

Chapter I: Overview

1.1 Profile of the State

Rajasthan with a geographical area of 3.42 lakh square kilometers is the largest state in the country. It is situated in the north-western part of the country and is surrounded by the states of Punjab, Haryana and Uttar Pradesh in the north and north-east, Madhya Pradesh in the south-east and Gujarat in the south-west. It also has a long international frontier with Pakistan. The state has varied climatic conditions ranging from semi-arid to arid. Administratively, it is divided into 7 divisions and 33 districts.

The key indicators of the State are given in **Table 1.1** and **Appendix 1.1**.

Table 1.1: Key indicators of the State

S. No.	Indicators	Year	Unit	Rajasthan	India
1.	Geographical Area*	2021-22	Lakh Sq. Km.	3.42	32.87
2.	Population [^]	2022	Crore	8.02	137.56
3.	Decadal Growth Rate [^]	2012-2022	Percentage	15.02	12.12
4.	Population Density ^{^^}	2022	Population per Sq. Km.	234.20	418.43
5.	Urban Population to total population**	2011	Percentage	24.9	31.1
6.	Sex Ratio**	2011	Females per 1,000 Males	928	943
7.	Literacy Rate ^{&}	2011	Percentage	66.10	73.00
8.	Per Capita GSDP/GDP [§]	2021-22	in ₹	1,49,911	1,72,913
9.	Infant Mortality Rate ^{&&}	2020	Per 1,000 live births	32.00	28.00
10.	Life Expectancy at birth ^{&&&}	2015-2019	Years	69.00	69.70
11.	Population Below Poverty Line (BPL) [§]	2011-12	Percentage	14.71	21.92

* Forest Survey Report (2021)

[^] Population Projections by National Commission on Population, Ministry of Health and Family Welfare.

^{^^} Projected population as on 01st March by Ministry of Health and Family Welfare.

** Economic Review 2021-22, Government of Rajasthan (GoR)

& Census 2011

§ Ministry of Statistics and Program Implementation, GoI

&& SRS^l Bulletin

&&& SRS Abridged Life Table 2015-19, Registrar General of India

It is evident from the above table that the percentage of population below the poverty line was 14.71 *per cent* which was less than the All India average of 21.92 *per cent*. The literacy rate was 6.90 percentage points below the All India average of 73 *per cent*.

During 2021-22, per capita income of the State stood at ₹1,49,911 lower than the All India per capita income of ₹1,72,913.

1.1.1 Gross State Domestic Product of Rajasthan

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

The trends in the annual growth rate of the GSDP as compared to Gross Domestic Product (GDP) at current prices are indicated in Table 1.2.

Table 1.2: Trends in GSDP compared to the GDP at current prices

S. No.	Year	(₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
1.	GDP* (2011-12 Series)	1,70,90,042	1,88,99,668 [§]	2,00,74,856 ^Σ	1,98,00,914 [£]	2,36,64,637 [@]
2.	Growth rate of GDP over previous year (in per cent)	11.03	10.59	6.22	(-)1.36	19.51
3.	GSDP** (2011-12 Series)	8,32,529	9,11,674	9,99,050 ^Σ	10,13,323 [£]	11,96,137 [#]
4.	Growth rate of GSDP over previous year (in per cent)	9.46	9.51	9.58	1.43	18.04

* Central Statistical Office (CSO), Ministry of Statistics & Programme Implementation, GoI.

** Economic Review (2021-22) by Directorate of Economics and Statistics, GoR.

Σ Revised Estimate-II, £ Revised Estimate-I, # Advance Estimates,

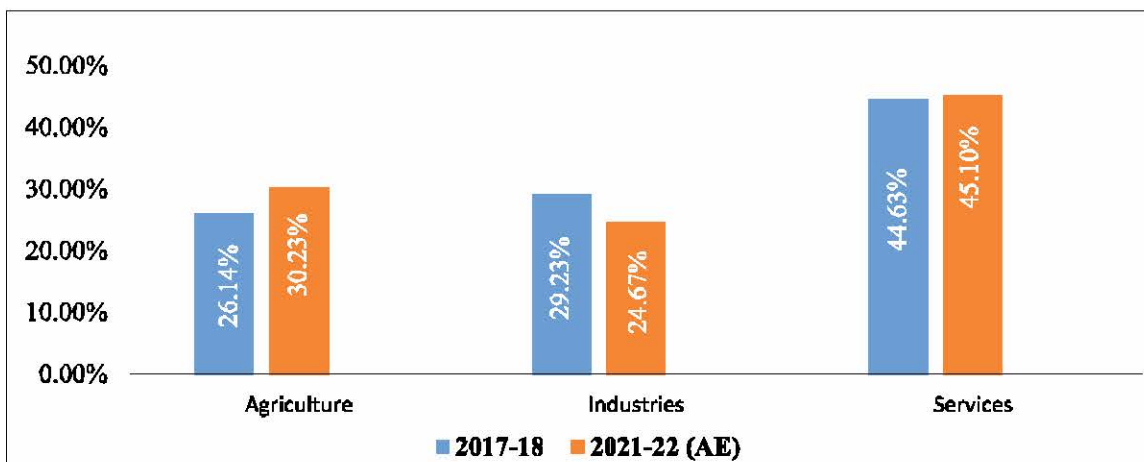
§ 3rd Revised Estimate

@ Provisional Estimate

As can be seen from the table above, during 2021-22, GSDP registered 18.04 per cent growth rate which was less than the growth rate (19.51 per cent) of GDP.

Change in sectoral contribution to GSVA at current prices (2017-18 to 2021-22)

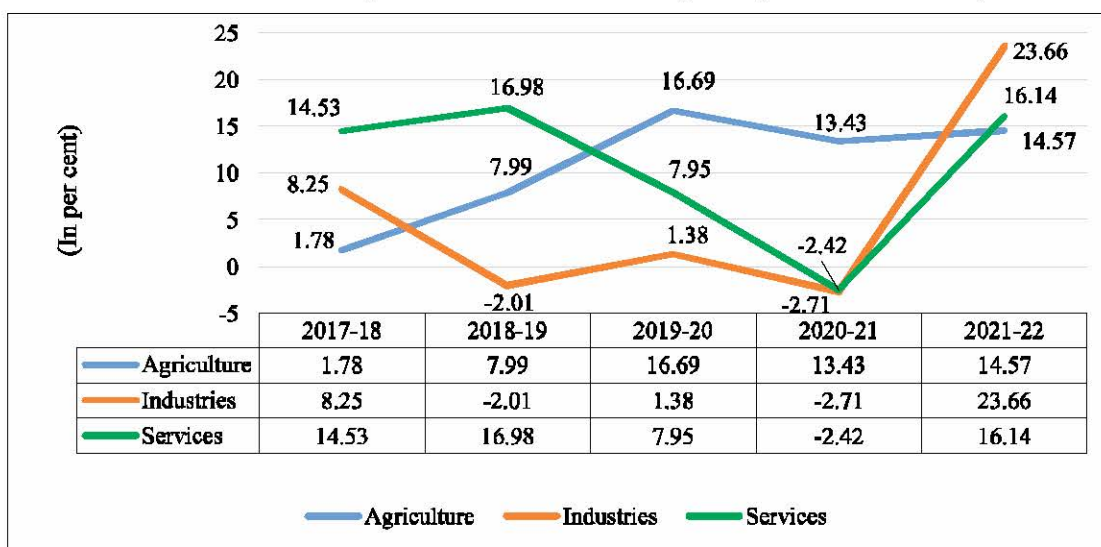
Chart 1.1 reveals that during the five-year period from 2017-18 to 2021-22, there has been a significant decrease in the relative share of Industries in Gross State Value Added (GSVA), from 29.23 per cent in 2017-18 to 24.67 per cent in 2021-22. However, increase in the relative share of Services and Agriculture sectors was witnessed during 2021-22 in comparison to 2017-18.

Chart 1.1: Change in sectoral contribution to GSVA at current prices (2017-18 and 2021-22)

Source: Economic Review (2021-22), GoR

Sectoral growth in GSVA at current prices

During 2021-22, Industry and Service sectors registered sharp growth from the previous year as can be seen from **Chart 1.2**.

Chart 1.2: Sectoral growth in GSVA at current prices (2017-18 to 2021-22)

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State.

Accountant General (Accounts & Entitlement) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government and the statements received from the Reserve Bank of India. These

accounts are audited independently by the Principal Accountant General (Audit-I) and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State for the year 2021-22 constitute the core data for this State Finances Audit Report (SFAR). Other sources include the following:

- Budget of the State for the year 2021-22, both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit-I), Rajasthan at the State Government as well as at the field level during the year;
- Other data with Departmental Authorities and Treasuries (accounting as well as IFMS);
- GSDP data and other State related statistics from the Directorate of Economics and Statistics, GoR and
- Various audit reports of the CAG of India prepared during the period 2016-22.

The analysis is also carried out in the context of recommendations of the XV Finance Commission (FC), State Financial Responsibility and Budget Management (FRBM) Act, best practices and guidelines of the Government of India.

1.3 Report Structure

The SFAR is structured into the following five Chapters:

Chapter - I	Overview This Chapter describes the basis and approach of the Report, provides an overview of the structure of government accounts, budgetary processes, macro analysis of key indices for the State's fiscal position including the deficit/surplus.
Chapter - II	Finances of the State This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-

	compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter - V	Financial Performance of State Public Sector Undertakings This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their accounts.

1.4 Overview of Government Accounts Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government as repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments etc.) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

2. Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

3. Public Account of the State (Article 266(2) of the Constitution of India)

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

There is a constitutional requirement (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the government in respect of every financial year. This 'Annual

Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue receipts consist of tax revenue (Own Tax revenue plus share of Union Taxes/Duties), non-tax revenue and grants from the Government of India.

Revenue expenditure consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses which are incurred for the normal functioning of the government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The **Capital receipts** consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.;
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

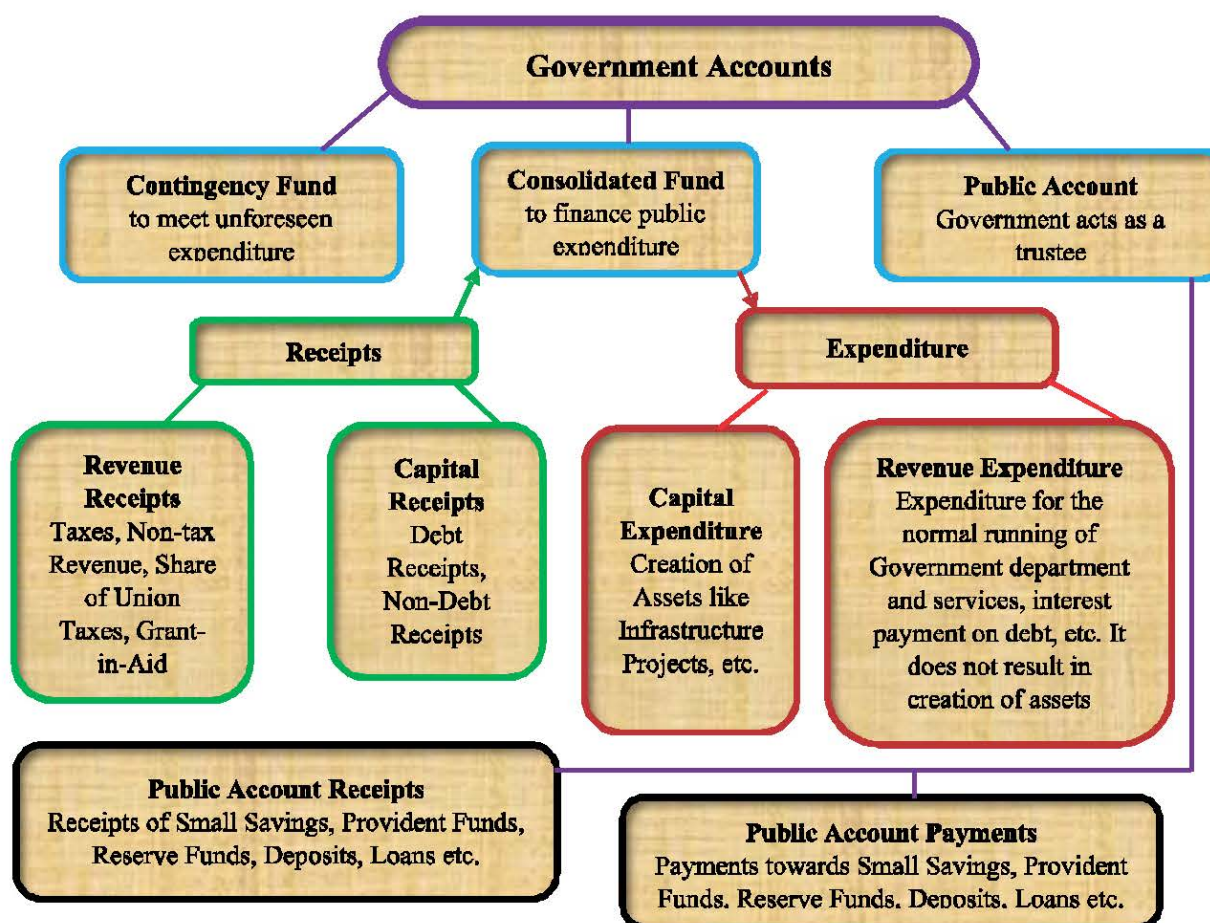
Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

At present, we have an accounting classification system in government that is both functional and economic.

	Attribute of transaction	Classification
Standardized in LMMH by CGA	Function- Education, Health, etc./Department	Major Head under Grants (4-digit)
	Sub-Function	Sub-Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, etc. (2-digit)

The functional classification lets us know the department, function, scheme or programme and object of the expenditure. Economic classification helps organize these payments as revenue, capital, debt, etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 for revenue receipts, 2 and 3 for revenue expenditure, etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” object head is revenue expenditure, “construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Chart 1.3: Structure of Government Accounts



Fund based accounting coupled with functional and economic classification of transactions facilitates in-depth analysis of Government activities/transactions and enables Legislative oversight over public finances.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of Rajasthan caused to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2021-22, in the form of an Annual Financial Statement (referred to as Budget) with estimates of expenditure

- charged upon the Consolidated Fund of the State;
- the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State and expenditure on Revenue Account distinguished from other expenditure.

In terms of Article 203, the above was submitted to the State Legislature in the form of 55 Demands for Grants/Appropriations and after approval of these, the Appropriation Bill was passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

As mentioned in **Paragraph 1.2**, Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These Accounts are based on actual receipts and expenditure of the State during the year 2021-22 including various inter-governmental and other adjustments carried out by the Reserve Bank of India (RBI). Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is important to study the budget of the State for 2021-22 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

1.4.1 Snapshot of Finances

The following table provides the details of actual financial results vis-a-vis Budget Estimates for the year 2021-22 vis-a-vis actuals of 2020-21.

Table 1.3: Budget Estimates for the year 2021-22 vis a vis actuals of 2020-21 and 2021-22

(₹ in crore)						
S. No.	Components	2020-21 Actual	2021-22 BE	2021-22 Actual	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	2	3	4	5	6	7
1	Tax Revenue	95,859	1,30,157	1,28,839	217.79	10.77
(I)	Own Tax Revenue	60,283	90,050	74,808	83.07	6.25
(II)	Share of Union Taxes/ duties (a)	35,576	40,107	54,031	134.72	4.52
2	Non-Tax Revenue	13,653	17,698	18,755	105.97	1.57
3	Grants-in-aid and Contributions	24,796	36,475	36,326	99.59	3.04
4	Revenue Receipts (1+2+3)	1,34,308	1,84,330	1,83,920	99.78	15.38
5	Recovery of Loans and Advances	373	655	2,374	362.44	0.20
6	Miscellaneous Capital Receipts	14	20	31	155.00	0.00
7	Borrowings and other Liabilities (b)	59,376	47,653	48,238	101.23	3.43 ²
8	Capital Receipts (5+6+7)	59,763	48,328	50,643	104.79	4.23
9	Total Receipts (4+8)	1,94,071	2,32,658	2,34,563	100.82	19.61
10	Revenue Expenditure of which	1,78,309	2,08,080	2,09,790	100.82	17.54
11	Interest payments	25,202	28,360	28,100	99.08	2.35
12	Grant in Aid for creation of capital assets	990	-	579	-	0.05
13	CAPEX of which (c)	15,762	24,578	24,773	100.79	2.07
14	Capital Outlay	15,271	24,216	24,152	99.74	2.02
15	Loan and Advances	491	362	621	171.55	0.05

2. Arrived at after exclusion of GST compensation of ₹ 7,268 crore received as back to back loans under debt receipts from the total outstanding liabilities.

S. No.	Components	2020-21 Actual	2021-22 BE	2021-22 Actual	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	2	3	4	5	6	7
16	Total Expenditure (10+13)	1,94,071	2,32,658	2,34,563	100.82	19.61
17	Revenue Deficit (4-10)	44,001	23,750	25,870	108.93	2.16
18	Effective Revenue Deficit (17-12)	43,011	-	25,291	-	2.11
19	Fiscal Deficit {16-(4+5+6)}	59,376	47,653	48,238	101.23	4.03
20	Primary Deficit (19-11)	34,174	19,293	20,138	104.38	1.68

Source: Finance Account and budget document.

- (a) Includes State's share of Union Taxes.
- (b) Borrowings and Other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance. Effective Borrowings and Other Liabilities would be ₹ 40,970 crore as the Department of Expenditure, GOI had decided that GST compensation of ₹ 7,268 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.
- (c) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

GST Compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST compensation of ₹ 3,746.34 crore (pertaining to 2020-21) as revenue receipts during the year, due to inadequate balance in GST compensation fund Rajasthan also received back-to-back loan of ₹ 7,268 crore during 2021-22 under debt receipts of the State Government, with no repayment liability for the State. Due to this arrangement, the revenue deficit of ₹ 25,870 crore and fiscal deficit of ₹ 48,238 crore during the year 2021-22 may be read in conjunction with debt receipt of ₹ 7,268 crore in lieu of GST compensation.

1.4.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. Table 1.4 and Appendix 1.2 give an abstract of such liabilities and assets as on 31 March 2022.

Table 1.4: Summarised position of Assets and Liabilities

		Liabilities			Assets				
		2020-21	2021-22	Per cent increase/decrease (-)			Per cent increase/decrease (-)		
		2020-21	2021-22	Per cent increase/decrease (-)	2020-21	2021-22	Per cent increase/decrease (-)		
Consolidated Fund									
A	Internal Debt	2,84,788.78	3,21,807.34	13.00	a	Gross Capital Outlay	2,18,062.87	2,42,183.05	11.06
B	Loans and Advances from GoI	23,532.15	31,748.73	34.92	b	Loans and Advances	9,965.41	8,213.06	(-)17.58

(₹ in crore)

Liabilities				Assets					
	2020-21	2021-22	Per cent increase/decrease (-)		2020-21	2021-22	Per cent increase/decrease (-)		
Contingency Fund									
Contingency Fund	500.00	1,000.00	-						
Public Account									
A	Small Savings, Provident Funds, etc.	56,325.69	58,786.37	4.37	a	Advances	3.17	3.17	-
B	Deposits	36,713.81	44,174.53	20.32	b	Remittance	-	-	-
C	Reserve Funds	11,242.77	12,587.26	11.96	c	Suspense and Miscellaneous	4.06	85.73	2011.58
D	Remittances	1.50	1.51	0.67		Cash balance (including investment in Earmarked Fund)	6,487.51	14,669.09	126.11
						Total	2,34,523.02	2,65,154.10	13.06
						Deficit in Revenue Account	1,78,581.68	2,04,951.64	14.77
	Total	4,13,104.70	4,70,105.74	13.80		Total	4,13,104.70	4,70,105.74	13.80

Source: Finance Accounts

It can be seen from the above table that during 2021-22, assets increased by 13.06 per cent, while liabilities increased by 13.80 per cent over the previous year.

1.5 Fiscal Balance: Achievement of deficit and total debt targets

In pursuance of recommendations of the Twelfth Finance Commission, the State Government had enacted the 'Fiscal Responsibility and Budgetary Management Act 2005', with a view to ensure prudence in fiscal management and to maintain fiscal stability in the State. It was amended in the years 2011, 2016 and 2021. The Fifteenth Finance Commission (XV-FC) stated that the State Governments should comply with the recommended path of debt consolidation and in doing so, they must abide by the definition of both debt and fiscal deficit as contained in the FRBM Act, which recognises issues connected with off-budget borrowings, contingent liabilities and guarantees.

Review of fiscal situation of the State revealed the following:

(i) As per the provision contained in Section 6(a) of FRBM Act, the state government was to achieve Zero Revenue Deficit from the financial year 2011-12 and thereafter maintain it or attain revenue surplus. However, the State Government could maintain the revenue surplus only during the years 2011-12 and 2012-13 and thereafter there has been revenue deficit during last nine consecutive years upto 2021-22.

The Budget Estimates (BE), Revised Estimates (RE) and Actual figures in respect of Revenue Deficit during the last six years are summarised below:

Table 1.5: Position of Revenue deficits/surplus in the context of BE/RE and Actual**(₹ in crore)**

S. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Budget Estimates	(-) 8,802	(-) 13,528	(-)17,455	(-) 27,015	(-) 12,346	(-) 23,750
2.	Revised Estimates	(-) 17,838	(-) 20,166	(-)24,825	(-) 28,041	(-) 41,722	(-) 35,689
3.	Actual	(-) 18,114	(-) 18,535	(-) 28,900	(-) 36,371	(-) 44,001	(-) 25,870

Source: Finance Accounts and budget document.

Note: Deficit/surplus have been shown including the impact of UDAY³ during the years 2016-17 to 2019-20.

It is seen from the above table that the revenue deficit stood at ₹ 25,870 crore which was more than the projection made in BE (₹ 23,750 crore) and much lower than RE (₹ 35,689 crore). The above position indicates that the state has to make more realistic estimates of receipt and expenditure while preparing the revised estimates.

During 2021-22, the revenue deficit was higher than the BE (by ₹ 2,120 crore) as the actual revenue receipt declined to ₹ 1,83,920 crore (including ₹ 3,746 crore received from Government of India on account of compensation for loss of revenue arising out of implementation of GST) against ₹ 1,84,330 crore in BE i.e. a decline of 0.22 per cent (₹ 410 crore) whereas the actual revenue expenditure increased to ₹ 2,09,790 crore against ₹ 2,08,080 crore in BE i.e higher by 0.82 per cent (₹ 1,710 crore).

(ii) Section 6 (b) of the FRBM Act (as amended in 2011), envisaged achieving fiscal deficit of 3 per cent of GSDP by the financial year 2011-12 and thereafter to maintain the said ratio or reduce it. Further, as per the Rajasthan FRBM (amendment) Act⁴ 2021, the State is eligible for the additional borrowing of 0.50 per cent of GSDP for the period 2021-22 to 2024-25, allowed by Central Government, based on certain performance criteria in the power sector.

Though the FRBM Act was amended (March 2021) to increase the target of debt-GSDP ratio, the target for Fiscal Deficit remained unchanged. The following table shows the trend of fiscal deficit-GSDP ratio during the last three years:

Table 1.6: Position of Fiscal deficit in the context of BE/RE and Actual**(In per cent)**

S. No.	Years	Budget Estimates	Revised Estimates	Actual
1.	2019-20	3.27	3.22	3.77
2.	2020-21	3.35	5.78	5.86
3.	2021-22	3.98	5.18	4.03

Source: BE and RE from Budget documents

3. Ujwal DISCOM Assurance Yojana (UDAY) is the financial turnaround and revival package for electricity distribution companies (DISCOMs) initiated by the Government of India with the intent to find a permanent solution to the financial mismanagement.

4. As amended on 25th September 2021.

It is evident from the above table that fiscal deficit as a percentage of GSDP during 2021-22 is higher than the target of 3 *per cent* prescribed under the FRBM Act. The fiscal deficit stood at ₹ 48,238 crore (4.03 *per cent* of GSDP) which was slightly higher than the projection in BE (₹ 47,653 crore) but much lower than the RE (₹ 62,015 crore).

(iii) The State Government amended (March 2021) the provisions of Section 6(c) of the FRBM Act and prescribed the limit of total outstanding debt up to 38.20 *per cent* of GSDP within a period of six years beginning from 1 April 2020 and thereafter to maintain the said ratio or reduce it. The Debt-GSDP ratio during 2021-22 was 37.70 *per cent*⁵ (excluding ₹ 11,872 crore⁶ received as loan for 2020-21 and 2021-22 in lieu of compensation for loss of revenue arising out of implementation of GST) which was within the limit fixed by FRBM Act.

Table 1.7: Compliance with provisions of FRBM Act

(₹ in crore)

S. No.	Fiscal Parameters	Fiscal targets set in the Act	Achievement				
			2017-18	2018-19	2019-20	2020-21	2021-22
1.	Revenue Deficit (-) / Surplus (+)	Revenue Surplus	(-)18,535 ×	(-)28,900 ×	(-)36,371 ×	(-)44,001 ×	(-)25,870 ×
2.	Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three <i>per cent</i>	(-)25,342 (3.04) ×	(-)34,473 (3.78) ×	(-)37,654 (3.77) ×	(-)59,376 (5.86) ×	(-)48,238 (4.03) ×
3.	Ratio of total outstanding debt to GSDP (in <i>per cent</i>)	Target	35.50	35.00	34.00	38.20	38.20
		Achievement	33.77	34.15	35.30	40.06 ⁷	37.70
			✓	✓	×	×	✓

The ratio of total outstanding debt to GSDP as per the Finance Accounts is 38.69 *per cent*. However, the effective debt to GSDP ratio (37.70 *per cent*) has been arrived at after excluding GST compensation of ₹ 11,872 crore received as back to back loan under debt receipts from the total outstanding liabilities as the Department of Expenditure, GoI has decided that it will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Comparison of targets for fiscal parameters projected in Medium Term Fiscal Plan (MTFP) presented to the State Legislature with actuals for the current year is provided in the table below:

5. For the FY 2021-22: GSDP ₹ 11,96,137 crore and Public debt and other liabilities ₹ 4,50,973 crore (excluding ₹ 11,872 crore received as loan in lieu of compensation for loss of revenue arising out of implementation of GST for 2020-21 and 2021-22).
6. ₹ 4,604 crore for 2020-21 and ₹ 7,268 crore for 2021-22.
7. Arrived at after exclusion of GST compensation of ₹ 4,604 crore received as back to back loans under debt receipts from the total outstanding liabilities

Table 1.8: Actuals vis-à-vis projection in MTFP for 2021-22

(₹ in crore)

S. No.	Fiscal Variables	Projection as per MTFP	Actuals (2021-22)	Variation (in per cent)
1	Own Tax Revenue	90,050	74,808	(-) 16.93
2	Non-Tax Revenue	17,698	18,755	5.97
3	Share of Central Taxes	40,107	54,031	34.72
4	Grants-in-aid from GoI	36,475	36,326	(-) 0.41
5	Revenue Receipts (1+2+3+4)	1,84,330	1,83,920	(-) 0.22
6	Revenue Expenditure	2,08,080	2,09,790	0.82
7	Revenue Deficit (-)/Surplus (+) (5-6)	(-) 23,750	(-) 25,870	8.93
8	Fiscal Deficit (-) Surplus (+)	(-) 47,653	(-) 48,238	1.23
9	Debt-GSDP ratio (per cent)	38.15	37.70	(-) 1.18
10	GSDP growth rate at current prices (per cent)	25.10	18.04	(-) 28.13

Source: Finance Accounts and budget document.

As can be seen from the table, the actuals in relation to two key fiscal parameters i.e., Revenue Deficit and Fiscal Deficit exceeded the projections of MTFP. However, projections relating to Debt-GSDP ratio was met, with the year ending with a lower Debt to GSDP ratio than was projected in the MTFP.

Charts 1.4 and 1.5 present the trends in deficit indicators over the period 2017-22.

Chart 1.4: Trends in deficit parameters

(₹ in crore)

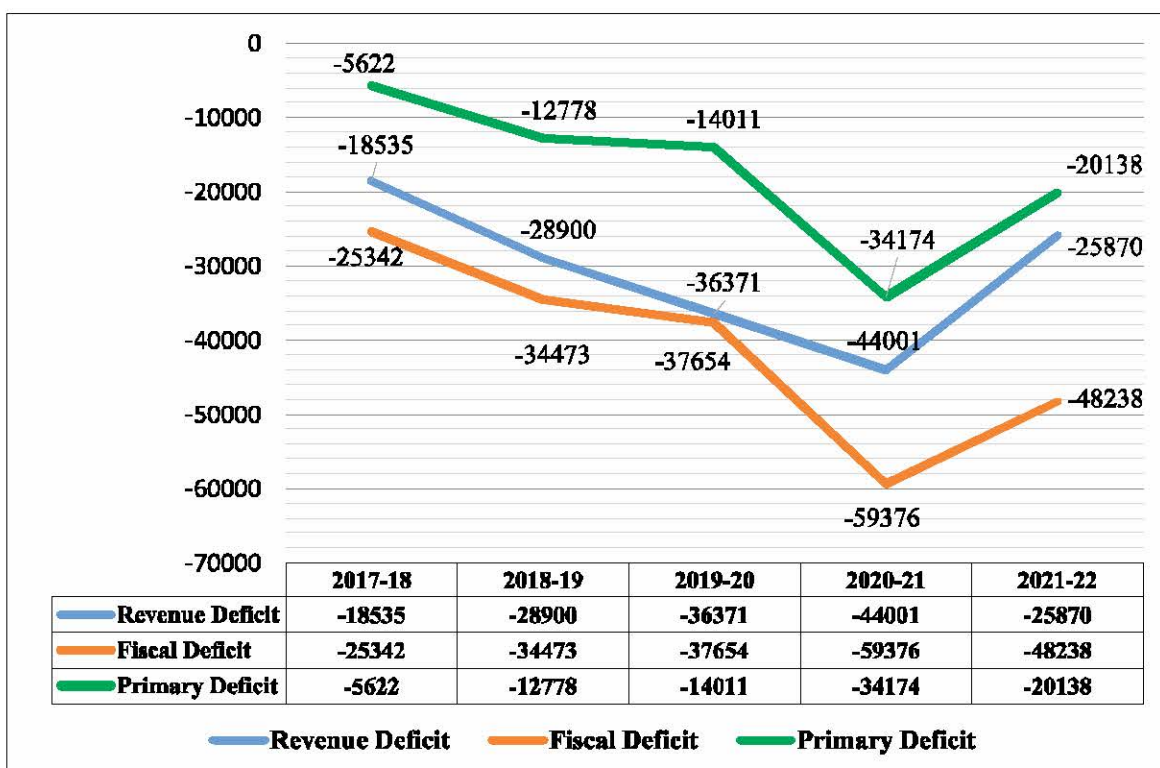


Chart 1.5: Trends in Deficit Indicators Relative to GSDP

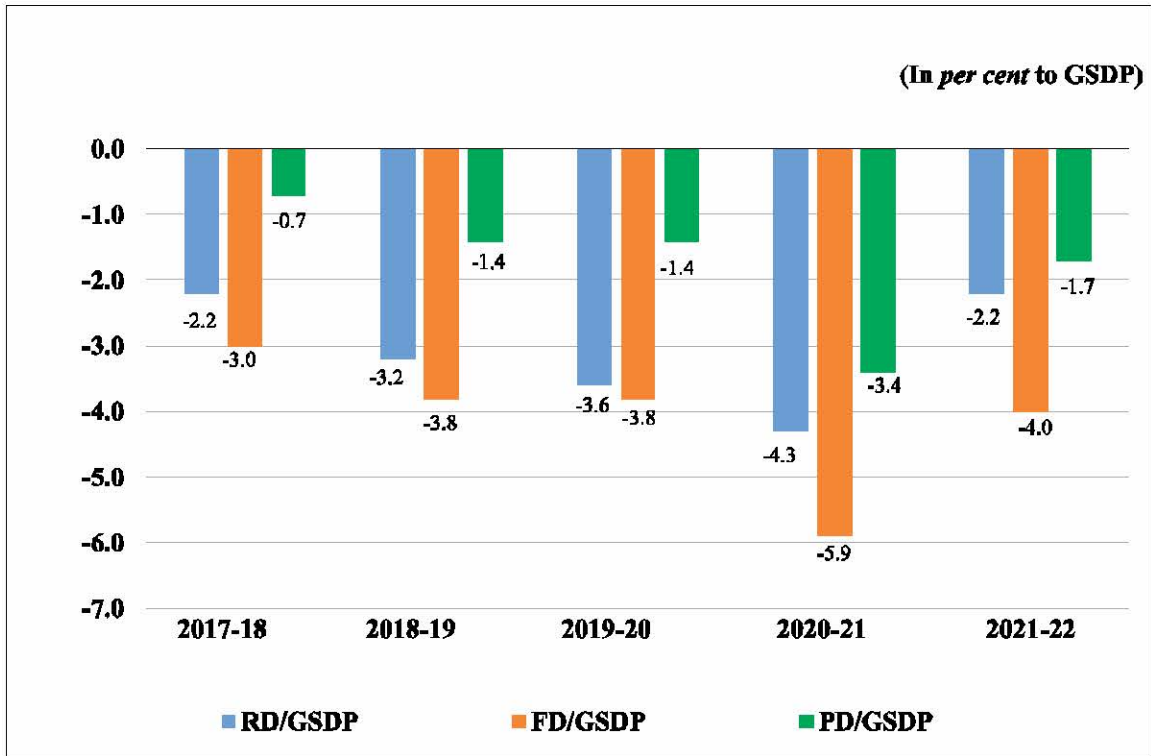
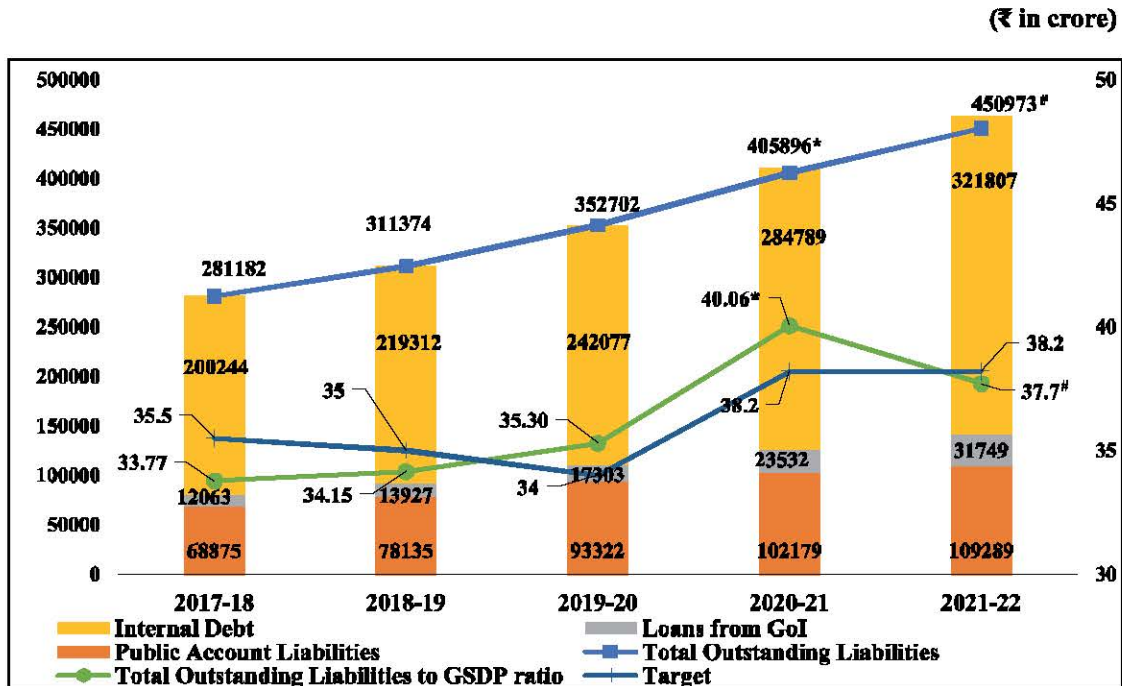


Chart 1.6: Trends in Fiscal Liabilities and GSDP



* Arrived at after exclusion of GST compensation of ₹ 4,604 crore received as back to back loan under debt receipts from the total outstanding liabilities.

Arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loan under debt receipts from the total outstanding liabilities.

During 2021-22, fiscal liabilities increased by 12.75 per cent (₹ 52,345 crore) over the previous year due to increase in Internal Debt by 13.00 per cent (₹ 37,018 crore), Public Account Liabilities by 6.96 per cent (₹ 7,110 crore) and Loans and Advances from GoI by 34.92 per cent (₹ 8,217 crore). Increase in Loans and Advances from GoI from ₹ 23,532 crore in 2020-21 to ₹ 31,749 crore in 2021-22 was due to receipt of ₹ 7,268 crore under “back to back loan to states in lieu of GST compensation shortfall”.

The fiscal liabilities of ₹ 4,50,973 crore⁸ existing on 31 March 2022, included outstanding borrowings of ₹ 30,919 crore under UDAY, on account of the issue of Non-Statutory Liquidity Ratio (SLR) Bonds and forfeited Bonds which constituted Internal Debt of the State Government.

1.6 Deficits and Total Debt after examination in audit

Audit examination has revealed misclassification in accounts and off-budget fiscal operations which impact the total deficit and debt figures. The debt figures after examination by audit are explained below:

1.6.1 Post audit - Deficits

Misclassification of revenue expenditure as capital and deferment of clear-cut liabilities impact deficit figures. Further, short contribution to New Contributory Pension Scheme (NPS), short transfer of cess, etc. also impact the revenue and fiscal deficits. In order to arrive at actual deficit figures, the impact of such irregularities need to be reversed as detailed in Table 1.9.

Table 1.9: Revenue and Fiscal Deficit, post examination by Audit

(₹ in crore)

S. No.	Particulars	Impact on Revenue Deficit		Impact on Fiscal Deficit	
		Overstated	Understated	Overstated	Understated
Other transfers to Reserve/Deposit Fund					
1.	Non-credit of interest on interest bearing Reserve Funds and Deposits	-	16.12	-	16.12
2.	Short transfer of Government contribution to NSDL under Defined Contribution Pension Scheme	-	641.89	-	641.89
3.	Non-transfer of Central Road Fund	-	148.40	-	148.40
4.	Misclassification between Revenue and Capital Expenditure	-	1,044.21	-	-
5.	Non-transfer of grant to Rural Local Bodies (RLBs)	-	856.20	-	856.20
6.	Non-transfer of grant to Urban Local Bodies (ULBs)	-	885.50	-	885.50
	Total		(net) understatement 3,592.32		(net) understatement 2,548.11

8. After excluding GST compensation of ₹ 11,872 crore received as back to back loans under debt receipts.

S. No.	Particulars	Impact on Revenue Deficit		Impact on Fiscal Deficit	
		Overstated	Understated	Overstated	Understated
Transfer of Cess/Surcharge to Reserve/Deposit Fund					
7.	Short transfer of Building and Other Construction Workers Welfare Cess	-	133.32	-	133.32
8.	Short transfer of Surcharge for conservation and propagation of cow and its progeny	-	252.42	-	252.42
9.	Short transfer of Water Conservation cess	-	52.82		52.82
10.	Excess transfer of Other Cess and Surcharge ⁹	1,341.76	-	1,341.76	-
	Total (Cess/Surcharge)		(net) overstatement 903.20		(net) overstatement 903.20
	Grand Total		(net) understatement 2,689.12		(net) understatement 1,644.91

Source: Finance Accounts and audit analysis

As evident from the table above, the revenue deficit of the State Government was understated by ₹ 2,689.12 crore and the fiscal deficit understated by ₹ 1,644.91 crore.

1.6.2 Post Audit - Total Public Debt

The State Government resorted to off-budget borrowings of ₹ 1,580.91 crore through various Zila Parishads and Rajasthan Minority Finance and Development Co-operative Corporation limited as given in Table 1.10 below:

Table 1.10: Overall debt position as on 31 March 2022, post examination by Audit

1.		Overall Debt (₹ 4,50,972.81 crore ¹⁰)	as a percentage of GSDP (37.70 per cent ¹¹)
2.	Impact on overall Debt (Understated) due to: (₹ in crore)		
a.	Off budget borrowings by 'Various <i>Zila Parishads</i> ' on behalf of the State Government where the principal and/ or interest are to be serviced out of the State budgets.	1,512.44	
b.	Off budget borrowing by Rajasthan Minority Finance and Development Co-operative Corporation Limited	68.47	
	Total of 2	1,580.91	0.13
	Total of (1 + 2)	4,52,553.72	37.83¹¹

Taking into account the off-budget borrowings of the State, the total outstanding debt at the end of March 2022 worked out to ₹ 4,52,553.72 crore against ₹ 4,50,972.81 crore. Consequently, the overall debt as a percentage of GSDP at the end of the year was understated by 0.13 per cent.

9. (i) Petrol and Diesel cess and (ii) Infrastructure Development cess.

10. After excluding GST compensation of ₹ 11,872 crore received as back to back loans under debt receipts.

11. Arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loan under debt receipts from the total outstanding liabilities.