the State Governments are required to contribute at least 0.5 *per cent* of the outstanding liabilities as at the end of the previous year. The State is to make efforts to raise the minimum contribution every year. During 2020-21, the State Government had contributed ₹ 45 crore towards the fund against ₹ 89.23 crore calculated on the outstanding liability of ₹ 17,845.58 crore<sup>15</sup> at the beginning of the year. In doing so, apart from violating the extant Rules, the Government has deferred the current years liabilities to future years which has the impact of understating the Revenue and fiscal deficit to that extent (₹ 44.23 crore). During 2020-21, the State Government received ₹ 24.02 crore as interest on this Sinking Fund Account and reinvested the same by the RBI during the year. After disbursement, there was a balance of ₹ 388.13 crore which was invested through RBI at the end of 31 March 2021.

In the Exit Conference (20 August 2021), the issue of short-contribution of ₹ 44.23 crore towards consolidated Sinking Fund (CSF) by the State Government during 2020-21 was discussed. In response, the Secretary, Finance Department has assured that issue will be looked into on priority basis.

### 2.5.2.2 General and Other Reserve Funds

#### (a) State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in a certain proportion. The contributions are to be transferred to the Public Account to Major Head-8121- General and Other Reserve Funds. Expenditure during the year is incurred by operating Major Head-2245.

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated

<sup>15</sup> Decreased by ₹ 0.14 crore as compared to previous years outstanding balance due to write-off of excess repayment of outstanding loans made by the State Government during 2020-21.

Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provisions for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure has to be built into the normal budgetary heads/ State Plan Funds, *etc.*

As per guidelines of the Scheme, the GoI and the State Governments are required to contribute to the Fund in the proportion of 90:10. As per the XV FC recommendation, the corpus of SDRF of Tripura for the year 2020-21 was fixed at ₹ 76 crore (Central Share: ₹ 68.00 crore and State Share: ₹ 7.56 crore). During 2020-21, the GoI released ₹ 68.00 crore. The State Government transferred ₹ 73.72 crore (Central share: ₹ 68.00 crore; State share ₹ 5.68 crore and unutilised amount of ₹ 0.04 crore deposited by Challan) to the SDRF account during the year 2020-21 including state's share of ₹ 1.90 crore for the financial year 2019-20. Thus, the State Government contributed ₹ 3.78 crore during the year 2020-21 against the required State share of ₹ 7.56 crore resulting in short contribution of ₹ 3.78 crore. During 2020-21, the State Government received ₹ 12.93 crore from the GoI towards NDRF. As such, a total amount of ₹ 86.65 crore (₹ 73.72 crore plus ₹ 12.93 crore) was transferred from MH 2245-05-101 to the SDRF Account under Public Account during the financial year 2020-21. Less contribution of State share of ₹ 3.78 crore understated the Revenue deficit as well as the Fiscal Deficit to that extent during the year.

Further, the Fund, which is part of 'Reserve Fund Bearing Interest, had an opening balance of ₹ 113.98 crore as on 1 April 2020. During 2020-21, the State Government incurred an expenditure of ₹ 131.82 crore from SDRF of which ₹ 128.28 crore was incurred directly from the Public Account under Major Head 8121-122-SDRF violating the prescribed SDRF guidelines. There was a balance of ₹ 68.81 crore as on 31 March 2021. However, no amount was invested out of this Fund during the year in violation of the SDRF guidelines. The State Government did not provide for the interest liability of ₹ 8.55 crore<sup>16</sup> payable on the said Fund. This resulted in understatement of Revenue Expenditure as well as the Revenue and Fiscal Deficits of the State Government to that extent.

Details of transactions to SDRF are given in **Table 2.29**.

**Table 2.29: Details of transactions under SDRF**

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2020-21
2245-05-State Disaster Response Fund	101-Transfer to State Disaster Response Funds and Deposit Account	90.52
	901- Deduct - Amount met from State Disaster Response Fund	3.54
	<b>Total -2245</b>	<b>86.98</b>

<sup>16</sup> Calculated at the rate of 7.50 per cent per annum

It can be noticed from **Table 2.29** that ₹ 86.98 crore was charged under MH 2245 to MH 8121-SDRF and recouped by the State Government against the total expenditure of ₹ 131.82 crore of which an expenditure of ₹ 67.04 crore (₹ 19.74 crore from Revenue Account and ₹ 47.30 from Public Account) was incurred from the Fund relating to Pandemic Covid-19 during the year 2020-21. However, the expenditure towards COVID-19 was met from the SDRF as a special dispensation for taking preventive and mitigation measures for containment of COVID-19, as declared (April 2020) by the GoI.

**(b) State Compensatory Afforestation Fund (SCAF)**

In compliance to the instructions issued by the Ministry of Environment and Forests, GoI, and guidelines of 2009, the State Government established State Compensatory Afforestation Fund under Major Head 8336-Civil Deposit for utilisation of monies collected for undertaking Compensatory Afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation, protection and other related activities and for matters connected therewith or incidental thereto.

The monies received by the State Government from the user agencies need to be credited in ‘ State Compensatory Afforestation Deposits’ under interest bearing section in Public Account of the State at Minor Head level below the Major Head 8336-Civil Deposits. As per Section 3(4) of the Compensatory Afforestation Fund Act, 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Funds in Public Account of the State and balance 10 *per cent* to be credited into the National Fund on yearly basis provided that, the credit of 10 *per cent* Centre share of funds should be ensured on monthly basis so that the same is transferred to the National Fund. The applicable rate of interest on balances available under ‘ State Compensatory Afforestation Deposits’ under ‘8336-Civil Deposits and ‘State Compensatory Afforestation Fund’ under 8121-General and Other Reserve Funds will be as per the rate declared by the Central Government on year to year basis.

As on 31 March 2020, there was a balance of ₹ 178.67 crore in the State Compensatory Afforestation Fund under Public Account which bears the interest of ₹ 6.07 crore<sup>17</sup>. During 2020-21, the State Government received ₹ 237.82 crore from the user agencies and credited the same under Major Head 8336-Civil Deposits. The Government transferred 90 *per cent* of the fund (₹ 214.04 crore) to MH 8121-General and Other Reserve Funds during the year and 10 *per cent* (₹ 23.78 crore) was remitted to the National Fund (₹ 0.01 crore was remitted after the closing of the year). During the financial year 2020-21, the State Government has also incurred an expenditure of ₹ 17.56 crore from the fund. As on 31 March 2021, there was a balance of ₹ 375.15 crore in the Fund under MH 8121 which bears an interest rate as per the rate declared by the Central Government on year to year basis.

<sup>17</sup> Calculated at the rate of 3.4 *per cent* fixed for the year 2020-21 by the Ministry of Forest, Environment and Climate Change, GoI.

### 2.5.2.3 Road Development Fund

In compliance to the provisions contained in Section 4 of Tripura Road Development Cess Act, 2018, the State Government has constituted a special fund called ‘ Road Development Fund’ and created a Major Head 8225-Roads and Bridges Fund under the Public Account. It is a not-interest bearing non-lapsable fund created to utilise the collection of Road Development Cess from sales of petrol, diesel and natural gas for development of Roads in the State. As per accounting procedure, the cess so collected should be credited under the Revenue Receipts Head 0045-00-112. Thereafter the fund should be transferred to the Public Account under the head as created through Revenue expenditure under MH 3054 or Capital expenditure under MH 5054 for the expenditure on Road Development works as a deduct expenditure.

During 2020-21, the State Government has collected ₹ 255.81 crore as Road Development Cess and transferred an amount of ₹ 255.67 crore through Revenue expenditure head 3054 to the fund under Public Account during the year leaving a balance of ₹ 0.14 crore un-transferred during the year. Short transfer of ₹ 0.14 crore to Public Account resulted in understatement of Revenue Deficit and Fiscal deficit to that extent during the year. During 2020-21, the State Government had incurred as expenditure towards Road Development from the fund of ₹ 155.36 crore which was transferred through MH 3054. There was a balance of ₹ 100.31 crore in the Roads and Bridges Fund under the Public Account as on 31 March 2021 for future use in Road Development purpose in the State.

### 2.5.2.4 Guarantee Redemption Fund

The State Government constituted a Guarantee Redemption Fund on 12 July 2007. The fund has been revised as ‘Guarantee Redemption Fund Scheme’ by the State Government vide Gazette Notification dated 29<sup>th</sup> January 2016, effective from the financial year 2015-16 and subsequent notification dated 16<sup>th</sup> January 2018 effective from the financial year 2017-18. As per the revised guidelines, the Government shall initially contribute a minimum of one *per cent* and thereafter at the rate of minimum 0.5 *per cent* of outstanding guarantees every year to achieve a minimum level of three *per cent* of outstanding guarantees in next five years and gradually increased to a desirable level of five *per cent*.

Guarantee Redemption Fund has been created for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

This fund is classified under the Head of Account 8235-General and other Reserve Funds – 117- Guarantee Redemption Fund in the Public Account. During 2020-21, an amount of ₹ 2.79 crore was credited in this fund of which ₹ 2.76 crore was credited as guarantee redemption fee by the State Government and ₹ 0.03 crore was credited as interest accrued on this Fund–investment account during the year. The State

Government short contribute ₹ 0.91 crore against the due share of ₹ 3.67 crore (at the rate of 0.5 per cent of outstanding guarantee of ₹ 734.57 crore at beginning of the financial year) to the fund as per scheme guidelines during 2020-21.

As on 31 March 2021, the total accumulation of Fund was ₹ 12.40 crore (1.68 per cent) in this Guarantee Redemption Fund which bears the desired level at three per cent at the end of four years. During 2020-21, ₹ 9.34 crore was invested from the Fund. As on 31 March 2021, there was an outstanding guarantee of ₹ 771.42 crore including interest of ₹ 0.08 crore. The status of guarantees is discussed at **Paragraph 2.7.2**.

## 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. The details of outstanding public debt and other liabilities are given in **Table 2.30**.

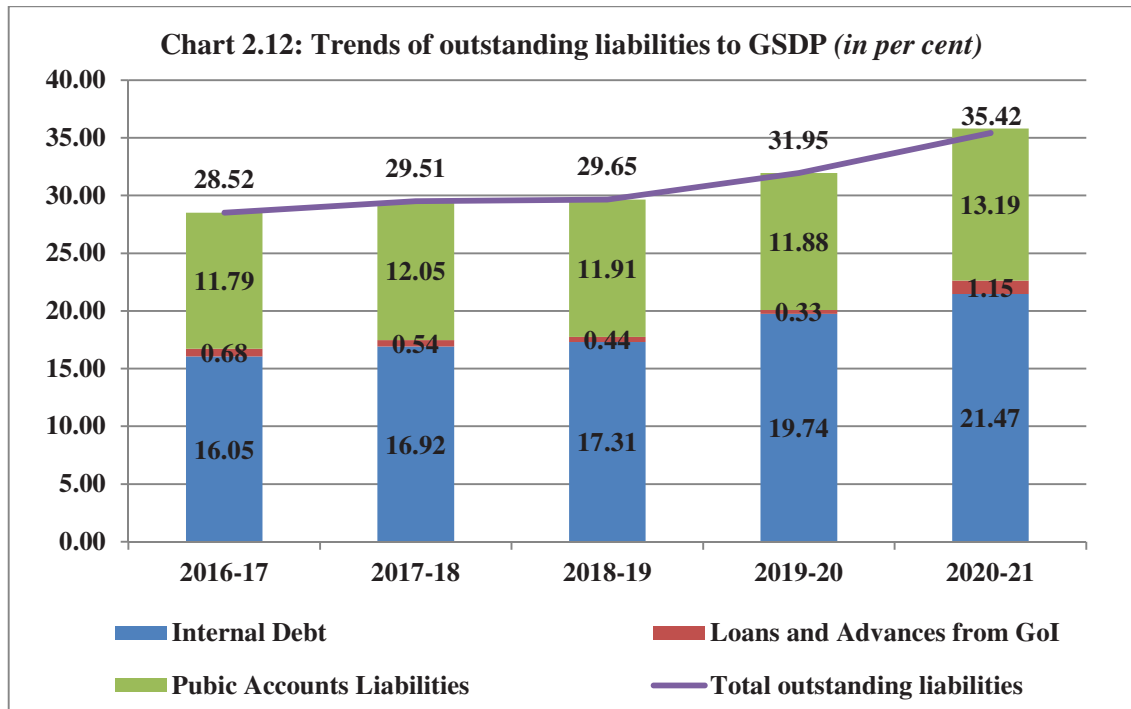
**Table 2.30: Details of outstanding public debt and other liabilities**

(₹ in crore)

Years	GSDP	Internal Debt	Loans and Advances from GOI	Public Account liabilities	Total Outstanding debt
2016-17	39479	6335.33	267.70	4655.93	11258.96
2017-18	43716	7398.46	235.82	5268.45	12902.73
2018-19	49823	8626.78	217.02	5935.72	14779.52
2019-20	55857	11027.69	184.51	6633.51	17845.71
2020-21	58880	12639.64	679.53 <sup>18</sup>	7763.93	21083.10

The details of the total outstanding public debt as a percentage of GSDP is given in **Chart 2.12**.

<sup>18</sup> Includes back to back loan of ₹ 226.00 crore given by the GoI in lieu of compensation of GST without any repayment obligations.



### 2.6.1 Debt profile: Components

Total debt of the State Government typically constitutes of internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The State FRBM Act, 2005 of the State has defined the total liabilities as “The total liabilities mean 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”.

Outstanding debt constituting outstanding internal debt, outstanding loans and advances from GoI and outstanding balance of Public Account liabilities of the State stood at ₹ 21,083.10 crore at the end of 31 March 2021 with an increase of 18.14 per cent over the previous year mainly due to increase in outstanding internal debt by 14.62 per cent and GoI loans 268.55 per cent during 2020-21.

The outstanding internal debt increased by 14.62 per cent during the year 2020-21 mainly due to increase in market loans bearing interest by 17.92 per cent and Loans from NABARD by 13.50 per cent off set by decrease of loans from other sources during the year.

The outstanding loans from GoI increased by 268.55 per cent as on 31 March 2021 as compared to the previous year mainly due to Back to Back loans received from GoI in lieu of GST Compensation shortfall of ₹ 226.00 crore and Scheme for Special Assistance as loans to States for Capital expenditure of ₹ 300 crore during 2020-21. However, during the year 2020-21, the Ministry of Finance, GoI adjusted ₹ 0.14 crore of excess repayment of previous year’s loan.



Overall increase of 17.04 *per cent* in Public Account liabilities as compared to previous year was mainly due to increase in small savings, provident fund by 12.36 *per cent* and Deposits by 20.80 *per cent* during the year 2020-21.

The rate of growth of outstanding debt of the State for the last five year period 2016-21 ranged between 14.12 *per cent* and 20.75 *per cent* and the percentage of debt to GSDP ranged between 28.52 *per cent* and 35.81 *per cent* during the same period.

Item	What it means	Interest rate
Ways and Means Advance (WMA)	<p>It is a facility for both the Centre and States to borrow from the RBI to help them tide over temporary mismatches in cash flows of their receipts and expenditures. Such advances should be repaid not later than three months from the date of the taking the advance.</p> <p>The limit for ordinary ways and Means Advances to the State Government was ₹ 408.00 crore as on 31 March 2021. Further, the operative limit of Special Drawing Facilities (SDF) against the pledge of Government Securities was ₹ 90.37 crore as on 31 March 2021, as agreed by the Bank.</p> <p>During 2020-21, the State Government availed Ways and Means Advances of ₹ 95.95 crore including Special Drawing Facility of ₹ 85.67 crore and repaid the same with interest of ₹ 1.50 lakh during the year.</p>	<p>The interest rate on WMA is the RBI's repo rate, which is basically the rate at which it lends short-term money to banks. That rate was 4.40 <i>per cent</i> from 1 April 2020 to 21 May 2020 and 4.00 <i>per cent</i> from 22 May 2020 to 31 March 2021.</p>
Overdrafts	<p>The governments are allowed to draw amounts in excess of their WMA limits. No State can run an overdraft with the RBI for more than a certain period.</p>	<p>The interest on overdraft up to 100 <i>per cent</i> of normal Ways and Means Advance was Repo rate plus two <i>per cent</i>.</p>
Government securities	<p>A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs).</p>	<p>Long term securities carry a fixed or floating coupon (interest rate) which is paid on the face value, payable at fixed time periods (usually half-yearly).</p>

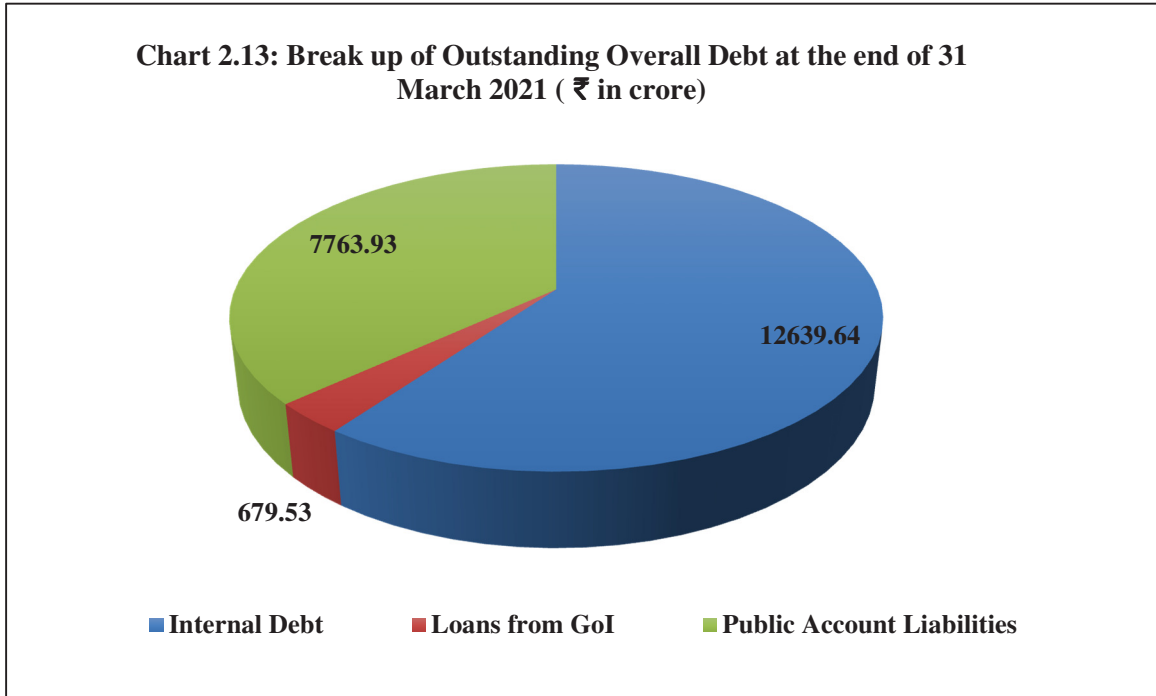
Item	What it means	Interest rate
T-bills	Treasury bills are short-term securities issued by the Central government. Their maturity periods range up to one year. These securities are sold at a discount rate and will be paid at face value, which is how the investors make their money. At present, the active T-Bills are 91-days T-Bills, 182-day T-Bills and 364-days T-Bills	Treasury-Bills are issued on discount to face value, while the holder gets the face value on maturity. The return on T-Bills is the difference between the issue price and face value. Thus, return on T-Bills depends upon auctions. To make up the deficiency in Cash Balance, Government of India Treasury Bills were rediscounted on 126 occasions during 2020-21.
T-Notes	Treasury notes are government securities with maturity periods longer than treasury bills. Their maturity periods can be two, three, four, five, seven, and ten years. Interest is paid every six months.	
T-Bonds	Treasury bonds are long-term investments with a maturity period of 30 years. Interest is paid every six months.	

**Table 2.31: Component wise debt trends**

(₹ in crore)

		2016-17	2017-18	2018-19	2019-20	2020-21
<b>Outstanding Overall Debt</b>		<b>11258.95</b>	<b>12902.73</b>	<b>14779.52</b>	<b>17845.71</b>	<b>21083.10</b>
<i>Public Debt</i>	Internal Debt	6335.33	7398.46	8626.78	11027.69	12639.64
	Loans and Advances from GoI	267.70	235.82	217.02	184.51	679.53
<i>Liabilities on Public Account</i>		4655.93	5268.45	5935.72	6633.51	7763.93
Rate of growth of outstanding Overall debt ( <i>percentage</i> )		14.12	14.60	14.55	20.75	18.14
Gross State Domestic Product (GSDP)		39479	43716	49823	55857	58880
<b>Debt/ GSDP (<i>per cent</i>)</b>		<b>28.52</b>	<b>29.51</b>	<b>29.66</b>	<b>31.94</b>	<b>35.42</b>
<b>Total Debt Receipts</b>		<b>3008.74</b>	<b>3367.94</b>	<b>3961.23</b>	<b>5725.87</b>	<b>6201.06</b>
<b>Total Debt Repayments</b>		<b>1615.44</b>	<b>1722.82</b>	<b>2084.44</b>	<b>2659.38</b>	<b>2963.53</b>
<b>Total Debt Available</b>		<b>1393.30</b>	<b>1645.12</b>	<b>1876.79</b>	<b>3066.49</b>	<b>3237.53</b>
<b>Debt Repayments/ Debt Receipts (<i>percentage</i>)</b>		<b>53.69</b>	<b>51.15</b>	<b>52.62</b>	<b>46.44</b>	<b>47.79</b>

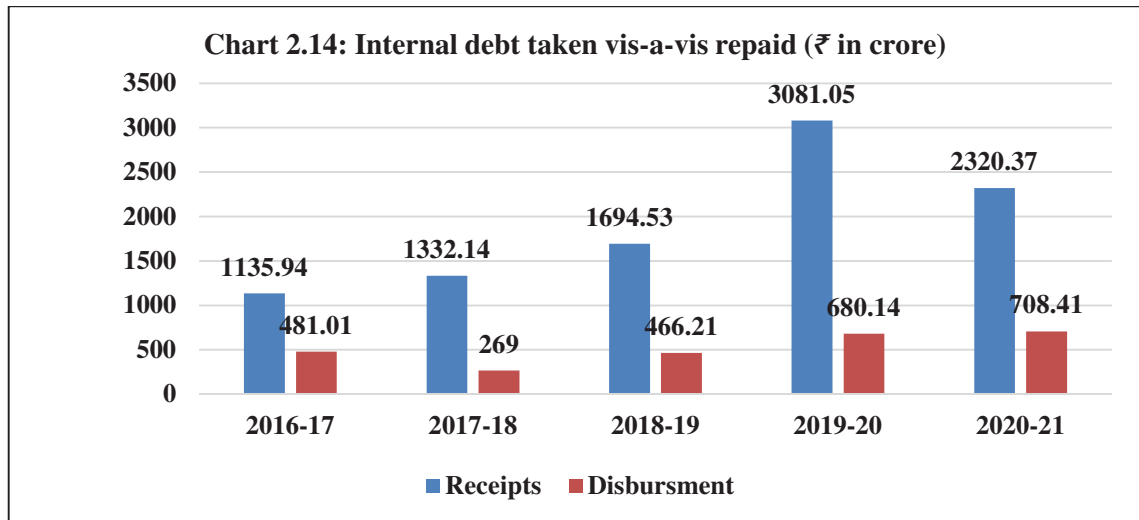
The effective outstanding overall debt would be ₹ 20,857.10 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 226.00 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.



**Table 2.32: Component wise debt trends**

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Market borrowings	4001.33	5138.01	6524.83	9102.83	10733.83
Special Securities issued to NSSF	1421.82	1308.62	1193.36	1074.38	955.39
Loans from Financial Institutions	912.5	951.84	908.59	850.48	950.42
Loans from GoI	267.71	237.16	217.02	184.51	679.53
Small Savings PF, etc.	3751	4271.75	4734.22	5169.22	5807.92
Reserve Fund	745.37	571.19	544.91	625.57	949.00
Deposits and Advances	790.56	896.96	953.83	1161.8	1404.41
Suspense and Misc.	-194.79	-163.87	-478.59	-111.82	-113.84
Remittances	-12.02	19.9	-240.91	-360.8	-393.14
Increase/ Decrease(-) in Cash Balances	1033.12	587.86	172.85	77.65	1368.34
<b>Gross Deficit(-)/Surplus (+) in Consolidated Fund</b>	<b>(-)1902.69</b>	<b>(-)1039.05</b>	<b>(-)130.18</b>	<b>(-)892.86</b>	<b>(+)197.97</b>



The financing pattern of fiscal deficit has undergone a compositional shift as reflected in Table 2.33.

**Table 2.33: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2016-17	2017-18	2018-19	2019-20	2020-21
<b>Composition of Fiscal Deficit</b>						
1	Revenue Deficit (-)/ Surplus (+)	790.32	(-)289.27	141.69	(-)2375.32	(-)1075.42
2	Capital Expenditure	3293.57	1777.05	1480.87	883.22	832.08
3	Net Loans and Advances	26.37	5.32	0.52	3.02	1.64
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	753.38	1137.00	1386.83	2578.00	1631.00
2	Loans from GoI	(-)28.00	(-)30.55	(-)18.80	(-)32.21	495.15
3	Special Securities issued to NSSF	(-)112.57	(-)113.20	(-)115.26	(-)118.98	(-)118.89
4	Loans from other Financial Institutions	14.12	39.34	(-) 43.25	(-)58.11	99.94
5	Small Savings, PF, etc.	396.01	520.75	462.47	435.00	638.70
6	Deposits and Advances	354.29	105.62	56.87	207.96	242.61
7	Suspense	(-)7.48	30.92	(-) 314.73	366.78	(-) 2.03
8	Remittances	6.41	(-)31.91	(-) 221.02	(-)119.89	(-) 32.34
9	Reserve Fund	47.34	(-)174.19	(-) 26.27	80.66	323.43
<b>10</b>	<b>Overall Deficit</b>	<b>1423.50</b>	<b>1483.78</b>	<b>1166.84</b>	<b>3339.21</b>	<b>3277.48</b>
11	Increase (-)/ Decrease (+) in cash balance and investment of cash balance	1106.12	587.86	172.86	-77.65	-1368.34
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>2529.62</b>	<b>2071.64</b>	<b>1339.70</b>	<b>3261.56</b>	<b>1909.14</b>

The share of revenue deficit/ surplus in fiscal deficit indicates the extent to which borrowed funds were used for current consumption.

**Table 2.34: Receipts and Disbursements under components financing the fiscal deficit during 2020-21**

		(₹ in crore)		
	Particulars	Receipt	Disbursement	Net
	<b>Gross Fiscal Deficit</b>	<b>8743.44</b>	<b>6834.30</b>	<b>1909.14</b>
1	Market Borrowings	1916.00	285.00	1631.00
2	Loans from GoI	527.98	32.83	495.15
3	Special Securities issued to NSSF	0.00	118.98	(-) 118.98
4	Loans from Financial Institutions	404.37	304.43	99.94
5	Small Savings, PF, etc.	1847.13	1208.43	638.70
6	Deposits and Advances	896.71	654.10	242.61
7	Suspense	130.83	132.86	(-) 2.03
8	Remittances	1346.08	1378.43	(-) 32.35
9	Reserve Fund	628.17	304.73	323.44
	<b>Overall Deficit</b>	<b>7697.27</b>	<b>4419.79</b>	<b>3277.48</b>
	Increase (-)/ Decrease (+) in cash balance	1046.17	2414.51	(-) 1368.34

### 2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

As on 31 March 2021, there was an outstanding Public Debt of ₹ 13,319.17 crore (Internal Debt: ₹ 12,639.64 crore and GoI loan: ₹ 679.53 crore<sup>19</sup>) of which, market loan bearing interest was ₹ 10,733.83 crore. Out of market loan of ₹ 10,733.83 crore, ₹ 1,195.00 crore will mature in the next one to three years and ₹ 2,127.00 crore will mature during the next five to seven years. As per maturity profile of the outstanding market borrowings, total average interest on ₹ 10,733.83 crore is ₹ 823.67 crore calculated at the rate of 6.55 per cent to 9.67 per cent per annum. Maximum amount of market loan bearing interest will mature in the next seven to 10 years on which, ₹ 385.94 crore will be paid as interest at the rate of 6.55 per cent to 8.82 per cent per annum. Maturity Profile of repayment of Public Debt is shown in **Table 2.35** and the repayment schedule of outstanding market loans with interest is shown in **Chart 2.15**.

**Table 2.35: Debt Maturity profile of repayment of State public debt**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	477.05	3.58
1 – 3	1516.72	11.39
3 – 5	1010.05	7.58
5 – 7	2403.67	18.05
7 and above	7380.49	55.41
Others <sup>20</sup>	531.19	3.99
<b>Total</b>	<b>13,319.17<sup>21</sup></b>	

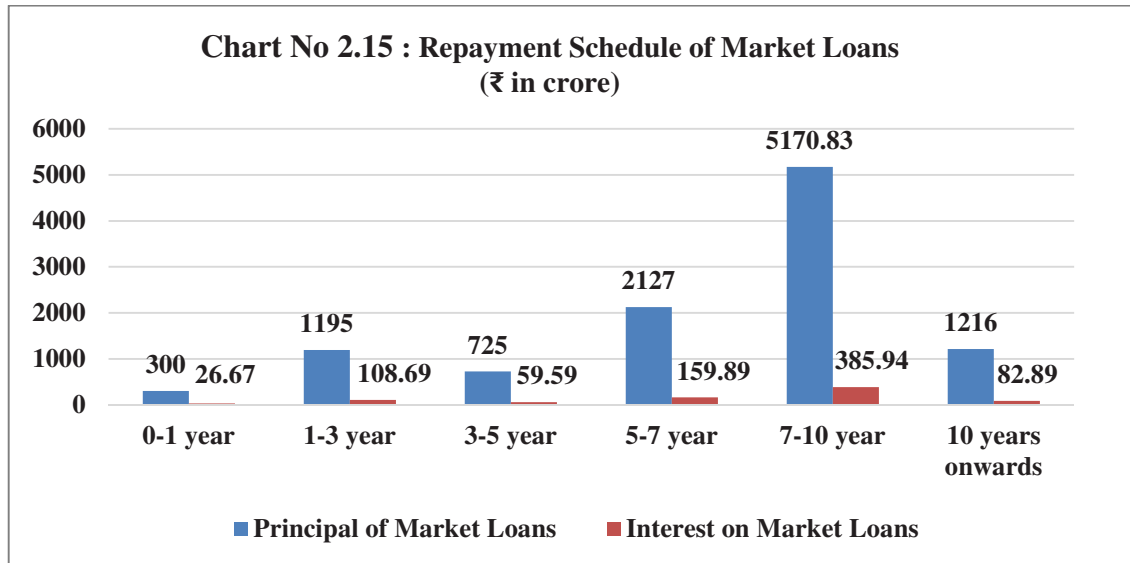
The outstanding Public Debt of ₹ 531.19 crore is against 'Others' for which repayment

<sup>19</sup> Includes back to back loan of ₹ 226.00 crore given by the GoI in lieu of compensation of GST without any repayment obligations.

<sup>20</sup> Payment schedule of this amount is not known.

<sup>21</sup> Including Market loans not bearing interest of ₹ 0.30 lakh and ₹ 17.63 lakh of Pre 1984-85 GoI loans

schedule is not known. Out of ₹ 531.19 crore, ₹ 226.00 crore is on back to back loan released by GoI during 2020-21 in lieu of GST compensation, ₹ 300.00 crore is on block loan given by GoI under the scheme for Special Assistance as loan to states for Capital expenditure and Internal Debt of ₹ 5.19 crore.



## 2.7 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to service its debt now and in future. However, the higher the level of public debt, the more it is likely that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surplus is needed to service a high level of debt; such surplus may be difficult to sustain, both economically and politically;
- a high level of debt heightens an economy’s vulnerability to interest rate and growth shocks;
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (i.e., being unable to fulfil borrowing requirements from private sources or being able to do so only at very high interest rates); and
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode and governments are not forced to increase taxes, or decrease spending.

### Debt Sustainability Indicators

Ratio of total outstanding debt to GSDP ( <i>in per cent</i> )	<p>The debt-to-GSDP ratio is the metric comparing a State's public debt to its Gross State Domestic Product (GSDP). By comparing what a States owes with what it produces, the debt-to-GSDP ratio reliably indicates at particular State's ability to pay back its debts.</p> <p>A falling debt/GSDP ratio can be considered leading towards stability. If Debt/GSDP ratio is increasing rapidly and goes above a threshold, we can say that current level of the primary balance is not sufficient to stabilise the debt-to-GSDP ratio, which is on an explosive path. Sufficient fiscal adjustment should be made by reducing the fiscal deficit (primary balance) to a level necessary to make public debt sustainable.</p>
Ratio of revenue receipts to total outstanding debt	If the ratio is increasing, it would be easy for the government to repay its debt using revenue receipts only without resorting to additional debt.
Ratio of State's own resources to total outstanding debt	If the ratio is increasing, it would be easier for the government to repay its debt using its own resources.
Percentage of outstanding amount of guarantees to total revenue receipts	Higher percentage of guarantees increase the fiscal risks. States have put statutory or administrative ceiling on Government guarantees. They are linked to State's revenue. The Government of Tripura put a ceiling on government guarantees and provides that the total outstanding of Government guarantees as on the first day of April of any year shall not exceed one <i>per cent</i> of the GSDP.
Rate of Growth of Outstanding Public Debt <i>vis-à-vis</i> Rate of Growth of GSDP	If the growth rate of public debt is higher than the GSDP growth rate, it will lead to higher debt to GSDP ratio.
Average interest Rate of Outstanding Debt (Interest paid/OB of Public Debt + CB of Public Debt/2)	Higher interest rate means that there is scope for restructuring of debt.
Percentage of Interest payments to Revenue Receipt	<p>Higher percentage of interest payments leaves less funds for priority areas. It measures the margin of safety a government has for paying interest on its debt during a given period. Governments need to have more than enough revenues to cover interest payments in order to survive future (and perhaps unforeseeable) financial hardships that may arise.</p> <p>If significant portion of borrowed funds are used for repayment of borrowings and interest thereon, the net debt available with</p>

	State for development activities is curtailed.
Percentage of Public Debt Repayment to Public Debt Receipt	Higher the percentage, greater the proportion of debt utilised for debt servicing rather than productively.
Net Debt available to the State	It is the excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt.
Debt Maturity profile of repayment of State debt – including default history, if any	A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. The past record of repayments as per schedule in conjunction with the proportion of debt repayable in the forthcoming seven years, is indicative of debt servicing position.

From **Table 2.36** it appears that the growth rate of outstanding Public Debt rapidly increased from 10.48 *per cent* in 2016-17 to 26.78 *per cent* in 2019-20 and Public Debt/GSDP ratio increased from 16.73 *per cent* to 20.07 *per cent* during the same period. However, during 2020-21, the rate of growth of outstanding debt decreased to 18.79 *per cent* and Debt/GSDP increased to 22.24 *per cent* compared to the previous year. About 10 *per cent* of the revenue receipts were used by the State for payment of interest on the outstanding Public Debt at an average rate of interest ranged between 7.67 *per cent* to 8.36 *per cent* during the last five-year period from 2016-17 to 2020-21. About 22.56 *per cent* to 44.98 *per cent* of the Debt receipts were utilised for repayment of Debt during the last five year period; it was 26.02 *per cent* during 2020-21.

Fiscal space in general refers to the room a government has, to undertake discretionary policy relative to existing plans without undermining debt sustainability or market access. Fiscal space can be gauged through a multi-faceted consideration of context, financing, fiscal indicators, and fiscal impacts.

**Table 2.36: Trends in debt Sustainability indicators**

Debt Sustainability Indicators	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt*	6603.03	7634.28	8843.80 <sup>22</sup>	11212.20	13319.17
Rate of Growth of Outstanding Public Debt	10.48	15.62	15.84	26.78	18.79
GSDP	39479	43716	49823	55357	58880
Rate of Growth of GSDP	9.85	10.73	13.97	12.11	5.41
Public Debt/GSDP	16.73	17.46	17.75	20.07	22.24
Debt Maturity profile of repayment of State debt – including default history, if any	512.63	269.00	498.05	889.07	741.24
Average interest Rate of Outstanding Public Debt ( <i>per cent</i> )	8.36	8.15	8.20	7.89	7.67

<sup>22</sup> Inclusive of ₹ 0.30 crore transferred to MH-0075-800 as other receipts due to write off amount of excess repayment of loan by the Ministry during 2019-20



Table 2.36: Trends in debt Sustainability indicators (concl.)

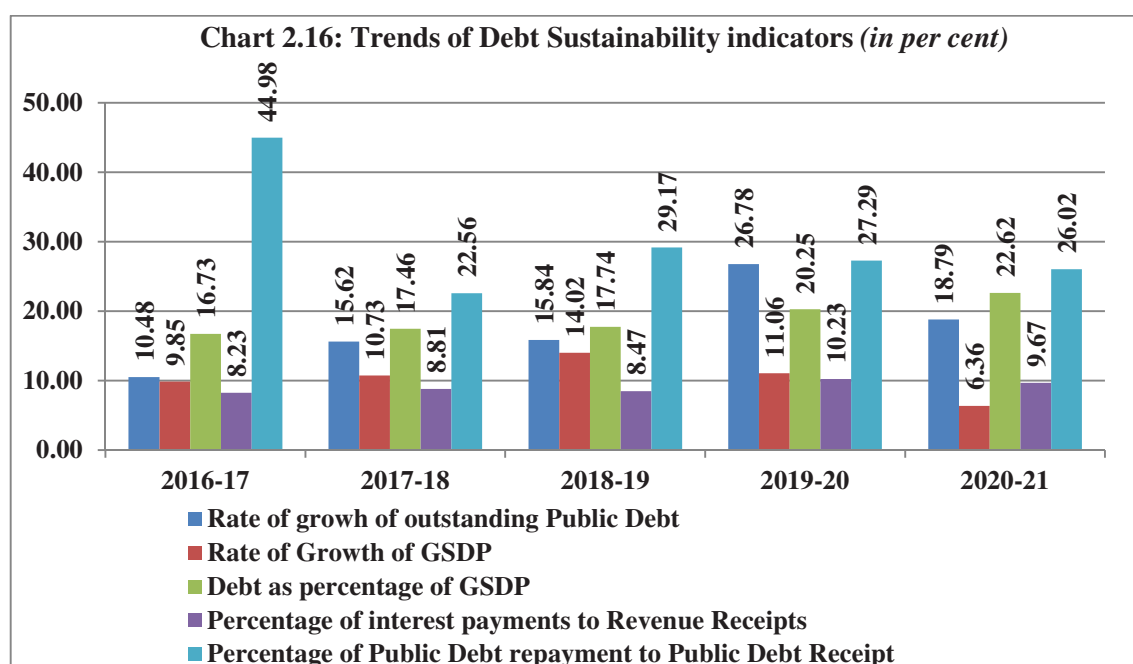
Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Percentage of Interest payment to Revenue Receipt	8.23	8.81	8.47	10.23	9.67
Percentage of Debt Repayment to Debt Receipt	44.98	22.56	29.17	27.29	26.02
Net Debt available to the State <sup>#</sup>	102.04	440.27	541.53	1616.32	1207.84
Net Debt available as <i>per cent</i> to Debt Receipts	8.95	33.02	31.71	49.61	42.34
Debt Stabilisation (Quantum spread + Primary Deficit)	1840.30	1460.35	873.49	2319.34	(-) 1099.81

(₹ in crore)

Source: Finance Accounts

\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. The effective outstanding overall debt would be ₹ 13093.10 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 226.00 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

<sup>#</sup> Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt



### 2.7.1 Utilisation of borrowed funds

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

The trend of borrowing (public debt receipts) during the last five year period 2016-21 and utilisation of the funds are shown in **Table 2.37**. It shows that during 2020-21, out of net availability of borrowed fund, an amount of ₹ 1,273.39 crore (44.71 *per cent*) was utilised for meeting Revenue expenditure, as there was a Revenue deficit of ₹ 1,075.42 crore (7.48 *per cent* of RE) during the year. As a result, the outstanding debt of the State increased to that extent during 2020-21.

**Table 2.37: Utilisation of borrowed funds**

(₹ in crore)

Year		2016-17	2017-18	2018-19	2019-20	2020-21
Total Borrowings	2	1139.56	1333.41	1707.57	3257.77	2848.35
Repayment of earlier borrowings (Principal) (percentage)	3	512.63 (44.98)	300.82 (20.17)	498.05 (29.17)	889.07 (27.29)	741.24 (26.02)
Capital expenditure (Percentage)	4	626.93 (55.02)	1032.59 (79.83)	1209.52 (70.83)	883.22 (27.11)	832.08 (29.21)
Net loans and advances	5	-	-	-	3.02 (0.09)	1.64 (0.06)
Portion of Revenue expenditure met out of net available borrowings	6=(2-3-4-5)	-	-	-	1482.46 (45.51)	1273.39 (44.71)

Source: Finance Accounts

### 2.7.2 Status of 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. The State Governments have come out with legislations or instructions with regard to capital on the guarantees.

As per the Guarantee Redemption scheme guidelines, the State Government had made a budget provision of ₹ 3.00 crore under Major Head 2075 during the year 2020-21 for contribution to the guarantee redemption fund during the year.

During 2020-21, the Government had given fresh guarantee of ₹ 276.40 crore for repayment of loans raised by the Tripura Infrastructure and Investment Fund Board (₹ 146.40 crore), Tripura Power Corporation Ltd. (₹ 100.00 crore) and Tripura ST cooperative Development Corporation Limited (₹ 30.00 crore).

The Government received ₹ 2.76 crore as guarantee fees on the fresh guarantee given during the year 2020-21. The State Government, however, transferred the guarantee fees of ₹ 2.79 crore to the guarantee redemption fund along with the interest of ₹ 0.03 crore accrued during the year 2020-21. After deletions of ₹ 239.55 crore during 2020-21, total outstanding guarantee stood at ₹ 771.42 crore including interest of ₹ 0.08 crore at the end of 31 March 2021. This was an increase of 5.02 per cent as compared to the previous year and it was 1.31 per cent of GSDP for the year.

**Table 2.38: Guarantees given by the State Government**

(₹ in crore)

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Maximum amount of guaranteed during the year	64.00	54.00	230.00	246.75	276.40
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	1 per cent of GSDP	1 per cent of GSDP	1 per cent of GSDP	1 per cent of GSDP	1 per cent of GSDP
Outstanding amount of guarantees including interest	312.53	327.65	523.67	734.57	771.42

The break-up of outstanding guarantee is shown in **Table 2.39**.

**Table 2.39: Details/ break-up of outstanding guarantee as on 31 March 2021**  
(₹ in crore)

Sector	Outstanding at the beginning of 2020-21	Addition during 2020-21	Deletions during the year 2020-21	Outstanding as on 31-03-2021
1. Tripura Housing and Construction Board (THCB)	200.00	0.00	200.00	0.00
2. Agartala Smart City	200.00	0.00	0.00	200.00
3. Tripura Infrastructure and Investment Fund Board	0.00	146.40	0.00	146.40
4. Power	159.57	100.00	0.00	259.57
5. Co-operation (6 Nos.)	175.00 <sup>23</sup>	30.00	39.55	165.45
<b>Total</b>	<b>734.57</b>	<b>276.40</b>	<b>239.55</b>	<b>771.42</b>

The State Government has given guarantee for ₹ 200.00 crore to the Tripura Housing and Construction Board (THCB) to raise loans from various entities during 2019-20 and received ₹ 2.00 crore as guarantee fee from them against the fresh guarantee during the year as per scheme guidelines. As per information furnished by the Government (July 2021), against the guarantee of ₹ 200.00 crore, the THCB had taken loan of only ₹ 81.96 crore from HUDCO and repaid the same with interest of ₹ 1.96 crore during 2020-21. It was also stated that no further loan will be raised from HUDCO against the guarantee given by the State Government during 2019-20. Hence, there was no guarantee outstanding against the THCB as on 31 March 2021.

The State Government was requested to furnish the details of the loan raised by the various entities against the guarantee given by the Government during 2020-21. As per information furnished (November 2021) by the State Government it was noticed that the Tripura State Electricity Corporation Ltd (TSECL) raised loan of ₹ 100.00 crore from the Bank of India against the guarantee given by the State Government during 2020-21. The Tripura Infrastructure and Investment Fund Board (TIIFB) (established under Tripura Act No. 6 of 2018) raised loans of ₹ 65.00 crore from various PSUs/ Departments during 2020-21 against the guarantee of ₹ 146.40 crore and the Tripura Scheduled Tribes Co-operative Development Corporation raised loan of ₹ 21.34 crore against the guarantee given by the Government of ₹ 30.00 crore during the year.

### 2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts

<sup>23</sup> Note: Six Cooperative: (1) Tripura State Cooperation Bank Ltd.: ₹ 6.59 crore; (2) Tripura Cooperative Agricultural Development .Bank Ltd: ₹ 0.69 crore; (3) Tripura SC Cooperative Development Corporation Ltd: ₹ 38.61 crore; (4) Tripura OBC cooperative. Development Corporation Ltd.: ₹ 44.68 crore; (5) Tripura Minorities Cooperative. Development Corporation Ltd.: ₹ 65.24 crore and (6) Tripura ST Cooperative Development. Corporation Ltd.: ₹ 19.19 crore.

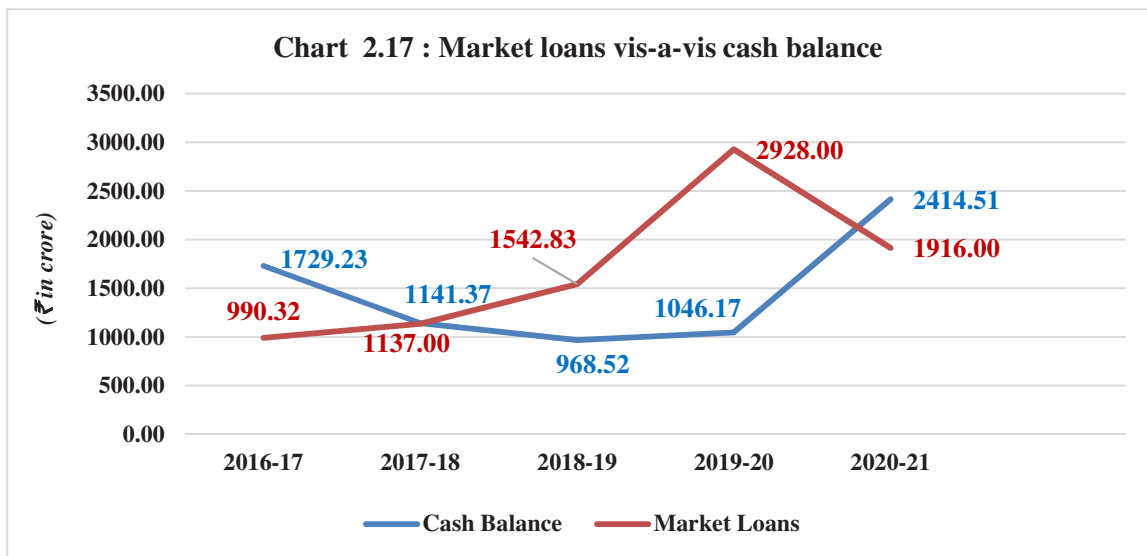
(OD) from time to time. The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

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’. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that the State Government takes recourse to market loans despite having large cash balances as this leads to further accretion to cash balances without putting it to productive use.

Under the agreement with the RBI, the State Government had to maintain a minimum cash balance of ₹ 0.29 crore with the bank.

The State Government had availed ₹ 85.67 crore as Special Drawing facility against the operative limit of ₹ 90.37 crore as on 31 March 2021 and repaid the same during the year 2020-21. **Table 2.40** depicts the cash balances of the State at the end of 31 March 2021 out of which an amount of ₹ 1,940.78 crore was held in cash balance investment account in GoI 14/91 days Treasury Bills as on March 2021. The trend in cash balance investment account during the last five year period are shown in **Table 2.41**.



It is seen that the overall cash balance at the end of 31 March 2021 increased by ₹ 1,368.34 crore from ₹ 1,046.17 crore at the beginning of the year 2020-21. There was increase of ₹ 1,587.42 crore (449.24 per cent) in cash balance investment account while investment in earmarked fund increased by ₹ 73.52 crore (22.69 per cent) at the end of 31 March 2021. The position of cash balances and resource of market loans are indicated in **Chart 2.17**.

Table 2.40: Trend of Cash Balances investment

(₹ in crore)

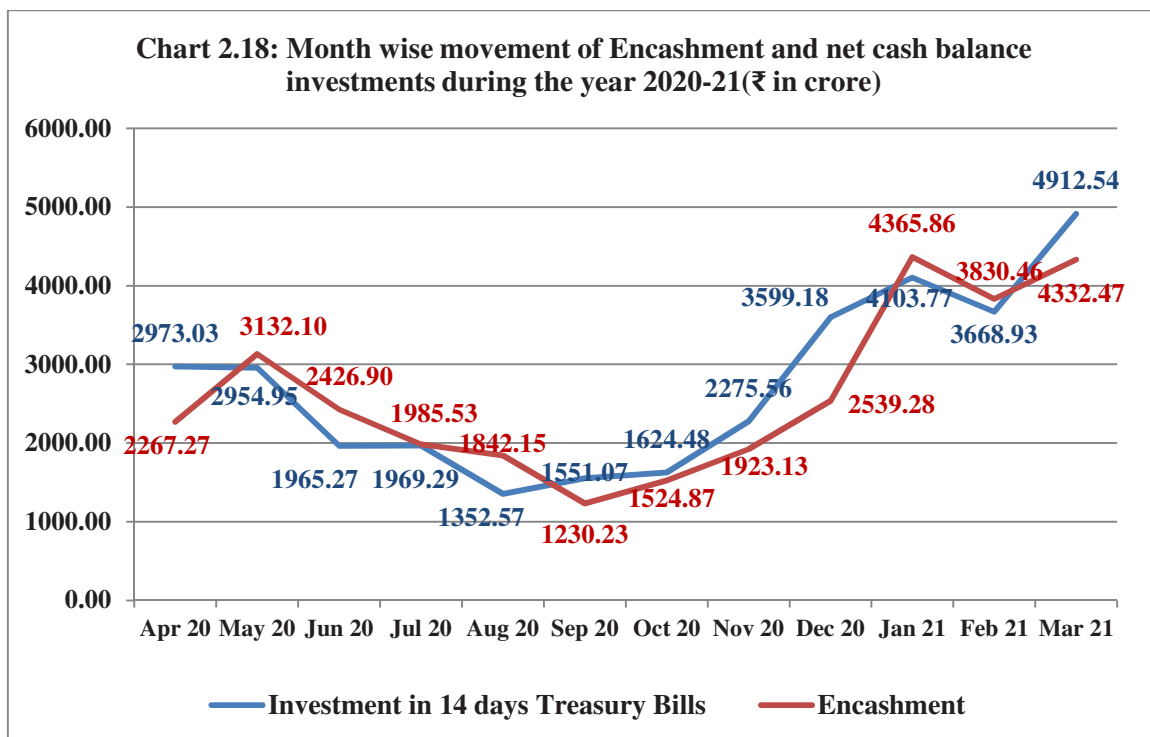
Particulars	Opening balance on 1 April 2020	Closing balance on 31 March 2021
<b>A. General Cash Balance</b>		
Cash in treasuries	(-)1.13	(-)1.13
Deposits with Reserve Bank of India	340.98	48.22
Deposits with other Banks	-	-
Remittances in transit – Local	-	-
<b>Total</b>	<b>339.85</b>	<b>47.09</b>
Investments held in Cash Balance investment account	353.36	1940.78
<b>Total (A)</b>	<b>693.21</b>	<b>1987.87</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	28.97	28.95
Permanent advances for contingent expenditure with department officers	0.04	0.22
Investment in earmarked funds	323.95	397.47
<b>Total (B)</b>	<b>352.96</b>	<b>426.64</b>
<b>Total (A + B)</b>	<b>1046.17</b>	<b>2414.51</b>
<b>Interest realised</b>	<b>17.43</b>	<b>17.04</b>

Source: Finance Accounts

Table 2.41: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2016-17	2207.79	1356.72	(-)851.07	35.66
2017-18	1356.72	639.54	(-)717.18	37.41
2018-19	639.54	652.34	12.80	37.86
2019-20	652.34	353.36	(-)298.98	17.43
2020-21	353.36	1940.78	1587.42	17.04



## 2.8 Conclusion

During 2020-21, the State had a Revenue deficit of ₹ 1,075.42 crore which was 1.82 *per cent* of GSDP during the year. Fiscal deficit was ₹ 1,909.14 crore during 2020-21 which was 3.24 *per cent* of GSDP and primary deficit was ₹ 624.33 crore (1.06 *per cent* of GSDP). Fiscal deficit target as percentage to GSDP was achieved in 2020-21 against the target fixed of 5.00 *per cent* for the year. The State achieved the target set in FRBM Act in respect of outstanding liabilities to GSDP in all five years of 2016-17 to 2020-21 and it was 35.42 *per cent* in 2020-21 against the target of 36.30 *per cent* for the year.

Revenue Receipts during the year 2020-21 were ₹ 13,292.40 crore which increased by ₹ 2,290.81 crore (20.82 *per cent*) during the year. State's Own Tax increased by ₹ 230.65 crore (10.97 *per cent*) from ₹ 2,101.79 crore (2019-20) to ₹ 2,332.44 crore (2020-21) while Non-Tax revenue increased by ₹ 13.84 crore (5.09 *per cent*) only during the year from ₹ 271.65 crore (2019-20) to ₹ 285.49 crore (2020-21). The State had collected ₹ 1,056.01 crore as GST during 2020-21, an increase of 2.86 *per cent* over the previous year.

Grants-in-aid from GoI increased by ₹ 2,039.65 crore (46.18 *per cent*) from ₹ 4,416.37 crore (2019-20) to ₹ 6,456.02 crore (2020-21) and State's Share of Union taxes and Duties during 2020-21 increased by ₹ 6.67 crore (0.16 *per cent*) from ₹ 4,211.78 crore (2019-20) to ₹ 4,218.45 crore (2020-21).

Revenue expenditure during the year 2020-21 was ₹ 14,367.82 crore which was 94.51 *per cent* of the total expenditure of ₹ 15,202.79 crore. Moreover, there was a misclassification of ₹ 13.91 crore booked as Capital expenditure instead of Revenue expenditure which was given by the State Government as Grants-in-aid to the local bodies or individual entities under various Central Schemes during the year, resulting in

overstatement of Capital expenditure and understatement of Revenue expenditure to that extent during 2020-21. Committed expenditure comprising salary & wages, pension, interest payments, *etc.* was 61.89 *per cent* of the Revenue expenditure during the year 2020-21.

Capital expenditure is the expenditure incurred for creation of fixed infrastructure assets such as roads, building, *etc.* It is noticed that during the year 2020-21 Capital expenditure decreased by ₹ 51.14 crore (5.79 *per cent*) from ₹ 883.22 crore during 2019-20 to ₹ 832.08 crore.

During 2020-21, the State Government invested ₹ 65.53 crore in Government Companies, statutory corporation, co-operative societies and joint stock companies. As on 31 March 2021 the State Government made investment of ₹ 1,714.19 crore in those companies/ corporations and co-operative societies and got negligible amount of ₹ 6.62 crore as dividend during the year from two joint stock companies.

The State Government contributed ₹ 45.00 crore to the Consolidated Sinking Fund against the admissible contribution of ₹ 89.23 crore calculated at the rate of 0.5 *per cent* of the outstanding liabilities of ₹ 17,845.58 crore at the beginning of the year. There was short contribution of ₹ 44.23 crore to the SDRF during 2020-21. The State Government contributed un-transferred amount of ₹ 1.90 crore for the year 2019-20 in the State Disaster Response Fund in addition to ₹ 3.78 crore for the year 2020-21.

The State short contributed ₹ 0.91 crore to the guarantee redemption fund at rate of 0.5 *per cent* of outstanding guarantees of ₹ 734.57 crore at the beginning of the year 2020-21, including interest as on 31 March 2020.

The outstanding liabilities including outstanding Public Debt increased from ₹ 11,258.96 crore in 2016-17 to ₹ 21,083.10 crore in 2020-21 with an increase of 87.26 *per cent* during the period. About nine to 10 *per cent* of the revenue receipts were used by the State for payment of interest on the outstanding Public Debt, the average rate of interest ranged between 7.50 *per cent* to 7.89 *per cent* during the last five year period from 2016-17 to 2020-21.

As on 31 March 2021, the State had outstanding Market loan of ₹ 10,733.83 crore out of which ₹ 2,127.00 crore would mature in next five to seven years and ₹ 5,170.83 crore would mature during next seven to 10 years.

The State Government had availed ₹ 85.67 crore as Special Drawing facility against the operative limit of ₹ 90.37 crore as on 31 March 2021 and repaid the same during the year 2020-21. The cash balances of the State at the end of 31 March 2021 was ₹ 2,414.51 crore out of which, ₹ 1,940.78 crore was held in cash balance investment account during the year. It is not desirable that State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use and further increasing its debt liabilities.

## 2.9 Recommendations

1. *State Government may take necessary steps to reduce the Revenue and Fiscal deficits and to review the accounting treatment of the expenditure met out for Grants-in-aid from the Capital account instead of Revenue Account as it affects the transparency of accounting and has significant impact on the computation of the Revenue Surplus/deficits.*
2. *State Government should review the functioning of its loss making State Public Sector Enterprises (SPSEs) in the State considering the investment as well as returns.*
3. *The State Government may contribute to the Consolidated Sinking Fund and State Disaster Response Fund as per the guidelines.*