

## **CHAPTER II: FINANCES OF THE STATE**



## CHAPTER-II

# FINANCES OF THE STATE

### 2.1 Major changes in Key fiscal aggregates in 2021-22

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 2021-22 compared to 2020-21**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>➤ Revenue receipts of the State increased by 32.51 <i>per cent</i>,</li><li>➤ Own Tax receipts of the State increased by 12.17 <i>per cent</i>,</li><li>➤ Own Non-tax receipts decreased by 3.99 <i>per cent</i>,</li><li>➤ State's Share of Union Taxes and Duties increased by 44.07 <i>per cent</i>,</li><li>➤ Grants-in-Aid from Government of India increased by 33.92 <i>per cent</i>.</li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>➤ Revenue expenditure increased by 12.23 <i>per cent</i>,</li><li>➤ Revenue expenditure on General Services increased by 12.24 <i>per cent</i>,</li><li>➤ Revenue expenditure on Social Services increased by 13.10 <i>per cent</i>,</li><li>➤ Revenue expenditure on Economic Services increased by 10.58 <i>per cent</i>,</li><li>➤ Expenditure on Grants-in-Aid and contributions increased by 7.48 <i>per cent</i>.</li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>➤ Capital expenditure (excluding loans and advances) increased by 64.52 <i>per cent</i>.</li><li>➤ Capital expenditure on General Services increased by 163.46 <i>per cent</i>,</li><li>➤ Capital expenditure on Social Services increased by 37.65 <i>per cent</i>,</li><li>➤ Capital expenditure on Economic Services increased by 67.16 <i>per cent</i>.</li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>➤ Disbursement of Loans and Advances increased by 1771.28 <i>per cent</i>.</li><li>➤ Recoveries of Loans and Advances decreased by 30.40 <i>per cent</i>.</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts decreased by 63.24 <i>per cent</i>.</li><li>➤ Repayment of Public Debt decreased by 11.45 <i>per cent</i>.</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts decreased by 18.21 <i>per cent</i>.</li><li>➤ Disbursement of Public Account decreased by 7.21 <i>per cent</i>.</li></ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"><li>➤ Cash balance increased by 41.83 <i>per cent</i>.</li></ul>

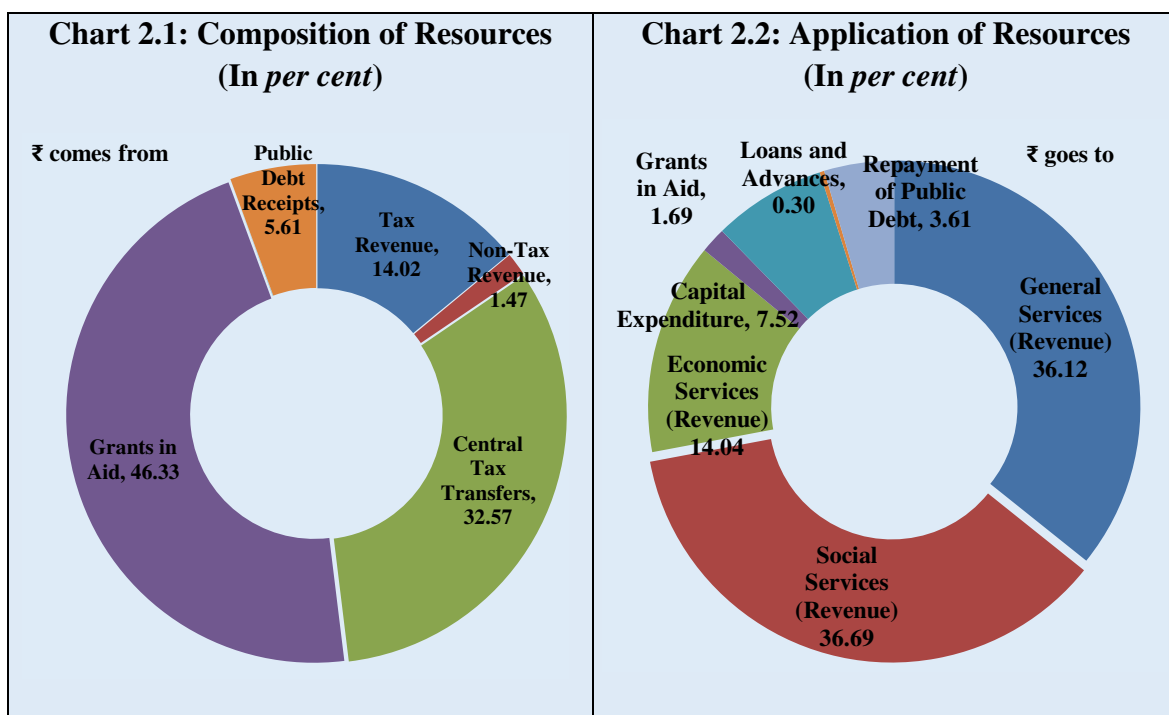
### 2.2 Sources and Application of Funds

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 2020-21 and 2021-22**

(₹ in crore)

	Particulars	2020-21	2021-22	Increase(+)/ Decrease(-)
<b>Sources</b>	Opening Cash Balance with RBI	1,046.17	2,414.51	1,368.34
	Revenue Receipts	13,292.40	17,613.95	4,321.55
	Recoveries of Loans and Advances	1.25	0.87	(-) 0.38
	Public Debt Receipts (Net)	2,107.11	390.75	(-)1,716.36
	Public Account Receipts (Net)	1,170.37	552.80	(-) 617.57
	<b>Total</b>	<b>17,617.30</b>	<b>20,972.88</b>	<b>3,355.58</b>
<b>Application</b>	Revenue Expenditure	14,367.82	16,125.24	1,757.42
	Capital Expenditure	832.08	1,368.95	536.87
	Disbursement of Loans and Advances	2.89	54.08	51.19
	Closing Cash Balance with RBI	2414.51	3,424.61	1,010.10
<b>Total</b>	<b>17617.30</b>	<b>20,972.88</b>	<b>3,355.58</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.

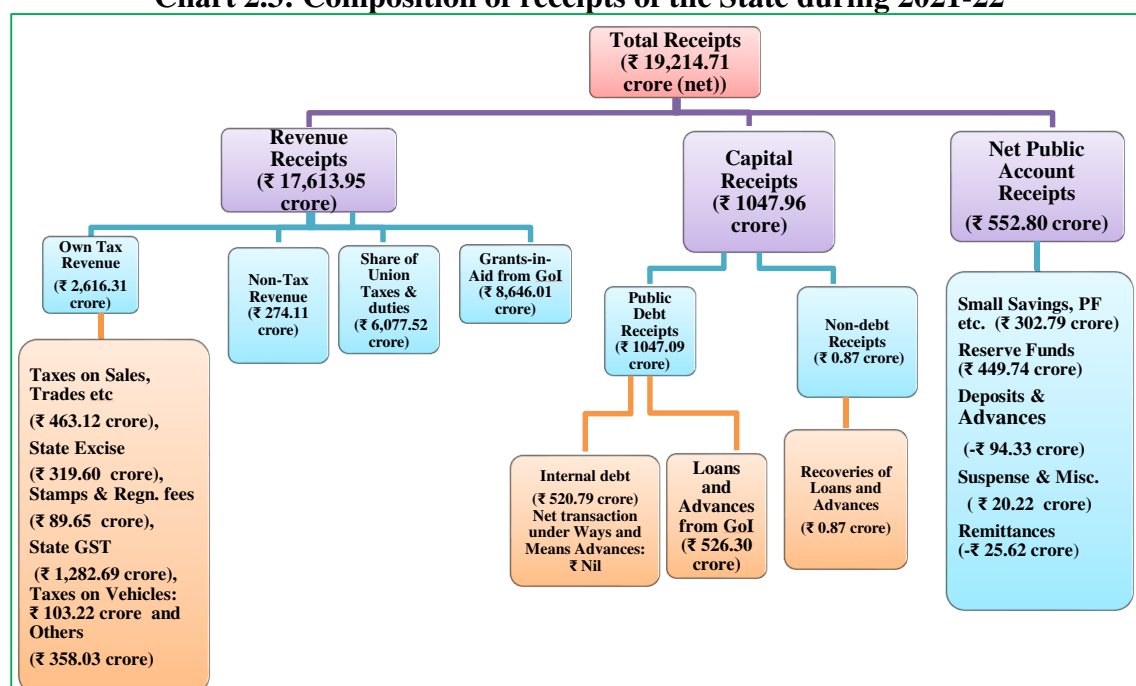
**Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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 2021-22**



### 2.3.2 State's Revenue Receipts

This paragraph discusses the trends in the 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

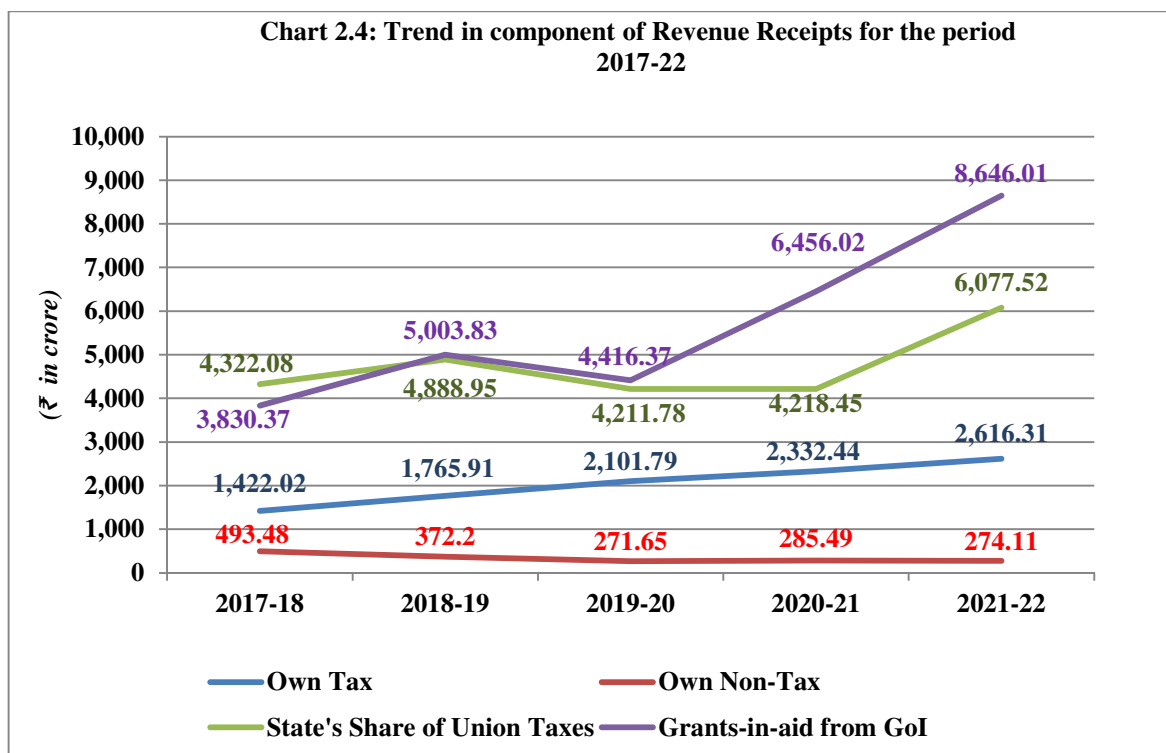
During 2021-22, the Revenue Receipts increased by ₹ 4,321.55 crore (32.51 per cent) as compared to the previous year mainly due to more release of Grants-in-Aid from Central Government by ₹ 2,189.99 crore (33.92 per cent) and Own-tax Revenue by ₹ 283.87 crore (12.17 per cent) during 2021-22. There was decrease in receipt of State's Own Non-Tax Revenue by 3.99 per cent during the year from ₹ 285.49 crore in 2020-21 to ₹ 274.11 crore in 2021-22. The State's Share of Union Taxes, however, increased by ₹ 1,859.07 crore (44.07 per cent) during 2021-22 as compared to previous year. The ratio of Revenue Receipts of the State during 2021-22 was 27.19 per cent of GSDP (P) which was 24.43 per cent of GSDP during 2020-21.

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 for the last five year period are given in **Chart 2.4**.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	10,067.95	12,030.89	11,001.59	13,292.40	17,613.95
Rate of growth of RR (per cent)	4.38	19.50	(-)8.56	20.82	32.51
Own Tax Revenue	1,422.02	1,765.91	2,101.79	2,332.44	2,616.31
<b>Non-Tax Revenue</b>	<b>493.48</b>	<b>372.20</b>	<b>271.65</b>	<b>285.49</b>	<b>274.11</b>
<b>Total Own Revenue</b>	<b>1,915.50</b>	<b>2,138.11</b>	<b>2,373.44</b>	<b>2,617.93</b>	<b>2,890.42</b>
Rate of growth of Own Revenue (Own Tax and Non- tax Revenue) (per cent)	16.74	11.62	11.01	10.30	10.41
Gross State Domestic Product (₹ in crore) (2011-12 Series)	43,716	49,823	54,151	54,415	64,778(P)
Rate of growth of GSDP (per cent)	10.73	13.97	8.69	0.49	19.04
RR/GSDP (per cent)	23.03	24.14	20.32	24.43	27.19
Buoyancy Ratios <sup>7</sup>					
Revenue Buoyancy w.r.t GSDP	0.41	1.39	(-) 0.98	42.49	1.71
State's Own Revenue Buoyancy w.r.t GSDP	1.56	0.83	1.27	21.02	0.55

Source of GSDP figures: National Statistic Office, Ministry of Statistics & Programme Implementation.



<sup>7</sup> Buoyancy ratio indicates the elasticity of 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 3.24 implies that Revenue Receipts tend to increase by 3.24 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 the 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 ₹ 283.87 crore (12.17 per cent) during the year 2021-22 as compared to the previous year mainly due to increase in collection of SGST by ₹ 226.68 crore (21.47 per cent), State Excise by ₹ 32.24 crore (11.22 per cent) and Sales Tax (VAT) by 59.93 crore (14.86 per cent) respectively. This increase was however, partly offset by decrease of Taxes and duties on electricity by ₹ 78.36 crore (69.91 per cent) during 2021-22. 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	2017-18	2018-19	2019-20	2020-21	2021-22	
					Budget Estimates	Actuals
Sales Tax/VAT	611.88	361.95	435.88	403.19	393.98	463.12
SGST	479.71	977.44	1,026.63	1,056.01	1,122.67	1,282.69
State Excise	186.97	214.35	231.70	287.36	287.28	319.60
Taxes on Vehicles	54.38	83.50	97.14	97.41	110.00	103.22
Stamp Duty and Registration Fees	40.16	51.32	61.67	69.53	70.69	89.65
Land Revenue	4.46	5.29	12.98	9.85	16.50	8.94
Other taxes	44.47	72.06	235.79	409.09	410.88	349.09 <sup>8</sup>
<b>Total Own Tax</b>	<b>1,422.02</b>	<b>1,765.91</b>	<b>2,101.79</b>	<b>2,332.44</b>	<b>2,412.00</b>	<b>2,616.31</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.

<sup>8</sup> Other taxes includes taxes on Agricultural Income (₹ 0.04 crore); Taxes on Immovable property other than Agricultural Land (₹ 0.19 crore); Other taxes on Income and Expenditure (₹ 41.76 crore); Taxes and Duties on Electricity (₹ 33.73 crore) and Other Taxes and Duties on Commodities and Services (₹ 273.37 crore).

The Tripura Goods and Services Tax (TGST) Act, 2017 was implemented in the State with effect from July 2017. During 2021-22, the GST collection was ₹ 1,282.69 crore in the State against the Budget Estimate (BE) of ₹ 1,122.67 crore for the year. The State Government received GST compensation of ₹ 101.45 crore for loss of revenue arising out of implementation of GST under the GST Act, 2017. In addition to the GST Compensation of ₹ 101.45 crore, the State Government also received ‘back to back loan in lieu of GST Compensation shortfall’ of ₹ 401.37 crore under debt receipts of the State Government, with no repayment liability to the State as per decision of the GOI.

Monthly component-wise collections of SGST during 2021-22 are shown in **Table 2.5**.

**Table 2.5: Month-wise collection of SGST during 2021-22**

(₹ 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 2021	56.20	0.27	71.86	7.65	0	135.98
May 2021	19.36	0.25	40.54	4.82	0	64.97
June 2021	21.33	0.34	50.29	5.68	0	77.64
July 2021	32.29	0.43	69.37	6.95	0.01	109.06
August 2021	26.57	0.49	57.79	12.89	7.67	105.41
September 2021	25.48	0.40	54.92	8.37	0	89.17
October 2021	32.38	0.51	62.66	7.94	0	103.49
November 2021	28.35	0.27	57.34	9.44	0	95.40
December 2021	32.49	0.48	60.44	6.42	0	99.83
January 2022	36.84	0.38	72.66	12.54	34.37	156.79
February 2022	31.55	0.39	68.89	8.25	0	109.08
March 2022	38.58	0.81	64.24	12.60	19.65	135.88
<b>Total</b>	<b>381.42</b>	<b>5.02</b>	<b>731.00</b>	<b>103.55</b>	<b>61.70</b>	<b>1,282.69</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 2021-22, the Non-tax collection of the State was ₹ 274.11 crore against the budget estimates of ₹ 349.00 crore during the year and the actual receipts of NTR decreased by ₹ 11.38 crore (3.99 per cent) in 2021-22 from ₹ 285.49 crore in 2020-21. This decrease was mainly due to decrease in receipts under Miscellaneous General Services (by ₹ 20.41 crore), Dividends and Profits (by ₹ 4.99 crore) and Crop Husbandry (by ₹ 0.21 crore) during the year as compared to 2020-21. However, the decrease of Non-tax revenue during the year 2021-22, were partially offset by increase of the receipts from Police (by ₹ 6.98 crore), Forestry and Wild Life (by ₹ 1.90 crore), interest receipts (by ₹ 6.32 crore) and Other Administrative services (by ₹ 1.85 crore) during 2021-22 over the



previous year. The State Government received ₹ 86.62 crore as royalty<sup>9</sup> on the Natural Gas during 2021-22. During 2020-21, the amount of this royalty was ₹ 89.56 crore and booked under MH 0852 as other receipts.

The status of component wise state's Non-tax revenue for last five years is provided in Table 2.6.

**Table 2.6: Components of State's non-tax revenue during 2017-18 to 2021-22**

(₹ in crore)

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					Budget Estimates	Actuals
1. Interest receipts	276.99	146.11	19.25	18.11	24.00	24.43
2. Dividends and Profits	14.69	2.15	7.95	6.62	8.00	1.63
3. Other non-tax receipts(a to f)	201.80	223.94	244.45	260.76	317.00	248.05
a) Minor Irrigation	0.99	0.84	0.32	0.20	0.50	0.20
b) Road Transport	0	0	0	0.06	0.00	0.01
c) Roads and Bridges	2.95	6.54	4.91	2.03	6.60	2.95
d) Urban Development	0	0.01	0	0	0.01	0.01
e) Education	1.48	1.78	1.05	1.04	2.00	0.76
f) Others	196.38	214.77	238.17	257.43	307.89	244.12 <sup>10</sup>
<b>Total</b>	<b>493.48</b>	<b>372.20</b>	<b>271.65</b>	<b>285.49</b>	<b>349.00</b>	<b>274.11</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 (FC). These grants are received by the State through Treasury route and reflected in the Annual Accounts.

As per recommendations of the FCs, the State Government had received a substantial portion of Central grants for implementation of various schemes/programme in the State.

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.

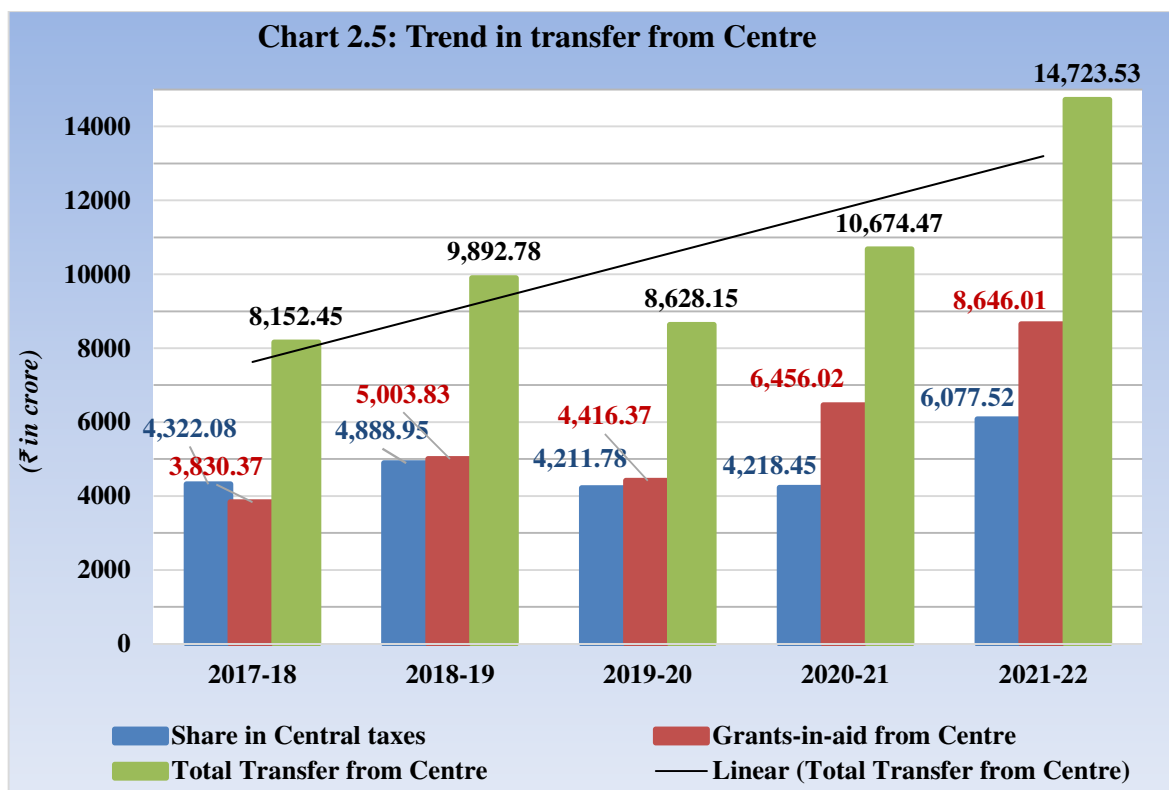
The XV FC recommended 41 *per cent* of the net proceeds of Union Taxes to States against the 42 *per cent* as recommended by the XIV FC. One *per cent* would be retained with the Central Government for financing the requirements of newly formed Union Territories of Jammu & Kashmir and Ladakh. The GoI has accepted the recommendation of the XV FC.

<sup>9</sup> Booked under major Head 0852-Industries as Non-tax revenue.

<sup>10</sup> Include Police (₹ 82.77 crore); Other Administrative Services (₹ 7.07 crore); Miscellaneous General Services (₹ 23.70 crore); Forestry and Wild life (₹ 21.35 crore); Public works (₹ 6.67 crore), Industries (₹ 86.62 crore); Animal Husbandry (₹ 1.30 crore); Crop Husbandry (₹ 2.33 crore) *etc.*, and others (₹ 12.31 crore).

The Commission recommended 0.708 *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**

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					Budget Estimates	Actuals
Central Goods and Services Tax (CGST)	61.64	1,206.74	1,195.17	1,258.50	1,520.00	1,792.99
Integrated Goods and Services Tax (IGST)	436.56	96.30	0.00	0.00	0.00	0.00
Corporation Tax	1,324.23	1,700.27	1,436.04	1,269.27	1,319.00	1,754.97
Taxes on Income other than Corporation Tax	1,117.74	1,252.18	1,125.24	1,300.84	1,310.00	1,838.83
Customs	436.40	346.56	266.97	227.34	315.00	416.36
Union Excise Duties	456.20	230.32	185.63	142.28	191.00	207.40
Service Tax	489.35	44.58	-	17.36	4.00	60.43
Other Taxes <sup>11</sup>	(-)0.04	12.00	2.73	2.86	4.00	6.54
<b>Central Tax transfers</b>	<b>4,322.08</b>	<b>4,888.95</b>	<b>4,211.78</b>	<b>4,218.45</b>	<b>4,663.00</b>	<b>6,077.52</b>

<sup>11</sup> Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services, etc.

Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					Budget Estimates	Actuals
Percentage of increase over previous year	10.56	13.12	(-) 13.85	0.16	(-) 16.13	44.07
Percentage of Central tax transfers to Revenue Receipts	43	41	38	32	25.40	34.50

During 2021-22, the State Government received ₹ 6,077.52 crore as State's Share of Union Taxes against the Budget Estimate of ₹ 4,663.00 crore for the year and the actual receipts increased by ₹ 1,859.07 crore (44.07 per cent) during the year as compared to previous year. This increase was mainly due to more release of share under Taxes on Income other than Corporation Tax by ₹ 537.99 crore (41 per cent), CGST by ₹ 534.49 crore (42 per cent) and Corporation Tax by ₹ 485.70 crore (38 per cent) during the year as compare to the previous year. No IGST was received by the State during 2021-22.

### Grants-in-aid from GoI

During 2021-22, the State had received ₹ 8,646.01 crore as Grants-in-aid from GoI which increased by ₹ 2,189.99 crore (33.92 per cent) from ₹ 6,456.02 crore in 2020-21, mainly due to more release of funds from GoI under Finance Commission grants of ₹ 4,911.08 crore which was ₹ 3,563.95 crore in 2020-21. The Grants towards the Centrally Sponsored Scheme increased by ₹ 980.51 crore (42.06 per cent) during the year 2021-22 as compared to previous year. The overall grants received from GoI, however, was less than the Budget Estimates of the State for the year 2021-22.

**Table 2.8: Details of Grants-in-aid from Government of India**

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					Budget Estimates	Actuals
Grants for State Plan Schemes	(-) 1.57	0.00	(-) 5.10	0.00	0.00	0.00
Grants for Centrally Sponsored Schemes	1,988.32	1,861.03	2,254.37	2,331.45	4,474.12	3,311.96
Grants for Special Plan Schemes	0.00	0.00	(-) 5.20	(-)3.12	0.00	0.00
Finance Commission Grants	1,191.20	1,131.10	1,063.22	3,563.95	5,128.60	4,911.08
Other transfers/Grants to States/Union Territories with Legislature	652.42	2,011.70	1,109.08	563.74	1,329.37	422.97
<b>Total</b>	<b>3,830.37</b>	<b>5,003.83</b>	<b>4,416.37</b>	<b>6,456.02</b>	<b>10,932.09</b>	<b>8,646.01</b>
Percentage of increase over the previous year	(-) 6.47	30.64	(-) 11.74	46.18	25.51	33.92
Percentage of GIA to Revenue Receipts	38	42	40	49	60	49

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

Scrutiny of the sanctioned orders issued from GoI revealed that out of the grants received towards various Centrally Sponsored Schemes, major funds were received under National Rural Employment Guarantee Scheme (MGNREGS) (₹ 164.23 crore), National Rural Livelihood Mission (NRLM) (₹ 90.55 crore), Pradhan Mantri Awaas Yojana (PMAY) (Rural: ₹ 1,368.48 crore; Urban: ₹ 30.81 crore) during the year 2021-22.

Further, the State Government had received ₹ 313.20 crore under various Health Schemes of which ₹ 190.44 crore was received under National Rural Health Mission (NRHM) and ₹ 84.51 crore was received as Covid-19 Emergency Response and health Systems preparedness package etc., during 2021-22. GoI had also released ₹ 11.71 crore for implementation of Ayushman Bharat Scheme in the State under the Health Department.

It was seen that the GoI released funds for implementation of various Schemes through the School Education Department in the State of which ₹ 226.93 crore was released for the Samagra Shiksha Abhiyan (earstwhile Sarva Shiksha Abhiyan), ₹ 77.19 crore for Mid-Day-Meal in Schools and ₹ 3.73 crore for Education Scheme for Madrasas and Minorities during 2021-22. It was also noticed that the Government received ₹ 342.80 crore for Drinking Water and Sanitation Programme of which, ₹ 142.91 crore was for Jal Jeevan Mission (NRDWP) and ₹ 28.48 crore was received for implementation of Pradhan Mantri Krishi Sinchayee Yojana Har Khet Ko Pani programme during 2021-22. The State Government received grants of ₹ 58.07 crore from the GoI towards implementation of Externally Aided Projects during the year 2021-22. During 2020-21, the grant for this purpose was released by the GoI of ₹ 17.81 crore which increased to ₹ 58.07 crore during 2021-22.

**Table 2.8** shows that the other transfers/grants from GoI decreased in 2021-22 as compared to the previous years. During 2021-22, the GoI released ₹ 422.96 crore as other grants to State of which ₹ 175.35 crore was released as Special Assistance out of which ₹ 88.24 crore was released for Reang Refugees Sheltering in Camps of Tripura under Rehabilitation Scheme.

Scrutiny of the Public Financial Management System (PFMS) portal of the Controller General of Accounts revealed that the GoI released fund of ₹ 1,820.76 crore directly to the Implementing Agencies of the State including the Societies of the Government Departments, in addition to the grants as mentioned in **Table 2.8**. This additional fund is not routed through the State Budget. Out of the additional Funds of ₹ 1,820.76 crore released directly, a substantial amount were released for the schemes, *like* MGNREG (₹ 821.91 crore), Jal Jeevan Mission (₹ 571.18 crore), Pradhan Mantri Kisan Nidhi (₹ 133.75 crore), Assistance to State Agencies for Intra-State movement of foodgrains and FPS dealers margin under NFSA (₹ 64.53 crore) respectively during 2021-22. With the grants released directly, total grants to State from GoI stood at ₹ 10,466.77 crore during the year 2021-22.

### 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 2021-22. Against the recommended fund of ₹ 4,910.00 (Local Bodies: ₹ 211.00 crore, Revenue deficit grants: ₹ 4,546.00 crore, grants under SDRF/SDMF: ₹ 68.00 crore and grants for Health Sectors: ₹ 85.00 crore) for the year 2021-22, the GoI released ₹ 4,911.08 crore (Local Bodies: ₹ 260.86 crore, Revenue deficit grants: ₹ 4,546.00 crore, grants under SDRF/SDMF: ₹ 68.00 crore and Health Sectors: ₹ 84.08 crore) during the year 2021-22.

A comparative status of recommendations made by the XV FC for 2020-21 and 2021-22 and 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 XV FC for 2020-21	Recommendation of the XV FC for 2021-22	Actual release by GoI		Release by State Government	
			2020-21	2021-22	2020-21	2021-22
<b>Local Bodies</b>	<b>283.00</b>	<b>211.00</b>	<b>260.00</b>	<b>213.00</b>	<b>260.00</b>	<b>260.86</b>
(i) Grants to PRIs	191.00	141.00	191.00	141.00	191.00	188.75
(ii) Grants to ULBs	92.00	70.00	69.00	72.00	69.00	72.11
<b>SDRF/SDMF</b>	<b>68.00</b>	<b>68.00</b>	<b>68.00</b>	<b>68.00</b>	<b>73.68</b>	<b>64.22<sup>12</sup></b>
<b>Grants for Health Sector</b>		<b>85.00</b>	<b>0.00</b>	<b>84.08</b>	<b>0.00</b>	<b>84.08</b>
<b>Revenue Deficit grant</b>	<b>3,236.00</b>	<b>4,546.00</b>	<b>3,235.95</b>	<b>4,546.00</b>	-	-
<b>Total:</b>	<b>3,587.00</b>	<b>4,910.00</b>	<b>3,563.95</b>	<b>4,911.08</b>	<b>333.68</b>	<b>409.16</b>

Source: 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.

The trend of Capital Receipts and growth of the components of the Capital Receipts for the last five year period from 2017-18 to 2021-22 are shown in **Table 2.10**:

<sup>12</sup> Includes State share of ₹ 9.82 crore (₹ 3.78 crore for the year 2020-21 and ₹ 6.04 crore for 2021-22).

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

(₹ in crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	1,034.28	1,210.12	2,369.43	2,108.36	391.62
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	1.69	0.60	0.73	1.25	0.87
Public Debt Receipts (Net)	1,032.59	1,209.52	2,368.70	2,107.11	390.75
Internal Debt ( Net)	1,063.14	1,228.32	2,400.91	1,611.96	(-)102.61
Growth rate of internal debt	62.33	15.54	95.46	(-) 32.86	(-)102.37
Loans and advances from GoI (Net)	(-)30.55	(-)18.80	(-)32.21	495.15	493.36 <sup>13</sup>
Growth rate of GoI Loans & Advances	(-)9.11	(-)38.46	(-)71.33	1,637.26	(-)0.36
Rate of growth of debt Capital Receipts	64.71	17.13	95.84	(-) 11.04	(-)81.46
Rate of growth of non-debt capital receipts	85.71	(-)64.50	21.67	71.23	(-)30.40
Rate of growth of GSDP	10.73	13.97	8.69	0.49	19.04
Rate of growth of Capital Receipts (per cent)	64.74	17.00	95.80	(-) 11.02	(-)81.43

*Source: Finance Accounts and for GSDP– Directorate of Economics and Statistics, Government of Tripura and National Statistic Office.*

It was noticed that a major part of the Capital Receipts came from Debt Receipts. There was increasing trend of Capital Receipts in the State during the period from 2017-18 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. Further, during 2021-22, the Capital Receipts substantially decreased by ₹ 1716.74 crore (by 81.43 per cent) from ₹ 2,108.36 crore in 2020-21 to ₹ 391.62 crore, mainly due to more repayment of Internal Debt than receipts during the year. During 2021-22, the GoI has given Loans and Advances of ₹ 526.29 crore to the State of which ₹ 401.37 crore was as Back to Back loan in lieu of GST compensation shortfall which does not have a repayment obligation as per decision of the GoI. The State Government repaid loan amounting to ₹ 32.94 crore during the year 2021-22. As a result, the net loan of GoI including the back to back loan stood at ₹ 493.36 crore during 2021-22.

### 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.

<sup>13</sup> Includes back to back loan of ₹ 401.37 crore given by the GoI during 2021-22 in lieu of compensation of GST without any repayment obligations.



During 2021-22, the total Revenue Receipts of the State was ₹ 17,613.95 crore of which ₹ 2,890.42 crore (16.41 *per cent*) was from State's own sources (OTR+NTR) during the year. State Government received over 83 *per cent* of Revenue from GoI as Grants-in-aid and State's Share of Union Taxes and Duties during the year 2021-22.

The actual collection of Own Tax Revenue during 2021-22 contributed 91 *per cent* of own resources during the year. The Own Tax Revenue was 108.47 *per cent* of the Budget Estimates and 120.62 *per cent* of the XV FC projection for the year 2021-22. **Table 2.11** shows the position of Tax and Non-tax Revenue receipts *vis-à-vis* projections of FC during 2021-22.

**Table 2.11: Tax and non-tax receipts *vis-à-vis* projections for 2021-22**

(₹ in crore)

Particulars	XV-FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
				Budget estimates	FC projections
Own Tax revenue	2,169.00	2,412.00	2,616.31	8.47	20.62
Non-tax revenue	471.00	349.00	274.11	(-)21.46	(-)41.80
<b>Total</b>	<b>2,640.00</b>	<b>2,761.00</b>	<b>2,890.42</b>	<b>4.69</b>	<b>9.49</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 2017-18 to 2021-22 while **Chart 2.7** presents the percentage of expenditure in various services under the Consolidated Fund of the State during 2021-22.

During the last five year period, the total expenditure showed an increasing trend from ₹ 12,141.28 crore in 2017-18 to ₹ 17,548.27 crore in 2021-22 by 44.53 *per cent* mainly due to increase in expenditure on Revenue Account by 55.69 *per cent* during the period.

While the percentage of total expenditure to GSDP during the period 2017-22 varied from 25.53 to 27.94 *per cent*, the percentage of Revenue expenditure to GSDP varied from 23.69 *per cent* to 26.40 *per cent* during the same period. The percentage of Capital expenditure to GSDP varied from 1.53 *per cent* to 4.06 *per cent* during the period of last five years and it was 2.11 *per cent* in 2021-22 which was higher than 2020-21. 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.

**Table 2.12: Component wise expenditure**

(₹ in crore)

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Total Expenditure (TE)</b>	<b>12,141.28</b>	<b>13,371.19</b>	<b>14,263.88</b>	<b>15,202.79</b>	<b>17,548.27</b>
Revenue Expenditure (RE)	10,357.22	11,889.20	13,376.91	14,367.82	16,125.24
Capital Expenditure	1,777.05	1,480.87	883.22	832.08	1,368.95
Loans and Advances	7.01	1.12	3.75	2.89	54.08
TE/GSDP	27.77	26.83	25.53	27.94	27.09
RE/GSDP	23.69	23.86	23.95	26.40	24.89
CE/GSDP	4.06	2.97	1.63	1.53	2.11
Loans and Advances/GSDP	0.02	0.002	0.007	0.005	0.08

*Source of GSDP figures:* National Statistics Office, Ministry of Statistics and furnished by the Directorate of Economic and Statistics, Govt. 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)

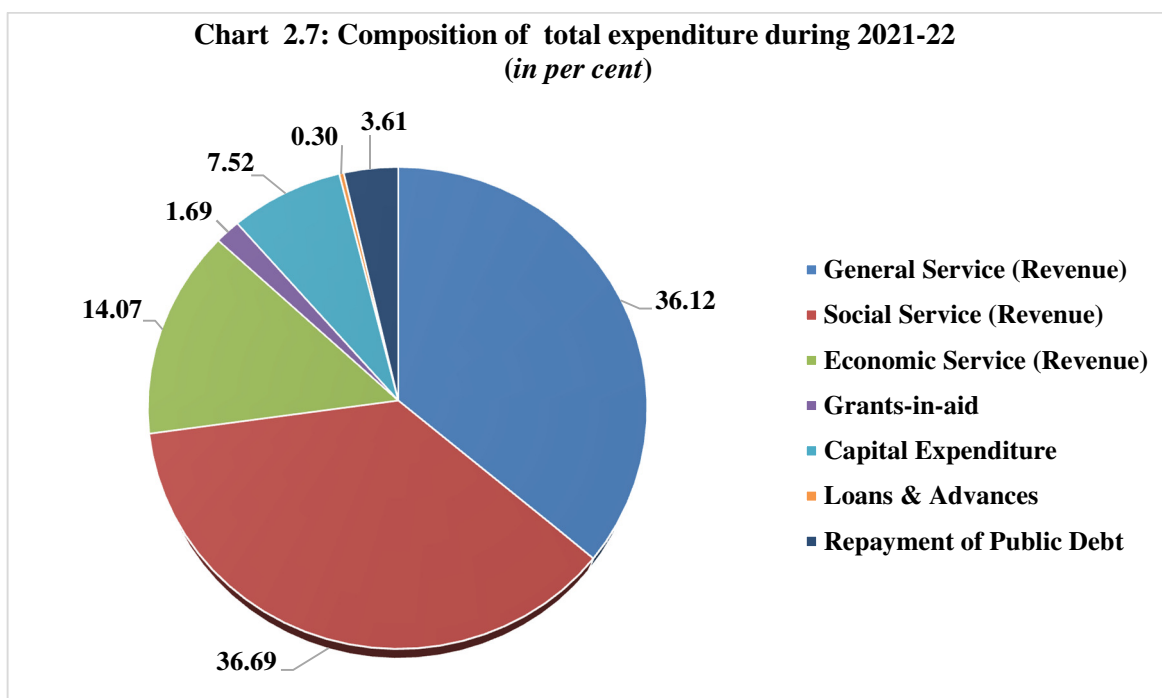
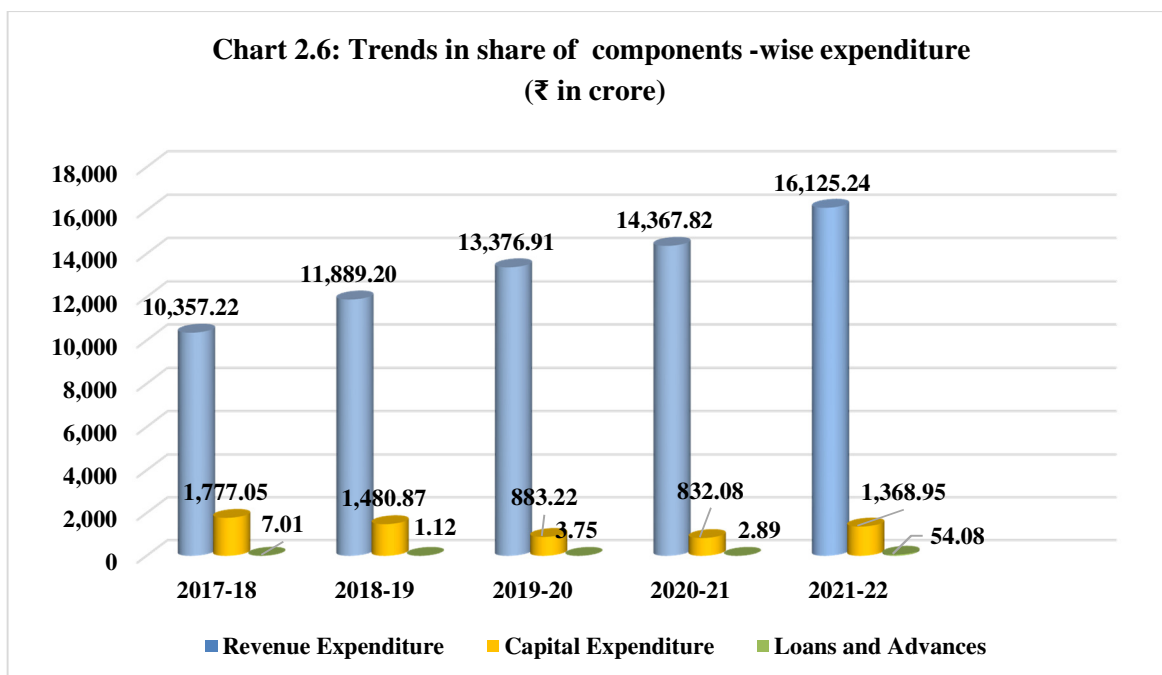
Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
General Services	37.24	38.97	40.41	39.10	38.76
Social Services	42.87	43.41	40.83	41.17	40.84
Economic Services	17.95	15.86	16.85	17.82	18.34
Others (Grants to Local Bodies and Loans and Advances)	1.94	1.76	1.91	1.91	2.06

The above table shows that the percentage of total expenditure in General Services ranged between 37.24 *per cent* and 40.41 *per cent*, the percentage in Social Services ranged between 40.83 *per cent* and 43.41 *per cent* while the percentage of Economic Services ranged between 15.86 *per cent* and 18.34 *per cent* during the period 2017-18 to 2021-22.

During 2021-22, the percentage of General, Social and Economic Services to total expenditure were 38.76 *per cent*, 40.84 *per cent* and 18.34 *per cent* against the percentage of 39.10 *per cent*, 41.17 *per cent* and 17.82 *per cent* respectively in 2020-21. The percentage of expenditure in General Services, however, decreased from 39.10 *per cent* in 2020-21 to 38.76 *per cent* in 2021-22. The percentage to total expenditure in Social Services decreased to 40.84 *per cent* in 2021-22 from 41.17 *per cent* in 2020-21 while the



percentage of Economic services to total expenditure increased marginally during 2021-22 from 2020-21. Share of component-wise expenditure during 2017-22 is depicted in the **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 2017-18 to 2021-22 are shown in **Table 2.14**. It shows that the growth of RE

during the last five year period ranged between 7.41 *per cent* and 16.96 *per cent* and it was 7.41 *per cent* in 2020-21 which was lower than the previous years. However, during 2021-22, the rate of growth (ROG) of RE was higher than the previous year and stood at 12.23 *per cent* during the year. On the other hand, the percentage of RE to TE ranged between 85.31 *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. During 2021-22, the percentage of RE to TE was 91.89 *per cent* which was, however, lower than the previous year. RE as a percentage of RR was ranged between 91.55 *per cent* and 121.59 *per cent* during the last five year period and it was 91.55 *per cent* during 2021-22.

The buoyancy ratio of RE with GSDP during the five year period ranged between 0.64 *per cent* and 15.12 *per cent* and it was 0.64 *per cent* during 2021-22 while the buoyancy ratio of RE to RR ranged between (-) 1.46 *per cent* and 3.87 *per cent* and it was 0.38 *per cent* during 2021-22 resulting in revenue surplus for the State during 2021-22.

During 2021-22, the RE has been distributed in different Sectors as shown in **Chart 2.8**.

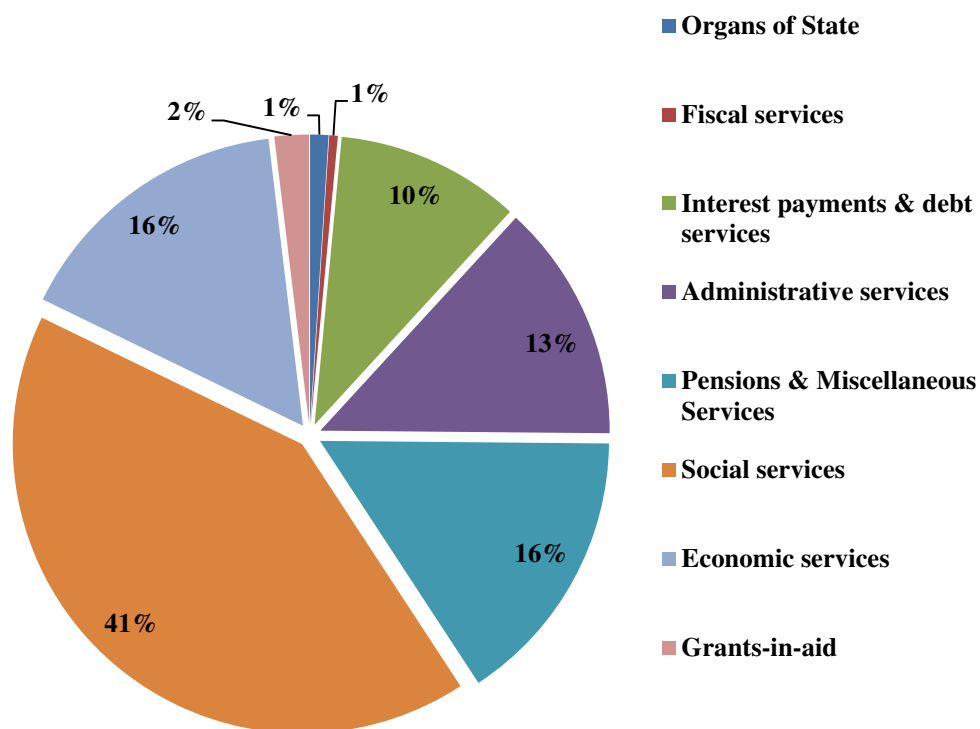
**Table 2.14: Revenue Expenditure – Basic Parameters**

(₹ in crore)

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	12,141.28	13,371.19	14,263.88	15,202.79	17,548.27
Revenue Expenditure (RE)	10,357.22	11,889.20	13,376.91	14,367.82	16,125.24
Rate of Growth of RE ( <i>per cent</i> )	16.96	14.79	12.51	7.41	12.23
Revenue Expenditure as percentage of TE	85.31	88.92	93.78	94.51	91.89
RE/GSDP ( <i>per cent</i> )	23.69	23.86	24.70	26.40	24.89
RE as percentage of RR	102.87	98.82	121.59	108.09	91.55
<i>Buoyancy of Revenue Expenditure with</i>					
GSDP (ratio)	1.58	1.06	1.44	15.12	0.64
Revenue Receipts (ratio)	3.87	0.76	(-)1.46	0.35	0.38

**Source:** Finance Accounts of respective years

**Chart 2.8: Distribution of different services of Revenue Expenditure during 2021-22 (in per cent)**



#### 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 *viz-à-viz* the previous year are shown in **Table 2.15**.

**Table 2.15: Head-wise variation in Revenue Expenditure during 2021-22 compared to 2020-21**

(₹ in crore)

Major changes in Revenue Expenditure			
Major Heads of Account	2020-21	2021-22	Increase(+)/ Decrease (-)
<b>Increase</b>			
<b>General Sector</b>			
2055-Police	1,383.82	1,452.05	68.23
2071-Pensions and other Retirement Benefits	2,321.61	2,516.49	194.88
2049-Interest Payments	1,284.81	1,398.16	113.35
<b>Social Sector</b>			
2216-Housing	224.49	1,149.06	924.57
<b>Economic Sector</b>			
2406-Forestry and Wild Life	154.18	204.29	50.11
2515-Other Rural Development Programmes	581.73	675.10	93.37

Major changes in Revenue Expenditure			
Major Heads of Account	2020-21	2021-22	Increase(+)/ Decrease (-)
2501-Special Programmes for Rural Development	207.07	221.97	14.90
2851-Village Industries	73.77	86.39	12.62
<b>Decrease</b>			
<b>Social Sector</b>			
2202-General Education	2,313.82	2,243.01	-70.81
2217-Urban Development	628.21	345.39	-282.82
2236-Nutrition	87.44	61.51	-25.93
2245-Relief on account of Natural Calamities	86.98	65.15	-21.83
<b>Economic Sector</b>			
2401- Crop Husbandry	368.02	353.98	-14.04

*Source: Finance Accounts*

Reasons for major changes in Revenue Expenditure under General, Social and Economic Sectors during 2021-22 over the previous year revealed the following:

- There was an increase in expenditure of ₹ 68.23 crore under Police. This increase was mainly due to increase in expenditure under minor head '104-Special Police by ₹ 1.32 crore, '108-State Headquarters Police' by ₹ 33.97 crore and '109-District Police' by ₹ 28.09 crore during the year.
- The expenditure on Pensions and other Retirement Benefits increased by ₹ 194.88 crore mainly due to more expenditure for Superannuation and Retirement Allowances by ₹ 90.66 crore, and Family Pensions by ₹ 101.75 crore.
- There was an increase in payment of interest by ₹ 113.35 crore mainly due to increase in payment of interest on Internal Debt by ₹ 81.12 crore, ₹ 13.74 crore on Small Savings Provident Funds etc, and interest on General and other Reserve Funds by ₹ 15.49 crore.
- The expenditure on Housing increased by ₹ 924.57 crore during 2021-22 over the previous year mainly due to increase in expenditure towards implementation of Pradhan Mantri Awaas Yojana in Rural Areas (₹ 232.15 crore) and Special component Plan for Scheduled Castes (₹ 171.59 crore).
- There was an increase of ₹ 50.11 crore under Forestry and Wild Life due to more expenditure in Forestry by ₹ 48.23 crore and ₹ 1.86 crore in Environmental Forestry and Wild Life.
- The Revenue expenditure on Other Rural Development Programme increased by ₹ 93.37 crore mainly due to increase in expenditure on development under Tribal Area Sub-plan (₹ 49.28 crore) and Panchayati Raj (₹ 23.36 crore).

- Revenue expenditure on General Education decreased by ₹ 70.81 crore mainly due to decrease in expenditure on Elementary Education by ₹ 26.05 crore, Secondary Education by ₹ 40.11 crore and decrease in expenditure by ₹ 6.61 crore on University and Higher Education.
- Revenue expenditure on Urban Development decreased by ₹ 282.82 crore mainly due to decrease in expenditure by ₹ 223.06 crore (56.76 per cent) under Integrated Development of Small and Medium Towns in construction and ₹ 5.92 crore (100 per cent) under Other Urban Development Scheme for Special Component Plan for SC & Tribal Area Sub-plan.
- Revenue expenditure under Economic Sector decrease in Crop Husbandry by ₹ 14.04 crore mainly due to decrease in expenditure under Horticulture and Vegetable crops and Special Component Plan for SC & Tribal Area Sub-plan.

During 2021-22, ₹ 217.40 crore was incurred from the Revenue account in various heads (2053, 2055, 2056, 2210, 2211, 2235 and 3456) on relief measures relating to COVID-19 pandemic situation in the State during the year.

Trend in major share of expenditure under Revenue in Social Sector during last five year period are shown in **Table 2.16**.

**Table 2.16: Trend in major share of expenditure under Revenue in Social Sector**

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
General Education	2,091.26	2,339.77	2,481.60	2,313.82	2,243.01
Health and Public Health	479.11	550.11	616.46	630.93	762.27
Social Security and Welfare	630.45	743.64	844.20	857.52	870.56
Water Supply and Sanitation	168.70	176.31	204.27	203.58	223.11
Urban Development	105.56	114.71	247.32	628.21	345.39

During last five year period from 2017-18 to 2021-22, the expenditure in General Education is the major part of the Revenue expenditure under Social Services followed by expenditure on Social Security and Welfare. During 2021-22, the expenditure on General Education and Social Security and Welfare contributed 46.62 per cent of total expenditure of Social Services (₹ 6,678.97 crore) under Revenue. The trend of Major components of expenditure under Economic Service are given in **Table 2.17**.

**Table 2.17: Trend in major share of expenditure under Revenue in Economic Sector**

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Crop Husbandry	330.76	387.10	345.61	368.02	353.98
Animal Husbandry	91.52	94.76	100.86	102.00	122.97
Forestry and Wild life	103.41	117.46	125.39	154.18	204.29

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Special Programme for Rural Development	106.39	133.13	251.96	207.07	221.97
Other Rural Development Programme	236.04	239.95	429.06	581.73	675.10
Roads and Bridges	112.19	97.01	143.69	314.99	292.99
General Economic Services	118.36	111.60	51.51	73.98	152.00
Industry and Minerals	71.32	61.05	66.44	82.81	95.18

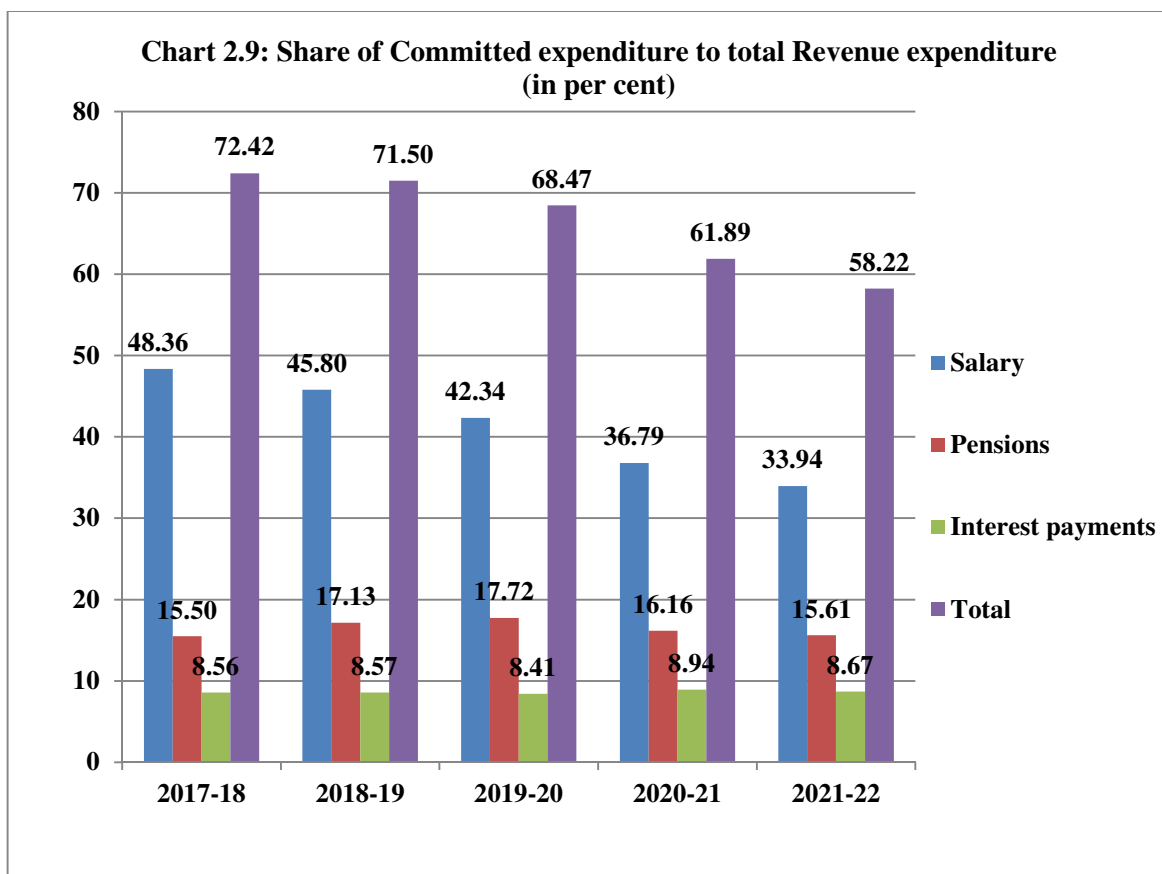
In respect of Economic Sector, the major contributors were Crop Husbandry, Roads and Bridges, Forestry and Wild Life, Other Rural Development Programme, Special Programme for Rural Development etc., during 2021-22.

#### 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 2017-18 to 2021-22 are given in **Table 2.18** and **Chart 2.9**:

**Table 2.18: Components of Committed Expenditure during 2017-18 to 2021-22**

<i>(₹ in crore)</i>					
Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries & Wages	5,008.87	5,445.23	5,663.10	5,285.81	5,472.39
Expenditure on Pensions	1,605.23	2,036.49	2,370.59	2,321.61	2,516.49
Interest payments	886.89	1,018.95	1,124.98	1,284.81	1,398.16
<b>Total</b>	<b>7,500.99</b>	<b>8,500.67</b>	<b>9,158.67</b>	<b>8,892.23</b>	<b>9,387.04</b>
<b><i>As percentage of Revenue Receipts(RR)</i></b>					
Salaries & Wages	49.75	45.26	51.48	39.77	31.07
Expenditure on Pensions	15.94	16.93	21.55	17.47	14.29
Interest payments	8.81	8.47	10.22	9.67	7.94
<b>Total</b>	<b>74.50</b>	<b>70.66</b>	<b>83.25</b>	<b>66.90</b>	<b>53.29</b>
<b><i>As percentage of Revenue Expenditure(RE)</i></b>					
Salaries & Wages	48.36	45.80	42.34	36.79	33.94
Expenditure on Pensions	15.50	17.13	17.72	16.16	15.61
Interest payments	8.56	8.57	8.41	8.94	8.67
<b>Total</b>	<b>72.42</b>	<b>71.50</b>	<b>68.47</b>	<b>61.89</b>	<b>58.22</b>



**Table 2.18** shows that during 2021-22, the Committed expenditure increased by 5.56 *per cent* as compared to previous year mainly due to increase in expenditure on pension payments by 8.39 *per cent* and interest payments by 8.82 *per cent* during the year. However, the ratio of committed expenditure to total revenue expenditure, continued its downtrend from 2017-18, which was 72.42 *per cent* in 2017-18 and is 58.22 *per cent* in 2021-22.

During 2021-22, total expenditure on payment of Salary and wages was ₹ 5,472.39 crore of which ₹ 44.18 crore was paid as wages during the year. A substantial amount of salary expenditure was incurred in Home (Police) Department (₹ 1,384.96 crore) and Elementary Education Department (₹ 577.18 crore) during the year 2021-22. **Chart 2.9** shows the component-wise share of committed expenditure to total Revenue expenditure (RE) during last five year period from 2017-18 to 2021-22. It was shown that 33.94 *per cent* of RE was incurred on salary and wages during 2021-22. However, it was 36.79 *per cent* during 2020-21. Pension payment was 15.61 *per cent* during 2021-22 while it was 16.16 *per cent* of RE during 2020-21. As on 31 March 2022, there were 80,840 pensioners in the State including MLA pensioners.

#### 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 01 April 2021, there was un-transferred Fund of ₹ 0.28 crore in Defined Contributory Pension Scheme under the Fund. During 2021-22, the State Government deposited ₹ 19.56 crore (employees’ contributions: ₹ 9.49 crore and Government’s contribution: ₹ 10.07 crore) into the Fund created under MH 8342-117 and transferred an amount of ₹ 19.26 crore to NSDL leaving a balance of ₹ 0.58 crore in the Fund at the end of 31 March 2022. Non-transferring of contribution may accumulate the interest liabilities of ₹ 0.04 crore<sup>14</sup> of the State Government.

#### 2.4.2.4 Subsidies

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

During 2021-22, the State Government provided subsidies amounting to ₹ 132.27 crore through various departments which were 0.75 per cent of RR and 0.82 per cent of RE of the State during the year. The quantum of subsidy, however, decreased by ₹ 13.56 crore (9.30 per cent) during 2021-22 as compared to the previous year.

It was seen that major part of subsidy were provided by the State Government through Power Department (TSECL) (₹ 47.00 crore), Food Civil Supplies and Consumers Affairs (₹ 39.96 crore), Animal Resource Development (₹ 17.17 crore), Agriculture (₹ 16.35 crore) and Industries (₹ 10.59 crore) Departments, respectively during 2021-22.

As per 3<sup>rd</sup> quarterly Review Report of the State Finance Minister for the year 2021-22, it was stated that the State Government provides the consumer subsidy to TSECL and subsidy on food items through Public Distribution System under National Food Security Mission (NFSM). Additional subsidy was also provided by the State on milling loss to FCI for procurement of paddy from the farmers through the Food, Civil Supplies and Consumer Affairs Department. Subsidy was provided to the Agriculture Department (₹ 16.35 crore) during the year mainly for Pradhan Mantri Fasal Bima Yojana (₹ 5.45 crore) and Agriculture development (₹ 5.99 crore) during the year 2021-22.

**Table 2.19: Expenditure on subsidies during 2017-22**

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies	116.57	133.19	56.62	145.83	132.27
Subsidies as a percentage of Revenue Receipts	1.16	1.11	0.51	1.10	0.75
Subsidies as a percentage of Revenue Expenditure	1.13	1.12	0.42	1.01	0.82

<sup>14</sup> Calculated on ₹ 0.58 crore at the interest rate of 7.10 per cent as notified by the Government payable to the General Provident Fund.



According to the Memorandum of Understanding signed between the Government of India and Government of Tripura, for procurement and distribution of rice under NFSA in the State, on behalf of Government of India by the latter under the decentralised procurement scheme for procurement of food grains and pending submission of its final and audited accounts of the relevant years by the agencies of the State Government, the Government of India has agreed to release provisional subsidy to the State Government allowing 100 *per cent* of fixed cost and 95 *per cent* of variable costs of economic cost. Five *per cent* of variable costs will be released after finalisation of the economic cost on the basis of Audited accounts.

As per information furnished by the State Government (August 2022), it was noticed that the Government had started procurement of Paddy from the farmers of the State since December 2018 and submitted claims for provisional subsidy to the Government of India under Central Sector Scheme 'Food subsidy for Decentralised procurement of Foodgrains under NFSA' and received provisional Subsidy upto the financial year 2021-22. But the accounts of Food Subsidy on paddy procurement in the State had not been audited by the CA.

Scrutiny of the sanction memos issued from GoI, revealed that the State Government had received provisional food subsidy of ₹ 53.24 crore during 2021-22. Further, as per PFMS portal of the Controller General of Accounts, it was noticed that during 2021-22, the GoI released funds to the Food, Civil Supplies and Consumers Affairs Department directly for Sugar subsidy payable under PDS (₹ 10.41 crore), Food subsidy for Decentralised Procurement of Food grains under NFSA (₹ 15.58 crore) and Assistance to State Agencies for Intra-State movement of food grains and FPS dealers margin under NFSA (₹ 64.53 crore). But, accounts of the Agency on food subsidy has not been finalised and audited as on August 2022. As a result, the State Government had failed to avail additional five *per cent* of variable costs during the year.

However, Government stated (16 August 2022) that initiative has been taken to get audited the accounts of food subsidy on paddy procurement very soon and report of the same would be submitted to the Principal Accountant General (Audit), Tripura accordingly.

#### **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 2017-18 to 2021-22 is shown in **Table 2.20**.

**Table 2.20: Financial Assistance to Local Bodies and others during 2017-18 to 2021-22**

(₹ in crore)

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	305.75	312.21	263.89	533.70	391.74
Panchayati Raj Institutions	115.27	116.08	145.63	554.26	248.24
<b>Total (A)</b>	<b>421.02</b>	<b>428.29</b>	<b>409.52</b>	<b>1,087.96</b>	<b>639.98</b>
<b>(B) Others</b>					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	0.00	0.00	0.00	0.00	0.00
Development Authorities	0.00	0.00	0.00	0.00	0.00
Hospitals and Other Charitable Institutions	0.00	0.00	0.00	0.00	0.00
Other Institutions	1823.21	1973.10	2229.00	1777.53	3751.24
<b>Total (B)</b>	<b>1,823.21</b>	<b>1,973.10</b>	<b>2,229.00</b>	<b>1,777.53</b>	<b>3,751.24</b>
<b>Total (A+B)</b>	<b>2244.23</b>	<b>2401.39</b>	<b>2638.52</b>	<b>2865.49</b>	<b>4,391.22</b>
Revenue Expenditure	10,357.22	11,889.20	13,376.91	14,367.82	16,125.24
Assistance as percentage of Revenue Expenditure	21.67	20.20	19.72	19.94	26.55

Source: Finance Accounts

Table 2.20 shows that during 2021-22, the Government provided Financial Assistance as grants-in-aid to the Local Bodies and other Autonomous Bodies of ₹ 4,391.22 crore which substantially increased by ₹ 1,525.73 crore (53.24 per cent) from ₹ 2,865.49 crore in 2020-21. While the quantum of grants to the Local Bodies decreased by ₹ 447.98 crore (41.18 per cent), there was an increase of grants to Other Autonomous Bodies by ₹ 1,973.71 crore (111.04 per cent) during 2021-22 as compared to previous year. It was noticed that out of the total financial assistance of ₹ 3,751.24 crore to others, the Government had given grants of ₹ 494.99 crore for creation of Capital assets from the Capital Account instead of Revenue Account in violation of Accounting Standard which resulted in overstatement of Capital Expenditure and Revenue surplus to that extent respectively.

### Constitution of State Finance Commission (SFC)

The State Government enacted the Tripura Panchayats Act, 1993 which came into effect from 16 November 1993 and the Tripura Municipal Act, 1994 which came into force in the State.

As per Article 243-I of the Constitution of India it is mandatory for the State to constitute State Finance Commission within one year of enactment the Act in respect of the Local

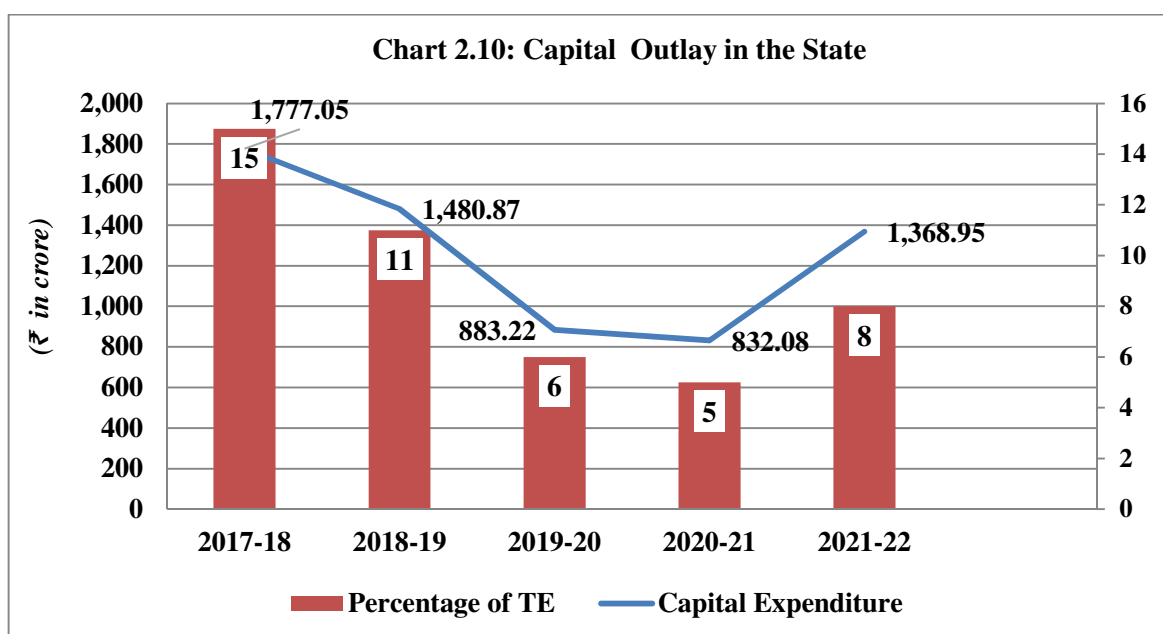
Bodies (PRIs & ULBs) and thereafter on expiry of every five years. The mandate of the State Finance Commission (SFC) is to review the financial position of the Local Bodies and to make recommendations to the Governor for devolution of funds to the Local Bodies and to suggest measures needed to improve the financial position of the local bodies.

As per provision under Section 214 of the Tripura Panchayats Act, 1993, the State Government constituted the First SFC on 19 November 1998, after a delay of 1633 days from the due date (31-5-1994) for constitution. The Commission submitted its Report on 17 January 1999 for five years period (1998-99 to 2002-03), which was accepted by the State Government on 27 November 2000. But some of the recommendations of the First SFC had not been implemented by the State Government. The Second, Third and Fourth SFC were also constituted and submitted their reports to the State Government but were not accepted/ implemented by the Government. However, the Second SFC on Urban Local Bodies did not submit any Report. The Fifth SFC for the period 2021-22 to 2025-26 was constituted on 4 June 2020 with delay of 796 days and submitted its Report with recommendations on 8 February 2021. The Report is still under consideration of the State Government (October 2022). However, the State Government has been providing funds to the Local Bodies as per recommendations of the Central Finance Commission.

*Delay in constitution of SFCs should be avoided and the recommendations accepted should be fully implemented.*

### 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 Special Purpose Vehicles have been set up to carry out bulk of capex. The trend of Capital Outlay during last five years is shown in Chart 2.10.



### 2.4.3.1 Major changes in Capital Expenditure (Capital Outlay)

During 2021-22, Capital Outlay was ₹ 1,368.95 crore (7.80 per cent of TE) which increased by ₹ 536.87 crore (64.52 per cent) as compared to the previous year mainly due to increase in expenditure under Urban Development, Minor Irrigation, Power projects, Tourism, Roads and Bridges, Publicity, Public Health, Education, etc., during the year. There was decrease in expenditure in respect of MH 4851-Village and Small Industries (95 per cent), 5055- Road Transport (75 per cent), 4401- Crop Husbandry (68 per cent) and 4215-Water Supply (18 per cent) respectively during the year as compared to 2020-21. Major changes in capital expenditure in some major heads are shown in **Table 2.21**.

**Table 2.21: Capital Outlay during 2021-22 compared to 2020-21**

(₹ in crore)

Major Heads of Accounts	2020-21	2021-22	Percentage of Decrease (-)/ Increase (+)
4059-Capital Outlay on Public Works	72.85	213.28	192.77
4202-Capital Outlay on Education, Sports, Art and Culture	18.99	45.53	139.76
4210-Medical and Public Health	25.07	83.79	234.22
4215-Water Supply and Sanitation	292.74	239.76	(-)18.10
4217-Urban Development	0.00	76.56	-
4401-Capital Outlay on Crop Husbandry	24.49	7.76	(-)68.31
4405-Capital Outlay on Fisheries	6.09	8.65	42.04
4702-Capital Outlay on Minor Irrigation	31.87	59.47	86.60
4711-Flood Control Projects	0.00	2.62	-
4801-Power Projects	0.00	58.83	-
4851-Capital Outlay on Village and Small Industries	6.63	0.30	(-)95.48
5054-Roads and Bridges	211.73	372.22	75.80
5055-Capital Outlay on Road Transport	9.55	2.37	(-)75.18
5452-Capital outlay on Tourism	6.68	22.55	237.57

Scrutiny of the Budget documents revealed that there was no provision in Capital Section under object head '57-Grants for Creation of Capital Assets' in the Original Budget of the State for the year 2021-22. But the State Government made provision in this object head under various Major Heads in capital section under 15 Demands/Grants of ₹ 724.96 crore in the Revised budget for the year 2021-22 against which only ₹ 494.99 crore was incurred as Special assistance for creation of capital assets during the year.

As per the Accounts of the State Government for the year 2021-22, it was seen that the State Government had given grants-in-aid of ₹ 494.99 crore to other Autonomous Bodies in cash for creation of Capital Assets during the year 2021-22 and this was booked as Capital account under various Central Schemes like, MGNREGA, Pradhan Mantri Awas Yojana, Vigyan Gram Yojana, PMKSY, PMMSY, etc., instead of Revenue Expenditure in violation of Accounting Standard (IGAS-2), resulting in overstatement of Capital Expenditure and also overstatement of Revenue surplus to that extent during 2021-22.

The State Government stated that the assets which were de-facto owned by the State Government would come under object Head-57. Further, assets which were created for individual beneficiaries would come under Object Head-31. Necessary instructions were issued (January 2019) to the concerned Urban Local Bodies, Rural Local Bodies, PSUs and other Autonomous Institutions stating that the fund was being provided to different Urban Local Bodies, Rural Local Bodies, PSUs and Autonomous Institutions for creation of assets under various Central and State Schemes for use of General Public. Since the assets are created by utilisation of fund given either by Central or State Government, such assets shall not be alienated without the approval of the State Government who is de-facto owner of such assets. This instruction was also valid even for the assets which have already been created under the Government schemes by different ULBs, RLBs, PSUs and Autonomous Institutions, etc.

The Government response cannot be accepted as the fund of ₹ 494.99 crore was given as financial assistance to the other Autonomous Bodies for creation of Capital Assets and booked under Capital Account during the year 2021-22. Even the details of the total value of grants-in-aid in kind released during the year and value of grants-in-aid in kind being Capital Assets in Nature has not been furnished by the State Government.

*The State Government should classify the expenditure according to the Accounting Standard.*

#### **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. 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 made 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 2022, there were 14 working Government Companies, one Non-working Government Company, One statutory Corporation, one Bank, four joint stock companies/corporation and 25 Co-operative Societies. The State Government made investment of

₹ 1,766.54 crore<sup>15</sup> in these companies/corporations and Co-operative Societies as on 31 March 2022. Maximum amount was invested to the Tripura State Electricity Corporation Limited of ₹ 553.45 crore followed by ₹ 408.24 crore to the Tripura Jute Mills Limited and ₹ 158.54 crore in Tripura Handloom & Handicrafts Development Corporation Limited up to the end of March 2022.

As on 31 March 2021, the amount of investment was ₹ 1,714.19 crore, which increased by ₹ 52.35 crore with the fresh investment in seven Government Companies (₹ 47.26 crore) and eight Co-operative Societies (₹ 5.09 crore) during 2021-22. During 2021-22, the State Government received ₹ 1.62 crore as dividend from only two Joint stock companies<sup>16</sup>.

Out of the investment of ₹ 47.26 crore in seven working Government Companies, ₹ 18.99 crore was invested in Tripura Jute Mills Limited followed by ₹ 14.92 crore in Tripura Handloom and Handicrafts Development Corporation Limited which are loss making companies in the State. ₹ 4.80 crore was invested in Tripura Small Industries Corporation Limited during the year 2021-22.

Detail of the investments and returns as on 31 March during last five year period from 2017-18 to 2021-22 are shown in **Table 2.22**.

**Table 2.22: Investment and Return**

(₹ in crore)

Investment/return/ borrowings	cost of	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year		1,503.88	1,562.57	1,648.66	1,714.19	1,766.54
Return		14.69	Nil	7.94	6.62	1.62
Return ( <i>per cent</i> )		0.95	Nil	0.48	0.38	0.09
Average rate of interest on Government Borrowings ( <i>per cent</i> )		7.50	7.16	7.89	7.67	7.50
Difference between interest rate and return ( <i>per cent</i> )		6.55	7.16	7.41	7.29	7.41
<b>Difference between interest on Government borrowings and return on investment#</b>		<b>98.45</b>	<b>111.88</b>	<b>124.55</b>	<b>124.85</b>	<b>130.90</b>

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

As per latest finalised accounts, there were seven Companies whose accumulated loss were ranging from (-) ₹ 0.17 crore to (-) ₹ 374.94 crore, of which the net worth were completely eroded in four Companies ranging from (-) ₹ 0.07 crore to (-) ₹ 124.08 crore, as can be seen in **Table 2.23**.

<sup>15</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>16</sup> North East Transmission Company Ltd.: (₹ 123.42 lakh) and ONGC Tripura Power Company Ltd.: (₹ 39.20 lakh).

**Table 2.23: Equity Investments made in companies/corporations, whose net worth completely eroded**

(₹ in crore)

Sl. No.	Name of State PSUs	Latest Accounts finalised	Total paid up capital#	Net profit (+)/ Loss(-) after interest, Tax and dividend	Accumulated Losses	Net Worth	State Government equity as on 31 March 2022*	State Government Loans as on 31 March 2022*
1	2	3	4	5	6	7	8	9
1	Agartala Smart City Limited	2020-21	0.10	(-)0.09	(-)0.17	(-)0.07	0.05	NA
2	Tripura Rehabilitation and Plantation Corporation Ltd.	2018-19	4.58	(-)4.88	(-)10.58	(-) 6.00	60.90	NA
3	Tripura Road Transport Corporation Ltd.	2019-20	163.96	0.52	(-) 288.04	(-)124.08	169.78	NA
4	Tripura Industrial Development Corporation Limited.	2020-21	16.17	(-) 1.31	(-)25.37	(-)9.20	16.91	NA
5	Tripura Small Industries Corporation Ltd.	2018-19	67.62	(-) 7.98	(-)62.48	5.14	80.85	NA
6	Tripura Handloom and Handicraft Development Corporation Limited	2020-21	161.23	(-) 4.46	(-)154.00	7.23	158.84	NA
7	Tripura Jute mills Ltd.	2020-21	379.24	(-) 22.78	(-)374.94	4.30	408.24	NA
8	Tripura State Electricity Corporation Limited	2021-22	665.76	(-) 102.10	434.89	230.87	553.45	106.75

Source: #Latest finalised accounts of SPSEs (3 to 7); \* State Finance Accounts, 2021-22.

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



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

The State Government had given Loans and Advances to various organisations and Government servants for various purposes. During 2021-22, the Government disbursed ₹ 54.08 crore as Loans and Advances and recovered only ₹ 0.87 crore from the Government Servants (₹ 0.52 crore) and from others (₹ 0.35 crore) during the year. The outstanding loans and advances at the end of 31 March 2022 stood at ₹ 251.38 crore. During 2021-22, the Government received ₹ 0.15 crore as interest on the loans given to the Government Servants particularly House building and Computer Advances.

During 2021-22, the State Government had disbursed Loans and Advances of ₹ 54.08 crore out of which ₹ 50.00 crore was given to the Tripura State Electricity Corporation Limited at an interest rate of 7 per cent per annum with a condition that this loan amount will be adjusted as subsidy or State share during the year 2022-23. Out of the rest of disbursement amount, ₹ 2.80 crore was given as loan to the Tripura State Cooperative Bank Ltd. (PIA).

Scrutiny of the Finance Accounts revealed that out of the total outstanding loans and advances of ₹ 251.38 crore, no recovery of loans (Principal or interest) from 12 Departments involving ₹ 152.98 crore had been effected during past several years while some of loans were more than 10 years old. Even, none of the loanees had confirmed their balances as on 31 March 2022. Maximum amount of loan was lying outstanding with the Power Department (TSECL) (₹ 106.75 crore) followed by the Medical and Public Health Department (₹ 81.00 crore) as on 31 March 2022.

It was also noticed that the State Government had disbursed interest free loans which are recoverable within 15 years and 30 instalments to the Medical and Public Health Department (Society for Tripura Medical College & Dr. BRAM Teaching Hospital, Agartala) since 2012-13 to 2017-18 of ₹ 82.50 crore. The society has paid only ₹ 1.50 crore upto the year 2017-18 and thereafter no amount has been paid (31 March 2022). Similarly, the State had disbursed interest free loans to the Power Department (TSECL) of ₹ 56.75 crore upto 2016-17. No amount has been recovered from the lonee as on 31 March 2022. During 2021-22, the State Government had given ₹ 50.00 crore again to TSECL at the interest of 7 per cent per annum with some conditions. As a result total outstanding loan to the TSECL was ₹ 106.75 crore (31 March 2022).

Further, as per latest finalised Accounts of the TSECL, it was noticed that there were outstanding dues of ₹ 179.76 crore on the purchase of Power during 2021-22 by the TSECL to the Central Power Generation Company (31 March 2022).

The quantum of loans and advances and recovered during last five year period are shown in **Table 2.24**.

**Table 2.24: Quantum of loans disbursed and recovered during five years**

(₹ in crore)

Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loans outstanding	187.68	193.00	193.51	196.53	198.17
Amount advanced during the year	7.01	1.12	3.75	2.89	54.08



Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
Amount recovered during the year	1.69	0.60	0.73	1.25	0.87
Closing Balance of the loans outstanding	193.00	193.51	196.53	198.17	251.38
Net addition	5.32	0.51	3.02	1.64	53.21
Interest received	1.94	NA	0.06	0.08	0.15
Interest rate on Loans and Advances given by the Government.	10.90	10.90	11.20	11.20	7.00
Rate of Interest paid on the outstanding borrowings of the Government	7.50	7.16	7.89	7.67	7.50
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	3.40	3.74	3.31	3.53	0.50

*Necessary steps should be taken by the Government to recover the long pending outstanding loans from the entities.*

#### 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 63 incomplete capital works with estimated cost of ₹ five crore and above on which, expenditure of ₹ 403.30 crore was incurred up to the end of March 2022, against the estimated cost of ₹ 1,100.16 crore. During 2021-22, an expenditure of ₹ 263.65 crore was incurred on these 63 works. Details of incomplete projects are given in **Table 2.25**.

**Table 2.25: Incomplete works as on 31 March 2022**

(₹ in crore)

Type of works	No of incomplete projects/works	Estimated cost	Expenditure incurred	
			During 2021-22	As on 31 March 2022
Building Works	16	131.52	29.30	98.72
Road Works	32	700.89	192.36	259.46
Bridges Works	3	34.17	6.07	7.19
Water Resources	2	13.78	4.63	4.84
Drinking Water and Sanitation Works	10	219.80	31.29	33.09
<b>Total</b>	<b>63</b>	<b>1,100.16</b>	<b>263.65</b>	<b>403.30</b>

**Source:** Finance Accounts

Further, there were 232 incomplete capital works with estimated cost less than ₹ five crore on which expenditure of ₹ 123.00 crore was incurred during 2021-22 and remained incomplete as on 31 March 2022.

It was seen that out of 63 capital works costing ₹ five crore and above remained incomplete as on 31 March 2022, the target date of completion of 21 works had already been expired though the expenditure of ₹ 164.12 crore was incurred on these 21 works against the total estimated cost of ₹ 373.10 crore.

The break-up of the incomplete capital works for which the target date of completion was already expired as on 31 March 2022, are shown in **Table 2.26**:

**Table 2.26: Capital works expired their date of completion as on 31 March 2022**

(₹ in crore)

Type of works	No of incomplete projects/works	Estimated cost	Expenditure incurred	
			During 2021-22	As on 31-03-2022
Building Works	11	100.37	22.04	79.15
Road Works	5	213.54	31.90	58.67
Bridges Works	1	6.69	2.32	2.32
Water Resources	1	8.65	3.15	3.25
Drinking Water and Sanitation Works	3	43.85	19.03	20.73
<b>Total</b>	<b>21</b>	<b>373.10</b>	<b>68.44</b>	<b>164.12</b>

It was noticed that out of 11 building capital works mentioned in **Table 2.26**, the construction of one building was started in the year 2013 with the target date of completion 6 August 2015 but remained incomplete as on 31 March 2022 even after incurring ₹ 25.82 crore against the estimated cost of ₹ 19.49 crore. There was neither any revised estimates nor any date of extension for completion of the construction works. Thus, the work had both cost and time overrun.

Further, a work namely “Rain water storage project/M.I scheme at Avanga Cherra under Bagafa Block, South Tripura” started on 11 May 2015 under Water Resources remained incomplete even after incurring an expenditure of ₹ 3.25 crore against the estimated cost of ₹ 8.65 crore as on 31 March 2022. The target date of completion of the project was fixed as October 2016. About 65 *per cent* work of the project was completed as on 31 March 2022 though the target date of completion had expired six year back. There was no information about the extension of time for completion the project and hence the work is still remained incomplete. Thus, the beneficiaries are deprived of the intended benefits from this project.

The capital works which were started from the year 2013 to 2018, under the Public Works Department, remained incomplete as on 31 March 2022 are shown in **Table 2.27**.

**Table 2.27: Incomplete works commenced between the years 2013 to 2018***(₹ in crore)*

Sl. No.	Name of the incomplete works	Original Estimated cost	Date and year of commencement	Expenditure incurred	
				During 2021-22	As on 31-03-2022
<b>Building works</b>					
1.	Construction of “Vigyan Gram” (Regional Science City), at Agartala	19.49	06-08-2013	3.57	25.82
2.	1000 seated capacity town hall at Kumarghat, Unakoti District	5.28	29-09-2016	0.53	0.73
3.	Construction of Bus Terminal Building at Nagerjala, Agartala	6.91	17-03-2017	0.10	2.19
4.	Construction of 100 bedded sub-Division Hospital at Sabroom, South District	12.09	30-05-2017	3.46	13.53
5.	Construction of 1000 seated capacity Auditorium at Gandacherra Sub-Division	7.55	04-11-2016	1.50	5.34
6.	Construction of 48 nos quarters at North District Hospital, Kailashahar	7.76	21-03-2018	0.00	4.37
7.	Upgradation of CHC to 50 Bedded Sub-Divisional Hospital Building including kitchen etc, at Karbook, Gomati District	7.72	27-01-2018	4.88	4.88
<b>Road works</b>					
8.	Improvement of road from Central Road to Maharajganj Bazar, Agartala	118.42	24-12-2018	2.00	11.12
<b>Water Resources</b>					
9.	Project for Rain water storage at Avangacherra under Bakafa Block, South Tripura	8.65	11-05-2015	3.15	3.25

Source: Finance Accounts

The respective divisions of the Public Works Department are requested to furnish the information of reasons, if any, for delay in completion of the works. Replies had not been received (October 2022).

#### 2.4.3.2 (iv) Special Assistance for Capital works and utilizations of funds

Government of India (GoI) released funds to the State Government as Special Assistance for undertaking Capital Investments/works. During 2018-19, ₹ 1,500 crore was released by the GoI as ‘One Time Special Assistance-Capital’ for this purpose. 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. However, during 2020-21 and 2021-22, no such fund were received by the State Government for undertaking the capital works in the State. But, records revealed that there were 63 capital works with estimated cost of ₹ five crore and above which remained incomplete even after incurring ₹ 403.30 crore as on 31 March 2022. Out of 63 works, some of the works commenced from 2013-14 onwards (**Table 2.26**) but remained incomplete as on 31 March 2022. Moreover, there were 232 works costing less than ₹ five crore that remained incomplete as on 31 March 2022 though the State Government had received substantial fund from GoI during 2018-19 and 2019-20 respectively for completion of the ongoing capital works/projects. Even, it was noticed that the Capital outlay (expenditure) during the period from 2018-19 to 2020-21 was not sufficient and it was ₹ 1,480.87 crore in 2018-19 and ₹ 833.22 crore in 2019-20 respectively, as appeared in the Accounts of the State Government for the years.

The State Government was requested (October 2021) to furnish detailed information on utilisation of the Special Assistance received as above from the GoI. In reply the State Government stated (December 2021) that during 2018-19, the Government had implemented the 7<sup>th</sup> CPC recommendations for the State Government employees from October 2018. In addition there were committed liabilities of the State Government for repayment of loan and interest payments for the projects already taken up earlier. Therefore, the Capital Works during the year 2018-19 were undertaken by loans and Advances from the Tripura Infrastructure and Investment Fund Board (TIIB) and the HUDCO. As such, it was extremely difficult to meet such committed liabilities without support of the Central Government and hence the GOI sanctioned the fund as Special Assistance to the State.

The reply of the State Government is not acceptable as the GoI had released the Special Assistance for 'Undertaken Investment in Capital Works with some conditions and not for the purpose of meeting committed liabilities of the State Government. Moreover, the State Government had borrowed substantial amount from various entities during 2018-19 and 2019-20 respectively and repaid only ₹ 466.21 crore (2018-19) and ₹ 856.80 crore (2019-20) during the years, as appeared in the Accounts of the State for that years. Hence, there was sufficient amount of borrowed fund for use in the Capital expenditure. Due to non-receipt of the specific information on utilisation of the aforementioned fund, it could not be ascertained whether the fund was utilised by the Government for the intended purpose that was released by GoI during the period as mentioned above.

### 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 is the quality of expenditure.

**Table 2.28: 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 (2020-21)	27.71	63.88	15.81	16.88	7.03
Tripura State (2020-21)	25.82	59.00	5.47	15.24	5.92
NE and Himalayan States <sup>17</sup> Average (2021-22)	27.56	62.56	17.46	15.95	7.25
Tripura State (2021-22)	27.09	59.48	7.80	13.06	6.68

**Source:** Information furnished from respective offices of NE and Himalayan States.

It can be seen from **Table 2.28** that:

- During the year 2021-22, the percentage of total expenditure to GSDP, and ratio of all the expenditure of key social services *like* Education and Health and Development expenditure of the State were lower than the average expenditure of 13 NE&H States during the year.
- The ratio of Capital expenditure to total expenditure of the State was much below the average ratio of 13 NE&H States during 2021-22.
- The ratio of expenditure of all the key components of fiscal priorities of the State during 2021-22 were, however, higher than that of the ratio of 2020-21.
- The percentage of Development expenditure to total expenditure of the State was however, higher than the average of ratio of Manipur and Nagaland States of NER.

## 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 2017-18 to 2021-22 is shown in **Table 2.29**. The analysis of the Net balances of various components in the Public Account is given in the respective paragraphs.

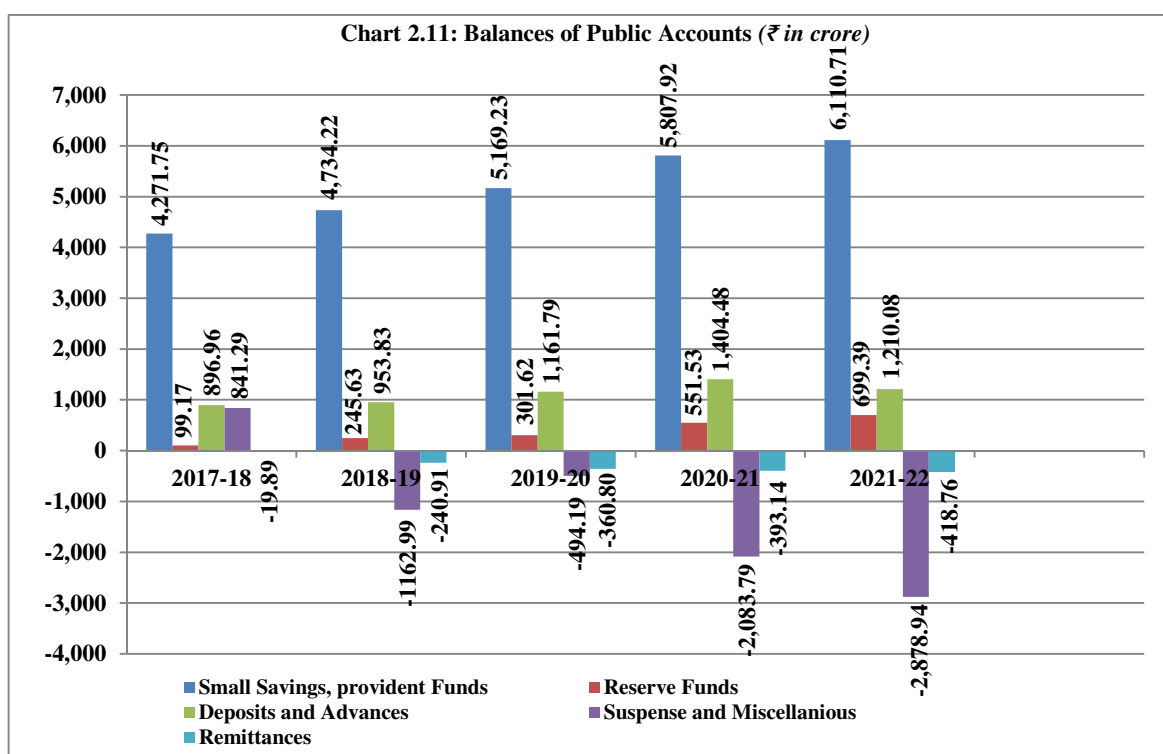
<sup>17</sup> Average of 13 NE&H States.

**Table 2.29: Component-wise net balances in Public Account as of 31 March of the year 2017-18 to 2021-22**

(₹ in crore)

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	4,271.75	4,734.22	5,169.23	5,807.92	6,110.71
J. Reserve Funds	(a) Reserve Funds bearing Interest	93.79	241.13	292.65	443.96	526.13
	(b) Reserve Funds not bearing Interest	5.38	4.50	8.97	107.57	173.26
K. Deposits and Advances	(a) Deposits bearing Interest	0.02	0.01	0.52	0.29	0.58
	(b) Deposits not bearing Interest	897.51	955.86	1,162.14	1,404.19	1,211.83
	(c) Advances	(-) 0.57	(-) 2.04	(-) 0.87	(-) 0.07	(-)2.33
L. Suspense and Miscellaneous	(b) Suspense	(-) 163.87	(-) 478.60	(-) 111.81	(-) 113.84	(-)93.63
	(c) Other Accounts	(-) 677.42	(-) 684.39	(-) 382.38	(-) 1,969.95	(-)2,785.31
	(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	(-) 19.51	(-) 241.40	(-) 360.57	(-) 393.67	(-) 419.09
M. Remittances	(b) Inter-Governmental Adjustment Account	(-) 0.38	0.49	(-) 0.23	0.53	0.33
<b>Total</b>		<b>4,406.70</b>	<b>4,529.78</b>	<b>5,777.65</b>	<b>5,286.93</b>	<b>4,722.48</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 2022, 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 2021-22. 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 2022. 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 under Major Head 8222 in 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. As per the guidelines, the State Government would be required to contribute ₹ 104.89 crore<sup>18</sup> during 2021-22. However, the State Government had contributed ₹ 266.47 crore to the fund during 2021-22 including outstanding contribution of the fund for the years 2018-19, 2019-20 and 2020-21. During 2021-22, the State Government received ₹ 29.83 crore as interest on this Sinking Fund Account and reinvested the same by the RBI during the year. After discharging the service charge of ₹ 0.44 lakh to the RBI, the accumulated of fund was ₹ 684.43 crore at the end of 31 March 2022, against the balance of ₹ 388.13 crore at the end of 31 March 2021. However, this fund was invested through RBI at the end of 31 March 2022.

### 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

<sup>18</sup> Calculated on the total liabilities of ₹ 20,817.10 crore excluding back to back loan of ₹ 266.00 crore at the end of March 2021\*0.5 *per cent*.



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 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 2021-22 was fixed at ₹ 76 crore (Central Share: ₹ 68.00 crore and State Share: ₹ 8.00 crore). During 2021-22, the GoI released ₹ 54.40 crore towards SDRF. In addition, the GoI released ₹ 13.60 crore for State Disaster Mitigation Fund (SDMF) during the year. The State Government transferred ₹ 64.22 crore (Central share: ₹ 54.40 crore; State share ₹ 9.82 crore) including the unutilised fund of ₹ 0.41 lakh deposited by Challan to the SDRF account during the year 2021-22. However, the State Government contributed the left out contribution of ₹ 3.78 crore for the year 2020-21 during 2021-22 along with the share for the year 2021-22. During 2021-22, the State Government had not received any amount from the GoI towards NDRF. Further, the SDRF Fund, which is part of 'Reserve Fund Bearing Interest, had an opening balance of ₹ 68.81 crore as on 1 April 2021. During 2021-22, the State Government incurred an expenditure of ₹ 22.22 crore from SDRF of which ₹ 19.77 crore was incurred directly from the Public Account under Major Head 8121-122-SDRF violating the prescribed SDRF guidelines. After incurring an expenditure of ₹ 22.22 crore during the year, there was a balance of ₹ 110.81 crore as on 31 March 2022. 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 ₹ 4.13 crore<sup>19</sup> payable on the said Fund. This resulted in understatement of Revenue Expenditure and overstatement of Revenue and Fiscal surplus of the State Government to that extent.

Details of transactions to SDRF are given in **Table 2.30**.

**Table 2.30: Details of transactions under SDRF**

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2021-22
2245-05-State Disaster Response Fund	101-Transfer to State Disaster Response Funds and Deposit Account	64.29 <sup>20</sup>
	901- Deduct - Amount met from State Disaster Response Fund	(-) 2.45
	<b>Total -2245</b>	<b>61.84</b>

<sup>19</sup> Calculated at the rate of 6.00 *per cent* per annum as per Repo rate of RBI.

<sup>20</sup> This represents transfer to Reserve Fund under Public Account and hence, not an expenditure admissible to be charged to SDRF.



It can be noticed from **Table 2.30** that ₹ 61.84 crore was charged under MH 2245 to MH 8121-SDRF and recouped by the State Government against the total expenditure of ₹ 22.22 crore during the year 2021-22 under the SDRF.

### (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 moneys 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 moneys 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 2021, there was a balance of ₹ 375.15 crore in the State Compensatory Afforestation Fund under Public Account which bears the interest of ₹ 12.57 crore<sup>21</sup>. During 2021-22, the State Government received ₹ 48.00 crore from National Compensatory Afforestation Deposit credited the same under Major Head 8336-Civil Deposits. The Government transferred 90 *per cent* of the fund (₹ 47.99 crore) to MH 8121-General and Other Reserve Funds during the year and 10 *per cent* (₹ 1.00 crore) was remitted to the National Fund. During the financial year 2021-22, ₹ 15.49 crore as interest was credited to the fund by the State Government. But the Government had not contributed of interest liability of ₹ 12.57 crore for the year 2021-22. The State Government, however, incurred an expenditure of ₹ 23.32 crore from the fund during 2021-22. As on 31 March 2022, there was a balance of ₹ 415.31 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.

#### 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.

<sup>21</sup> Calculated at the rate of 3.35 *per cent* fixed for the year 2021-22 by the Ministry of Forest, Environment and Climate Change, GoI.

It is a non-interest bearing non-lapsable fund created to utilize 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 2021-22, the State Government has collected ₹ 273.33 crore as Road Development Cess and transferred the same through Revenue expenditure head 3054 to the fund under Public Account during the year. During 2021-22, the State Government had incurred an expenditure of ₹ 206.50 crore from the Road Development Fund which was transferred through MH 3054 (₹ 153.65 crore) and 5054 (₹ 52.85 crore) respectively during the year. There was a balance of ₹ 167.14 crore in the Roads and Bridges Fund under the Public Account as on 31 March 2022 for future use in Road Development purpose in the State.

Moreover, the State Government had received grants of ₹ 33.76 crore from GoI as Central Road Fund to be utilised under the old on-going CRIF scheme during the year 2021-22. The State Government had transferred an amount of ₹ 17.54 crore through MH 3054 to Deposit head 8449-103 under Public Account leaving a balance of ₹ 16.22 crore in the Consolidated Fund. Non-transferring of Central Road Fund of ₹ 16.22 crore to the Deposit Head, there was overstatement of Revenue surplus as well as Fiscal surplus of the State during the year to that extent.

#### 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- Guarantees Redemption Fund in the Public Account. During 2021-22, ₹ 4.44 crore was credited in this fund of which ₹ 3.86 crore was credited as guarantee redemption fee by the State Government and ₹ 0.58 crore was credited as interest accrued on this Fund-investment account during the year.

As on 31 March 2022, the total accumulation of Fund was ₹ 16.84 crore (2.66 per cent of outstanding guarantees at end of the year) in this Guarantee Redemption Fund which bears the desired level at three per cent at the end of four years. During 2021-22, ₹ 14.92 crore was invested from the Fund alongwith the interest of ₹ 0.58 crore accrued during 2021-22. As on 31 March 2022, there was an outstanding guarantee of ₹ 634.26 crore including interest of ₹ 0.08 crore. The status of guarantees is discussed at **Paragraph 2.7.2**.

## 2.6 Debt management

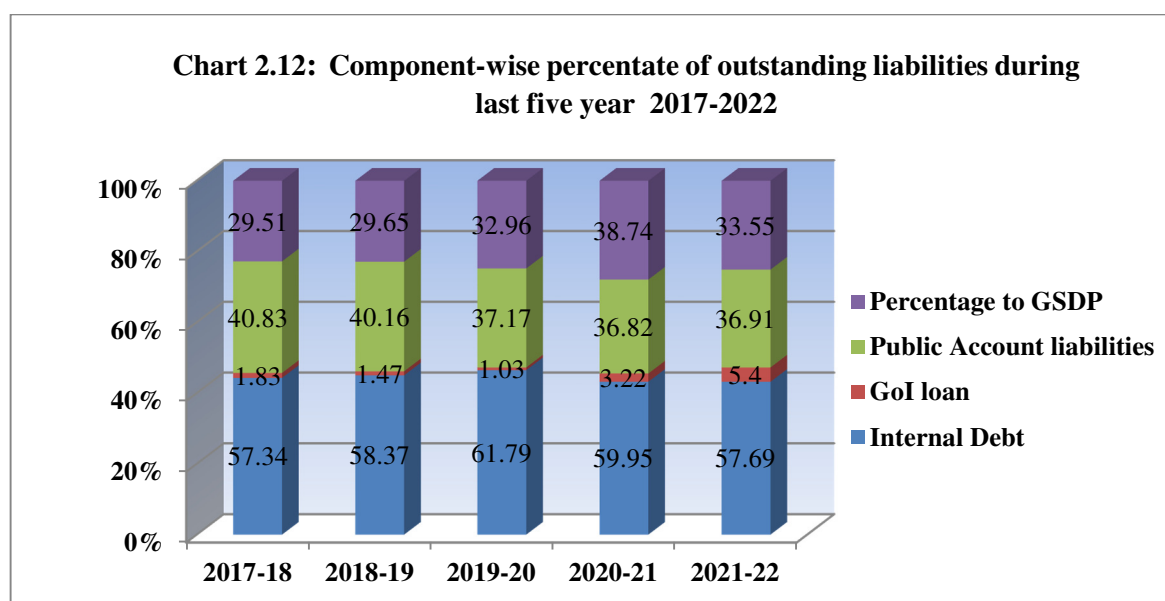
Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements. The details of outstanding public debt and other liabilities are given in **Table 2.31**.

**Table 2.31: Details of outstanding public debt and other liabilities**

(₹ in crore)

Years	GSDP	Internal Debt	Loans and Advances from GOI	Public Account liabilities	Total Outstanding liabilities	Percentage of Outstanding liabilities to GSDP
2017-18	43,716	7,398.46	235.82	5,268.45	12,902.73	29.51
2018-19	49,823	8,626.78	217.02	5,935.72	14,779.52	29.65
2019-20	54,151	11,027.69	184.51	6,633.51	17,845.71	32.96
2020-21	54,415	12,639.64	679.53	7,763.93	21,083.10	38.74
2021-22	64,778	12,537.04	1,172.88	8,022.50	21,732.42 <sup>22</sup>	33.55

The component-wise percentage of the total outstanding liabilities and their percentage to GSDP are shown in **Chart 2.12**.



<sup>22</sup> Includes back to back loan of ₹ 226.00 crore and ₹ 401.37 crore given by the GoI during 2020-21 and 2021-22 respectively, 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 ₹ 21,732.42 crore at the end of 31 March 2022 (**Table 2.31**) which was inclusive of ₹ 627.37 crore as back to back loan given by the GoI during 2020-21 (₹ 226.00 crore) and 2021-22 (₹ 401.37 crore) respectively in lieu of compensation of GST without any repayment obligation. Hence, the outstanding debt liabilities of the State Government excluding this back to back loan stood at ₹ 21,105.06 crore at the end of 31 March 2022 which was 32.58 *per cent* of GSDP of the State instead of 33.55 *per cent* of GSDP.

The outstanding internal debt decreased by ₹ 102.60 crore (0.81 *per cent*) during the year 2021-22 mainly due to more payment of debt than receipts during the year. Moreover, the State Government had borrowed market loan of ₹ 300.00 crore during 2021-22 and repaid the similar amount of market loans during the year which was borrowed at the interest rate ranging between 8.60 *per cent* and 9.42 *per cent*. Further, the State repaid ₹ 118.98 crore of loan to the National Small Savings Fund of the Central Government during 2021-22, resulting in decrease of outstanding loan from ₹ 955.39 crore to ₹ 836.41 crore of this entity at the end of 31 March 2022. The outstanding loan to NABARD increased by ₹ 22.57 crore during the year 2021-22.

Public Account liabilities increased by ₹ 258.59 crore (3.33 *per cent*) as compared to previous year mainly due to increase in small savings, provident fund by 5.21 *per cent* offset by decrease of 13.68 *per cent* in Deposit heads during the year 2021-22.

The percentage of outstanding liabilities to GSDP during the last five year period from 2017-18 to 2021-22 ranged between 29.51 *per cent* and 35.42 *per cent*.

Details of interest rate applicable on the Ways and Means Advances, Overdrafts and other Government securities are given in **Table 2.32**.

**Table 2.32: Details of interest rates on Ways and Advances and overdrafts etc.**

Item	What it means	Interest rate
Ways and Means Advance (WMA)	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	The interest rate on WMA is the RBI's repo rate, which is basically the rate at

Item	What it means	Interest rate
	<p>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 ₹ 304.00 crore as on 31 March 2021. Further, the operative limit of Special Drawing Facilities (SDF) against the pledge of Government Securities was ₹ 1,645.49 crore as on 31 March 2022 as agreed by the Bank.</p> <p>During 2021-22, the State Government had not availed any Ways and Means Advances and Special Drawing Facilities.</p>	<p>which it lends short-term money to banks.</p> <p>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 Government of Tripura had not availed overdraft during 2021-22.</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 tradable 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>
T-bills	<p>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.</p> <p>As on 31 March 2022, cash balance of ₹ 2,755.53 crore was invested in Government of India 14/91 days Treasury Bills by the State Government.</p>	<p>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.</p> <p>To make up the deficiency in Cash</p>

Item	What it means	Interest rate
		Balance, Government of India Treasury Bills was rediscounted on 138 occasions during 2021-22.
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.	Nil
T-Bonds	Treasury bonds are long-term investments with a maturity period of 30 years. Interest is paid every six months.	Nil

The component-wise debt trend are shown in **Table 2.33**.

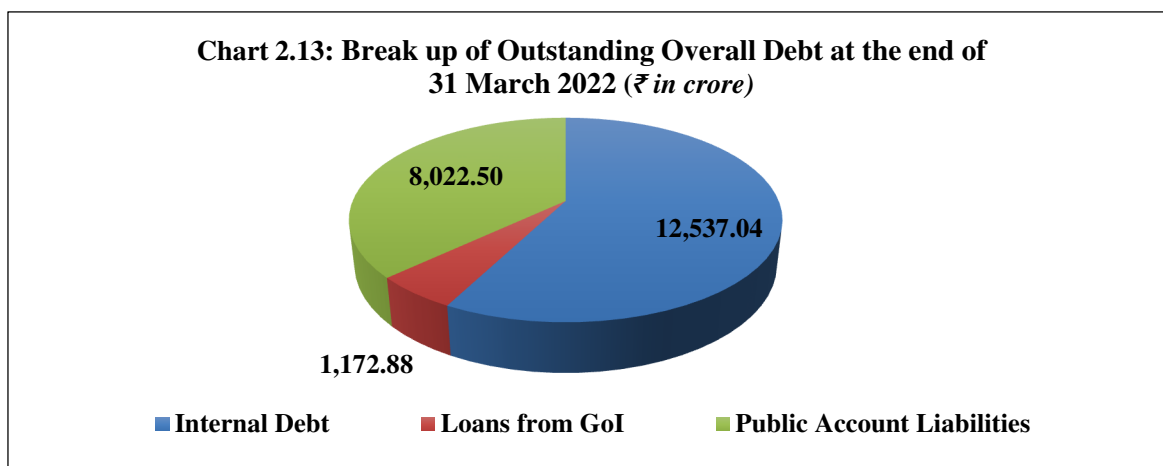
**Table 2.33: Component -wise debt trends**

		(₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Outstanding Overall Debt</b>		<b>12,902.73</b>	<b>14,779.52</b>	<b>17,845.71</b>	<b>21,083.10</b>	<b>21,732.42</b>
<i>Public Debt</i>	Internal Debt	7398.46	8,626.78	11,027.69	12,639.64	12,537.03
	Loans from GoI	235.82	217.02	184.51	679.53	1,172.88
<i>Liabilities on Public Account</i>		5,268.45	5,935.72	6,633.51	7,763.93	8,012.51
Rate of growth of outstanding Overall debt ( <i>percentage</i> )		14.60	14.55	20.75	18.14	3.08
Gross State Domestic Product (GSDP)		43,716	49,823	54,151	54,415	64,778
<b>Debt/GSDP (<i>per cent</i>)</b>		<b>29.51</b>	<b>29.66</b>	<b>32.96</b>	<b>38.74</b>	<b>33.55</b>
<b>Total Debt Receipts</b>		<b>3,367.94</b>	<b>3,961.23</b>	<b>5,725.87</b>	<b>6,201.06</b>	<b>4,081.95</b>
<b>Total Debt Repayments</b>		<b>1,722.82</b>	<b>2,084.44</b>	<b>2,659.38</b>	<b>2,963.53</b>	<b>3432.62</b>
<b>Total Debt Available</b>		<b>1645.12</b>	<b>1876.79</b>	<b>3066.49</b>	<b>3237.53</b>	<b>649.33</b>
<b>Debt Repayments/Debt Receipts (<i>percentage</i>)</b>		<b>51.15</b>	<b>52.62</b>	<b>46.44</b>	<b>47.79</b>	<b>84.09</b>

During 2021-22, overall Receipts of debt was ₹ 4,081.95 crore against which repayment was ₹ 3,432.62 crore. During 2021-22, the ₹ 1,398.16 crore was paid as interest as debt. The outstanding debt to GSDP was 33.55 *per cent* against the target of 34.71 *per cent* fixed by the State Government for the year 2021-22. However, the effective outstanding overall debt would be ₹ 21,105.05 crore (32.58 *per cent* of GSDP), as the Department of Expenditure, GoI has decided that GST compensation given to the State as back to back loan under debt receipts (₹ 226.00 crore in 2020-21 and ₹ 401.37 crore in 2021-22) would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.



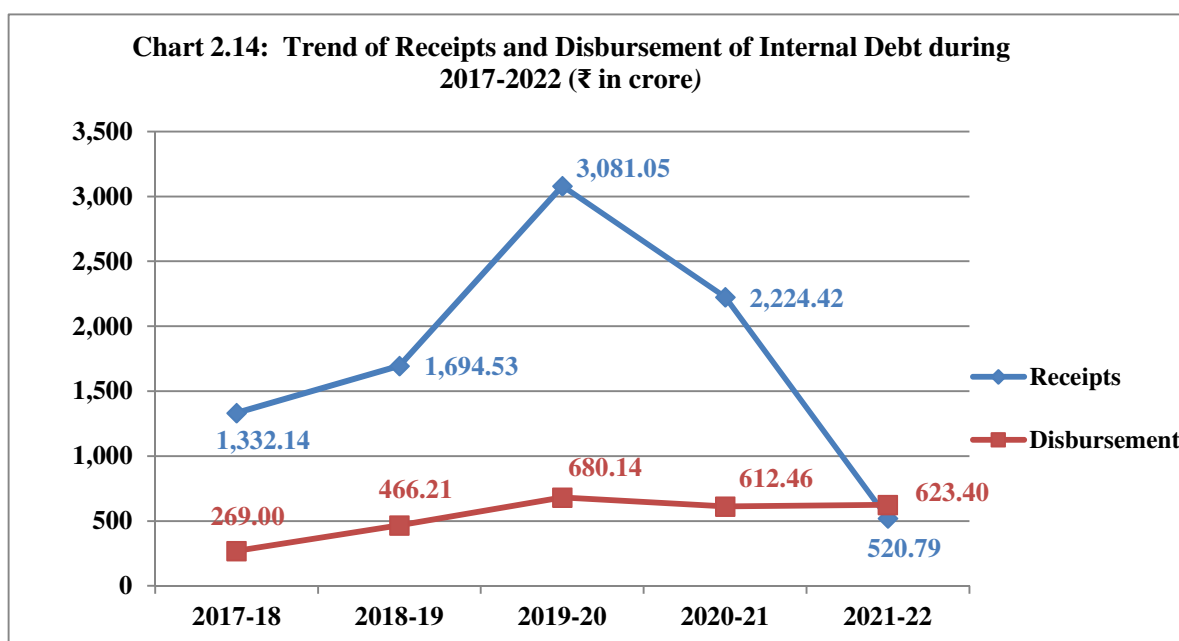
The break up of overall debt at the end of 31 March 2022 are given in **Chart 2.13**.



**Table 2.34: Component wise debt trends**

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Market borrowings	5,138.01	6,524.83	9,102.83	10,733.83	10,733.83
Special Securities issued to NSSF	1,308.62	1,193.36	1074.38	955.39	836.41
Loans from Financial Institutions	951.84	908.59	850.48	950.42	966.80
Loans from GoI	237.16	217.02	184.51	679.53	1,172.88
Small Savings, PF etc.	4271.75	4734.22	5169.22	5807.92	6,110.71
Reserve Fund	571.19	544.91	625.57	949.00	1,398.74
Deposits and Advances	896.96	953.83	1161.8	1404.41	1,210.08
Suspense and Misc.	-163.87	-478.59	-111.82	-113.84	-93.62
Remittances	19.9	-240.91	-360.8	-393.14	-418.76
Increase/ Decrease(-) in Cash Balances	587.86	172.85	77.65	1,368.34	1,010.10
<b>Gross Deficit(-)/Surplus (+) in Consolidated Fund</b>	<b>(-)1039.05</b>	<b>(-)130.18</b>	<b>(-)892.86</b>	<b>(+)197.97</b>	<b>(+) 457.30</b>





The financing pattern of fiscal deficit has undergone a compositional shift as reflected in Table 2.35.

**Table 2.35: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Composition of Fiscal Deficit/surplus</b>						
1	Revenue Deficit (-)/ Surplus(+)	(-)289.27	141.69	(-)2375.32	(-)1075.42	1,488.71
2	Capital Expenditure	1,777.05	1,480.87	883.22	832.08	1,368.95
3	Net Loans and Advances	5.32	0.52	3.02	1.64	53.21
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings(Net)	1,137.00	1,386.83	2,578.00	1,631.00	0.00
2	Loans from GoI(Net)	(-)30.55	(-)18.80	(-)32.21	495.15	493.36
3	Special Securities issued to NSSF	(-)113.20	(-)115.26	(-)118.98	(-)118.89	-118.98
4	Loans from other Financial Institutions	39.34	(-) 43.25	(-)58.11	99.94	16.37
5	Small Savings, PF, etc.	520.75	462.47	435.00	638.70	302.79
6	Deposits and Advances	105.62	56.87	207.96	242.61	-194.33
7	Suspense	30.92	(-) 314.73	366.78	(-) 2.03	20.22
8	Remittances	(-)31.91	(-) 221.02	(-)119.89	(-) 32.34	-25.62
9	Reserve Fund	(-)174.19	(-) 26.27	80.66	323.43	449.74
<b>10</b>	<b>Overall Deficit/Surplus</b>	<b>1,483.78</b>	<b>1,166.84</b>	<b>3,339.21</b>	<b>3,277.48</b>	<b>943.55</b>
11	Increase(+)/Decrease(-) in cash balance and investment of cash balance	(-)587.86	(-) 172.86	77.65	1,368.34	1,010.10
<b>12</b>	<b>Gross Fiscal Deficit(+)/Surplus(-)</b>	<b>(-)2,071.64</b>	<b>(-)1,339.70</b>	<b>(-)3,261.56</b>	<b>(-)1,909.14</b>	<b>66.55</b>

The share of fiscal deficit indicates the extent to which borrowed funds were used for current consumption. During 2021-22, the State Government, however, enjoyed Revenue surplus of ₹ 1488.71 crore and Fiscal surplus of ₹ 66.55 crore respectively.

**Table 2.36: Receipts and Disbursements under components financing the fiscal deficit during 2021-22**

(₹ in crore)

Particulars		Receipt	Disbursement	Net
<b>1</b>	<b>Gross Fiscal Deficit</b>			
2	Market Borrowings	300.00	300.00	0.00
3	Loans from GoI	526.30	32.94	493.36
4	Special Securities issued to NSSF	0.00	118.98	-118.98
5	Loans from Financial Institutions	220.79	204.42	16.37
6	Small Savings, PF, etc.	1716.73	1413.94	302.79

Particulars		Receipt	Disbursement	Net
7	Deposits and Advances	624.07	818.40	-194.33
8	Suspense	31.35	11.13	20.22
9	Remittances	892.21	917.83	-25.62
10	Reserve Fund	701.78	252.04	449.74
<b>11</b>	<b>Overall Deficit</b>	<b>5,013.23</b>	<b>4,069.68</b>	<b>943.55</b>
12	Increase(-)/Decrease(+) in cash balance	2,414.51	3,424.61	1,010.10

## 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 2022, there was total outstanding Public Debt of ₹ 13,709.91 crore (Internal Debt: ₹ 12,537.03 crore and GoI loan: ₹ 1,172.88 crore<sup>23</sup>) of which, outstanding market loan bearing interest was ₹ 10,733.83 crore at the end of the year. Out of market loan of ₹ 10,733.83 crore, ₹ 1,345.00 crore will mature in the next one to three years and ₹ 4,244.83 crore will mature during the next five to seven years. Maturity Profile of repayment of Public Debt is shown in **Table 2.37** and the repayment schedule of outstanding market loans with interest is shown in **Chart 2.15**.

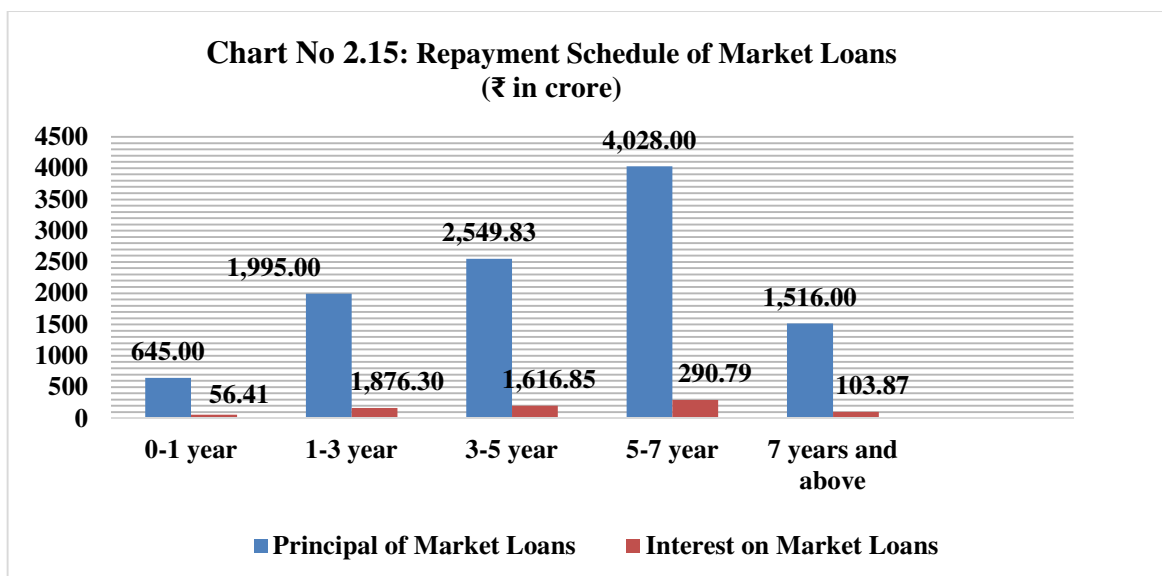
**Table 2.37: Debt Maturity profile of repayment of Public Debt**

Period of repayment (Years)	Internal Debt	Loans from GoI	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	784.34	31.92	788.26	5.75
1 – 3	1,687.80	57.10	1,744.90	12.73
3 – 5	2,413.01	8.72	2,421.73	17.66
5 – 7	4,725.79	8.06	4,733.85	34.53
7 and above	2,926.10	1,066.90	3,993.00	29.12
<b>Total</b>	<b>12,537.04</b>	<b>1,172.70</b>	<b>13,709.74</b>	

It was seen from **Chart 2.15** that out of total outstanding market loan bearing interest of ₹ 10,733.83 crore, the principal amount of ₹ 1,995.00 crore and interest of ₹ 1,876.30 crore are to be paid by the Government one to three years. Moreover, next three to five year period, an amount of outstanding market loan of ₹ 2,549.83 crore as principal and ₹ 1,616.85 crore as interest are also be paid by the Government at an average rate of interest of 7.5 per cent. Total amount of interest on the outstanding market loan of ₹ 10,733.83 crore worked out to ₹ 4,598.84 crore at the average rate of interest on the market borrowings.

The outstanding Loans and Advances from GoI of ₹ 1,172.70 crore, ₹ 627.37 crore was as back to back loan released by GoI during 2020-21 and 2021-22 in lieu of GST compensation, on which no repayment scheduled was imposed by the GoI.

<sup>23</sup> Includes back to back loan of ₹ 226.00 crore for the year 2020-21 and ₹ 401.37 crore for the year 2021-22 given by the GoI in lieu of compensation of GST without any repayment obligations and pre-1984-85 loan of ₹ 0.18 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.

From **Table 2.38** it appears that the growth rate of outstanding Public Debt rapidly increased from 15.62 *per cent* in 2017-18 to 26.78 *per cent* in 2019-20 and Public Debt/GSDP ratio increased from 17.46 *per cent* to 20.71 *per cent* during the same period. During 2020-21, the rate of growth of outstanding debt decreased to 18.79 *per cent* and Debt/GSDP increased to 24.48 *per cent* as 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 ranging between 7.29 *per cent* and

8.20 per cent during the last five-year period from 2017-18 to 2021-22. About 22.56 per cent to 62.68 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 2.38: Trends in debt Sustainability indicators**

(₹ in crore)

Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt*	7,634.28	8,843.80 <sup>24</sup>	11,212.20	13,319.17	13,709.91
Rate of Growth of Outstanding Public Debt	15.62	15.84	26.78	18.79	2.93
GSDP	43,716	49,823	54,151	54,415	64,778
Rate of Growth of GSDP	10.73	13.97	8.69	0.49	19.04
Public Debt/GSDP	17.46	17.75	20.71	24.48	21.16
Debt Maturity profile of repayment of State debt – including default history, if any(Principal)	269.00	498.05	889.07	741.24	656.34
Average interest Rate of Outstanding Public Debt (per cent)	8.15	8.20	7.89	7.67	7.50
Percentage of Interest payment to Revenue Receipt	8.81	8.47	10.23	9.67	5.59
Percentage of Debt Repayment to Debt Receipt	22.56	29.17	27.29	26.02	62.68
Net Debt available to the State <sup>#</sup>	440.27	541.53	1,616.32	1,207.84	-592.98
Net Debt available as per cent to Debt Receipts	33.02	31.71	49.61	42.34	-0.57
Debt Stabilisation (Quantum spread + Primary Deficit)	1,460.35	873.49	2,319.34	(-)	374.28

**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 including back to back loan of ₹ 627.37 crore received by the State during 2020-21 and 2021-22 in lieu of GST compensation. The effective outstanding overall debt would be ₹ 13,082.54 crore as the Department of Expenditure, GoI has decided that back to back loan receipts under debt in lieu of GST compensation by the State 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.

<sup>24</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.

The repayment schedule of outstanding Public Debt (Principal and Interest) in the next 10 years from 2021-22 to 2031-32 are shown in **Table 2.39**:

**Table 2.39: Repayment Scheduled of Public Debt during next 10 years from 2021-22 onwards**

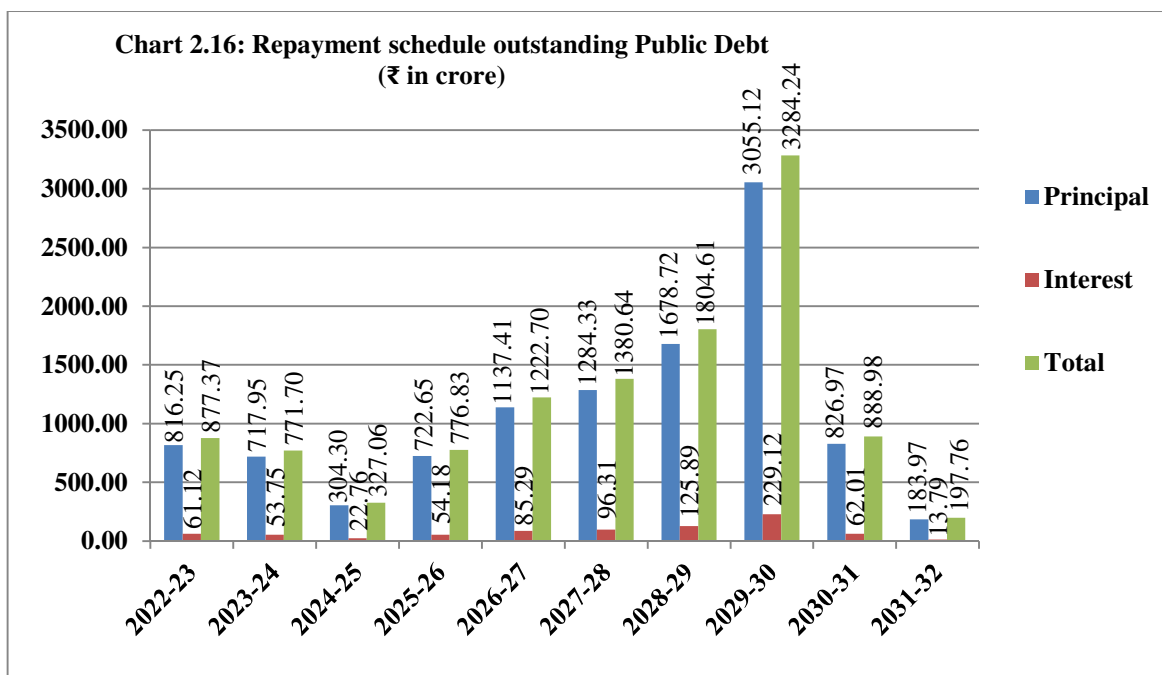
Repayment Schedule of Public Debt (₹ in crore)						
Year	Internal Debt	GOI loan	Total Public Debt	Interest	Total amount of Debt repayment	Percentage of total Debt of repayment to PD
2021-22	623.40	32.94	656.34	983.73	1640.07	12.45
2022-23	784.33	31.92	816.25	61.12	877.37	6.66
2023-24	686.18	31.77	717.95	53.75	771.70	5.86
2024-25	283.61	20.69	304.30	22.76	327.06	2.48
2025-26	718.01	4.64	722.65	54.18	776.83	5.90
2026-27	1133.01	4.40	1137.41	85.29	1222.70	9.28
2027-28	1280.01	4.32	1284.33	96.31	1380.64	10.48
2028-29	1674.73	3.99	1678.72	125.89	1804.61	13.70
2029-30	3051.05	4.07	3055.12	229.12	3284.24	24.93
2030-31	822.93	4.04	826.97	62.01	888.98	6.75
2031-32	180.38	3.59	183.97	13.79	197.76	1.50
<b>Total</b>	<b>11,237.64</b>	<b>146.37</b>	<b>11,384.01</b>	<b>1,787.95</b>	<b>13,171.96</b>	<b>100.00</b>

**Source:** Finance Accounts. Interest calculated at an average rate of interest on the borrowings.

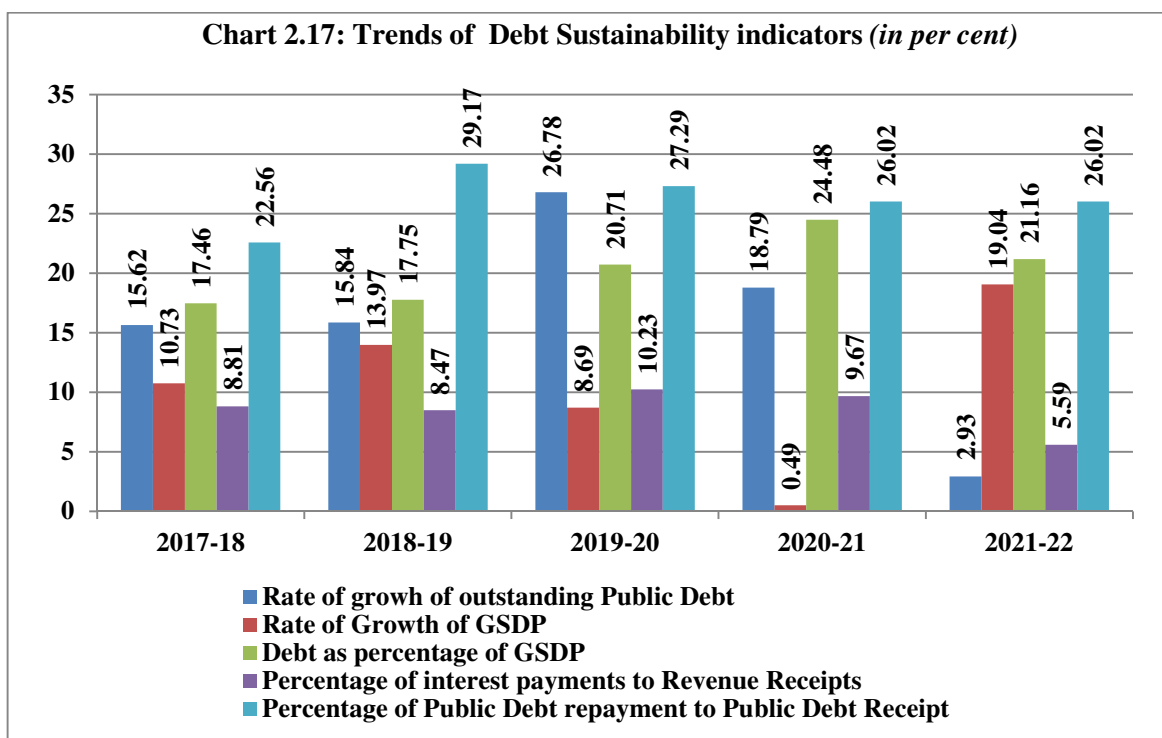
It can be seen from **Table 2.39** that ₹ 13,171.96 crore (Principal and Interest) of Public Debt would be repaid during the period from 2021-22 to 2031-32 of which ₹ 1,640.07 crore has already been paid by the State Government during 2021-22. During next 10 years from 2022-23 onwards, ₹ 11,531.89 crore of outstanding Public Debt would be paid by the State Government along with the Interest of ₹ 804.22 crore (₹ 1787.95 - ₹ 983.73 crore) during the period upto 2031-32.

It can be noticed that except the period 2027-30, the State Government will have to pay less than 10 *per cent* of the Debt every year. However, the burden of repayment schedule would increase further, if the borrowing requirements of the State Government increases during the coming years.

The repayment schedule of Principal and Interest of Public Debt during next 10 years are shown in **Chart 2.16**:



Trend of rate of growth in outstanding Public Debt and other indicators are shown in Chart 2.17:



### 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 2017-18 to 2021-22 and utilisation of the funds are shown in **Table 2.40**.

It was noticed that during 2021-22 the Government borrowed fund of ₹ 1,047.09 crore and repaid earlier principal amount of ₹ 656.34 crore during the year. The capital expenditure was ₹ 1422.16 crore (Capital outlay: ₹ 1,368.95 crore and Net loan & advances: ₹ 53.21 crore) during the year 2021-22. After meeting the payment of outstanding principal amount of loan, the net fund available from the borrowed fund was only ₹ 390.75 crore for utilising the same for capital expenditure during the year. But the State had a Revenue surplus of ₹ 1,488.71 crore in the State during 2021-22 which was sufficient to meet the Capital Expenditure of ₹ 1422.16 crore. It indicates that the Government borrowed funds for meeting the repayment of debt obligations rather than creation of capital assets.

**Table 2.40: Utilisation of borrowed funds**

(₹ in crore)

Year	Sl. No.	2017-18	2018-19	2019-20	2020-21	2021-22
Total Borrowings	2	1,333.41	1,707.57	3,257.77	2,848.35	1,047.09
Repayment of earlier borrowings (Principal) (percentage)	3	300.82 (20.17)	498.05 (29.17)	889.07 (27.29)	741.24 (26.02)	656.34 (62.68)
Capital expenditure (Percentage)	4	1,032.59 (79.83)	1,209.52 (70.83)	883.22 (27.11)	832.08 (29.21)	1,368.95 (130.74)
Net loans and advances	5	-	-	3.02 (0.09)	1.64 (0.06)	53.21 (5.08)
Portion of Revenue expenditure met out of net available borrowings	6=(2-3-4-5)	-	-	1,482.46 (45.51)	1273.39 (44.71)	-1,031.41 (-98.50)
Net availability of borrowed fund		-	-	-	-	-1031.41
Revenue surplus		-	141.69	-	-	1488.71
Net fund available from revenue			-	-	-	457.30

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 (RE) of ₹ 5.00 crore under Major Head 2075 during the year 2021-22 for contribution to the guarantee redemption fund during the year.

During 2021-22, the Government had given fresh guarantee of ₹ 110.00 crore for repayment of loans raised by the Tripura Power Corporation Ltd. (₹ 100.00 crore) and Tripura ST cooperative Development Corporation Limited (₹ 10.00 crore).

The Government received ₹ 1.10 crore as guarantee fees on the fresh guarantee given during the year 2021-22 as per the Guarantee Redemption Fund Act. The State



Government, however, transferred the guarantee fees of ₹ 1.10 crore to the guarantee redemption fund under Public Account in MH 8121-117 along with its own contribution of ₹ 3.86 crore during the year 2021-22. After deletions of ₹ 247.16 crore during 2021-22, total outstanding guarantee stood at ₹ 634.26 crore including interest of ₹ 0.08 crore at the end of 31 March 2022 which decreased by 17.78 per cent as compared to the previous year and it was 0.98 per cent of GSDP for the year.

**Table 2.41: Guarantees given by the State Government**

(₹ in crore)

Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22
Maximum amount of guaranteed during the year	54.00	230.00	246.75	276.40	110.00
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	327.65	523.67	734.57	771.42	634.26

The break-up of outstanding guarantees is shown in **Table 2.42**.

**Table 2.42: Details/ break-up of outstanding guarantee as on 31 March 2022**

(₹ in crore)

Sector	Outstanding at the beginning of 2020-21	Addition during 2021-22	Deletions during the year 2021-22	Outstanding as on 31-03-2021
1. Agartala Smart City	200.00	0.00	200.00	0.00
3. Tripura Infrastructure and Investment Fund Board	146.40	0.00	0.00	146.40
3. Power (3)	259.57	100.00	2.10	357.47
4. Co-operation (6 Nos.)	165.45	10.00	45.06	130.39 <sup>25</sup>
<b>Total:</b>	<b>771.42</b>	<b>110.00</b>	<b>247.16</b>	<b>634.26<sup>26</sup></b>

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 2021-22. Reply of the Government has not been received (November 2022).

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

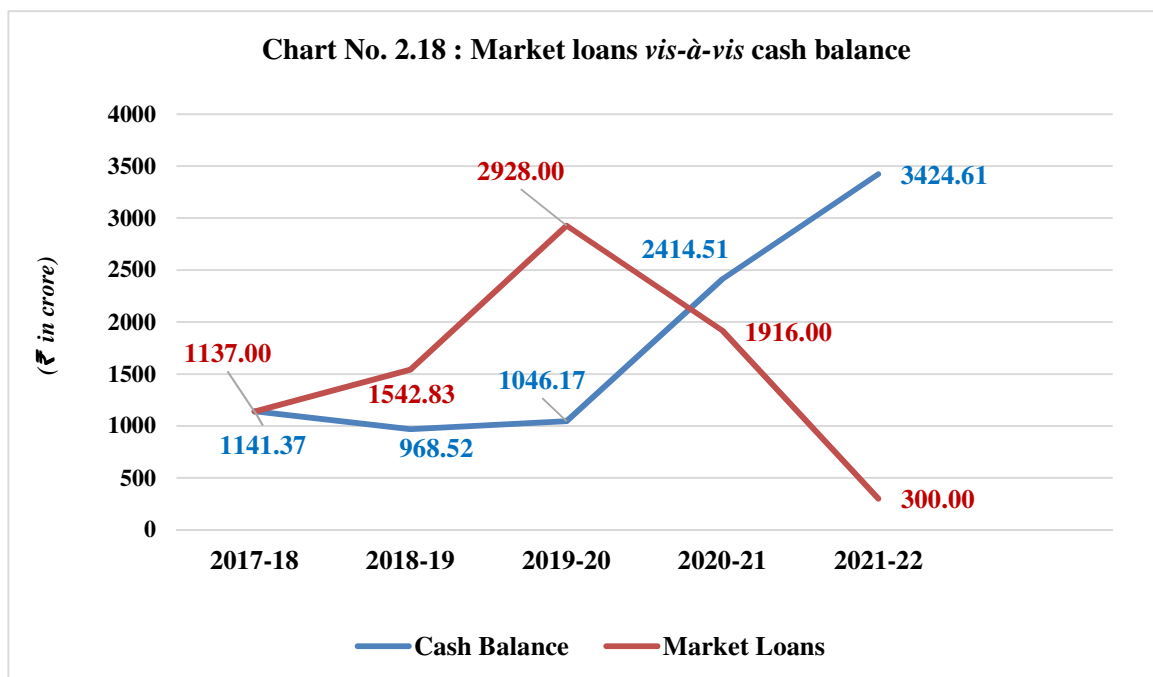
<sup>25</sup> Inclusive of ₹ 0.08 crore as interest.

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. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary or special ways and means advances/overdraft from time to time.

During the year 2021-22, the State Government, however, had not availed any ways and means advances and Special Drawing facility against the operative limit of ₹ 1,645.49 crore as on 31 March 2022 as the Government had maintained the minimum cash balances in any day out of 365 days during the financial year 2021-22. **Table 2.43** depicts the cash balances of the State at the end of 31 March 2022 out of which an amount of ₹ 2,755.52 crore was held in cash balance investment account in GoI 14/91 days Treasury Bills as on March 2022. The trend in cash balance investment account during the last five year period are shown in **Table 2.43**.



It is seen that the overall cash balance at the end of 31 March 2022 increased by ₹ 1,010.10 crore from ₹ 2,414.51 crore at the beginning of the year 2021-22. There was increase of ₹ 814.74 crore (41.98 per cent) in cash balance investment account while investment in earmarked fund increased by ₹ 301.88 crore (75.95 per cent) at the end of 31 March 2022. The position of cash balances and resource of market loans are indicated in **Chart 2.18**.

Table 2.43: Trend of Cash Balances investment

(₹ in crore)

Particulars	Opening balance on 1 April 2021	Closing balance on 31 March 2022
<b>A. General Cash Balance</b>		
Cash in treasuries	-	-
Deposits with Reserve Bank of India	48.22	(-)58.92
Deposits with other Banks	-	-
Remittances in transit – Local	(-)1.13	(-) 1.13
<b>Total</b>	<b>47.09</b>	<b>(-) 60.05</b>
Investments held in Cash Balance investment account	1,940.78	2,755.52
<b>Total (A)</b>	<b>1,987.87</b>	<b>2,695.47</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	28.95	29.55
Permanent advances for contingent expenditure with department officers	0.22	0.24
Investment in earmarked funds	397.47	699.35
<b>Total (B)</b>	<b>426.64</b>	<b>729.14</b>
<b>Total (A + B)</b>	<b>2,414.51</b>	<b>3,424.61</b>
<b>Interest realised</b>	<b>17.04</b>	<b>18.48</b>

Source: Finance Accounts

Table 2.44: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2017-18	1,356.72	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	1,940.78	1,587.42	17.04
2021-22	1,940.78	2,755.52	814.74	18.48

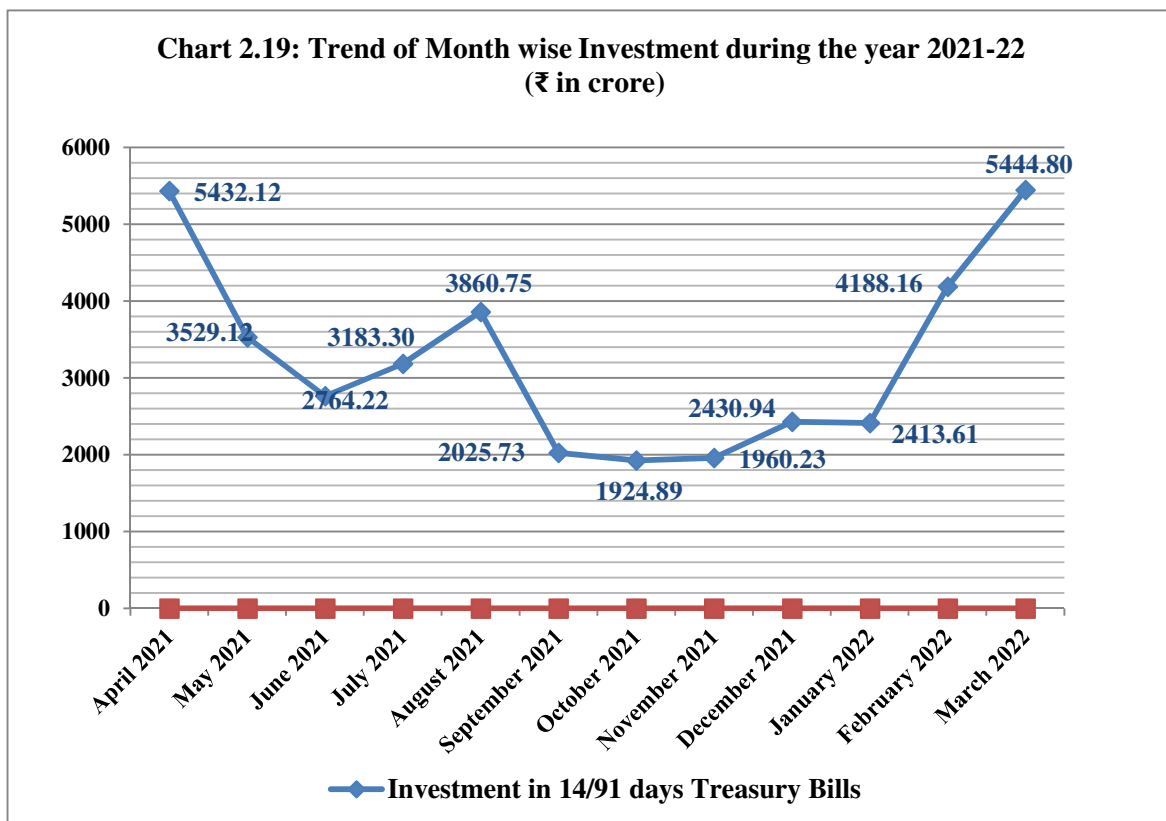
Month-wise Cash investment and interest receipt on Cash Balance investments during 2021-22 is shown in Table 2.45 while Chart 2.19 shows the trend of monthly investment from the Cash balances during 2021-22. It was seen that the State Government received ₹ 18.48 crore as interest from the Cash balance investment during 2021-22.

Table 2.45: Month-wise amount of Investment and interest receipts on investments during 2021-22

(₹ in crore)

Month	Investment	Interest receipts
April 2021	5,432.12	2.79
May 2021	3,529.12	1.74
June 2021	2,764.22	1.36
July 2021	3,183.30	1.60

Month	Investment	Interest receipts
August 2021	3,860.75	1.90
September 2021	2,025.73	0.89
October 2021	1,924.89	0.87
November 2021	1,960.23	0.86
December 2021	2,430.94	1.16
January 2022	2,413.61	1.08
February 2022	4,188.16	2.04
March 2022	5,444.80	2.19
<b>Total</b>	<b>38,287.87</b>	<b>18.48</b>



## 2.8 Conclusion

During 2021-22, the State had enjoyed Revenue surplus, Fiscal surplus and Primary surplus of ₹ 1,488.71 crore, ₹ 66.55 crore and ₹ 1,464.71 crore respectively during the year. The State achieved the target set in FRBM Act in respect of outstanding liabilities to GSDP in all five years from 2017-18 to 2021-22 and it was 33.55 per cent in 2021-22 against the target of 34.71 per cent for the year.

Revenue Receipts during the year 2021-22 were ₹ 17,613.95 crore which increased by ₹ 4,321.55 crore (35.51 per cent) during the year as compare to previous year. State's Own Tax increased by ₹ 283.87 crore (12.17 per cent) from ₹ 2,332.44 crore in 2020-21 to ₹ 2,616.31 crore in 2021-22 while Non-Tax revenue decreased by ₹ 11.38 crore (3.99 per cent) during the year from ₹ 285.49 crore in 2020-21 to ₹ 274.11 crore in 2021-22. The State had collected ₹ 1,282.69 crore as GST during 2021-22 with an increase of 21.47 per cent over the previous year.

Grants-in-aid from GoI increased by ₹ 2,189.99 crore (33.92 *per cent*) from ₹ 6,456.02 crore in 2020-21 and State's Share of Union taxes and Duties increased by ₹ 1,859.07 crore (44.07 *per cent*) from ₹ 4,218.45 crore in 2020-21 to ₹ 6,077.52 crore in 2021-22.

Revenue expenditure during the year 2021-22 was ₹ 16,125.24 crore which was increased by 12.23 *per cent* from 2020-21. The Revenue expenditure was 91.89 *per cent* of the total expenditure of ₹ 17,548.27 crore during the year 2021-22. Moreover, there was a misclassification of ₹ 494.99 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 as well as overstatement of Revenue surplus to that extent during 2021-22. Committed expenditure comprising salary & wages, pension, interest payments *etc.*, was 58.22 *per cent* of the Revenue expenditure and 53.30 *per cent* of Revenue Receipts during the year 2021-22.

Capital expenditure is the expenditure incurred for creation of fixed infrastructure assets such as roads, building, *etc.* It is noticed that during the year 2021-22, the Capital expenditure increased by ₹ 536.87 crore (64.52 *per cent*) from ₹ 882.08 crore in 2020-21 to ₹ 1,368.95 crore in 2021-22.

During 2021-22, the State Government invested ₹ 52.35 crore in seven Government Companies and eight co-operative societies. As on 31 March 2022, the State Government made investment of ₹ 1,766.54 crore in 15 Government companies, 25 co-operative societies, two statutory corporation and four Joint stock Companies. But, during 2021-22, only ₹ 1.62 crore received as dividend from two joint stock companies.

Loans and Advances of ₹ 251.38 crore were outstanding as on 31 March 2022. Out of this, the Tripura State Electricity Corporation Limited of ₹ 106.75 crore and ₹ 81.00 crore remained outstanding with the Society for Tripura Medical College & Dr. BRAM Teaching Hospital, Agartala. No amount was recovered from TSECL since 2012-13, while only ₹ 1.50 crore was recovered from the Tripura Medical society during 2017-18.

The State Government contributed ₹ 266.47 crore to the Consolidated Sinking Fund including the short contribution amount of previous years. During 2021-22, the admissible amount of contribution of ₹ 105.42 crore calculated at the rate of 0.5 *per cent* of the outstanding liabilities of ₹ 21,083.10 crore at the beginning of the year. During 2021-22, the State Government transferred ₹ 64.22 crore to the State Disaster Response Fund along with the State share of ₹ 9.82 crore including short released amount of ₹ 3.78 crore for earlier years. But the State Government did not paid the interest of ₹ 5.16 crore on the non-investment amount of ₹ 68.81 crore from the balance of SDRF at the end of 31 March 2021 which resulted overstatement of Revenue surplus during the year.

During 2021-22, the State Government contributed ₹ 3.86 crore to the guarantee redemption fund at the rate of 0.5 *per cent* of outstanding guarantees of ₹ 771.42 crore at the end of 31 March 2021.

The outstanding liabilities including outstanding Public Debt increased from ₹ 21,083.10 crore in 2020-21 to ₹ 21,732.42 crore including Back to Back loan of ₹ 627.37 crore with an increase of 3.08 *per cent* during the year. However, the effective outstanding overall debt would be ₹ 21,105.05 crore (32.58 *per cent* of GSDP), as the Department of Expenditure, GoI has decided that GST compensation given to the State as back to back loan under debt receipts (₹ 226.00 crore in 2020-21 and ₹ 401.37 crore in 2021-22) would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. About nine to six *per cent* of the revenue receipts were used by the State for payment of interest on the outstanding Public Debt during the year.

As on 31 March 2022, the State had outstanding Market loan of ₹ 10,733.83 crore, out of which ₹ 4,470.83 crore would mature in next five to seven years and ₹ 2,216.00 crore would mature during next seven years and above.

The State Government had not availed Ways and Means Advances or Special Drawing facility during the year 2021-22. The cash balances of the State at the end of 31 March 2022 was ₹ 3,424.61 crore out of which, ₹ 2,755.52 crore was held in cash balance investment account during the year.

### 2.9 Recommendations

1. State Government may take necessary steps 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. Necessary steps should be taken to recover the old outstanding loan from the loanee.