

## FINANCES OF THE STATE

### 2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

#### Major changes in Key Fiscal Aggregates during 2022-23 vis-à-vis 2021-22

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2022-23, compared to the previous year.

**Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22**

|                            |  |
|----------------------------|--|
| <b>Revenue Receipts</b>    | <ul style="list-style-type: none"> <li>➤ Revenue Receipts of the State increased by 17.86 per cent</li> <li>➤ Own Tax Receipts of the State increased by 22.30 per cent</li> <li>➤ Non-Tax Receipts increased by 10.09 per cent</li> <li>➤ State's Share of Union Taxes and Duties increased by 13.26 per cent</li> <li>➤ Grants-in-Aid from Government of India increased by 29.59 per cent</li> </ul>                              |
| <b>Revenue Expenditure</b> | <ul style="list-style-type: none"> <li>➤ Revenue Expenditure increased by 13.70 per cent</li> <li>➤ Revenue Expenditure on General Services increased by 6.78 per cent</li> <li>➤ Revenue Expenditure on Social Services increased by 13.78 per cent</li> <li>➤ Revenue Expenditure on Economic Services increased by 20.12 per cent</li> <li>➤ Expenditure on Grants-in-Aid and contributions increased by 2.68 per cent</li> </ul> |
| <b>Capital Receipts</b>    | <ul style="list-style-type: none"> <li>➤ Debt Capital Receipts decreased by 29.54 per cent</li> <li>➤ Non-debt Capital Receipts increased by 32.21 per cent</li> <li>➤ Capital Receipts increased by 14.52 per cent</li> </ul>   |
| <b>Capital Expenditure</b> | <ul style="list-style-type: none"> <li>➤ Capital Expenditure increased by 26.81 per cent</li> <li>➤ Capital Expenditure on General Services increased by 114.62 per cent</li> <li>➤ Capital Expenditure on Social Services increased by 54.27 per cent</li> <li>➤ Capital Expenditure on Economic Services increased by 9.51 per cent</li> </ul>   |
| <b>Loans and Advances</b>  | <ul style="list-style-type: none"> <li>➤ Disbursements of Loans and Advances decreased by 73.47 per cent</li> <li>➤ Recoveries of Loans and Advances by increased 33.45 per cent</li> </ul>  |
| <b>Public Debt</b>         | <ul style="list-style-type: none"> <li>➤ Public Debt Receipts decreased by 29.54 per cent</li> <li>➤ Repayment of Public Debt increased by 8.54 per cent</li> </ul>  |
| <b>Public Account</b>      | <ul style="list-style-type: none"> <li>➤ Public Account Receipts increased by 13.05 per cent</li> <li>➤ Public Account Disbursements increased by 11.39 per cent</li> </ul>  |
| <b>Cash Balance</b>        | <ul style="list-style-type: none"> <li>➤ Cash balance and investment of cash balances decreased by 18.88 per cent</li> </ul>   |

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

## 2.2 Sources and Application of Funds

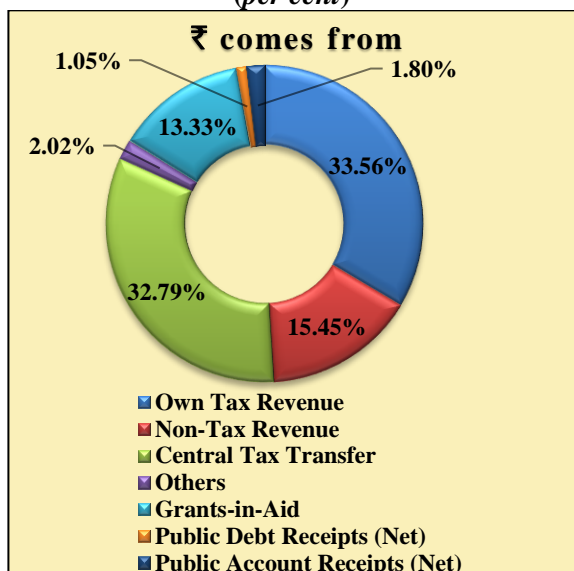
Table 2.2 compares the sources and application of funds of the State during 2022-23 with 2021-22 figures, while Charts 2.1 and 2.2 give the details of receipts into and expenditure from the Consolidated Fund during 2022-23 in terms of percentages.

**Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23**

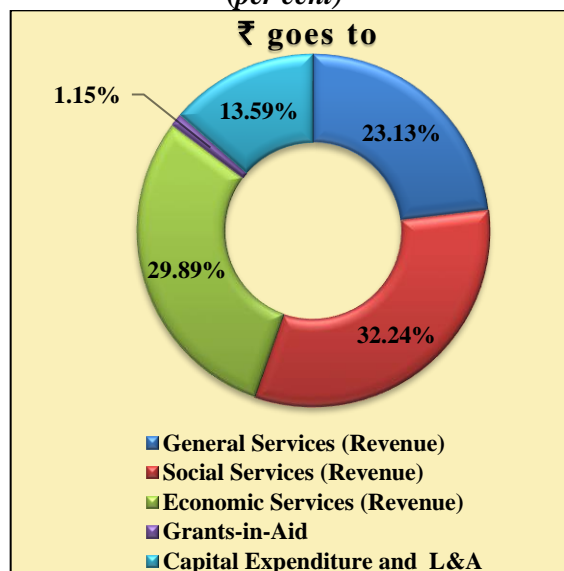
| (₹ in crore) |                                    |                  |                    |                               |
|--------------|------------------------------------|------------------|--------------------|-------------------------------|
|              | Particulars                        | 2021-22          | 2022-23            | Increase (+)/<br>Decrease (-) |
| Source       | Opening Cash Balance <sup>1</sup>  | 9,461.37         | 9,921.62           | 460.25                        |
|              | Revenue Receipts                   | 79,652.03        | 93,877.14          | 14,225.11                     |
|              | Misc. Capital Receipts             | 4.89             | 5.60               | 0.71                          |
|              | Recoveries of Loans and Advances   | 88.06            | 117.52             | 29.46                         |
|              | Inter-State Settlement             | (-)0.04          | (-)0.28            | (-)0.24                       |
|              | Public Debt Receipts (Net)         | 6,252.98         | 1,038.02           | (-)5,214.96                   |
|              | Public Account Receipts (Net)      | 300.37           | 1,779.54           | 1,479.17                      |
|              | <b>Total</b>                       | <b>95,759.66</b> | <b>1,06,739.16</b> | <b>10,979.50</b>              |
| Application  | Revenue Expenditure                | 75,010.01        | 85,285.03          | 10,275.02                     |
|              | Capital Expenditure                | 10,504.22        | 13,320.30          | 2,816.08                      |
|              | Disbursement of Loans and Advances | 324.06           | 85.96              | (-)238.10                     |
|              | Inter-State Settlement             | (-)0.25          | (-)0.10            | 0.15                          |
|              | Closing Cash Balance               | 9,921.62         | 8,047.97           | (-)1,873.65                   |
|              |                                    | <b>Total</b>     | <b>95,759.66</b>   | <b>1,06,739.16</b>            |

Source: Finance Accounts 2021-22 and 2022-23

**Chart 2.1: Sources of Resources (per cent)**



**Chart 2.2: Application of Resources (per cent)**



Source: Finance Accounts 2022-23

Note: Others include Recoveries of Loans & Advances, Capital Receipts, Interstate settlement and net Cash Balance

<sup>1</sup> Opening/ closing cash balance includes cash balance, investments of cash balances & earmarked funds.

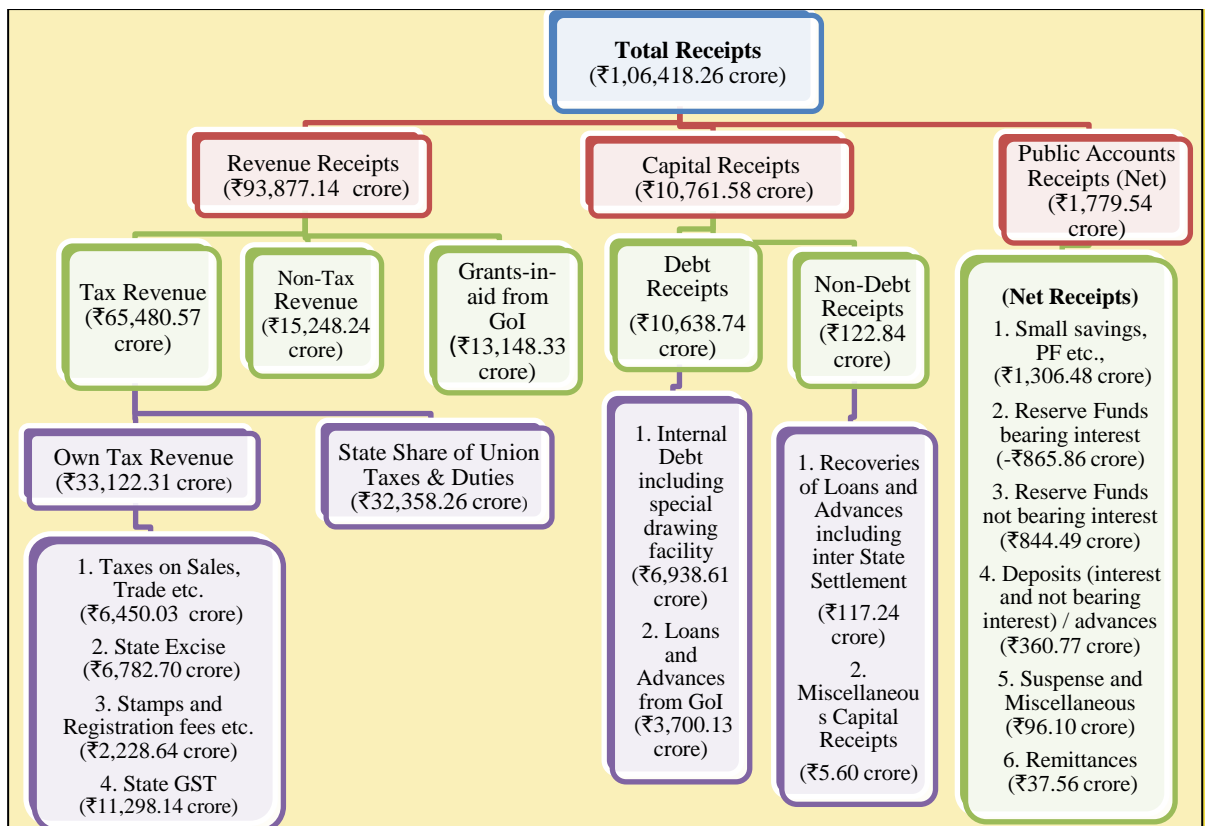
**2.3 Resources of the State**

1. **Revenue Account 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).
2. **Capital Account receipts** (debt and non-debt 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.
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

**2.3.1 Receipts of the State**

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

**Chart 2.3: Composition of receipts of the State during 2022-23**



Source: Finance Accounts 2022-23

## 2.3.2 Revenue Receipts

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

### 2.3.2.1 Trends and growth of Revenue Receipts

Trends and growth of Revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2018-23 are shown in Table 2.3.

**Table 2.3: Trend in Revenue Receipts**

| (₹ in crore)                       |   |                  |                  |                             |                             |                             |
|------------------------------------|---|------------------|------------------|-----------------------------|-----------------------------|-----------------------------|
| Sl. No.                            | Parameters  | 2018-19          | 2019-20          | 2020-21                     | 2021-22                     | 2022-23                     |
| 1                                  | <b>Revenue Receipts (RR)</b>                        | <b>65,094.93</b> | <b>63,868.70</b> | <b>63,176.18</b>            | <b>79,652.03</b>            | <b>93,877.14</b>            |
| 2                                  | Rate of growth of RR ( <i>per cent</i> )            | 9.13             | (-)1.88          | (-)1.08                     | 26.08                       | 17.86                       |
| 3                                  | <b>Tax Revenue</b>                                  | <b>44,885.95</b> | <b>42,323.69</b> | <b>43,226.74</b>            | <b>55,654.52</b>            | <b>65,480.57</b>            |
| 4                                  | <i>Own Tax Revenue</i>                              | 21,427.26        | 22,117.85        | 22,889.20                   | 27,083.73                   | 33,122.31                   |
| 5                                  | <i>State's share in Union taxes and duties</i>      | 23,458.69        | 20,205.84        | 20,337.54                   | 28,570.79                   | 32,358.26                   |
| 6                                  | <b>Non-Tax Revenue</b>                              | <b>7,703.02</b>  | <b>7,933.77</b>  | <b>7,136.95</b>             | <b>13,851.21</b>            | <b>15,248.24</b>            |
| 7                                  | <b>Grants-in-aid from GoI</b>                       | <b>12,505.95</b> | <b>13,611.24</b> | <b>12,812.49</b>            | <b>10,146.30</b>            | <b>13,148.33</b>            |
| 8                                  | Rate of growth of Grants-in-aid ( <i>per cent</i> ) | (-)1.19          | 8.84             | (-)5.87                     | (-)20.81                    | 29.59                       |
| 9                                  | Own Revenue (Own Tax and Non-tax Revenue) (4) +(6)  | 29,130.28        | 30,051.62        | 30,026.15                   | 40,934.94                   | 48,370.55                   |
| 10                                 | Rate of growth of Own Revenue ( <i>per cent</i> )   | 11.04            | 3.16             | (-)0.08                     | 36.33                       | 18.16                       |
| 11                                 | Gross State Domestic Product                        | <b>3,27,107</b>  | <b>3,44,648</b>  | <b>3,47,752<sup>P</sup></b> | <b>4,06,416<sup>Q</sup></b> | <b>4,57,608<sup>A</sup></b> |
| 12                                 | Rate of growth of GSDP ( <i>per cent</i> )          | 15.69            | 5.36             | 0.90                        | 16.87                       | 12.60                       |
| 13                                 | RR/GSDP ( <i>per cent</i> )                         | 19.90            | 18.53            | 18.17                       | 19.60                       | 20.51                       |
| <b>Buoyancy Ratios<sup>2</sup></b> |   |                  |                  |                             |                             |                             |
| 14                                 | Revenue Buoyancy w.r.t. GSDP                        | 0.57             | .*               | .*                          | 1.55                        | 1.42                        |
| 15                                 | State's Own Revenue Buoyancy to GSDP                | 0.69             | 0.59             | .*                          | 2.15                        | 1.44                        |

Source: Finance Accounts of the respective years, GSDP figures: Directorate of Economics and Statistics of the Chhattisgarh State. P-Provisional Estimates; Q-Quick Estimates; A-Advance Estimate

\* Due to negative growth rate, buoyancy ratio cannot be calculated

**Table 2.3** shows that revenue receipts increased by ₹28,782.21 crore from ₹65,094.93 crore in 2018-19 to ₹93,877.14 crore during 2022-23. During 2022-23, Revenue receipts increased by ₹14,225.11 crore (17.86 *per cent*) over previous year mainly due to increase in receipts of Tax Revenue by ₹9,826.05 crore (17.66 *per cent*), Grants-in-aid from GoI by ₹3,002.03 crore (29.59 *per cent*) and Non-Tax Revenue by ₹1,397.03 crore (10.09 *per cent*).

During 2018-19, about 45 *per cent* of the revenue receipts came from State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 55 *per*

<sup>2</sup>Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

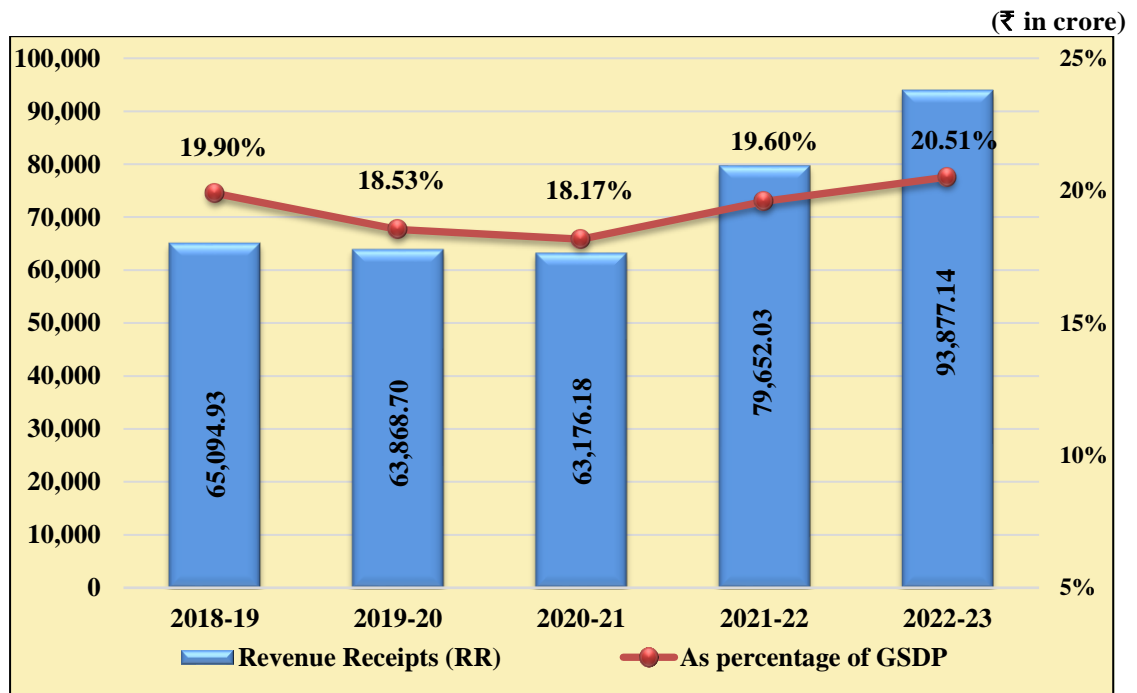
cent. In the year 2022-23 about 52 per cent of the revenue receipts came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 48 per cent.

Grants-in-aid from GoI decreased by 19 per cent during the period 2018-19 to 2021-22. It, however increased by ₹3,002.03 crore (29.59 per cent) in 2022-23 as compared to 2021-22.

Revenue buoyancy measures the percentage change in the revenue receipts to the percentage change in GSDP. As can be seen from **Table 2.3**, The revenue buoyancy with reference to GSDP increased from 0.57 in 2018-19 to 1.42 in 2022-23. The State's own revenue buoyancy with reference to GSDP also increased considerably from 0.69 2018-19 to 1.44 in 2022-23.

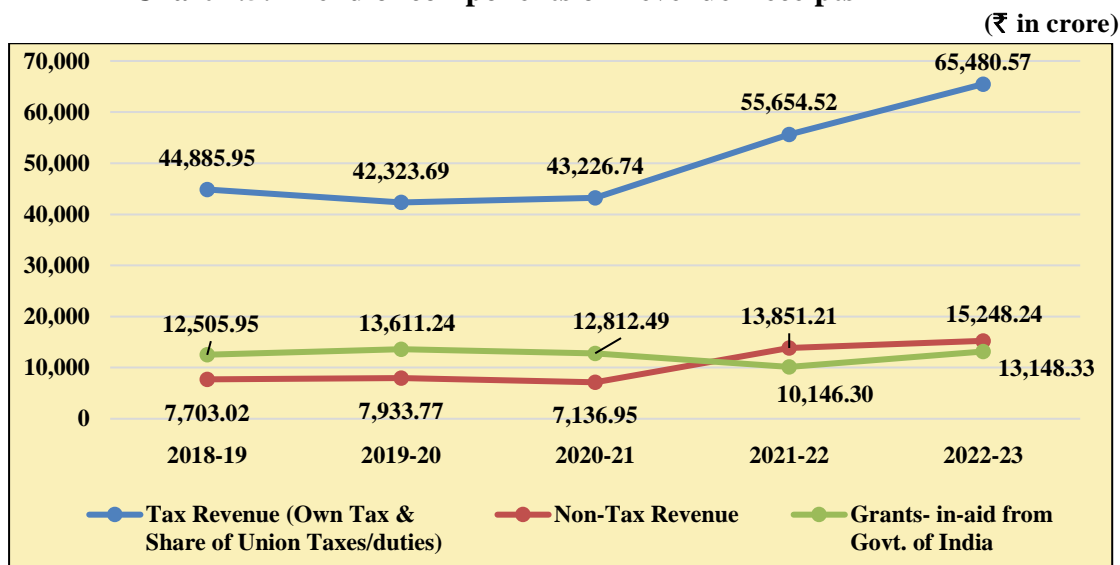
Trends in revenue receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4 and 2.5** respectively.

**Chart 2.4: Trend of Revenue Receipts**



Source: Finance Accounts of the respective years

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts of the respective years

### 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 are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The Own Tax and Non-Tax Revenue receipts for the year 2018-19 to 2022-23 are given in **Table 2.4**.

Table 2.4: Growth of State's own Tax/Non-Tax revenue during 2018-23

(₹ in crore)

| Sl. No. | Particulars                        | 2018-19   | 2019-20   | 2020-21     | 2021-22   | 2022-23   |
|---------|------------------------------------|-----------|-----------|-------------|-----------|-----------|
| 1       | Own Tax Revenue                    | 21,427.26 | 22,117.85 | 22,889.20   | 27,083.73 | 33,122.31 |
| 2       | Rate of Growth ( <i>per cent</i> ) | 7.70      | 3.22      | 3.49        | 18.33     | 22.30     |
| 3       | Non-Tax Revenue                    | 7,703.02  | 7,933.77  | 7,136.95    | 13,851.21 | 15,248.24 |
| 4       | Rate of Growth ( <i>per cent</i> ) | 21.49     | 3.00      | (-) $10.04$ | 94.08     | 10.09     |

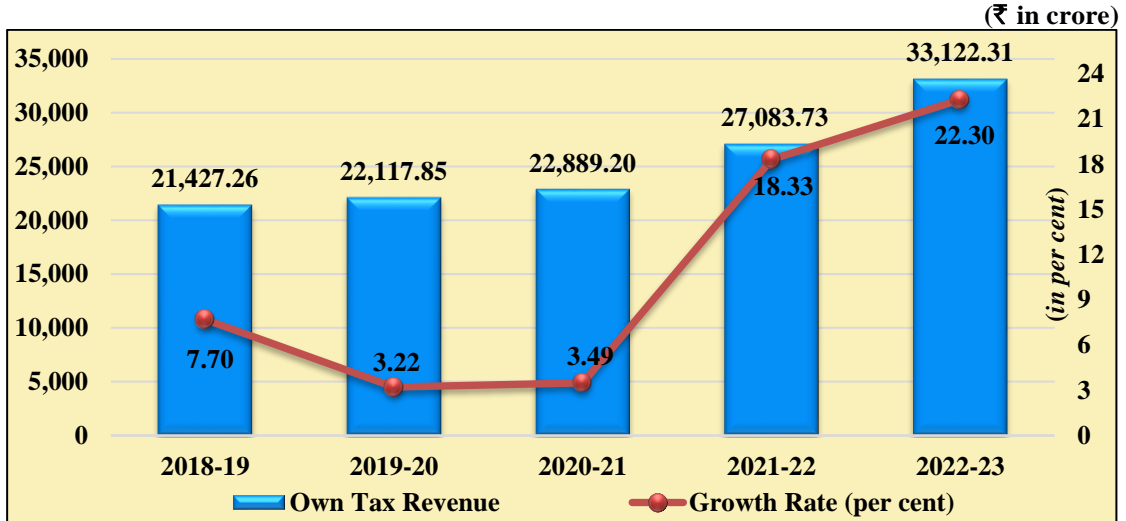
Source: Finance Accounts of the respective years

- The growth rate of Own Tax Revenue (OTR) showed upward trends ranging from 3.22 *per cent* to 22.30 *per cent* during 2019-23 and increased significantly by ₹6,038.58 crore (22.30 *per cent*) from ₹27,083.73 crore in 2021-22 to ₹33,122.31 crore in 2022-23.
- The growth rate of Non-Tax Revenue (NTR) showed fluctuating trends ranging from (-)10.04 *per cent* to 94.08 *per cent* during 2018-23. Non-Tax revenue increased significantly by 98 *per cent* from 2018-19 to 2022-23, however, it increased merely by ₹1,397.03 crore (10.09 *per cent*) from ₹13,851.21 crore in 2021-22 to ₹15,248.24 crore in 2022-23.

(i) 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. Growth of Own Tax Revenue of the State Government during the five-year period 2018-23 is given in Chart 2.6:

Chart 2.6: Growth of Own Tax Revenue during 2018-23



Source: Finance Accounts of the respective years

The component-wise details of Own Tax Revenue collected during the five-year period 2018-23 are given in Table 2.5.

Table 2.5: Component-wise Own Tax Revenue during 2018-23

| Sl. No.      | Heads                           | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          | % (+) / (-) in 2022-23 over 2021-22 |
|--------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------------------|
| 1            | Taxes on Sales, Trades, etc.    | 4,087.72         | 3,931.37         | 4,236.04         | 5,341.10         | 6,450.03         | 20.76                               |
| 2            | State Goods and Services Tax    | 8,203.41         | 7,894.82         | 7,925.01         | 9,483.48         | 11,298.14        | 19.13                               |
| 3            | State Excise                    | 4,489.03         | 4,952.36         | 4,635.80         | 5,106.61         | 6,782.70         | 32.82                               |
| 4            | Taxes on Vehicles               | 1,204.85         | 1,274.85         | 1,148.07         | 1,372.51         | 1,756.62         | 27.99                               |
| 5            | Stamps and Registration Fees    | 1,108.46         | 1,634.63         | 1,584.94         | 1,945.36         | 2,228.64         | 14.56                               |
| 6            | Land Revenue                    | 487.57           | 551.50           | 937.71           | 949.94           | 868.56           | (-8.57)                             |
| 7            | Taxes on Goods and Passengers   | 54.51            | 40.51            | 79.83            | 47.90            | 59.60            | 24.43                               |
| 8            | Taxes and duties on electricity | 1,790.27         | 1,837.00         | 2,341.41         | 2,836.05         | 3,676.97         | 29.65                               |
| 9            | Other Taxes <sup>3</sup>        | 1.44             | 0.81             | 0.39             | 0.78             | 1.05             | 33.33                               |
| <b>Total</b> |                                 | <b>21,427.26</b> | <b>22,117.85</b> | <b>22,889.20</b> | <b>27,083.73</b> | <b>33,122.31</b> | <b>22.30</b>                        |

Source: Finance Accounts of respective years

<sup>3</sup> Other taxes include Hotel Receipts Tax and Other Taxes on Income and Expenditure.

- Own Tax Revenue of the State increased by ₹11,695.05 crore (54.58 per cent) from ₹21,427.26 crore in 2018-19 to ₹33,122.31 crore in 2022-23. During the current year, the Own Tax Revenue increased by ₹6,038.58 crore (22.30 per cent) mainly due to increase in receipts under State Goods and Services Tax (₹1,814.66 crore), State excise (₹1,676.09 crore) and Taxes on Sales, Trades, etc. (₹1,108.93 crore).
- The increase in State Goods and Services Tax (SGST) was mainly due to increase in receipt under input tax credit cross utilisation of SGST and IGST (₹829.45 crore) and Apportionment of IGST–Transfer-in of Tax component to SGST (₹553.29 crore). Further, the increase in State excise was due to control of sale of illegal liquor by the Excise Department and due to the efficient management of liquor shops by Chhattisgarh State Marketing Corporation Limited. Increase in Taxes on Sales, Trades, etc. was attributed to consumption of more petroleum products.
- Out of the Total Own Tax Revenue of ₹33,122.30 crore in 2022-23, the State Goods and Services Tax contributed 34 per cent followed by State Excise 20 per cent and Taxes on Sales, Trades, etc. 19 per cent. During the year 2022-23, the estimated SGST was ₹11,064.45 crore against which actual collection was ₹11,298.14 crore which was 1.98 per cent above the estimation.

### **State Goods and Services Tax (SGST)**

As per the books of RBI, the amount of SGST was ₹7,488.99 crore and as per the Finance Accounts 2022-23 the amount of SGST (MH-0006) was ₹11,298.14 crore. The difference of ₹3,809.15 crore is due to the figures of minor heads 105,106,107 &110 (₹3,928.65 crore) booked in Finance Accounts on the basis of sanctions received directly from GoI, SGST refund sanction of (-)₹119.23 crore received from GoI and adjustment entries for (-)₹0.28 crore of State GST (SGST) relating to the previous year 2021-22 booked in the year 2022-23.

### **(ii) Non-Tax Revenue**

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The component-wise details of Non-Tax Revenue collected during the years 2018-23 are as follows:

**Table 2.6: Component wise Non-tax Revenue**

|         |  |          |          |          |           |           | (₹ in crore)                       |
|---------|--|----------|----------|----------|-----------|-----------|------------------------------------|
| Sl. No. | Revenue head   | 2018-19  | 2019-20  | 2020-21  | 2021-22   | 2022-23   | % (+)/ (-) in 2022-23 over 2021-22 |
| 1       | Interest receipts                                      | 189.55   | 232.41   | 89.77    | 137.96    | 200.75    | 45.51                              |
| 2       | Dividend and Profits                                   | 1.49     | 2.39     | 2.29     | 3.64      | 6.20      | 71.43                              |
| 3       | Other non-tax receipts                                 | 7,511.98 | 7,698.97 | 7,044.89 | 13,709.61 | 15,041.29 | 9.71                               |
| i       | <i>Non-ferrous Mining and Metallurgical Industries</i> | 6,110.24 | 6,195.73 | 5,538.49 | 12,305.39 | 12,941.33 | 5.17                               |



|              |                       |                 |                 |                 |                  |                  |              |
|--------------|-----------------------|-----------------|-----------------|-----------------|------------------|------------------|--------------|
| ii           | Forestry and Wildlife | 236.73          | 249.37          | 277.09          | 346.90           | 856.04           | 146.77       |
| iii          | Major Irrigation      | 521.81          | 437.04          | 445.91          | 418.17           | 412.88           | (-)1.27      |
| iv           | Minor Irrigation      | 164.06          | 287.54          | 232.72          | 140.60           | 311.86           | 121.81       |
| v            | Others                | 479.14          | 529.29          | 550.68          | 498.55           | 519.18           | 4.13         |
| <b>Total</b> |                       | <b>7,703.02</b> | <b>7,933.77</b> | <b>7,136.95</b> | <b>13,851.21</b> | <b>15,248.24</b> | <b>10.09</b> |

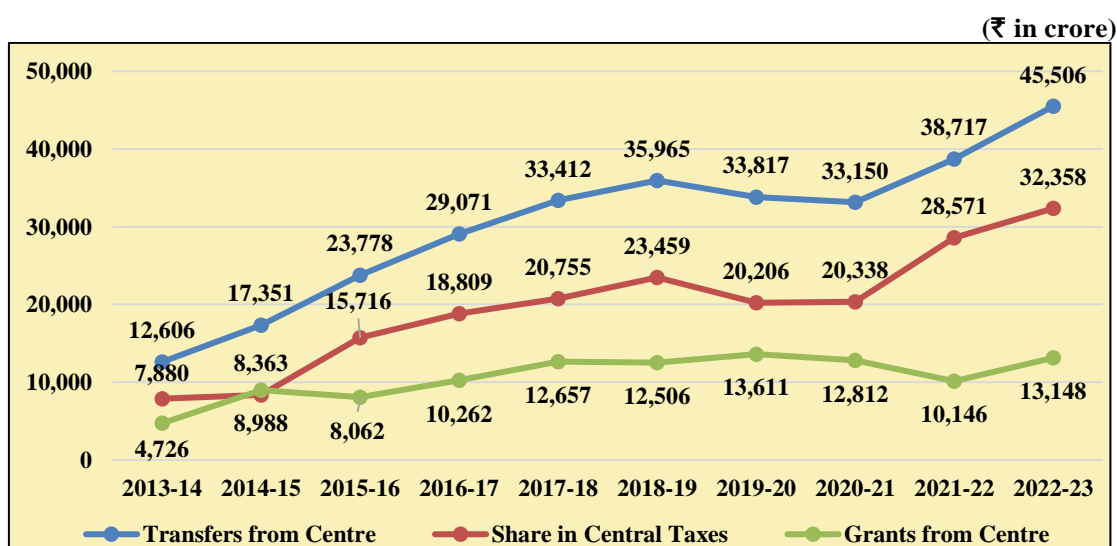
Source: Finance Accounts of the respective years

- The total non-tax Revenue receipts increased by ₹7,545.22 crore (97.95 per cent) from ₹7,703.02 crore in 2018-19 to ₹15,248.24 crore in 2022-23. The Non-Tax Revenue increased by ₹1,397.03 crore (10.09 per cent) during 2022-23 over the previous year mainly due to increase in receipts under Non-ferrous Mining and Metallurgical Industries by ₹635.94 crore and Forestry and Wildlife by ₹509.14 crore.
- Increase in Non-ferrous Mining and Metallurgical Industries was due to increase in production of Coal and Iron Ore minerals and due to receipt of 150 per cent additional royalty from Iron Ore and increased production of sand. Further, increase in Forestry and Wildlife was due to change of transport fees of Iron ore and minerals in forest regions from ₹15 to ₹57 and recovery towards pending transport permit.

### 2.3.2.3 Transfers of funds from the Centre

Transfer of funds from Central Government are dependent on recommendations of Finance Commission. The State in addition to its share in Central Taxes and Grants-in-aid (GIA) recommended by Finance Commission, receives GIA under centrally sponsored schemes (CSS)/other grants. The trends in this regard during the ten-year period 2013-23 are given in **Chart 2.7:**

Chart 2.7: Trends in transfers from the Centre



Source: Finance Accounts of the respective years

Transfer of funds from the Centre have increased from 2015-16 onwards, as State's share of Central taxes increased to 42 per cent from 32 per cent as per XIV Finance

Commission. Also, the GoI accepted the recommendations of XV FC to decrease the State's share in the divisible pool of taxes from 42 *per cent* to 41 *per cent* with effect from 2020-21 onwards.

Transfers from the Centre increased by ₹32,900 crore from ₹12,606 crore in 2013-14 to ₹45,506 crore in 2022-23. During the current year, Transfers from the Centre increased by ₹6,789 crore from ₹38,717 crore in 2021-22 to ₹45,506 crore in 2022-23.

**(i) Central Tax Transfers**

The details of Chhattisgarh State's share in Union Taxes and Duties during 2018-23 are given in **Table 2.7**.

**Table 2.7: Central Tax Transfers**

(₹ in crore)

| Sl. No.   | Head   | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
|-----------|--|------------------|------------------|------------------|------------------|------------------|
| 1         | Central Goods and Services Tax                                 | 5,789.33         | 5,733.71         | 6,068.90         | 8,628.50         | 9,142.17         |
| 2         | Integrated Goods and Services Tax                              | 462.00           | 0.00             | 0.00             | 0.00             | 0.00             |
| 3         | Corporation Tax  | 8,157.09         | 6,889.42         | 6,117.65         | 7,699.82         | 10,851.70        |
| 4         | Taxes on Income other than Corporation Tax                     | 6,007.35         | 5,398.34         | 6,269.51         | 8,887.95         | 10,589.64        |
| 5         | Customs  | 1,662.66         | 1,280.78         | 1,097.20         | 2,017.68         | 1,271.87         |
| 6         | Union Excise Duties  | 1,104.93         | 890.49           | 686.04           | 1,009.06         | 399.02           |
| 7         | Service Tax  | 217.76           | 0.00             | 84.52            | 296.68           | 50.61            |
| 8         | Other Taxes  | 57.57            | 13.10            | 13.72            | 31.10            | 53.25            |
| <b>9</b>  | <b>Central Tax transfers</b>                                   | <b>23,458.69</b> | <b>20,205.84</b> | <b>20,337.54</b> | <b>28,570.79</b> | <b>32,358.26</b> |
| 10        | Percentage of increase over previous year                      | 13.03            | (-)13.87         | 0.65             | 40.48            | 13.26            |
| <b>11</b> | <b>Percentage of Central tax transfers to Revenue Receipts</b> | <b>36.04</b>     | <b>31.64</b>     | <b>32.19</b>     | <b>35.87</b>     | <b>34.47</b>     |

Source: Finance Accounts of the respective years

Over the five-year period 2018-23, Central tax transfers increased by ₹8,899.57 crore (37.94 *per cent*) from ₹23,458.69 crore in 2018-19 to ₹32,358.26 crore in 2022-23. The growth rate of Central Tax Transfers showed fluctuating trends ranging from (-)13.87 *per cent* to 40.48 *per cent* during 2018-23. The increase of Central Tax transfers by ₹3,787.47 crore (13.26 *per cent*) in 2022-23 over the previous year was mainly due to increase in net proceeds assigned to State under Corporation Tax (₹3,151.88 crore) and Taxes on Income other than Corporation Tax (₹1,701.69 crore).

**(ii) Grants-in-Aid from Government of India**

The State Government receives Grants-in-Aid and share of Union Taxes and Duties based on the recommendations of Finance Commission. Details of Grants-in-Aid (GIA) received by the State Government from GoI during 2018-23 are given below in **Table 2.8**:

**Table 2.8: Grants-in-Aid from GoI**

| Sl. No.  | Particulars  | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
|----------|--|------------------|------------------|------------------|------------------|------------------|
| 1        | Grants for Centrally Sponsored Schemes                               | 8,214.77         | 7,808.24         | 6,975.55         | 6,170.60         | 8,712.52         |
| 2        | Finance Commission Grants  | 1,679.48         | 2,044.75         | 2,289.50         | 2,379.80         | 1,772.80         |
| 3        | Other Transfers/Grants to State                                      | 2,611.70         | 3,758.25         | 3,547.44         | 1,595.90         | 2,663.01         |
| <b>4</b> | <b>Total</b>   | <b>12,505.95</b> | <b>13,611.24</b> | <b>12,812.49</b> | <b>10,146.30</b> | <b>13,148.33</b> |
| 5        | Percentage of increase over the previous year                        | (-)1.19          | 8.84             | (-)5.87          | (-)20.81         | 29.59            |
| 6        | Revenue Receipts   | 65,094.93        | 63,868.70        | 63,176.18        | 79,652.03        | 93,877.14        |
| 7        | Total grants-in-aid as a percentage of Revenue Receipts of the State | 19.21            | 21.31            | 20.28            | 12.74            | 14.01            |

Source: Finance Accounts of the respective years

GIA constituted 14 *per cent* of revenue receipts of the State Government during the year 2022-23. Further, the contribution of GIA towards revenue receipts decreased from 19 *per cent* in 2018-19 to 14 *per cent* in 2022-23. Grants for Centrally Sponsored Schemes (₹8,712.52 crore) to the State constituted 66 *per cent* of the total grants during the year. Finance Commission Grants (₹1,772.80 crore) to the State were provided for Local Bodies and State Disaster Response Fund (SDRF) and constituted 13 *per cent* of total grants during the year. Other Grants to State from the GoI (₹2,663.01 crore) included GST compensation of ₹2,438.72 crore which constituted 92 *per cent* of other transfer/grant.

Grants-in-Aid from GoI increased by ₹3,002.03 crore (29.59 *per cent*) during the year 2022-23 compared to the previous year primarily due to increase in receipt of Grants for Centrally Sponsored Schemes by ₹2,541.92 crore and GST compensation by ₹1,221.86 crore under Other Transfers/Grants to State.

**Single Nodal Agency:**

Ministry of Finance, Government of India vide letter No. I(13)PFMS/FCD/2020 dated 23-03-2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released through SNA. For each CSS, SNA was to be set up with bank account in scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government was to transfer the Central Share received in its accounts to the concerned SNA's account along with corresponding State share.

The State Government received ₹8,243.27 crore being Central share during the year 2022-23 in its Treasury Accounts. The proportionate State Share was ₹6,842.27 crore. As on 31 March 2023, the State Government transferred Central share of ₹7,302.41 crore and State share of ₹6,431.54 crore to the SNAs. As per SNA report of PFMS Portal, ₹7,244.42 crore were lying unspent in the bank accounts of SNAs as on 31 March 2023.

As per Finance Account, an amount ₹8,709.39 crore being the Central share was received by State Government during the year. As on 31 March 2023, the Government transferred ₹7,820.21 crore of the Central share and the State share of ₹6,942.22 crore to the SNAs. Out of the total transfer of ₹14,762.43 crore, ₹2.93 crore was transferred through AC Bills, ₹9,239.73 crore through GIA bills, ₹3,363.57 crore through Fully Vouched Contingent Bills and ₹2,156.20 crore through others. The difference in figure of Finance Account and PFMS is under reconciliation.

As per OM dated 30.06.2021, the interest earned on unspent amount of Centre's Share of Centrally Sponsored Scheme should be deposited to Consolidated Fund of India. During the year 2022-23, an amount of ₹22.80 crore of interest earned on unspent balances of Centre's Share of Centrally Sponsored Scheme was credited to the Consolidated Fund of State instead of depositing the same into Consolidated Fund of India. As such credit of ₹22.80 crore to Consolidated Fund of State resulted in overstatement of the Revenue Receipt.

**(a) Fifteenth Finance Commission Grants**

Government of India provides grants under Fifteenth Finance Commission for local bodies and State Disaster Risk Management Fund (SDRMF) to the States. Details of grants provided by the GoI to the State in this regard during the year 2022-23 are given in **Table 2.9**:

**Table 2.9: Grants-in-Aid released by GoI during 2022-23 as per recommendation of Fifteenth Finance Commission (XVFC)**

| (₹ in crore)        |  |                                       |                                  |
|---------------------|--|---------------------------------------|----------------------------------|
| Sl. No.             | Transfers  | Recommendation of 15 <sup>th</sup> FC | Grant released in 2022-23 by GoI |
| <b>Local Bodies</b> |  |                                       |                                  |
| <b>1</b>            | <b>Grants to PRIs</b>                              | <b>1,114.00</b>                       | <b>1,114.00</b>                  |
| (a)                 | Basic/United Grants                                | 445.60                                | 445.60                           |
| (b)                 | Performance/Tied Grants                            | 668.40                                | 668.40                           |
| <b>2</b>            | <b>Grants to ULBs</b>                              | <b>549.00</b>                         | <b>477.20</b>                    |
| (a)                 | Grants for Million Plus cities                     | 169.00                                | 179.70 <sup>#</sup>              |
| (b)                 | Grants for non-Million Plus cities                 | 380.00                                | 297.50 <sup>*</sup>              |
| <b>3</b>            | <b>Health Grant to Local Bodies</b>                | <b>339.00</b>                         | <b>0.00</b>                      |
| <b>4</b>            | <b>Total for Local Bodies</b>                      | <b>2,002.00</b>                       | <b>1,591.20</b>                  |
| <b>5</b>            | <b>State Disaster Risk Management Fund (SDRMF)</b> | <b>454.00</b>                         | <b>181.60</b>                    |
| (a)                 | SDRF   | 363.20                                | 181.60                           |
| (b)                 | SDMF   | 90.80                                 | 0.00                             |
| <b>6</b>            | <b>Grand Total</b>                                 | <b>2,456.00</b>                       | <b>1,772.80</b>                  |

**Source: Finance Accounts of 2022-23 and XVFC report**

<sup>#</sup> includes ₹109 crore pertaining to the year 2021-22 released by GoI in the 2022-23 and ₹14.70 crore received as incentive in 2022-23.

<sup>\*</sup> includes ₹183.50 crore pertaining to the year 2021-22 released by GoI in the 2022-23.

- As of March 2023, the State Government received entire Grants to PRIs (Basic grants ₹445.60 crore and Tied grants ₹668.40 crore) as against the recommendation of Fifteenth Finance Commission (XVFC) during 2022-23.
- The State Government received ₹170.00 crore for ULBs against the XVFC recommendation of ₹549.00 crore for the year 2022-23. Grant of ₹292.50 crore for ULBs against the recommendation of XVFC for the year 2021-22 was received during the year 2022-23. The State Government also received grant of ₹14.70 crore as incentive for best performing cities/UAs from GoI in the year 2022-23. No funds were received from the GoI as per the recommendation of XVFC for health grant of ₹339 crore during 2022-23,
- The State Government received ₹181.60 crore as Union's share of State Disaster Response Fund against the SDRMF recommendation of XVFC (₹454.00 crore) during 2022-23.

### 2.3.3 Receipts under Capital Section

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

The following table shows the trends in growth and composition of receipts in capital section for the year 2018-19 to 2022-23.

**Table 2.10: Trends in growth and composition of Receipts in Capital Section**

| (₹ in crore) |  |                  |                  |                  |                  |                  |
|--------------|--|------------------|------------------|------------------|------------------|------------------|
| Sl. No.      | Sources of State's Receipts under capital section                                | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
| 1            | Miscellaneous Capital Receipts   | 5.26             | 4.70             | 4.85             | 4.89             | 5.60             |
| 2            | Recovery of Loans and Advances   | 162.32           | 256.78           | 104.80           | 88.06            | 117.52           |
| 3            | Inter-State Settlement   | 0.56             | 0.13             | (-)0.67          | (-)0.04          | (-)0.28          |
| <b>4</b>     | <b>Non-Debt Capital Receipts (A)</b>   | <b>168.14</b>    | <b>261.61</b>    | <b>108.98</b>    | <b>92.91</b>     | <b>122.84</b>    |
| 5            | Internal Debt Receipts   | 13,816.66        | 19,308.36        | 17,961.37        | 9,321.77         | 6,938.61         |
| 6            | Growth Rate (in <i>per cent</i> )  | 50.38            | 39.75            | (-)6.98          | (-)48.10         | (-)25.57         |
| 7            | Loans and advances Receipts from the Central Government                          | 553.44           | 279.17           | 3,620.31         | 5,776.51         | 3,700.13         |
| 8            | Growth Rate (in <i>per cent</i> )  | 19.13            | (-)49.56         | 1,196.81         | 59.56            | (-)35.95         |
| <b>9</b>     | <b>Public Debt Receipts (B)</b>  | <b>14,370.10</b> | <b>19,587.53</b> | <b>21,581.68</b> | <b>15,098.28</b> | <b>10,638.74</b> |
| <b>10</b>    | <b>Receipts under capital section (A+B)</b>                                      | <b>14,538.24</b> | <b>19,849.14</b> | <b>21,690.66</b> | <b>15,191.19</b> | <b>10,761.58</b> |
| 11           | Rate of growth of non-debt Capital Receipts ( <i>per cent</i> )                  | 17.46            | 55.59            | (-)58.34         | (-)14.75         | 32.21            |
| 12           | Rate of growth of Public Debt receipts under capital section ( <i>per cent</i> ) | 48.88            | 36.31            | 10.18            | (-)30.04         | (-)29.54         |
| 13           | Rate of growth of GSDP at current price ( <i>per cent</i> )                      | 15.69            | 5.36             | 0.90             | 16.87            | 12.60            |
| 14           | Rate of growth of receipts under capital section ( <i>per cent</i> )             | 48.42            | 36.53            | 9.28             | (-)29.96         | (-)29.16         |

Source: Finance Accounts of the respective years

Capital section receipts of the State decreased by ₹3,776.66 crore (25.98 per cent) from ₹14,538.24 crore in 2018-19 to ₹10,761.58 crore in 2022-23. During 2022-23, the capital section receipts decreased by ₹4,429.61 crore (29.16 per cent) over the previous year mainly due to decrease in Public Debt receipts i.e. internal debt by ₹2,383.16 crore (25.57 per cent) and loans and advances from GoI by ₹2,076.38 crore (35.95 per cent).

Non-Debt capital receipts, mainly in the form of recovery of loans and advances increased by ₹29.46 crore (33.45 per cent) in 2022-23 over the previous year.

### **2.3.4 State's performance in mobilization of resources**

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The State's actual own tax and non-tax revenue for 2022-23 in comparison to the Fifteenth Finance Commission (XVFC) assessment and budget estimates are given in **Table 2.11**.

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

(₹ in crore)

| Sl. No. | Particulars     | XVFC projections | Budget Estimates | Actual           | Percentage variation of actual over |                  |
|---------|-----------------|------------------|------------------|------------------|-------------------------------------|------------------|
|         |                 |                  |                  |                  | XVFC projections                    | Budget Estimates |
| 1       | Own Tax revenue | 26,410.00        | 29,000.00        | 33,122.31        | 25.42                               | 14.21            |
| 2       | Non-tax revenue | 9,629.00         | 15,500.00        | 15,248.24        | 58.36                               | (-)1.62          |
|         | <b>Total</b>    | <b>36,039.00</b> | <b>44,500.00</b> | <b>48,370.55</b> | <b>34.22</b>                        | <b>8.70</b>      |

Source: Finance Accounts, Budget Books and Finance commission report

The State Government exceeded the expectations of the XVFC and budget projections in mobilizing own tax revenue by 25.42 per cent and 14.21 per cent respectively. However, it could not meet the non-tax revenue target set in its own budget estimates and was short by 1.62 per cent. The increase in Own Tax revenue (₹4,122.31 crore) was mainly due to increase in Taxes on Sales, Trades, etc. by ₹1,520.71 crore and Taxes and duties on electricity by ₹826.97 crore than projections made in the budget. Similarly, the decrease of ₹251.76 crore in non-tax revenue was mainly due to less receipts under Major Irrigation by ₹275.20 crore and Interest receipts by ₹61.91 crore than projections made in the budget.

## **2.4 Application of Resources**

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

### **2.4.1 Growth and composition of expenditure**

The total expenditure incurred, its composition, and relative share in GSDP during the years 2018-19 to 2022-23 is presented in **Table 2.12**.

Table 2.12: Total Expenditure and its composition

(₹ in crore)

| Sl. No. | Parameters                      | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23 (Budget Estimate) | 2022-23 (Actual) |
|---------|---------------------------------|------------------|------------------|------------------|------------------|---------------------------|------------------|
| 1       | <b>Total Expenditure (TE)</b>   | <b>73,555.31</b> | <b>82,099.86</b> | <b>79,107.54</b> | <b>85,838.04</b> | <b>1,04,000.03</b>        | <b>98,691.19</b> |
| 2       | Revenue Expenditure (RE)        | 64,411.17        | 73,477.31        | 70,032.84        | 75,010.01        | 88,371.61                 | 85,285.03        |
| 3       | Capital Expenditure             | 8,903.45         | 8,566.39         | 9,024.19         | 10,504.22        | 15,240.69                 | 13,320.30        |
| 4       | Loans and Advances <sup>4</sup> | 240.69           | 56.16            | 50.51            | 323.81           | 387.73                    | 85.86            |
| 5       | <b>GSDP at current prices</b>   | <b>3,27,107</b>  | <b>3,44,648</b>  | <b>3,47,752</b>  | <b>4,06,416</b>  | <b>4,38,478</b>           | <b>4,57,608</b>  |
| 6       | <b>As a percentage of GSDP</b>  |                  |                  |                  |                  |                           |                  |
| 7       | TE/GSDP                         | 22.49            | 23.82            | 22.75            | 21.12            | 23.72                     | 21.57            |
| 8       | RE/GSDP                         | 19.69            | 21.32            | 20.14            | 18.46            | 20.15                     | 18.64            |
| 9       | CE/GSDP                         | 2.72             | 2.49             | 2.60             | 2.58             | 3.48                      | 2.91             |
| 10      | Loans and Advances/GSDP         | 0.07             | 0.02             | 0.01             | 0.08             | 0.09                      | 0.02             |

Source: Finance Accounts of the respective years

**Table 2.12** shows that total expenditure of the State increased by ₹25,135.88 crore (34.17 per cent) from ₹73,555.31 crore in 2018-19 to ₹98,691.19 crore in 2022-23. The total expenditure showed an increasing trend during 2018-23 except for the year 2020-21. However, the total expenditure as a percentage of GSDP decreased from 22.49 per cent to 21.57 per cent during the same period. During the current year, total expenditure increased by ₹12,853.15 crore (14.97 per cent) over the previous year due to an increase in revenue expenditure by ₹10,275.02 crore (13.70 per cent) and capital expenditure by ₹2,816.08 crore (26.81 per cent).

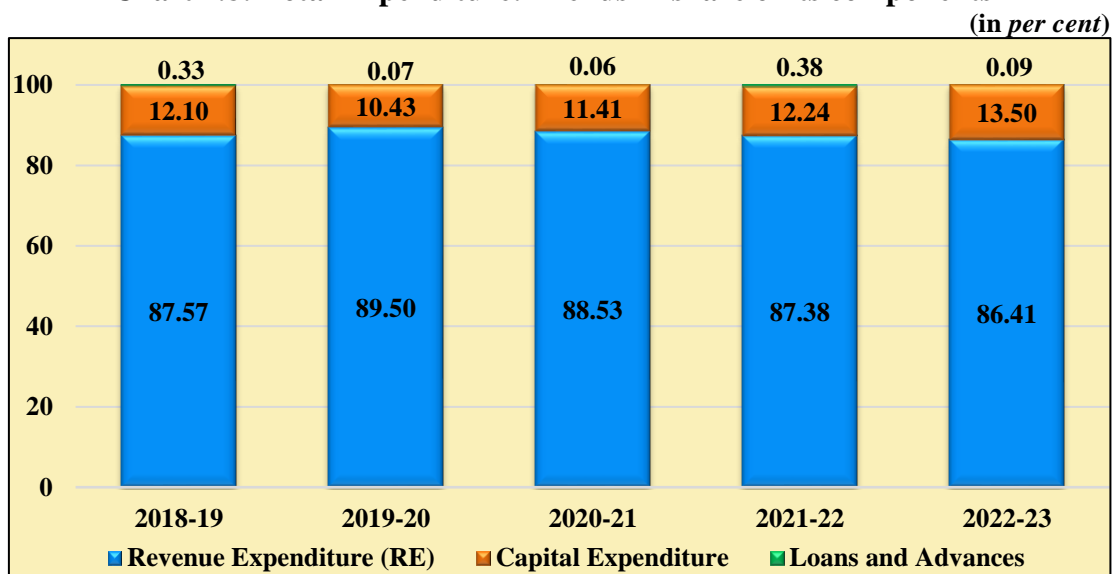
During the year 2022-23, actual expenditure on revenue, capital and loans and advances was less than the budgeted estimates. Deviations from the budget estimates are indicative of non-attainment of the desired fiscal objectives due to a variety of causes, both within and outside the control of the Government.

Further, the revenue expenditure as a percentage of GSDP has increased from 18.46 per cent to 18.64 per cent. Capital expenditure as a percentage of GSDP shown declining trend from 2018-19 (2.72 per cent) to 2021-22 (2.58 per cent), however it increased to 2.91 per cent in 2022-23.

**Chart 2.8** depicts the trend of the share of the components in total expenditure.

<sup>4</sup> Loans and advances including inter-State settlement.

Chart 2.8: Total Expenditure: Trends in share of its components



Source: Finance Accounts of the respective years

Chart 2.8 shows that the revenue expenditure constituted dominant proportion (86.41 per cent to 89.50 per cent) of the total expenditure during 2018-23. The capital expenditure, on the other hand, constituted between 10.43 per cent and 13.50 per cent of the total expenditure.

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

Table 2.13: Relative share of various sectors in expenditure

(₹ in crore)

| Sl. No.                  | Parameters   | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
|--------------------------|--|------------------|------------------|------------------|------------------|------------------|
| 1                        | General Services   | 15,535.80        | 19,289.82        | 20,095.21        | 21,727.03        | 23,579.86        |
| 2                        | Social Services  | 25,319.17        | 28,610.12        | 28,001.32        | 31,382.55        | 36,842.83        |
| 3                        | Economic Services  | 31,804.93        | 33,079.55        | 29,885.69        | 31,615.95        | 37,126.03        |
| 4                        | Others (Grants to Local Bodies and Inter-State settlement) | 895.41           | 1,120.37         | 1,125.32         | 1,112.51         | 1,142.47         |
| <b>Total Expenditure</b> |  | <b>73,555.31</b> | <b>82,099.86</b> | <b>79,107.54</b> | <b>85,838.04</b> | <b>98,691.19</b> |

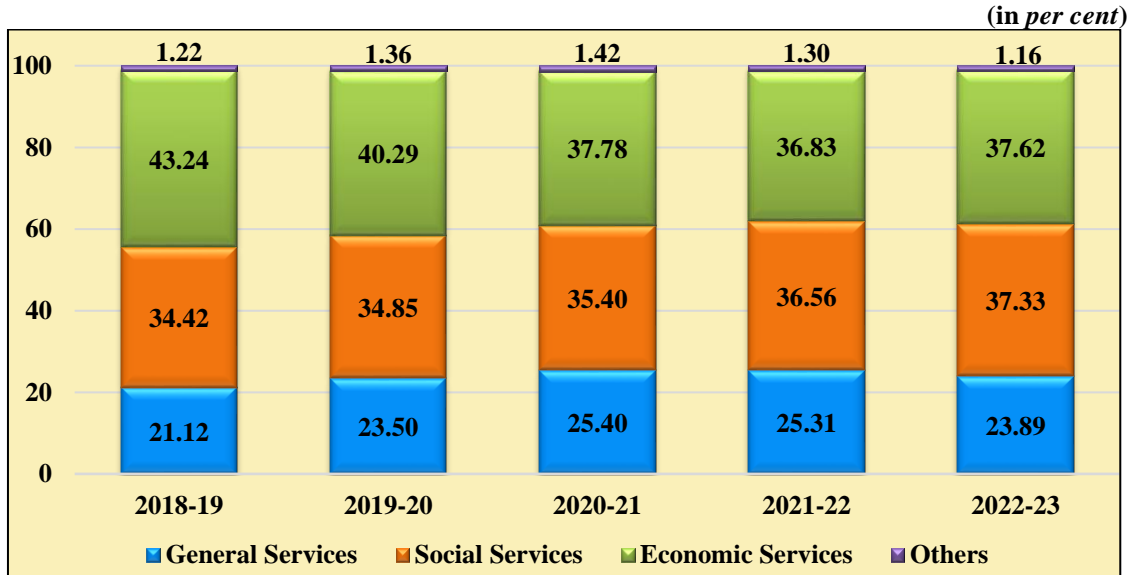
Source: Finance Accounts of the respective years

- Expenditure on General services increased by ₹1,852.83 crore (8.53 per cent) from ₹21,727.03 crore in 2021-22 to ₹23,579.86 crore in 2022-23 mainly due to increase in expenditure on Police by ₹406.69 crore and Public Works by ₹262.43 crore.
- During the current year, expenditure in Social services increased by ₹5,460.28 crore (17.40 per cent) over the previous year mainly due to increase in expenditure in General Education by ₹2,133.79 crore, Water supply and Sanitation by ₹1,164.56 crore and Housing by ₹1,064.19 crore.



- Expenditure in Economic services increased by ₹5,510.08 crore (17.43 per cent) over the previous year mainly due to increase in expenditure on Crop Husbandry by ₹1,643.76 crore, Food Storage and Warehousing by ₹1,615.68 crore and Power by ₹1,265.04 crore.

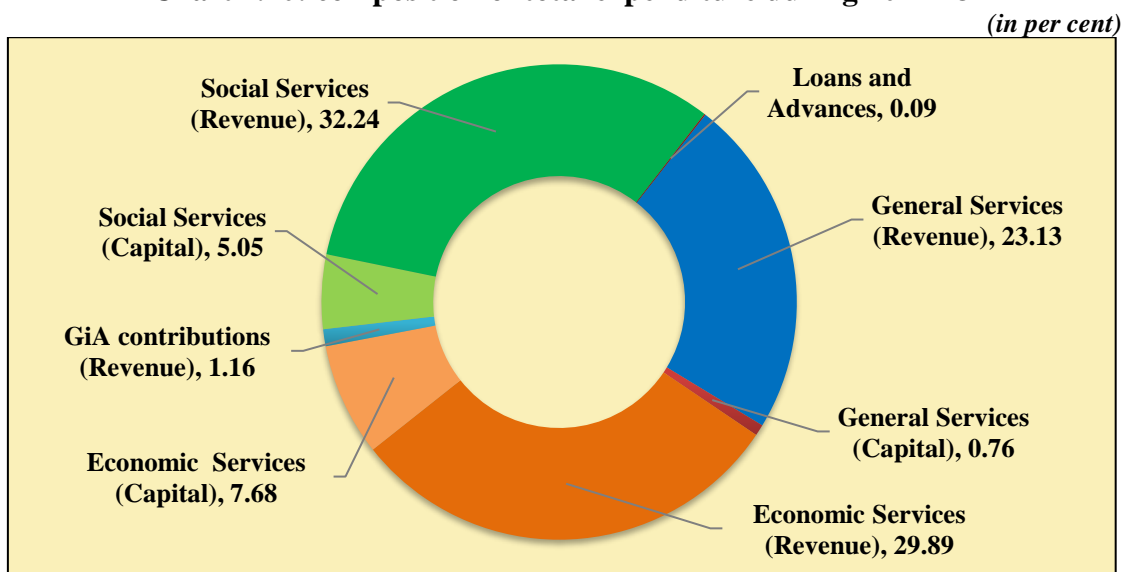
**Chart 2.9: Total Expenditure by activities**



Source: Finance Accounts of the respective years

As can be seen from **Chart 2.9**, the share of Social services expenditure in total expenditure has shown increasing trend i.e. from 34.42 per cent in 2018-19 to 37.33 per cent in 2022-23. The share of General services in total expenditure increased from 21.12 per cent in 2018-19 to 23.89 per cent in 2022-23, while that of Economic services decreased from 43.24 per cent to 37.62 per cent during the same period. Social and Economic services constituted 74.95 per cent of total expenditure during the 2022-23. **Chart 2.10** depicts the composition of expenditure during 2022-23.

**Chart 2.10: composition of total expenditure during 2022-23**



Source: Finance Accounts 2022-23

**Chart 2.10** presents that during the year 2022-23, the revenue expenditure under Social services was highest at 32.24 *per cent* of total expenditure followed by Economic services 29.89 *per cent* and General services 23.13 *per cent*. The capital expenditure on General services was 0.76 *per cent*, Social services 5.05 *per cent*, Economic services 7.68 *per cent* and loans and advances disbursed was 0.09 *per cent* of total expenditure.

## 2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio to total expenditure and buoyancy *vis-à-vis* GSDP are shown in **Table 2.14**.

**Table 2.14: Revenue Expenditure–basic parameter**

| (₹ in crore)                                |  |           |           |           |           |           |
|---|--|-----------|-----------|-----------|-----------|-----------|
| Sl. No.                                     | Parameters                               | 2018-19   | 2019-20   | 2020-21   | 2021-22   | 2022-23   |
| 1   | Total Expenditure (TE)                   | 73,555.31 | 82,099.86 | 79,107.54 | 85,838.04 | 98,691.19 |
| 2   | Revenue Expenditure (RE)                 | 64,411.17 | 73,477.31 | 70,032.84 | 75,010.01 | 85,285.03 |
| 3   | Rate of Growth of RE ( <i>per cent</i> ) | 14.55     | 14.08     | (-4.69)   | 7.11      | 13.70     |
| 4   | RE as percentage of TE                   | 87.57     | 89.50     | 88.53     | 87.39     | 86.42     |
| 5   | RE/GSDP ( <i>per cent</i> )              | 19.69     | 21.32     | 20.14     | 18.46     | 18.64     |
| 6   | Revenue Receipts (RR)                    | 65,094.93 | 63,868.70 | 63,176.18 | 79,652.03 | 93,877.14 |
| 7   | Rate of Growth of RR ( <i>per cent</i> ) | 9.13      | (-1.88)   | (-1.08)   | 26.08     | 17.86     |
| 8   | RE as percentage of RR                   | 98.95     | 115.04    | 110.85    | 94.17     | 90.85     |
| 9   | Rate of Growth of GSDP                   | 15.69     | 5.36      | 0.90      | 16.87     | 12.60     |
| <b>Buoyancy of Revenue Expenditure with</b> |  |           |           |           |           |           |
| 10  | GSDP (ratio)                             | 0.92      | 2.63      | -*        | 0.42      | 1.09      |

Source: Finance Accounts of respective years

\* Revenue expenditure growth in 2020-21 being negative, buoyancy ratio cannot be calculated

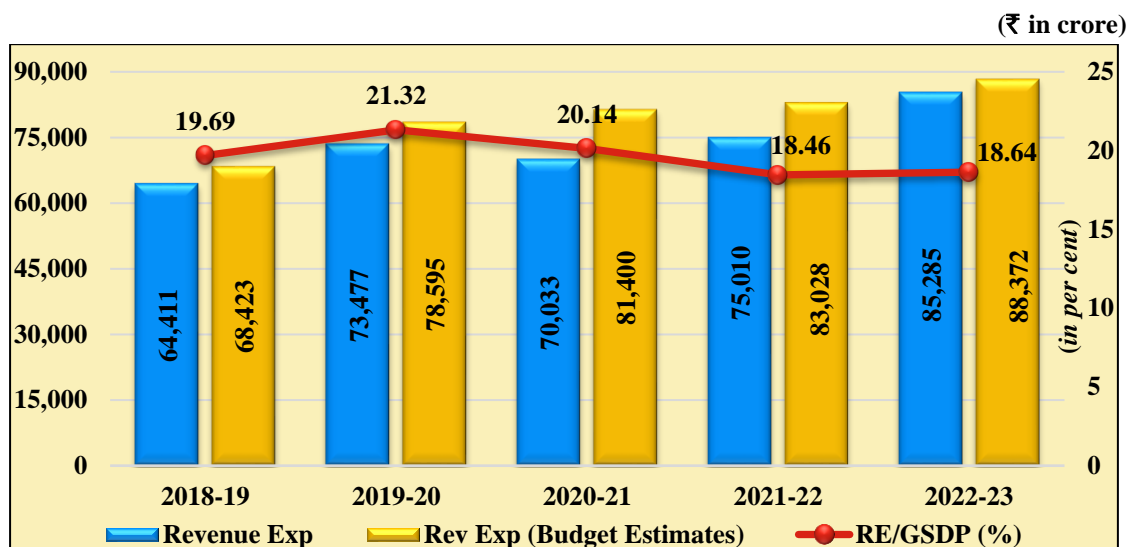
The revenue expenditure increased by ₹20,873.86 crore (32.41 *per cent*) from ₹64,411.17 crore in 2018-19 to ₹85,285.03 crore in 2022-23. However, it increased by ₹10,275.02 crore (13.70 *per cent*) in 2022-23 over the previous year mainly due to increase in expenditure under General Education (by ₹2,037.23 crore), Food Storage and Warehousing (by ₹1,704.48 crore) and Crop Husbandry (by ₹1,623.46 crore). Revenue expenditure as percentage of GSDP decreased from 19.69 *per cent* in 2018-19 to 18.64 *per cent* in 2022-23.

The revenue expenditure buoyancy with reference to GSDP, which was 0.42 in the year 2021-22 has increased to 1.09 in the year 2022-23.

The revenue expenditure depicted increasing trend in past ten years except during 2020-21 in which it registered negative growth rate of (-)4.69 *per cent*. The CAGR of Revenue Expenditure during the last ten-year period from 2013-14 to 2022-23 was 10.01 *per cent*.

Trend of revenue expenditure w.r.t. Budget estimates and GSDP is shown in **Chart 2.11**.

Chart 2.11: Revenue Expenditure w.r.t. Budget estimates and GSDP

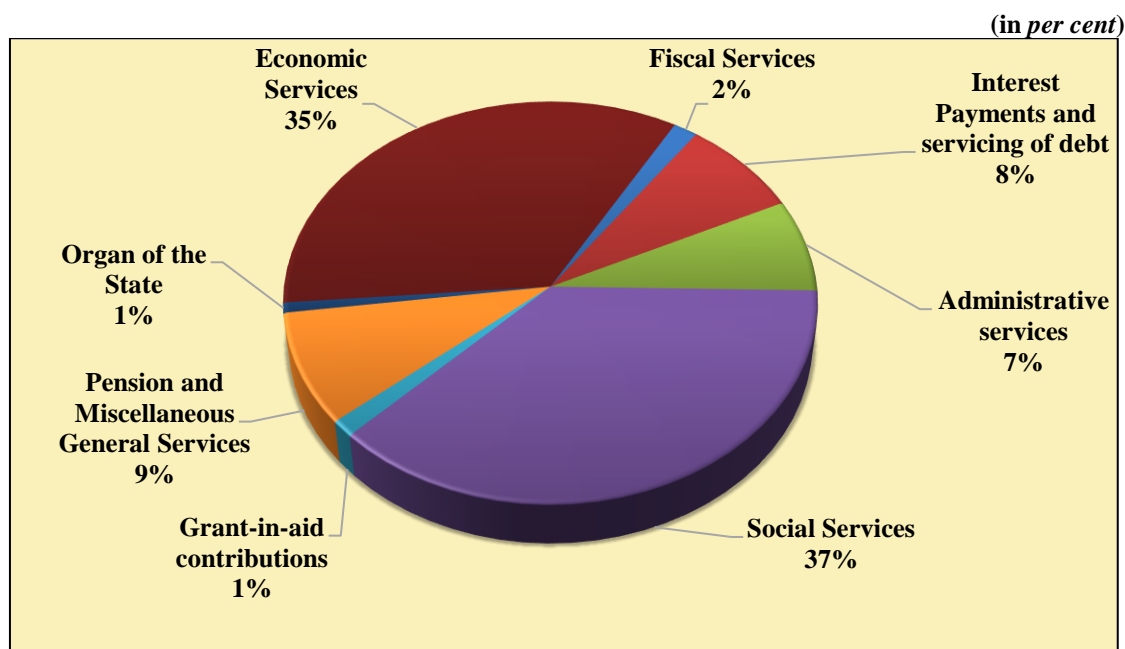


Source: Finance Accounts of respective years

As can be seen from the above Chart, the revenue expenditure was within the budgeted estimates in the last five years i.e., 2018-19 to 2022-23. Revenue expenditure as a percentage of GSDP increased during 2018-19 to 2019-20. However, it showed a declining trend during 2020-22 and decreased from 21.32 per cent in 2019-20 to 18.64 per cent in 2022-23.

The sectoral distribution of revenue expenditure is given in **Chart 2.12**:

Chart 2.12: Sectoral distribution of Revenue Expenditure during 2022-23



Source: Finance Accounts 2022-23

### 2.4.2.1 Major Changes in Revenue Expenditure

The revenue expenditure increased substantially by ₹10,275.02 crore (13.70 per cent) from ₹75,010.01 crore in 2021-22 to ₹85,285.03 crore in 2022-23. **Table 2.15** details significant variations under various Heads of Account with regard to Revenue expenditure of the State during the current year over the previous year.

**Table 2.15: Details of significant variation in Revenue Expenditure**

| (₹ in crore) |   |           |           |                               |
|--------------|---|-----------|-----------|-------------------------------|
| Sl. No.      | Major Heads of Accounts                       | 2021-22   | 2022-23   | Increase (+)/<br>Decrease (-) |
| 1            | 2202-General Education                        | 15,332.29 | 17,369.52 | 2,037.23                      |
| 2            | 2408-Food Storage and Warehousing             | 4,207.10  | 5,911.58  | 1,704.48                      |
| 3            | 2401-Crop Husbandry                           | 7,361.58  | 8,985.04  | 1,623.46                      |
| 4            | 2801-Power                                    | 3,800.00  | 5,262.19  | 1,462.19                      |
| 5            | 2216-Housing                                  | 230.50    | 1,246.65  | 1,016.15                      |
| 6            | 2217-Urban Development                        | 1,649.46  | 2,639.98  | 990.52                        |
| 7            | 2210-Medical and Public Health                | 5,956.21  | 5,624.24  | (-)331.97                     |
| 8            | 2505-Rural Employment                         | 1,601.31  | 1,332.20  | (-)269.11                     |
| 9            | 2501-Special Programmes for Rural Development | 519.20    | 259.66    | (-)259.54                     |
| 10           | 2235-Social Security and Welfare              | 2,201.18  | 2,024.64  | (-)176.54                     |

Source: Finance Accounts for the respective years

- Increase of ₹2,037.23 crore under Major Head 2202-General Education was primarily due to increase in expenditure relating to Central and State schemes such as *Samagra Shiksha* (₹447.65 crore), Government Primary school for minimum services (₹234.86 crore), Middle school for minimum services (₹161.92 crore) Grants to non-government schools for minimum services (₹135.46 crore), Ashrams and Schools (₹20.66 crore) and Hostels (₹44.34 crore).
- Increase of ₹1,704.48 crore expenditure under 2408-Food Storage and Warehousing was mainly due to increase of ₹1,017 crore on account of subsidy given under Chief Ministers Food Assistance Scheme and ₹700.01 crore under the scheme Compensation of Loss in Procurement of Food Grains to State Co-operative Marketing Federation.
- Increase of ₹1,623.46 crore expenditure under 2401-Crop Husbandry was mainly due to increase in *Rajiv Gandhi Kissan Nyay Yojna* by ₹1,476.01 crore, *Pradhan Mantri Fasal Beema Yojana* by ₹95.38 crore, and subsidy to Agricultural equipment under Agricultural Engineering Mission by ₹33.51 crore.
- Increase of ₹1,462.19 crore under 2801-Power was mainly on account of subsidy for free Supply of electricity to Agriculture Pumps up to five horsepower by ₹753.42 crore, Relief in Electricity Bills to Domestic Electricity Consumers by ₹215.48 crore and Single Bulb Connection by ₹134.63 crore.

- Increase of ₹1,016.15 crore expenditure under 2216-Housing was mainly due to increase in *Pradhan Mantri Awas Yojana - Rural* by ₹1,007.10 crore.
- Increase of ₹990.52 crore expenditure under 2217-Urban Development was mainly due to increase in expenditure on new schemes such as Raipur Smart City by ₹196 crore, Bilaspur Smart City by ₹194 crore, and Nava Raipur Atal Nagar Smart City Mission by ₹205 crore.
- Decrease of ₹331.97 crore expenditure under 2210-Medical and Public Health was mainly due to decrease in expenditure under National Ayush Mission, Primary Health Centre (Basic Services), reduction of Covid -19 cases, District Hospital, Community Health Centre etc.
- The decrease of ₹269.11 crore expenditure under 2505-Rural Employment was mainly due to decrease in expenditure on Assistance to Zila Panchayat by ₹127.87 crore.
- The decrease of ₹259.55 crore expenditure under 2501-Special Programmes for Rural Development was mainly due to decrease in expenditure on National Rural Livelihood Mission by ₹146.06 crore.
- Decrease of ₹176.54 crore expenditure under 2235-Social Security and Welfare was mainly due to decrease in expenditure under Integrated Child Development Service scheme by ₹91.45 crore and other schemes (National Old age pension, “*Chhattisgarh Nishakthjan Vitt Evam Vikas Nigam*”, “Integrated Service Scheme”, establishment of State women’s centre under State Women Empowerment mission authority etc.).

#### **2.4.2.2 Committed and Non-Committed Expenditure**

Expenditure of the State Government on revenue account can be classified as committed and non-committed expenditure. Committed Expenditure of Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. Expenditure other than committed expenditure can be classified into non-committed expenditure.

Apart from the above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure etc. For example, the following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund - Amount recouped within the year.
- (iv) Transfer of cess to reserve fund / other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received - Amount of

State share to be transferred to SNAs.

The upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.16**.

**Table 2.16: Components of Committed and Inflexible Expenditure**

(₹ in crore)

| Sl. No.  | Particulars   | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
|----------|---|------------------|------------------|------------------|------------------|------------------|
| <b>1</b> | <b>Components of Committed Expenditure</b>                                |                  |                  |                  |                  |                  |
| i        | Salaries & Wages  | 17,807.60        | 21,763.92        | 22,002.14        | 24,017.78        | 26,270.55        |
| ii       | Expenditure on Pensions   | 5,428.50         | 6,637.98         | 7,136.00         | 7,472.22         | 7,661.46         |
| iii      | Interest Payments   | 3,652.55         | 4,970.36         | 5,633.11         | 6,144.24         | 6,382.08         |
|          | <b>Total</b>  | <b>26,888.65</b> | <b>33,372.26</b> | <b>34,771.25</b> | <b>37,634.24</b> | <b>40,314.09</b> |
| <b>2</b> | <b>Components of Inflexible Expenditure</b>                               |                  |                  |                  |                  |                  |
| i        | Statutory devolution to local bodies                                      | 895.16           | 1,120.32         | 1,125.31         | 1,112.76         | 1,142.57         |
| ii       | Contribution to Reserve Funds   | 571.49           | 6,447.59         | 748.32           | 1,326.36         | 1,110.81         |
| iii      | Recoupment of Contingency Fund  | 9.80             | 13.87            | 13.39            | 2.00             | 106.06           |
| iv       | Transfer of cess to reserve fund /other body                              | 243.23           | 405.56           | 308.80           | 345.70           | 370.80           |
| v        | Share contribution of CSS against the Central Fund received               | 4,611.05         | 4,120.77         | 3,761.37         | 2,594.37         | 4,366.44         |
|          | <b>Total</b>  | <b>6,330.73</b>  | <b>12,108.11</b> | <b>5,957.19</b>  | <b>5,381.19</b>  | <b>7,096.68</b>  |
| <b>3</b> | <b>Committed Expenditure as a percentage of Revenue Receipts (RR)</b>     |                  |                  |                  |                  |                  |
| i        | Salaries & Wages  | 27.36            | 34.08            | 34.83            | 30.15            | 27.98            |
| ii       | Expenditure on Pensions   | 8.34             | 10.39            | 11.30            | 9.38             | 8.16             |
| iii      | Interest Payments   | 5.61             | 7.78             | 8.92             | 7.71             | 6.80             |
|          | <b>Total</b>  | <b>41.31</b>     | <b>52.25</b>     | <b>55.05</b>     | <b>47.24</b>     | <b>42.94</b>     |
| <b>4</b> | <b>Inflexible Expenditure as a percentage of Revenue Receipts (RR)</b>    |                  |                  |                  |                  |                  |
|          | <b>Total</b>  | <b>9.73</b>      | <b>18.96</b>     | <b>9.43</b>      | <b>6.76</b>      | <b>7.56</b>      |
| <b>5</b> | <b>Committed Expenditure as a percentage of Revenue Expenditure (RE)</b>  |                  |                  |                  |                  |                  |
| i        | Salaries & Wages  | 27.65            | 29.62            | 31.42            | 32.02            | 30.80            |
| ii       | Expenditure on Pensions   | 8.43             | 9.03             | 10.19            | 9.96             | 8.99             |
| iii      | Interest Payments   | 5.67             | 6.76             | 8.04             | 8.19             | 7.48             |
|          | <b>Total</b>  | <b>41.75</b>     | <b>45.41</b>     | <b>49.65</b>     | <b>50.17</b>     | <b>47.27</b>     |
| <b>6</b> | <b>Inflexible Expenditure as a percentage of Revenue Expenditure (RE)</b> |                  |                  |                  |                  |                  |
|          | <b>Total</b>  | <b>9.83</b>      | <b>16.48</b>     | <b>8.51</b>      | <b>7.17</b>      | <b>8.32</b>      |
| <b>7</b> | Non-Committed Expenditure   | 37,522.52        | 40,105.05        | 35,261.59        | 37,375.77        | 44,970.94        |
| <b>8</b> | Percentage of RE  | 58.25            | 38.96            | 50.35            | 49.83            | 52.73            |
| <b>9</b> | Percentage of TE  | 51.01            | 48.85            | 44.57            | 43.54            | 45.57            |

Source: Finance Accounts of the respective years

The committed expenditure affects the State in prioritising expenditure and in meeting capital investments to meet growing needs of social and economic infrastructure. The high proportion of committed expenditure to revenue receipts and revenue expenditure indicates that the State has limited flexibility in allocation of its resources for new schemes.

**Table 2.16** shows that, Committed Expenditure has increasing trend and grown from ₹26,888.65 crore (41.75 per cent of RE) in 2018-19 to ₹40,314.09 crore (47.27 per cent of RE) in 2022-23. During the current year, committed expenditure increased by

₹2,679.85 crore mainly on account of increase in expenditure towards Salaries & Wages.

**(a) Salaries & Wages**

Expenditure on salaries and wages increased by 9.38 *per cent* during 2022-23 (₹26,270.55 crore) over the previous year (₹24,017.78 crore) and constituted 30.80 *per cent* of revenue expenditure.

**(b) Interest Payments**

Interest payments in 2022-23 (₹6,382.08 crore) increased by 74.73 *per cent* over 2018-19 (₹3,652.55 crore) due to continuous rise in the public debt during 2018-23. Ratio of Interest payment on market loans to total interest payment increased from 61.56 *per cent* in 2018-19 to 72.96 *per cent* in 2022-23. As a percentage of the revenue receipts, expenditure on interest payments increased from 5.61 *per cent* in 2018-19 to 6.80 *per cent* in 2022-23.

**(c) Expenditure on Pensions**

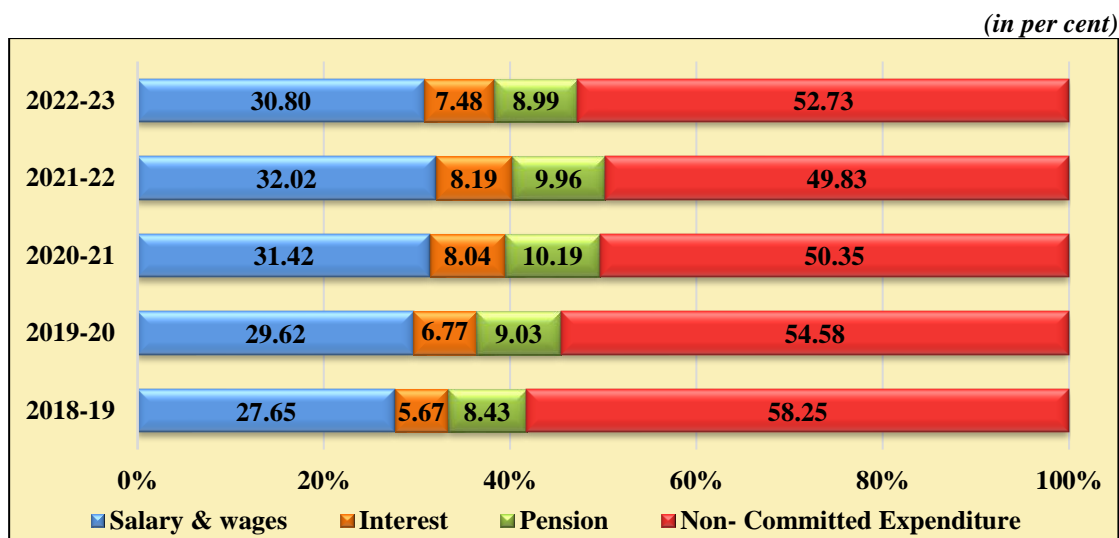
Expenditure on pension in 2022-23 (₹7,661.46 crore) increased by 2.53 *per cent* over the previous year (₹7,472.22 crore) mainly on account of payment of superannuation and retirement benefits along with family pensions and gratuities. Expenditure on pension in 2022-23 accounted for 8.16 *per cent* of the total revenue receipts and constituted 8.99 *per cent* of revenue expenditure of the State.

**(d) Inflexible expenditure**

The components of Inflexible expenditure which include among others Statutory devolution to local bodies and contribution to Reserve Funds showed significant increase in 2019-20 over the year 2018-19 then decreased during period 2020-22 and increased significantly in 2022-23. As a percentage of revenue expenditure, the inflexible expenditure decreased from 9.83 *per cent* in 2018-19 to 8.32 *per cent* in 2022-23. Further, the inflexible expenditure (₹7,096.68 crore) increased by 31.88 *per cent* during 2022-23 over the previous year (₹5,381.19 crore).

Percentage of committed and non-committed expenditure to revenue expenditure during 2018-23 is given in **Chart 2.13:**

Chart 2.13: Share of Committed and Non-Committed Expenditure



Source: Finance Accounts of the respective years

As can be seen from **Chart 2.13** above, share of committed expenditure in total revenue expenditure increased from 41.75 per cent in 2018-19 to 47.27 per cent in 2022-23 and the share of non-committed expenditure decreased from 58.25 per cent in 2018-19 to 52.73 per cent in 2022-23. Ratio of committed expenditure to revenue receipts increased to 42.94 per cent in 2022-23 from 41.31 per cent in 2018-19.

#### 2.4.2.3 Un-discharged Liability under National Pension System

During 2022-23, expenditure on pension payments was ₹7,661.46 crore, out of which ₹144.83 crore was incurred towards National Pension System (NPS) applicable to employees recruited on or after 1 January 2005. The State Government of Chhattisgarh vide letter No. 282 dated 11.05.2022 has issued notification for reversion to Old Pension Scheme (OPS) w.e.f. 01.11.2004.

##### *National Pension System (NPS)*

The State Government employees recruited on or after 1 November 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. In terms of the scheme, the employee contributes 10 per cent of basic pay and dearness allowance, State Government contributes 14 per cent of basic pay and dearness allowance (w.e.f. from 01.04.2022), and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

The opening balance as on 1 April 2022 was ₹37.79 crore under the Public Accounts - Major Head 8342 Other Deposits – (117) Defined Contribution Pension Scheme. The receipts during 2022-23 under this head was ₹129.00 crore and ₹146.24 crore was transferred from Public Accounts to NSDL. As on 31 March 2023, balance of ₹20.55 crore remained in the Public Account, pending transfer to NSDL/Trustee Bank. The pending transfer of balance fund to NSDL resulted in interest liability of ₹0.65 crore to



the State Government and created uncertainty in respect of benefit due to the employees to that extent. Also, non-payment of the interest liability of ₹0.65<sup>5</sup> crore has resulted in understatement of Revenue Expenditure.

During the year 2022-23, total contribution to the NPS which is a Defined Contribution Pension Scheme was ₹273.83 crore (Employee's contribution ₹124.59 crore, Government contribution ₹144.83 crore, Employee and Employer Contribution of Employees posted on deputation ₹4.41 crore and interest deposited by DDOs due to delay in deduction in monthly contribution of NPS ₹0.001 crore). The Government transferred ₹129.00 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government Contribution of ₹144.83 crore was transferred to NSDL directly from Major Head 2071.

As contribution to the new contributory pension scheme was abolished from 01.04.2022, the total contribution to the NPS which is a Defined Contribution Pension Scheme was decreased by ₹2,305.53 crore from ₹2,579.36 crore (Employee's contribution ₹1,296.61 crore + Employer's contribution ₹1,282.75 crore) in 2021-22 to ₹273.83 crore (Employee's contribution ₹129.00 crore + Employer's contribution ₹144.83 crore) in 2022-23.

#### **2.4.2.4 Subsidies**

During 2022-23, the State Government paid ₹8,306.28 crore as subsidy. The details of subsidies provided by the State Government from 2018-19 to 2022-23 are given in **Table 2.17**.

**Table 2.17: Expenditure on subsidies during 2018-23**

| Particulars                                      | 2018-19  | 2019-20   | 2020-21  | 2021-22  | 2022-23  |
|--|----------|-----------|----------|----------|----------|
| Subsidies (₹ in crore)                           | 8,323.01 | 11,483.23 | 7,307.94 | 6,565.30 | 8,306.28 |
| Subsidies as a percentage of Revenue Receipts    | 12.79    | 17.98     | 11.57    | 8.24     | 8.85     |
| Subsidies as a percentage of Revenue Expenditure | 12.92    | 15.63     | 10.44    | 8.75     | 9.74     |

**Source: Finance Accounts of the respective years**

The expenditure on subsidies increased by ₹1,740.98 crore (26.52 per cent) from ₹6,565.30 crore in 2021-22 to ₹8,306.28 crore in 2022-23 mainly due to increase in subsidies under Chief Ministers food assistance scheme (by ₹1,017 crore) and Relief in Electricity Bills to Domestic Electricity Consumers (₹215.48 crore).

The departments with a major portion of subsidy during the year 2022-23 are shown in **Table 2.18**.

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<sup>5</sup> Interest calculated as per the rate of interest notified by the Government / payable to General Provident Fund @ 7.1% on the balance of ₹37.79 crore as on 1<sup>st</sup> April 2022.

**Table 2.18: Departments with major portion of subsidy during the year 2022-23**

| Sl. No. | Name of the Department  | Subsidy (₹ in crore) | Percentage of total Subsidy | Particulars   |
|---------|-------------------------|----------------------|-----------------------------|---|
| 1       | Energy                  | 3,275.71             | 39.44                       | Included grant (₹1,715.44 crore) for free Supply of electricity to Agriculture Pumps up to five Horse Power and Relief in Electricity Bills (₹1,115.48 crore) to Domestic Electricity Consumers |
| 2       | Food and Civil Supplies | 4,372.68             | 52.64                       | On Account of grant to State Cooperative Marketing Federation for meeting losses on food procurement (₹750 crore) and Chief Ministers Food Assistance Scheme (₹3,399.99 crore)                  |

Source: Finance Accounts 2022-23

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

The quantum of financial assistance by way of grants and loans provided by the State Government to Local Bodies and institutions other than PSUs during the last five years are given in **Table 2.19**.

**Table 2.19: Financial Assistance to Local Bodies and other Institutions**

| (₹ in crore) |  |                  |                  |                  |                  |                  |
|--------------|--|------------------|------------------|------------------|------------------|------------------|
| Sl. No.      | Financial Assistance to Institutions   | 2018 -19         | 2019-20          | 2020-21          | 2021-22          | 2022-23          |
| 1            | <b>(A) Local Bodies</b>  |                  |                  |                  |                  |                  |
| 2            | Urban Local Bodies   | 2,778.73         | 3,138.94         | 3,554.17         | 3,904.13         | 4,296.67         |
| 3            | Panchayati Raj Institutions  | 6,905.17         | 6,006.83         | 4,421.79         | 4,345.60         | 5,903.98         |
| 4            | <b>Total (A)</b>   | <b>9,683.90</b>  | <b>9,145.77</b>  | <b>7,975.96</b>  | <b>8,249.73</b>  | <b>10,200.65</b> |
| 5            | <b>(B) Others</b>  |                  |                  |                  |                  |                  |
| 6            | Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.) | 170.44           | 273.67           | 204.97           | 254.57           | 262.59           |
| 7            | Development Authorities  | 271.41           | 235.06           | 229.93           | 393.08           | 661.14           |
| 8            | Co-operative & Other Institutions and NGOs                                   | 13,255.70        | 10,499.70        | 12,555.37        | 13,241.09        | 15,994.08        |
| 9            | <b>Total (B)</b>   | <b>13,697.55</b> | <b>11,008.43</b> | <b>12,990.27</b> | <b>13,888.74</b> | <b>16,917.81</b> |
| 10           | <b>Total (A+B)</b>   | <b>23,381.45</b> | <b>20,154.20</b> | <b>20,966.23</b> | <b>22,138.47</b> | <b>27,118.46</b> |
| 11           | GIA for Salary   | 1,592.75         | 673.48           | 140.35           | 192.34           | 253.37           |
| 12           | GIA for creation of Capital assets   | 1,987.03         | 1,960.40         | 1,821.78         | 1,940.38         | 2,632.10         |
| 13           | GIA for other  | 19,801.67        | 17,520.32        | 19,004.10        | 20,005.75        | 24,232.99        |
| 14           | <b>Revenue Expenditure</b>   | <b>64,411.17</b> | <b>73,477.31</b> | <b>70,032.84</b> | <b>75,010.01</b> | <b>85,285.03</b> |
| 15           | Assistance as percentage of Revenue Expenditure                              | 36.30            | 27.43            | 29.94            | 29.51            | 31.80            |

Source: Finance accounts of respective years

Financial assistance to Local Bodies and other Institutions has increased from ₹23,381.45 crore in 2018-19 to ₹27,118.46 crore in 2022-23. During 2022-23, Financial assistance to Local Bodies increased by ₹1,950.92 crore over the previous year mainly due to increase of ₹1,558.38 crore in assistance provided to Panchayati Raj Institutions (Zilla Panchayats - ₹882.44 crore and Gram Panchayats - ₹623.49 crore). Financial assistance to Local Bodies and other Institutions by the State Government as percentage

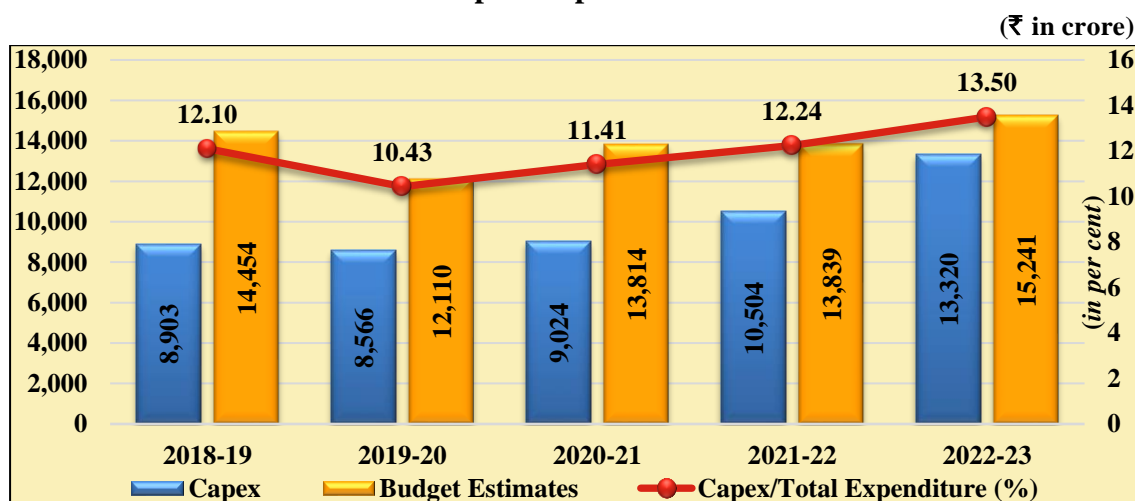
of Revenue Expenditure has decreased from 36.30 *per cent* in 2018-19 to 31.80 *per cent* in 2022-23.

Financial assistance given on Salary, for the creation of Capital assets and for other purpose during 2022-23 increased over the previous year. It was further noted that assistance on salary component had continuously showed a decreasing trend till 2018-21 and then increased marginally during 2021-23. Moreover, the share of financial assistance on Salary, creation of Capital assets and for other purpose was given at an average rate of 2.53 *per cent*, 9.08 *per cent* and 88.40 *per cent* respectively in the last five years.

### 2.4.3 Capital Expenditure

Capital expenditure includes primarily expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges, etc. Details of capital expenditure against the budget estimates during the five-year period 2018-23 are given in **Chart 2.14**.

**Chart 2.14: Capital expenditure in the State**



Source: Finance Accounts of the respective years

Capital expenditure increased by ₹4,416.85 crore (49.61 *per cent*) during the last five years from ₹8,903.45 crore in 2018-19 to ₹13,320.30 crore in 2022-23. Besides, the State could not meet the budget estimate on creation of assets from 2018-19 to 2022-23. Utilisation of budget for capital expenditure ranged between 62 *per cent* and 76 *per cent* during 2018-22, however it increased to 87 *per cent* in 2022-23.

The percentage share of capital expenditure to total expenditure increased from 12.24 *per cent* in 2021-22 to 13.50 *per cent* in 2022-23. During 2022-23, Capital expenditure increased by 26.81 *per cent* (₹2,816.08 crore) over the previous year mainly due to increase in expenditure in Water Supply & sanitation (by ₹1,096.76 crore) and Rural Development (by ₹690.49 crore).

During 2022-23, 32 *per cent* of total capital expenditure (₹13,320.30 crore) was incurred on Roads and Bridges (₹4,299.30 crore) followed by 19 *per cent* on water supply and sanitation (₹2,521.23 crore).

### 2.4.3.1 Major changes in Capital Expenditure

Table 2.20 highlights the cases of significant increase or decrease in various heads of account in capital expenditure during 2022-23 *vis-à-vis* the previous year.

**Table 2.20: Capital Expenditure during 2022-23 compared to 2021-22**

|         |   |          |          | (₹ in crore)                  |
|---------|---|----------|----------|-------------------------------|
| Sl. No. | Major Heads of Accounts                         | 2021-22  | 2022-23  | Increase (+)/<br>Decrease (-) |
| 1       | 4215-Water Supply & sanitation                  | 1,424.47 | 2,521.23 | 1,096.76                      |
| 2       | 4515- Other Rural Development Programmes        | 271.28   | 961.77   | 690.49                        |
| 3       | 4210-Medical and Public Health                  | 324.70   | 719.83   | 395.13                        |
| 4       | 4059-Public works                               | 247.43   | 528.71   | 281.28                        |
| 5       | 4225- Welfare of SC, ST and OBC                 | 381.40   | 491.78   | 110.38                        |
| 6       | 4810-Capital outlay on New and Renewable Energy | 497.23   | 604.89   | 107.66                        |
| 7       | 4801-Power                                      | 327.95   | 130.80   | (-)197.15                     |
| 8       | 5054-Roads and Bridges                          | 4,415.62 | 4,299.30 | (-)116.32                     |

Source: Finance Accounts of 2021-22 and 2022-23

- The increase in expenditure on 4215-Water Supply & sanitation was mainly due to increase in expenditure in *Jal Jeevan Mission* by ₹1,120.64 crore.
- The increase in expenditure on 4515- Other Rural Development Programmes was mainly due to increase in expenditure under Rural Industrial Parks by ₹296.94 crore, *Mukhyamantri Samagra Gram Vikas Yojna* by ₹191.26 crore and Legislative Constituency Development Scheme by ₹176.07 crore.
- The increase in expenditure on 4210-Medical and Public Health was mainly due to increase in progress of works of medical education colleges, expenditure on Cancer institute, Medical, Dental, Physiotherapy College.
- The increase in expenditure on 4059-Public works was mainly due to receipt of administrative approval for new works.
- The increase in expenditure on 4225- Welfare of SC, ST and OBC was mainly due to increase in expenditure under local development programme from Special central assistance etc., increase in sanctioned works under extension of facilities in Tribal Areas and “minorities multi regional development scheme”.
- The increase in expenditure on 4810-Capital outlay on New and Renewable Energy was mainly due to increase in expenditure under installation of solar pumps (₹124.42 crore), *Indira Gaon Ganga Yojna* (₹9.00 crore) etc.
- The decrease in expenditure on 4801-Power was mainly due to less investment in share capital of Power companies and less expenditure under the schemes such as energisation of agricultural pumps (₹21.14 crore), *Mukhyamantri* electric infrastructure development (₹25 crore), *Mukhyamantri* Urban electrification scheme (₹64.20 crore), *Mukhyamantri maazra tola* electrification scheme (₹57.95 crore).

- The decrease in expenditure on 5054-Roads and Bridges was mainly due to delay in receipt of administrative approval for works relating to Chhattisgarh State Road Development Project (Phase II), less expenditure under construction works of Chhattisgarh Road and Industrial Development Corporation, delay in Land acquisition cases.

### 2.4.3.2 Quality of Capital Expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government as of 31 March 2023.

#### Quality of investment in Companies, Corporations, and other Bodies

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

Investments made and loans given to companies, corporations, and co-operatives which are loss making and those whose net worth is completely eroded, affect the quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

#### Investment and Returns

As per the Finance Accounts 2022-23, the Government of Chhattisgarh had invested ₹7,447.77 crore in 10 Statutory Corporations, 28 Government Companies, 21 Joint Stock Companies, two Rural Banks and 1460 Co-operative Institutions in the State as of 31 March 2023. The State Government earned a dividend of ₹6.20 crore on these investments during 2022-23. Year-wise details of investment by the Government of Chhattisgarh over the five-year period 2018-19 to 2022-23 are as follows:

**Table 2.21: Details of Investment and Return on Investment**

| (₹ in crore) |  |                  |                  |                  |                  |                              |
|--------------|--|------------------|------------------|------------------|------------------|------------------------------|
| Sl. No.      | Investment/Return/Cost of borrowings           | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23                      |
| 1            | Statutory Corporations<br>(No. of entities)    | 86.92<br>(10)    | 87.88<br>(10)    | 88.34<br>(10)    | 89.69<br>(10)    | 89.89<br>(10)                |
| 2            | Government Companies<br>(No. of entities)      | 6,683.34<br>(28) | 6,683.34<br>(28) | 6,683.34<br>(28) | 6,733.34<br>(28) | 6,733.34<br>(28)             |
| 3            | Joint Stock Companies<br>(No. of entities)     | 145.21<br>(22)   | 145.21<br>(22)   | 145.21<br>(22)   | 156.93<br>(22)   | 278.72<br>(21 <sup>6</sup> ) |
| 4            | Rural Banks<br>(No. of entities)               | 25.15<br>(02)    | 25.15<br>(02)    | 25.15<br>(02)    | 25.15<br>(02)    | 25.15<br>(02)                |
| 5            | Co-operative Institutions<br>(No. of entities) | 327.42<br>(1523) | 324.21<br>(1460) | 319.26<br>(1460) | 315.08<br>(1460) | 320.67<br>(1460)             |
| <b>6</b>     | <b>Total Investment</b>                        | <b>7,268.05</b>  | <b>7,265.79</b>  | <b>7,261.30</b>  | <b>7,320.19</b>  | <b>7,447.77</b>              |
| 7            | Investment at the end of the year              | 7,268.05         | 7,265.79         | 7,261.30         | 7,320.19         | 7,447.77                     |
| 8            | Return on investment                           | 1.49             | 2.39             | 2.29             | 3.64             | 6.20                         |
| 9            | Return on investment ( <i>per cent</i> )       | 0.02             | 0.03             | 0.03             | 0.05             | 0.08                         |

<sup>6</sup> As per the information provided by Chhattisgarh State Industrial Development Corporation, amount of ₹142.20 crore given by the State Government during 2016-17 (₹55.00 crore) and 2017-18 (₹87.20 crore) has been invested in the Share Capital of three Joint Venture Companies. Hence the total number of Joint Venture Companies shown as 21.

**State Finances Audit Report for the year ended 31 March 2023**

|    |   |         |         |         |         |         |
|----|---|---------|---------|---------|---------|---------|
| 10 | Average rate of interest on Government borrowing <sup>7</sup> ( <i>per cent</i> )                   | 6.11    | 6.83    | 6.70    | 6.80    | 6.91    |
| 11 | Difference between rate of return and interest rate ( <i>per cent</i> )                             | (-)6.09 | (-)6.80 | (-)6.66 | (-)6.75 | (-)6.83 |
| 12 | Difference between cost/average interest rate of Government borrowing and returns on its investment | 442.62  | 494.07  | 483.60  | 494.11  | 508.68  |

**Figures in the bracket shows the number of entities**

Source: Finance Accounts of respective years

During 2022-23, the return on investment was ₹6.20 crore (0.08 *per cent*). However, the Government paid interest on its borrowing at an average rate of 6.91 *per cent* during the same period. Investment which do not have sufficient financial returns will lead to an unsustainable financial position.

### Loans and Advances by the State Government

In addition to investments in Co-operative societies, Corporations and Companies, the State Government has also provided loans and advances to many institutions/organisations. **Table 2.22** presents the outstanding loans and advances as on 31 March 2023, along with interest receipts *vis-à-vis* interest payments during the five-year period 2018-19 to 2022-23.

**Table 2.22: Loans disbursed and recovered during 2018-23**

(₹ in crore)

| Sl. No.  | Loans disbursed and recovered   | 2018-19         | 2019-20         | 2020-21         | 2021-22               | 2022-23         |
|----------|---|-----------------|-----------------|-----------------|-----------------------|-----------------|
| 1        | Opening balance of loans outstanding  | 1,519.63        | 1,597.75        | 1,397.08        | 1,173.86 <sup>8</sup> | 1,409.86        |
| 2        | Amount advanced during the year   | 240.44          | 56.11           | 50.50           | 324.06                | 85.96           |
| 3        | Amount recovered during the year  | 162.32          | 256.78          | 104.8           | 88.06                 | 117.51          |
| <b>4</b> | <b>Closing Balance of loans outstanding</b>   | <b>1,597.75</b> | <b>1,397.08</b> | <b>1,342.78</b> | <b>1,409.86</b>       | <b>1,378.31</b> |
| 5        | Net addition  | 78.12           | (-)200.67       | (-)54.30        | 236.00                | (-)31.55        |
| 6        | Interest received   | 28.32           | 1.67            | 6.88            | 3.27                  | 37.04           |
| 7        | Rate of return on Loans and Advances given by the Government ( <i>per cent</i> )                  | 2.04            | 0.11            | 0.50            | 0.24                  | 2.66            |
| 8        | Average rate of Interest paid on the outstanding borrowings of the Government ( <i>per cent</i> ) | 6.11            | 6.83            | 6.70            | 6.80                  | 6.91            |
| 9        | Difference between rate of interest paid and interest received ( <i>per cent</i> )                | (-)4.07         | (-)6.72         | (-)6.19         | (-)6.56               | (-)4.25         |

Source: Finance Accounts of Respective years

During 2022-23, an amount of ₹85.96 crore was advanced as loans against ₹324.06 crore during previous year. Interest received by the State Government against loan given was ₹37.04 crore. At the end of March 2023, the Government had outstanding loans and advances of ₹1,378.31 crore, out of which ₹343.44 crore pertains to Urban Local Bodies,

<sup>7</sup> Average rate of interest has been calculated after excluding Back-to-Back loan from total Government borrowing.

<sup>8</sup> Reduced by ₹168.92 crore vide State Government letter No. 523/R-110/2020/13/2 dated 23.02.2022 due to reconciliation of Loan balance between the figures of Finance Account and Account of Power Company. ₹168.92 crore includes ₹136.78 crore of loan adjusted as Share Capital of the State Government in 2017-18 and ₹32.14 crore of excess payment of Interest by Chhattisgarh State Electricity Board during 2004-05 and 2005-06 adjusted as repayment of loan.

₹163.01 crore pertains to Government companies and ₹414.66 crore pertains to co-operative societies/bodies.

The total outstanding loans advanced by the State Government decreased by ₹31.55 crore from ₹1,409.86 crore in 2021-22 to ₹1,378.31 crore in the year 2022-23. Recovery of loans increased by ₹29.45 crore (33.44 *per cent*) and interest receipts increased by ₹33.77 crore (1,033 *per cent*) in 2022-23 as compared to 2021-22. The interest received was only 2.66 *per cent* of the outstanding loans and advances during 2022-23.

Further, the State Government made fresh loans and advances during the year to the following sugar mills against which the repayment of earlier loans and interest was in arrears.

**Table 2.23: Details of loans and advances to sugar mills during 2022-23**

(₹ in crore)

| Sl. No | Name   | Year of previous Loans outstanding Since | Amount of principal outstanding as of 1 <sup>st</sup> April 2022 | Amount of loans during this year | Re-payment made during the year | Total loans outstanding as on 31 <sup>st</sup> March 2023 | Interest arrears as on 31 <sup>st</sup> March 2023 |
|--------|--|--|--|----------------------------------|---------------------------------|---|--|
| 1      | <i>Loh Purush Sardar Vallabh Bhai Patel Sugar Mill Limited</i> | 2016-17                                  | 106.00   | 13.00                            | 4.00                            | 115.00  | 38.06  |
| 2      | <i>Bhoramdev Co-operative Sugar Mill Limited</i>               | 2012-13                                  | 88.00  | 13.00                            | 25.00                           | 76.00   | 30.52  |
| 3      | <i>Mahamaya Co- operative Sugar Mill, Limited</i>              | 2008-09                                  | 110.67   | 17.00                            | 32.00                           | 95.67   | 73.14  |
| 4      | <i>Danteshwari maiya Co-operative Sugar Mill, Limited</i>      | 2005-06                                  | 81.58  | 7.00                             | 0.85                            | 87.73   | 57.08  |

Source: Finance Accounts 2022-23

### 2.4.3.3 Capital blocked in incomplete works

An assessment of trends in capital blocked in incomplete capital works would also indicate the quality of capital expenditure. Blocking of funds on incomplete 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 works during the respective years leads to extra burden in terms of servicing of debt and interest liabilities.

Out of 372 works costing ₹10 crore and above sanctioned by the Works Department, 148 works were to be completed on or before 31 March 2023. Department wise details of incomplete works are shown in **Table 2.24**.

**Table 2.24: Department-wise profile of incomplete works**

(₹ in crore)

| Sl. No.      | Departments     | Number of incomplete works | Estimated cost  | 48 Incomplete Works whose cost were revised |                 |                          |                          | Cumulative expenditure of all 148 incomplete works as on 31 March 2023 |
|--------------|-----------------|----------------------------|-----------------|---|-----------------|--------------------------|--------------------------|--|
|              |                 |                            |                 | Initial estimated cost of 48 works          |                 | Revised cost of 48 works | Cost overrun in 48 works |  |
|              |                 |                            |                 | No.   | Amount          |                          |                          |  |
| 1            | Public Works    | 9                          | 402.02          | 2   | 151.61          | 551.20                   | 399.59                   | 517.40   |
| 2            | Water Resources | 139                        | 4,208.13        | 46  | 1,753.33        | 4,188.42                 | 2,435.09                 | 5,017.28   |
| <b>Total</b> |                 | <b>148</b>                 | <b>4,610.15</b> | <b>48</b>                                   | <b>1,904.94</b> | <b>4,739.62</b>          | <b>2,834.68</b>          | <b>5,534.68</b>  |

Source: Finance Accounts 2022-23

Out of 148 incomplete works (costing more than ₹10 crore) with estimated cost of ₹4,610.15 crore, the State Government has revised the cost of 48 incomplete works with cost overrun of ₹2,834.68 crore. Since the State Government had not evaluated the cost of remaining incomplete works, the actual cost of these projects could not be ascertained.

#### 2.4.4 Expenditure priorities

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

The fiscal priorities of the State Government with regard to development expenditure, social services expenditure and capital expenditure during 2018-19 and 2022-23 are shown in **Table 2.25** below:

**Table 2.25: Expenditure priority of the State with regard to Health, Education and Capital expenditure**

(in per cent)

| Sl. No.                           |                          | TE/GSDP | SSE/TE | ESE/TE | DE/TE | CE/TE | Education/TE | Health/TE |
|-----------------------------------|--------------------------|---------|--------|--------|-------|-------|--------------|-----------|
| <b>Average (Ratio) 2018-19 of</b> |                          |         |        |        |       |       |              |           |
| 1                                 | General Category States* | 16.38   | 36.60  | 30.65  | 67.24 | 14.04 | 14.76        | 5.07      |
| 2                                 | Chhattisgarh State       | 22.49   | 34.42  | 43.24  | 77.66 | 12.10 | 17.49        | 5.11      |
| <b>Average (Ratio) 2022-23 of</b> |                          |         |        |        |       |       |              |           |
| 3                                 | General Category States* | 15.79   | 38.11  | 29.17  | 67.28 | 13.48 | 14.85        | 5.68      |
| 4                                 | Chhattisgarh State       | 21.57   | 37.33  | 37.62  | 74.95 | 13.50 | 18.29        | 6.70      |

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

Source: Data provided by Economic Advisor



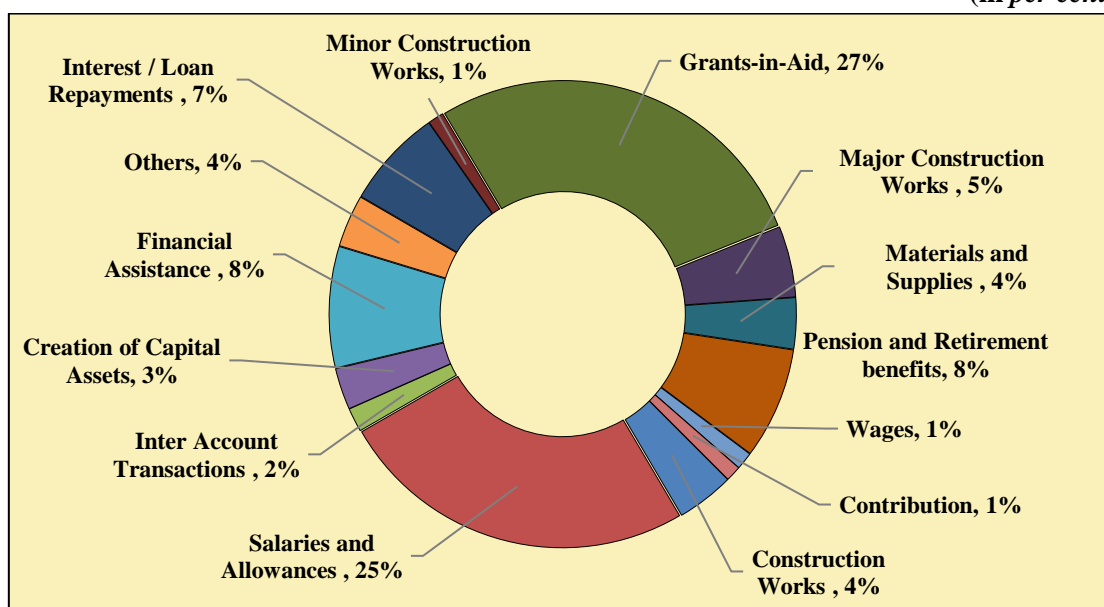
- The State Government's total expenditure as proportion of GSDP declined from 22.49 per cent in 2018-19 to 21.57 per cent in 2022-23.
- The proportion of expenditure on Development, especially on health and education, to the total expenditure of Chhattisgarh has been higher than the average of other General Category States. However, it has declined from 77.66 per cent in 2018-19 to 74.95 per cent in 2022-23.
- Allocative priority accorded to Social sector expenditure by the State Government increased from 34.42 per cent in 2018-19 to 37.33 per cent in 2022-23. However, it was less than the average of general category states during the same period.
- Capital expenditure facilitates asset creation which generates opportunities for higher growth. The ratio of capital expenditure to total expenditure increased from 12.10 per cent in 2018-19 to 13.50 per cent in 2022-23. This ratio for General Category States decreased from 14.04 per cent to 13.48 per cent during the same period.

### 2.4.5 Object head wise expenditure

Finance Accounts depict transactions only up to the Minor Head level. Object head wise expenditure gives information about the object/ purpose of the expenditure. The per cent wise object head expenditure with respect to total expenditure for 2022-23 is shown in following **Chart 2.15** below:

**Chart 2.15: Object head wise expenditure**

(in per cent)



Source: Finance Accounts 2022-23

As can be seen from the above chart, the expenditure under object heads Salaries & Allowances, Grants-in-Aid and Pension & Retirement Benefits constituted 61 per cent

of overall expenditure ₹98,605.33 crore<sup>9</sup> of the State. Besides, Financial Assistance, Interest/Loan repayments and Major Construction Works constituted eight *per cent*, seven *per cent* and five *per cent* of the expenditure respectively.

A drill down view of budgetary allocation and extent of expenditure (above ₹1,000 crore) incurred on the actual items at the Object Head level is given in **Table 2.26** below:

**Table 2.26: Object head wise expenditure (where the expenditure is ₹1,000 crore and above) *vis-à-vis* budget authorisation**

| (₹ in crore) |                                     |                          |                  |                        |
|--------------|-------------------------------------|--------------------------|------------------|------------------------|
| Sl. No.      | Head                                | Original Budget Estimate | Expenditure      | Utilisation Percentage |
| 1            | 14- Grants-in-Aid                   | 26,781.67                | 26,947.30        | 100.62                 |
| 2            | 01- Salaries and Allowances         | 26,769.33                | 24,678.61        | 92.19                  |
| 3            | 13- Financial Assistance            | 7,761.87                 | 8,306.28         | 107.01                 |
| 4            | 12- Pension and Retirement benefits | 7,573.10                 | 7,643.77         | 100.93                 |
| 5            | 35- Interest / Loan Repayments      | 7,222.05                 | 6,808.44         | 94.27                  |
| 6            | 26- Major Construction Works        | 4,814.75                 | 4,863.53         | 101.01                 |
| 7            | 97- Construction Works              | 6,188.85                 | 4,481.17         | 72.41                  |
| 8            | 25- Materials and Supplies          | 3,446.57                 | 3,501.54         | 101.59                 |
| 9            | 45- Creation of Capital Assets      | 3,109.41                 | 2,840.61         | 91.36                  |
| 10           | 37- Inter Account Transactions      | 2,244.58                 | 1,635.19         | 72.85                  |
| 11           | 02- Wages                           | 1,072.38                 | 1,185.59         | 110.56                 |
| 12           | 27- Minor Construction Works        | 1,386.09                 | 1,076.39         | 77.66                  |
| 13           | 30- Contribution                    | 364.53                   | 1,058.08         | 290.26                 |
| <b>Total</b> |                                     | <b>98,735.18</b>         | <b>95,026.50</b> | <b>96.24</b>           |

Source: Finance Accounts, Budget book & DAA 2022-23

As can be seen from the above table, out of a total budgetary allocation of ₹98,735.18 crore under 13 object heads, the actual expenditure during 2022-23 was ₹95,026.50 crore (96.24 *per cent*).

## 2.5 Public Account

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

### 2.5.1 Net Public Account Balances

The status of receipts and disbursement under Public Account are shown in Statement 21 of the Finance Accounts. Component-wise net balances in the Public Account of the State as of 31 March of respective years are shown in **Table 2.27** below:

<sup>9</sup> Total expenditure (₹98,691.19 crore) – Loans & Advances including interstate settlement (₹86.06 crore)

**Table 2.27: Component-wise net balances in Public Account as of 31 March of the year**

| (₹ in crore) |   |   |                    |                     |                     |                     |                     |
|--------------|---|---|--------------------|---------------------|---------------------|---------------------|---------------------|
| Sl. No.      | Sector  | Sub Sector  | 2018-19            | 2019-20             | 2020-21             | 2021-22             | 2022-23             |
| 1            | <b>I. Small Savings, Provident Fund, etc.</b> | National Small Savings Fund, State Provident Funds and Other Accounts | (-)6,832.41        | (-)7,617.67         | (-)8,021.40         | (-)8,020.50         | (-)9,326.98         |
| 2            | <b>J. Reserve Funds</b>                       | (a) Reserve Funds bearing Interest                                    | (-)400.70          | (-)1,101.77         | (-)614.84           | (-)769.36           | (-)265.27           |
|              |   | (b) Reserve Funds not bearing Interest                                | (-)1,254.83        | (-)1,363.00         | (-)1,384.75         | (-)1,683.77         | (-)2,006.47         |
| 3            | <b>K. Deposits and Advances</b>               | (a) Deposits bearing Interest   | (-)42.90           | (-)37.29            | (-)33.16            | (-)28.27            | (-)8.30             |
|              |   | (b) Deposits not bearing Interest                                     | (-)5,964.44        | (-)5,446.01         | (-)5,951.96         | (-)5,758.23         | (-)6,138.62         |
|              |   | (c) Advances  | (+ )1.75           | (+ )1.84            | (+ )1.84            | (+ )7.35            | (+ )7.00            |
| 4            | <b>L. Suspense and Miscellaneous</b>          | (a) Suspense  | (-)35.96           | (-)29.66            | (-)20.08            | (-)84.64            | (-)180.88           |
|              |   | (b) Other Accounts  | (+ )9,711.03       | (+ )5,199.46        | (+ )3,344.86        | (+ )3,299.78        | (+ )440.13          |
|              |   | (c) Accounts with Governments of Foreign Countries                    | 0.00               | 0.00                | 0.00                | 0.00                | 0.00                |
|              |   | (d) Miscellaneous   | 0.00               | 0.00                | 0.00                | 0.00                | 0.00                |
| 5            | <b>M. Remittances</b>                         | (a) Money Orders, and other Remittances                               | (+ )297.90         | (+ )204.48          | (+ )240.97          | (+ )245.09          | (+ )197.03          |
|              |   | (b) Inter- Governmental Adjustment Account                            | (-)61.19           | (+ )73.82           | (+ )88.41           | (+ )91.13           | (+ )101.63          |
| <b>Total</b> |   |   | <b>(-)4,581.75</b> | <b>(-)10,115.80</b> | <b>(-)12,350.11</b> | <b>(-)12,701.42</b> | <b>(-)17,180.73</b> |

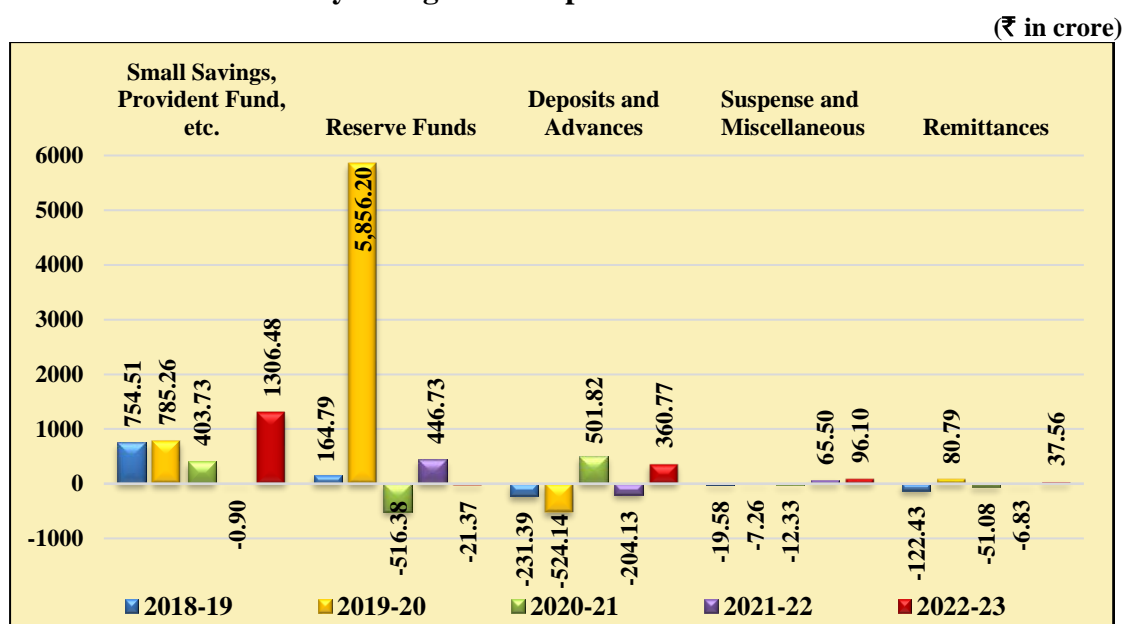
Source: Finance Accounts of respective years

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

The net balances in Public Account increased by ₹4,479.31 crore in 2022-23 over the previous year, mainly due to decrease in debit balance of Suspense and Miscellaneous - Other Accounts by ₹2,859.65 crore and increase in National Small Savings Fund, State Provident Funds and Other Accounts by ₹1,306.48 crore which was counter balanced by decrease in Reserve Funds bearing Interest by ₹504.09 crore.

The yearly changes in composition of balances in Public Account over the last five year period 2018-23 are given in **Chart 2.16**:

Chart 2.16: Yearly changes in composition of Public Account balances



Source: Finance Accounts of respective years

Yearly changes depicted in the chart above excludes changes in Major Head-8671 Departmental Balances, 8673- Cash Balance Investment Account and Reserve Funds Investment Accounts. During the year 2022-23, major yearly change was seen in Small Savings, Provident Fund, etc. (₹1,306.48 crore) and Deposits and Advances (₹360.77 crore).

During 2019-20, high change in Reserve Fund was due to receipt of ₹5,791.70 crore under Compensatory Afforestation Funds (CAMPA) transferred by Government of India from National Compensatory Afforestation Deposit and interest of ₹81.25 crore on investment of CAMPA funds.

## 2.5.2 Reserve Funds

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

There are 18 Reserve Funds (17 Reserve Funds earmarked for specific purposes in the State with effect from 2000-2001 since the formation of the State and one reserve fund i.e. Guarantee Redemption Fund was created during 2022-23). Out of 18, 15 funds were operative, and three funds were in-operative as of 31 March 2023. The gross balance at the end of 31 March 2023 in these funds was ₹9,606.04 crore, out of which ₹7,334.30 crore (76.35 per cent) was invested in Government of India Securities and Treasury Bills (₹7,058.58 crore) and Share Capital of Joint Venture Companies (₹275.71 crore).

### 2.5.2.1 Consolidated Sinking Fund

Following the recommendations of the Twelfth Finance Commission, the State has created a Consolidated Sinking Fund (CSF) for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Funds, *etc.* Further, as per the guideline (June 2006) issued by the State Government (Finance Department), a minimum annual contribution of 0.50 *per cent* of outstanding liabilities (Internal Debt and Public Account Liabilities) at the beginning of the year was required to be transferred to the fund.

During 2022-23, GoCG transferred ₹400.00 crore to the Consolidated Sinking Fund against the minimum requirement of ₹437.23 crore representing 0.5 *per cent* of outstanding liabilities (Internal Debt and Public Account Liabilities) of ₹87,446.74 crore as on 31 March 2022. The short contribution of ₹37.23 crore to the Consolidated Sinking Fund resulted in overstatement of Revenue Surplus and understatement of Fiscal deficit to that extent. As on 31 March 2023, an amount of ₹3,286.94 crore was lying in the Fund, and the entire amount was invested in Government of India securities.

### 2.5.2.2 State Disaster Risk Management Fund

Fifteenth Finance Commission has recommended the creation of a fund for disaster mitigation along with disaster response, which will be together called the State Disaster Risk Management Fund (SDRMF). Out of the total amount recommended for SDRMF, the share of SDRF shall be 80 *per cent* and the share of SDMF 20 *per cent*.

Details of expenditure charged to SDRMF are given below in **Table 2.28**:

**Table 2.28: Details of expenditure charged to SDRMF**

| (₹ in crore) |  |  |                            |
|--------------|--|--|----------------------------|
| Sl. No.      | Head   | Minor Head of Account  | Expenditure during 2022-23 |
| 1            | <b>2245- Relief on Account of Natural Calamities</b> |  |                            |
| 2            | <b>01-Drought</b>                                    |  |                            |
| 3            | 101  | Gratuitous Relief  | 0.18                       |
| 4            | 282  | Public Health  | 0.00                       |
| 5            | <b>02-Floods, Cyclones, etc.</b>                     |  |                            |
| 6            | 101  | Gratuitous Relief  | 4.60                       |
| 7            | 110  | Assistance for repair and restoration of damaged Water Supply, Drainage and Sewerage Works | 0.04                       |
| 8            | 111  | Ex-gratia Payments to bereaved families  | 13.47                      |
| 9            | 112  | Evacuation of population   | 6.45                       |
| 10           | 113  | Assistance for repair and construction of Houses   | 13.81                      |
| 11           | 114  | Assistance to Farmers for purchase of Agriculture Input                                    | 5.94                       |
| 12           | 116  | Assistance to Farmers for repairs of damaged tube wells and Pump sets                      | 0.00                       |
| 13           | 117  | Assistance to Farmers for purchase of livestock  | 6.88                       |
| 14           | 122  | Repair and Restoration of damaged Irrigation and Flood Control Works                       | 36.31                      |
| 15           | <b>80-General</b>                                    |  |                            |
| 16           | 101  | Centre for Training to Disaster Preparedness   | 0.04                       |

|    |   |  |                  |
|----|---|--|------------------|
| 17 | 102   | Management of Natural Disasters, Contingency Plans in disaster prone areas | 97.41            |
| 18 | 800   | Other Expenditure  | 162.27           |
| 19 | <b>Total SDRMF Expenditure</b>                    |  | <b>347.40</b>    |
| 20 | <b>05-State Disaster Response Management Fund</b> |  |                  |
| 21 | 901   | <b>Deduct-</b> Amount met from State Disaster Response Management Fund     | <b>(-)282.08</b> |

Source: Finance Accounts 2022-23

**(a) State Disaster Response Fund (SDRF)**

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. As per the SDRF guidelines, 2022, the Centre and States are required to contribute to the Fund in the proportion of 75:25. The contributions are to be transferred to the Public Account to Major Head-8121 by making budget provisions under the Major Head 2245. Expenditure incurred on relief work to be charged to SDRF would be shown as deduct entry under the Major Head-2245.

As per the Finance Accounts 2022-23, the SDRF had an opening balance of ₹205.52 crore as of 01 April 2022. During the year 2022-23, the State Government received ₹181.60 crore on 31 March 2023 as 1<sup>st</sup> installment of Central Government's share. The State Government's share during the year was ₹60.53 crore. However, the State Government transferred an amount ₹230.40 crore (Central share ₹172.80 crore and State share ₹57.60 crore) for the year 2021-22 to the Fund in 2022-23. As on 31 March 2023, the closing balance in SDRF was ₹ 208.34 crore.

The State Government also transferred an interest of ₹11.13 crore for delay in transfer of GoI and State Government contribution and treasury deposit of ₹7.07 crore to the Fund during the year 2022-23. Expenditure of ₹245.77 crore was made from SDRF during 2022-23.

Audit test checked records in 11 districts in respect of expenditure incurred from SDRF and observed following:

- (i) In five districts<sup>10</sup>, it was noticed that tehsil office neither maintained beneficiary records in the prescribed format (Form 2/3 of RBC 6-4) issued by the State Government nor uploaded the data on Nation Disaster Management Information System (NDMIS) portal.
- (ii) In 14 tehsils of five districts<sup>11</sup>, the compensation amount of ₹20.84 crore paid to 1,526 beneficiaries by issuing 1,035 cheques during 2018-19 to 2022-23 in violation of instructions (April 2017) of GoCG to make payment through DBT.

<sup>10</sup> Jashpur, Raigarh, Korba, Mahasamunda, Rajnandgaon

<sup>11</sup> Dantewada (Geedam, Fantewada), Jashpur (Duldula, Manora, Farsababar, Jashpur, Kunkuri), Korba (Pali, Kartala), Narayanpur, Raigarh (Tamnar, Gharghoda, Raigarh, Dharmjaigarh)

(iii) In 10 tehsils of six districts<sup>12</sup>, the compensation was provided to 156 victims/beneficiaries with delay ranging from 28 days to 563 days beyond the stipulated period of one month.

(iv) In four tehsils of three districts<sup>13</sup>, an amount of ₹161.02 lakh was drawn from SDRF fund but was not disbursed to the beneficiaries and was kept in the current bank account of DDO. In Raigarh and Dantewada, the fund was lying unutilised in the bank account of Tahsildar since 2020 and 2015 respectively.

### Delay in Contributions to the SDRF

As per Ministry of Home Affairs guideline on SDRF (2015 & 2022), immediately upon receipt of GoI's share, the State Government would transfer the amount, along with their matching share, if not already transferred, to the Public Account Head within 15 days of its receipt. Any delay will require the State Government to release the amount, with interest, at the Bank rate of RBI, for the number of days of delay. Details of funds received from GoI and transfer to SDRF along with State's matching share from 2020-23 are given in below **Table 2.29**.

**Table 2.29: Details of contribution to the SDRF Fund**

| Year    | Installment                  | Central Share     |                       | State Share       |  | No. of days taken to transfer Central & State share into SDRF account | Grace Days | Delay in transfer (days) | Interest to be paid for the delay (in crore) |
|---------|------------------------------|-------------------|-----------------------|-------------------|--|---|------------|--------------------------|--|
|         |                              | Amount (in crore) | Release Date from GoI | Amount (in crore) | Release Date of Centre & State share from State Fin Dept |   |            |                          |  |
| 2020-21 | 1 <sup>st</sup> installment  | 172.80            | 03.04.2020            | 57.60             | 18.05.2020   | 45  | 15         | 30                       | 0.88   |
|         | 2 <sup>nd</sup> installment  | 172.80            | 25.02.2021            | 57.60             | 29.03.2022   | 397   | 15         | 382                      | 10.25  |
| 2021-22 | 1 <sup>st</sup> installment  | 172.80            | 29.04.2021            | 57.60             | 29.03.2022   | 334   | 15         | 319                      | 8.56   |
|         | 2 <sup>nd</sup> installment  | 172.80            | 12.10.2021            | 57.60             | 07.09.2022   | 330   | 15         | 315                      | 9.17   |
| 2022-23 | 1 <sup>st</sup> installment  | 181.60            | 31.03.2023            | 60.40             | 25.04.2023   | 25  | 15         | 10                       | 0.45   |
|         | 2 <sup>nd</sup> installment* |                   |                       |                   | -  |   |            |                          |  |

Source: Data received from Chhattisgarh Revenue & Disaster Management department

\* 2<sup>nd</sup> installment for the year 2022-23 is not received from GoI.

As can be seen from the above Table from 2020-23, there was delay in transfer of Central share, along with their matching share, by the State Government ranging from 10 days to 382 days. The State Government has paid interest of ₹11.13 crore in the year 2022-23 for the delay transfer of fund pertaining to the year 2020-21. However, the interest of ₹18.18 crore was also payable by the State Government for delay transfer of fund pertaining to the year 2021-22 & 2022-23.

<sup>12</sup> Raigarh (Kharsia, Gharghoda, Tamnar), Jashpur (Bagicha, Farsabhar, Kunkuri), Sarguja (Batauli), Rajnandgaon (Dongargarh), Mahasamund, Durg

<sup>13</sup> Raigarh (Gharghoda ₹25.61 lakh), Jashpur (Farsabhar ₹38.93 lakh, Duldula ₹14.87 lakh), Dantewada (Dantewada ₹81.61 lakh)

**(b) State Disaster Mitigation Fund (SDMF)**

XVFC recommended creating the State Disaster Mitigation Fund (SDMF) for local level and community-based interventions which reduce the risks and promote environment-friendly settlements and livelihood practices. The GoI and the State Government are required to contribute to the fund in the proportion of 75:25 respectively.

Details of funds received from GoI and transfer to SDMF<sup>14</sup> along with State's matching share from 2020-23 are given in below **Table 2.30**.

**Table 2.30: Details of contribution to the SDMF Fund**

| Year     | Installment                 | Central Share     |                       | State Share       |   | No. of days taken to transfer Central & State share into SDMF account | Grace Days | Delay in transfer (days) | Interest to be paid for the delay (in crore) |
|----------|-----------------------------|-------------------|-----------------------|-------------------|---|---|------------|--------------------------|--|
|          |                             | Amount (in crore) | Release Date from GoI | Amount (in crore) | Release of Centre & State share by State Government |   |            |                          |  |
| 2020-21  | 1 <sup>st</sup> installment | 43.20             | 03.04.2020            | 14.40             | 29.03.2022  | 725   | 15         | 710                      | 4.78   |
|          | 2 <sup>nd</sup> installment | 43.20             | 25.02.2021            | 14.40             | 24.03.2021  | 27  | 15         | 12                       | 0.08   |
| 2021-22  | 1 <sup>st</sup> installment | 43.20             | 29.03.2022            | 14.40             | 19.05.2023  | 416   | 15         | 401                      | 3.74   |
|          | 2 <sup>nd</sup> installment | 43.20             | 29.03.2022            | 14.40             | 19.05.2023  | 416   | 15         | 401                      | 3.74   |
| 2022-23* | -                           | -                 | -                     | -                 | -   | -   | -          | -                        | -  |

**Source: Data received from Chhattisgarh Revenue & Disaster Management department**

\* No fund related to SDMF was received for the year 2022-23 from GoI.

The SDMF had an opening balance of ₹115.66 crore as on 1 April 2022. During 2022-23, no amount was received from the Central Government towards SDMF. It can be seen from the above table that there was delay in transfer of Central share alongwith State share to the Fund ranging from 12 days to 710 days. As per the SDMF guidelines (2022), the State Government was required to release the contribution within 15 days of its receipts and in case of delay interest at the bank rate of RBI is payable for delay by the State Government. The State Government has paid interest of ₹4.86 crore (March 2023) in 2022-23 for delay in transfer of fund pertaining to the year 2020-21. However, the interest of ₹7.48 crore was also payable by the State Government for delay in transfer to the fund pertaining to the year 2021-22. Expenditure of ₹36.31 crore was incurred from SDMF during 2022-23. The SDMF had a closing balance of ₹84.21 crore as on 31 March 2023.

**Non-Investment from the SDMF**

As per the guidelines (2022) issued by the GoI, the State Government shall invest SDMF in one or more of the instruments such as Central Government dated Securities; Auctioned Treasury Bills; and interest earning deposits and certificates of deposits with

<sup>14</sup> As per XVFC, SDMF fund was created in 2020-21. However, pending finalization of new SDMF guideline for the period 2020-21, GoI (MoH) decided (April 2020) to extend the validity of existing guideline of SDRF dated 30<sup>th</sup> July 2015 for a period of one year or till such time new guideline/norms are framed.



Scheduled Commercial Banks. The State Government shall pay interest into the SDMF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI for the amount not invested from SDMF. The interest will be credited on a half-yearly basis.

However, during 2022-23 Government of Chhattisgarh had neither invested the balances in SDMF in any of the instruments specified in the Guidelines, nor had it paid the half-yearly interest on the balance lying in the Fund in violation of SDMF guidelines. The entire balance of ₹84.21 crore was lying uninvested in SDMF as on 31 March 2023. The unpaid interest (₹8.18 crore<sup>15</sup>) led to overstatement of Revenue surplus to that extent during 2022-23 and accumulated liabilities for future.

### **2.5.2.3 Guarantee Redemption Fund**

The Twelfth Finance Commission recommended setting up of a Guarantee Redemption Fund (GRF) to meet the contingent liabilities arising from the guarantees given by the Government. The GoCG has constituted Guarantee Redemption Fund vide notification dated 05 July 2022 with the objective of meeting the payment obligations arising out of the guarantees issued by the Government in respect of loans taken, bonds issued and other borrowings by the State Government undertakings or other bodies and invoked by the beneficiaries.

As per para 5 of the notification, the fund shall be set up with an initial contribution of ₹5.00 crore. The balance in the fund shall be increased with the contributions made annually or at lesser intervals, so as to reach the level deemed sufficient to meet the amount of anticipated guarantees devolving on the Government as result of the likely invocation of outstanding guarantees

Accordingly, during 2022-23, GoCG transferred ₹5.00 crore to the Guarantee Redemption Fund under the head 8235-117.

### **2.5.2.4 Funds outside Public Account of the State**

Article 266(1) of the Constitution of India subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled "the Consolidated Fund of the State". Article 266(2) provides that all other public money received by or on behalf of the Government of a State shall be credited to the public account of the State, as the case may be.

### **Building and other Construction Workers Welfare Cess**

GoCG constituted (September 2008) Building and other construction Workers Welfare Board (September 2008). The Board collects Building and other construction Workers

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<sup>15</sup> Interest calculated on balance as on 1<sup>st</sup> April 2022 (₹115.66 crore) at the rate applicable to overdraft 7.49%.

Welfare (Labour cess) at the rate of one *per cent* of cost of construction from the employers and utilizes it for the implementation of its schemes as per BOCW Welfare Cess Act 1996.

### **Year-wise receipt and utilisation of Labour Cess**

The year-wise position of receipt and expenditure of cess for the period 2020-21 to 2022-23 is detailed in **Table 2.31**.

**Table 2.31: Year-wise receipt and utilisation of Labour Cess**

(₹ in crore)

| Sl. No. | Year    | Opening Balance | Receipts                               |  |                      | Total fund available | Expenditure (including establishment charges) | Closing Balance |
|---------|---------|-----------------|--|--|----------------------|----------------------|---|-----------------|
|         |         |                 | Registration charges and Other Receipt | Labour cess received in Board accounts | Interest on deposits |                      |   |                 |
| 1       | 2020-21 | 380.80          | 0.73                                   | 172.34                                 | 31.39                | 585.26               | 108.10  | 477.16          |
| 2       | 2021-22 | 477.16          | 0.13                                   | 191.07                                 | 17.20                | 685.56               | 92.24   | 593.32          |
| 3       | 2022-23 | 593.32          | 0.24                                   | 223.36                                 | 23.62                | 840.54               | 204.06  | 636.48          |

Source: Information received from the CG Construction & Labour Welfare Board

Out of total expenditure of ₹204.06 crore during 2022-23, the Board incurred an expenditure of ₹200.33 crore (98.17 *per cent*) on welfare schemes & other programmes, and ₹3.73 crore (1.83 *per cent*) on establishment charges. As per the information provided by Board, ₹223.36 crore was received towards labour cess from various State & Central Government entities (₹114.08 crore) and private entities (₹109.28 crore) during the year 2022-23. As per the information provided by Board, funds were directly transferred to the Board by other entities and not routed through Public Accounts. And only in respect of four<sup>16</sup> departments, the funds were being routed through Public Account.

As per the Finance Accounts 2022-23, under the Major Head 8443-111/108 other Departmental/Public Works Deposit ₹39.81 crore of labour cess was deposited during the year 2022-23. Out of which the State Government transferred only ₹42.60 crore against ₹45.53 crore (₹39.81 crore + un-transferred balance of ₹5.72 crore of previous year) to the Board. Balance of ₹2.93 crore remain un-transferred and has been kept under Public Account Major Head 8443.

### **2.5.2.5 Other dedicated Funds**

#### **(i) Infrastructure Development Fund**

As per Chhattisgarh (*Adhosanrachna Vikas Evam Paryavaran*) *Upkar Adhiniyam* 2005, cess on land shall be levied for raising funds to implement infrastructure development projects. As per the Act, the Infrastructure Development Cess (ID Cess) shall be levied and collected on all lands on which land revenue or rent is levied. The IDC so collected should be transferred to the Infrastructure Development Fund (ID Fund), from which

<sup>16</sup> Public Works Department, Public Health Engineering, Panchayat & Rural Development Department.

expenditure on infrastructure development projects is made. Infrastructure Development Fund is maintained in Public Account (8229-200-0026).

Audit scrutiny revealed that the State Government collected ID Cess of ₹170.88 crore in 2021-22 and the same was not transferred to ID Fund during 2022-23. The un-transferred balance of ₹170.88 crore contributes to undischarged liability of the State Government. Such un-transferred balances resulted in overstatement of the revenue surplus and understatement of fiscal deficit. Further, non-transfer of cess to Infrastructure Development Fund for implementation of developments projects also defeated the purpose of creation of fund. Closing balance as on 31<sup>st</sup> March 2023 in the Infrastructure Development Fund was ₹47.79 crore.

### **(ii) Environment Fund**

As per provision made under Chhattisgarh (*Adhosanrachna Vikas Evam Paryavaran*) *Upkar Adhinyam*, 2005, an Environment Fund shall be established in GoCG. Environmental cess so collected should be transferred to the Environment Fund for implementation of environment projects in the State. Environment Fund is maintained in Public Account (8229-200-0021).

Scrutiny of the relevant records revealed that ₹170.88 crore was collected as Environment cess in 2021-22 and the same was also not transferred to Environment Fund during 2022-23 by GoCG. Non transfer of the collected cess to Environment Fund, resulted in overstatement of the revenue surplus and understatement of fiscal deficit. Further, non-transfer of cess to Environment Fund for implementation of environment projects also defeated the purpose of creation of fund. Closing balance as on 31<sup>st</sup> March 2023 in the Environment Fund was ₹223.73 crore.

### **(iii) Mineral Development Fund**

As per section 3(2) of Chhattisgarh Mineral Development Fund Act, 2003, every year an amount equivalent to five *per cent* of mineral revenue collected during the preceding financial year shall be earmarked and contributed to the Mineral Development Fund. Mineral Development Fund is maintained in Public Account (8229-200-0089).

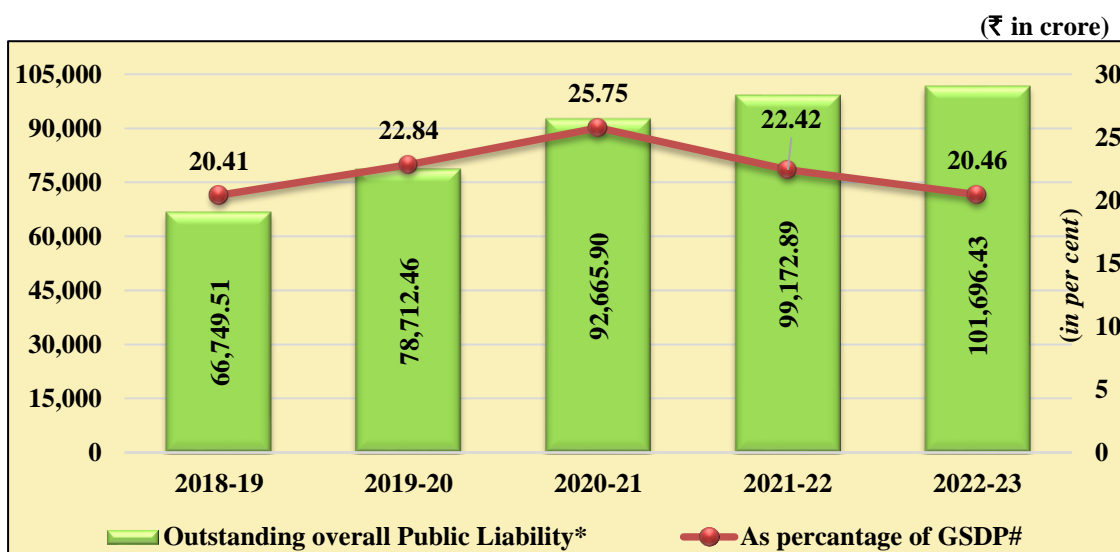
During 2022-23, the State Government was required to transfer ₹615.27 crore to Chhattisgarh State Mineral Development Fund (five *per cent* of Mineral Revenue of ₹12,305.39 crore collected during 2021-22) against which the State Government transferred ₹430.35 crore only. Short contribution of ₹184.92 crore resulted in overstatement of the revenue surplus and understatement of the fiscal deficit to that extent. Closing balance as on 31<sup>st</sup> March 2023 in the Mineral Development Fund was ₹883.19 crore.

## 2.6 Public Liability management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liability 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.

Outstanding overall liability of the State along with its percentage to GSDP for the years 2018-19 to 2022-23 is depicted in **Chart 2.17** below:

**Chart 2.17: Outstanding overall Public Liability and its percentage to GSDP**



Source: Finance Accounts of respective years

\* Outstanding overall public liability includes back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22) provided in lieu of shortfall in GST compensation as debt receipt to the State Government with no repayment liability for the State.

# Outstanding overall Liability/GSDP ratio for the year 2020-23 has been calculated after excluding back-to-back loan.

### 2.6.1 Liability profile: Components

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

The component-wise liability trend of the State during the five-year period 2018-23 are given in **Table 2.32**:

Table 2.32: Component wise liability trends

(₹ in crore)

| Sl. No.  | Particular  | 2018-19          | 2019-20          | 2020-21          | 2021-22          | 2022-23            |
|--|---|------------------|------------------|------------------|------------------|--------------------|
| 1  | <b>Outstanding Overall Liability</b>                                | <b>66,749.51</b> | <b>78,712.46</b> | <b>92,665.90</b> | <b>99,172.89</b> | <b>1,01,696.43</b> |
| 2  | Public Debt   | 52,254.22        | 63,146.72        | 76,659.79        | 82,912.77        | 83,950.79          |
| a  | Internal Debt   | 49,553.83        | 60,382.67        | 70,490.49        | 71,186.62        | 68,754.84          |
| b  | Loans from Gol  | 2,700.39         | 2,764.05         | 6,169.30         | 11,726.15        | 15,195.95          |
| 3  | Liabilities on Public Account                                       | 14,495.29        | 15,565.74        | 16,006.11        | 16,260.12        | 17,745.64          |
| 4  | Rate of growth of outstanding overall liability ( <i>per cent</i> ) | 26.16            | 17.92            | 17.73            | 7.02             | 2.54               |
| 5  | Gross State Domestic Product  | 3,27,107         | 3,44,648         | 3,47,752         | 4,06,416         | 4,57,608           |
| 6  | Rate of growth of GSDP ( <i>per cent</i> )                          | 15.69            | 5.36             | 0.90             | 16.87            | 12.60              |
| 7  | Liability /GSDP <sup>17</sup> ( <i>per cent</i> )                   | 20.41            | 22.84            | 25.75            | 22.42            | 20.46              |
| <b>Borrowings and Other Liabilities (As per Statement 6 of Finance Accounts)</b> |   |                  |                  |                  |                  |                    |
| 8  | Total Receipts during the year                                      | 20,736.52        | 31,921.72        | 33,423.87        | 28,164.36        | 21,972.42          |
| 9  | Total Repayments during the year                                    | 6,923.87         | 19,958.77        | 19,470.43        | 21,657.37        | 19,448.88          |
| 10   | Net Funds Available during the year                                 | 13,812.65        | 11,962.95        | 13,953.44        | 6,506.99         | 2,523.54           |
| 11   | Repayments/ Receipts ( <i>per cent</i> )                            | 33.39            | 62.52            | 58.25            | 76.90            | 88.51              |

Source: Finance Accounts of respective years

The amount of outstanding overall liability shown above included back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22) provided in lieu of shortfall in GST Compensation as debt receipt to the State Government with no repayment liability for the State.

The effective outstanding overall liability after excluding the back-to-back loan would be ₹93,622.28 crore as of March 2023. The rate of growth of outstanding overall liability decreased from 26.16 *per cent* in 2018-19 to 2.54 *per cent* in 2022-23. During 2022-23, total liability receipts decreased by ₹6,191.94 crore (21.99 *per cent*) and total liability repayment also decreased by ₹2,208.49 crore (10.20 *per cent*) as compared to previous year. The rate of growth of outstanding overall liability exceeded the rate of growth of GSDP during the year 2018-19 to 2020-21, whereas rate of growth of GSDP was more than rate of growth of outstanding overall liability for 2021-22 & 2022-23.

Public debt increased by ₹31,696.57 crore (60.66 *per cent*) during the period 2018-23 wherein internal debt increased by ₹19,201.01 crore (38.75 *per cent*) and Loans from Gol increased by ₹12,495.56 crore (462.73 *per cent*). Public Account liabilities increased by ₹3,250.35 crore (22.42 *per cent*) during the period 2018- 23.

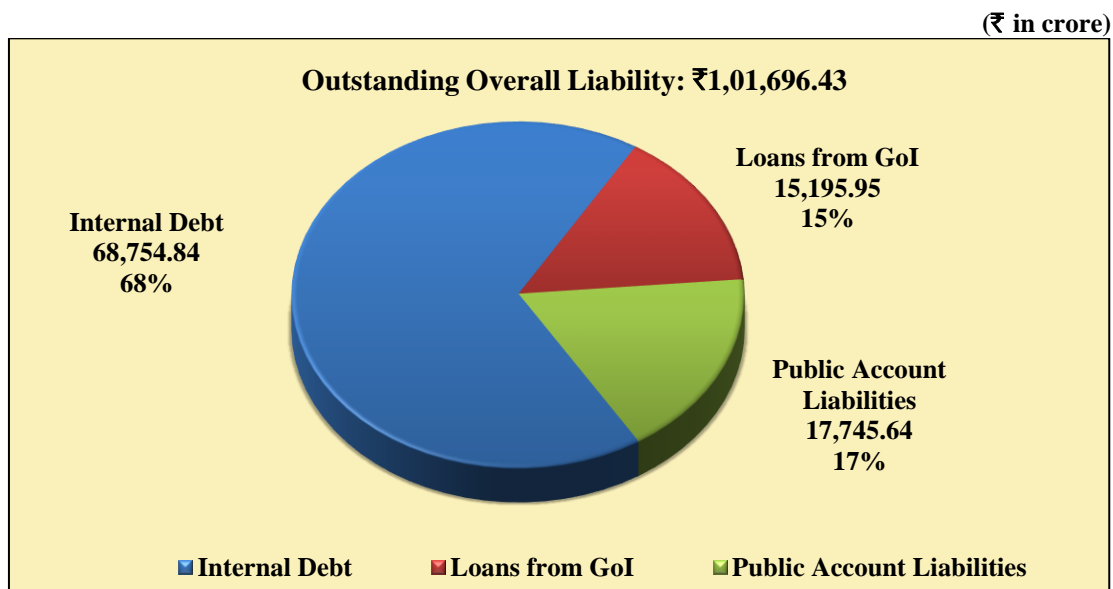
The State Government has net outstanding off-budget liabilities/borrowings of ₹7,161.32 crore towards various Financial Institutions in addition to the budgeted

<sup>17</sup> Liability to GSDP ratio for the year 2020-23 has been calculated on the Outstanding Overall Liability after excluding the amount of back-to-back loan ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22) provided in lieu of shortfall in GST compensation as debt receipt to the State Government with no repayment liability for the State.

liabilities of ₹1,01,696.43 crore as on 31 March 2023. The State Government has not disclosed these liabilities in the budget documents as required under FRBM disclosures.

Component-wise break-up of overall liabilities is shown below in **Chart 2.18**:

**Chart 2.18: Break up of Outstanding Overall Liability at the end of 2022-23**



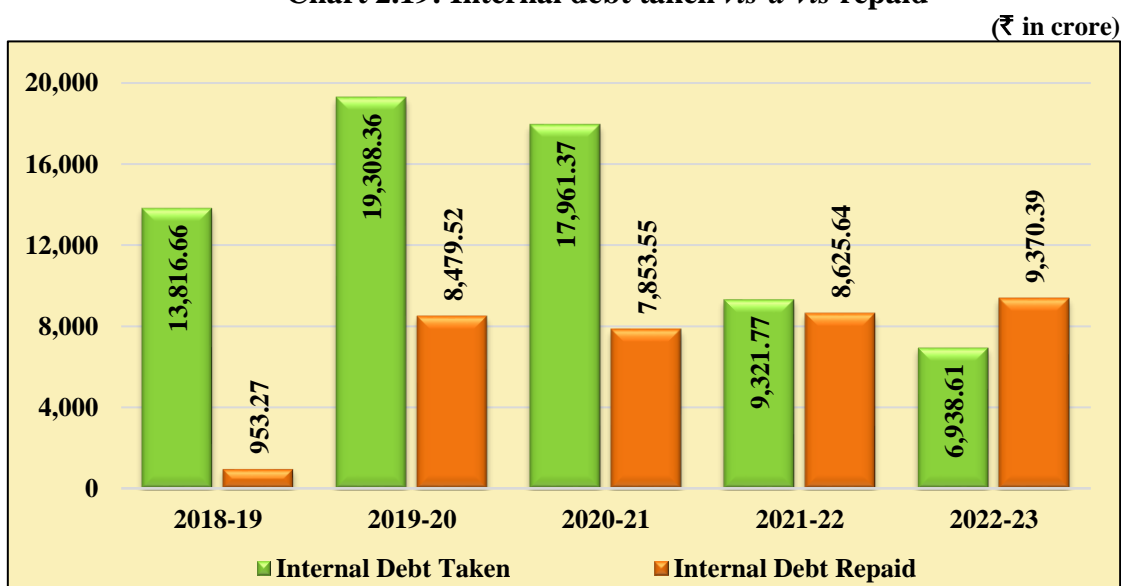
**Source: Finance Accounts 2022-23**

*Note: Outstanding overall liability includes back-to-back loan of ₹8,074.15 crore received from GoI in lieu of GST compensation as debt receipt during 2020-22 with no repayment liability for the State.*

Internal debt (₹68,754.84 crore), which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 68 per cent of the total outstanding liability.

**Chart 2.19** depicts Internal Debt taken by the State Government and repayment for the same period.

**Chart 2.19: Internal debt taken vis-a-vis repaid**



**Source: Finance Accounts of the respective years**

During 2018-23, the internal debt receipts under the overall debt of the State Government decreased by ₹6,878.05 crore (49.78 per cent) from ₹13,816.66 crore in 2018-19 to ₹6,938.61 crore in 2022-23. Also, it decreased by ₹2,383.16 crore in the current year as compared to previous year. Repayments (₹9,370.39 crore) under internal debt during the year 2022-23 was 135 per cent of internal debt receipts (₹6,938.61 crore).

### 2.6.2 Components of fiscal deficit and its financing pattern

Fiscal Deficit represents the total financing that the State requires (predominantly by drawing on its cash and investment balances with the RBI and by borrowing) to meet the excess of the Revenue and Capital Expenditure (including loans and advances) over Revenue and Non-debt Receipts. Financing pattern of fiscal deficit is reflected in Table 2.33.

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

| (₹ in crore)                                     |  |                    |                     |                     |                    |                    |
|--|--|--------------------|---------------------|---------------------|--------------------|--------------------|
| Sl. No.  | Particulars                                | 2018-19            | 2019-20             | 2020-21             | 2021-22            | 2022-23            |
| <b>Composition of Fiscal Deficit</b>             |  |                    |                     |                     |                    |                    |
| 1  | Revenue Deficit (-)/ Surplus (+)           | (+683.76           | (-)9,608.61         | (-)6,856.66         | (+4,642.02         | (+8,592.11         |
| 2  | Net Capital Expenditure                    | (-)8,898.19        | (-)8,561.69         | (-)9,019.34         | (-)10,499.33       | (-)13,314.70       |
| 3  | Net Loans and Advances <sup>18</sup>       | (-)77.80           | 200.75              | 53.62               | (-)235.79          | 31.38              |
| <b>Total</b>                                     |  | <b>(-)8,292.23</b> | <b>(-)17,969.55</b> | <b>(-)15,822.38</b> | <b>(-)6,093.10</b> | <b>(-)4,691.21</b> |
| <b>Financing pattern of Fiscal Deficit (Net)</b> |  |                    |                     |                     |                    |                    |
| 1  | Market borrowings                          | 12,899.99          | 10,980.00           | 10,500.00           | 999.99             | (-)2,200.00        |
| 2  | Compensation and Other Bonds               | 0                  | 0                   | 0                   | (-)87.01           | (-)87.01           |
| 3  | Loans from financial institutions          | 407.14             | 304.72              | 112.02              | 239.03             | 311.11             |
| 4  | Special securities issued to NSSF          | (-)443.74          | (-)455.88           | (-)455.88           | (-)455.88          | (-)455.88          |
| 5  | Loans from GOI                             | 360.82             | 63.66               | 3,405.25            | 5,556.85           | 3,469.80           |
| 6  | Small Savings, PF etc.                     | 754.51             | 785.26              | 403.73              | (-)0.90            | 1,306.48           |
| 7  | Reserve Fund                               | 60.4               | 814.16              | (-)465.18           | 453.53             | (-)181.39          |
| 8  | Deposits and Advances                      | (-)231.39          | (-)524.14           | 501.82              | (-)204.13          | 360.77             |
| 9  | Suspense and Miscellaneous                 | (-)5,709.95        | 4,505.27            | 1,845.02            | 109.64             | 2,955.88           |
| 10   | Remittances                                | (-)122.43          | 80.79               | (-)51.08            | (-)6.83            | 37.56              |
| <b>11</b>  | <b>Overall Deficit</b>                     | <b>7,975.35</b>    | <b>16,553.84</b>    | <b>15,795.70</b>    | <b>6,604.29</b>    | <b>5,517.32</b>    |
| 12   | (-) Increase/ (+) Decrease in cash balance | (+316.88           | (+1,415.71          | (+26.68             | (-)511.19          | (-)826.11          |
| <b>13</b>  | <b>Gross Fiscal Deficit</b>                | <b>8,292.23</b>    | <b>17,969.55</b>    | <b>15,822.38</b>    | <b>6,093.10</b>    | <b>4,691.21</b>    |

Source: Finance Accounts of respective years

During 2022-23, net Loans and Advances from the Central Government (₹3,469.80 crore) raised by the State Government contributed to finance a major portion of fiscal deficit and its share in financing fiscal deficit was 74 per cent.

<sup>18</sup> Net loans and advances including inter-State settlement.

Receipts and Disbursements under different components financing the Fiscal Deficit are shown in **Table 2.34**:

**Table 2.34: Receipts and Disbursements under components financing the fiscal deficit**

(₹ in crore)

| Sl. No.   | Particulars                       | Receipt            | Disbursement       | Net             |
|-----------|-----------------------------------|--------------------|--------------------|-----------------|
| 1         | Market Borrowings                 | 2,000.00           | 4,200.00           | (-)2,200.00     |
| 2         | Compensation and Other Bonds      | 0                  | 87.01              | (-)87.01        |
| 3         | Loans from Financial Institutions | 1,210.50           | 899.39             | 311.11          |
| 4         | Special Securities issued to NSSF | 0                  | 455.88             | (-)455.88       |
| 5         | Loans from GOI                    | 3,700.13           | 230.33             | 3,469.80        |
| 6         | Small Savings, PF, etc.           | 2,965.00           | 1,658.52           | 1,306.48        |
| 7         | Deposits and Advances             | 3,200.16           | 2,839.40           | 360.77          |
| 8         | Suspense and Miscellaneous        | 1,87,127.10        | 1,84,171.22        | 2,955.88        |
| 9         | Remittances                       | 8,834.59           | 8,797.03           | 37.56           |
| 10        | Reserve Fund                      | 5,781.68           | 5,963.07           | (-)181.39       |
| 11        | Contingency fund                  | 0                  | 0                  | 0               |
| <b>12</b> | <b>Overall Deficit</b>            | <b>2,14,819.16</b> | <b>2,09,301.85</b> | <b>5,517.32</b> |
| 13        | Increase/Decrease in cash balance | 0                  | 826.11             | (-)826.11       |
| <b>14</b> | <b>Gross Fiscal Deficit</b>       | <b>2,14,819.16</b> | <b>2,10,127.96</b> | <b>4,691.21</b> |

Source: Finance Accounts 2022-23

### 2.6.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. **Table 2.35** below shows the debt maturity profile of the State.

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

(₹ in crore)

| Sl. No. | Period of repayment (Years) | Internal Debt    | Loans & Advances from Central Government | Total            | Percentage (w.r.t. public debt) |
|---------|-----------------------------|------------------|--|------------------|---------------------------------|
| 1       | 0 to 1                      | 7,204.78         | 418.64                                   | 7,623.42         | 9.08                            |
| 2       | 1 to 3                      | 20,088.52        | 469.09                                   | 20,557.61        | 24.49                           |
| 3       | 3 to 5                      | 22,534.84        | 473.15                                   | 23,007.99        | 27.41                           |
| 4       | 5 to 7                      | 16,021.39        | 445.85                                   | 16,467.24        | 19.61                           |
| 5       | 7 and above                 | 2,739.04         | 5,313.64                                 | 8,052.68         | 9.59                            |
| 6       | Others <sup>19</sup>        | 166.27           | 8,075.58                                 | 8,241.85         | 9.82                            |
|         | <b>Total</b>                | <b>68,754.84</b> | <b>15,195.95</b>                         | <b>83,950.79</b> | <b>100.00</b>                   |

Source: Finance Accounts 2022-23

The maturity profile of the public debt as on 31 March 2023 indicates that the State has to pay 80.59 per cent of the debt within the next seven years.

<sup>19</sup> Details of maturity year not available



## 2.7 Debt Sustainability Analysis (DSA)

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters, Domar approach, and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability is defined as the ability of the State to service its debt now and in future. Apart from the magnitude of the debt of the Government, it is important to analyse the various parameters that determine the debt sustainability of the State and indicate the ability of the State to service its debt obligations. This section assesses the sustainability of the debt of the Government in terms of rate of growth of outstanding debt; ratio of interest payments and revenue receipts, debt repayments and debt receipts; net debt available to the State.

**Table 2.36** analyses the debt sustainability of the State according to these indicators for the period of five years from 2018-19 to 2022-23.

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

| (₹ in crore) |  |             |              |              |           |             |
|--------------|--|-------------|--------------|--------------|-----------|-------------|
| Sl. No.      | Particulars  | 2018-19     | 2019-20      | 2020-21      | 2021-22   | 2022-23     |
| 1            | Outstanding Public Debt*<br>(as on 31 <sup>st</sup> March of the year) | 52,254.22   | 63,146.72    | 76,659.79    | 82,912.77 | 83,950.79   |
| 2            | Rate of growth of outstanding Public Debt (per cent)                   | 33.88       | 20.85        | 21.40        | 8.16      | 1.25        |
| 3            | Gross State Domestic Product (GSDP)                                    | 3,27,107    | 3,44,648     | 3,47,752     | 4,06,416  | 4,57,608    |
| 4            | Rate of growth of GSDP (per cent)                                      | 15.69       | 5.36         | 0.90         | 16.87     | 12.60       |
| 5            | Public Debt/GSDP <sup>&amp;</sup> (per cent)                           | 15.97       | 18.32        | 21.15        | 18.41     | 16.58       |
| 6            | Average interest Rate of Outstanding Public Debt (per cent)**          | 6.79        | 7.42         | 7.19         | 7.35      | 7.08        |
| 7            | Rate Spread (4)-(6)  | 8.90        | (-)2.06      | (-)6.29      | 9.52      | 5.52        |
| 8            | Interest Payment on Public Debt  | 3,098.02    | 4,282.24     | 4,915.43     | 5,453.80  | 5,336.45    |
| 9            | Revenue deficit/ surplus without Interest payment on Public Debt       | 3,781.77    | (-)5,326.37  | (-)1,941.23  | 10,095.82 | 13,928.56   |
| 10           | Percentage of Interest payment on Public Debt to Revenue Receipt       | 4.76        | 6.70         | 7.78         | 6.85      | 5.68        |
| 11           | Percentage of Public debt Repayment to Public Debt Receipt             | 7.97        | 44.39        | 37.39        | 58.58     | 90.24       |
| 12           | Net Public debt available to the State <sup>#</sup>                    | 10,126.19   | 6,610.26     | 8,597.64     | 799.18    | Nil         |
| 13           | Net Public debt available as per cent to public debt Receipts          | 70.47       | 33.75        | 39.84        | 5.29      | Nil         |
| 14           | Primary Deficit (-) / Primary Surplus (+)                              | (-)4,639.69 | (-)12,999.19 | (-)10,189.27 | (+)51.14  | (+)1,690.87 |
| 15           | Quantum spread <sup>@</sup> ((1) *(7)/100)                             | 4,650.63    | (-)1,300.82  | (-)4,626.34  | 7,124.64  | 4,188.39    |
| 16           | Debt Stabilisation (14) +(15)  | 10.94       | (-)14,300.01 | (-)14,815.61 | 7,175.78  | 5,879.26    |

**Source: Finance Accounts of the respective years**

\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government. It includes back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22) provided in lieu of shortfall in GST compensation as debt receipt to the State Government with no repayment liability for the State.

& Public debt to GSDP ratio has been calculated for the year 2020-23 on the Outstanding public debt after excluding the amount of back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22)

\*\* Average interest Rate = (Interest paid/ (OB of Public Debt + CB of Public Debt)/ 2), where public debt taken after excluding back-to-back loan for 2020-23.

# 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.

@ Quantum spread = (Public Debt \* Rate spread) where Rate spread = (GSDP growth rate - average interest rate). For computation of quantum spread, the public debt taken excluding back-to-back loan for 2020-23.

A necessary condition for debt stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative.

Given the rate spread (GSDP growth rate – interest rate) of public debt and quantum spread (Public debt \* rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, public debt-GSDP ratio would tend to be constant, or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, public debt-GSDP ratio would be rising and in case it is positive, public debt GSDP ratio would eventually be falling.

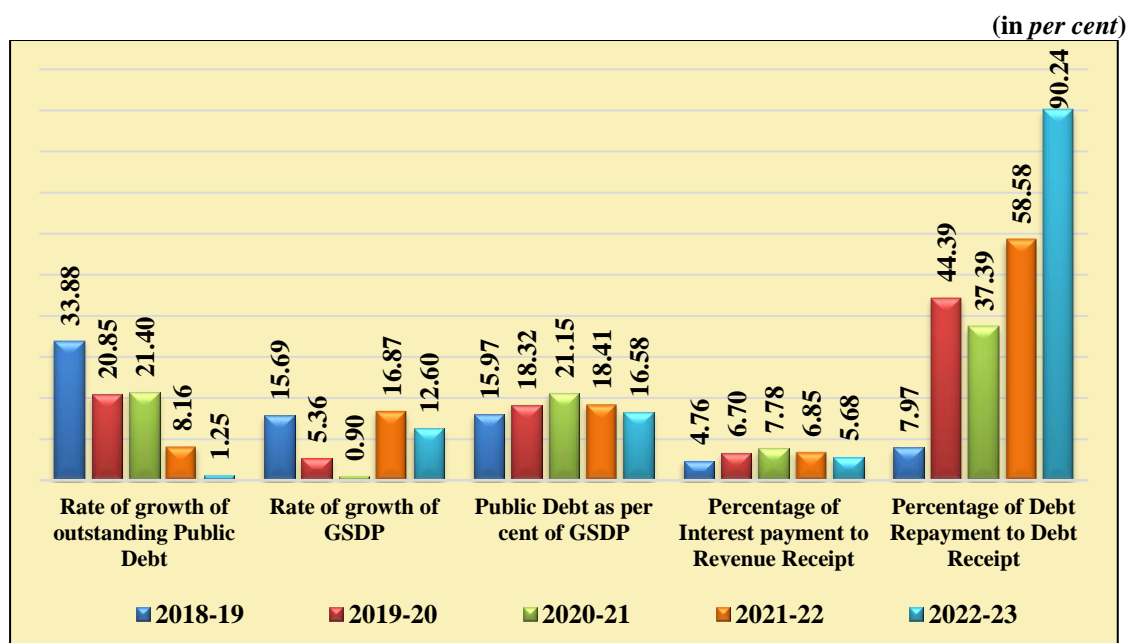
- The rate spread, which entered into a negative territory in 2019-20 made the quantum spread unfavorable for debt stabilisation. The primary balance also saw a significant deterioration. As a result, public debt to GSDP increased by over 2 percentage points to 18.32 *per cent* in 2019-20 from 15.97 *per cent* in 2018-19.
- In the pandemic affected year 2020-21, though the primary balance improved slightly, the rate spread deteriorated significantly. Thus, the improvement made in the primary balance was offset by the increase in rate spread that led to the increase in the public debt to GSDP ratio.
- Unlike the last two FY 2019-20 & 2020-21, public debt to GSDP has observed declining trend for two consecutive years and it reached to 18.41 *per cent* in 2021-22 and 16.58 *per cent* in 2022-23. The improvement in rate spread and positive primary balance resulted in the decline of the public debt to GSDP ratio in 2021-22. In contrary to deceleration observed in rate spread, which led to the decrease in quantum spread, a significant primary surplus contributed to the improvement in public debt to GSDP ratio in 2022-23.
- The debt stabilization indicator, after showing a deterioration during 2019-21 turned positive in 2021-22 and continued to remain positive in 2022-23 despite the deceleration in the rate spread.
- A higher percentage of interest payments leaves less funds for priority areas. The percentage of interest payments to revenue receipt measures the margin of safety a government has for paying interest on its debt during a given period. There

was an increasing trend in the percentage of interest payment on public debt to revenue receipt (4.76 per cent to 7.78 per cent) from 2018-19 to 2020-21. However, during 2021-22 & 2022-23 interest payment on public debt to revenue receipt decreased to 6.85 per cent and 5.68 per cent respectively.

- The net public debt available to the State after repayment of borrowings and interest was nil in 2022-23 as compared to five per cent in previous year, which indicates towards increased burden of servicing of debt and leaves the State with limited fund available for development activities.
- Further, as per the debt maturity profile (given in **Para 2.6.3**), the State has to repay 61 per cent of the public debt within five years and 81 per cent of the public debt within the next seven years. This indicates higher debt redemption pressure on the State's resource in future which may affect the State's debt stabilization, if growth rate of receipts do not keep the same pace.
- The average expenditure (Public debt repayment and interest payment on Public Debt) on debt servicing during the period 2018-23 was ₹11,888.30 crore, which accounted for 73 per cent of average public debt receipts (₹16,255.27 crore) during the same period, implying that a large percentage of debt was being used for debt servicing rather than productively.

**Chart 2.20** depicts the sustainability of debt of the State Government in terms of debt/GSDP ratio.

**Chart 2.20: Trends of Debt Sustainability indicators**



**Source:** Finance Accounts of the respective years

*Note:* Public debt to GSDP ratio has been calculated for the year 2020-23 on the Outstanding public debt after excluding the amount of back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22).

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>20</sup> [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

|   |   |   |
|---|---|---|
| g-r (g= real economic growth rate; r=real interest growth rate) | s< 0 (primary deficit)  | s>0 (primary surplus)   |
| g-r>0 (strong economic growth)                                  | Public debt as percentage of GSDP should converge to a stable level greater than zero.                | Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings. |
| g-r<0 (slow economic growth)                                    | Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level. | Undefined situation   |

The results of applying the above parameters in the case of Chhattisgarh, are shown in **Table 2.37**.

**Table 2.37: Debt sustainability analysis based on Domar Model**

| Year    | Real Growth (g) | Real Interest (r) | g-r (Domar gap) | Primary Deficit (-) / Surplus (+) (in crore) | Remarks  |
|---------|-----------------|-------------------|-----------------|--|--|
| 2018-19 | 11.10           | 4.39              | 6.71            | (-)4,639.69                                  | g-r>0 and s<0; Public debt as percentage of GSDP should converge to a stable level greater than zero.                        |
| 2019-20 | 2.76            | 4.94              | (-)2.18         | (-)12,999.19                                 | g-r<0 and s<0; Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.         |
| 2020-21 | (-)1.80         | (-)0.24*          | (-)1.56         | (-)10,189.27                                 |  |
| 2021-22 | 8.46            | 2.52*             | 5.94            | (+)51.14                                     | g-r>0 and s>0; Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings. |
| 2022-23 | 8.00            | 2.39              | 5.61            | (+)1,690.87                                  |  |

**Source: GSDP- Directorate of Economics and Statistics of the Chhattisgarh State; Inflation- CSO, MoSPI**

*Note: Real Growth rate calculated for GSDP at constant prices; Real Interest rate calculated as average interest rate on total public debt minus inflation. \*Average CPI Index for ten months has been taken due to unavailability of CPI data for the months of April and May 2020.*

- Domar gap (g-r), after showing a deterioration during 2019-21 turned positive in 2021-22 and continued to remain positive in 2022-23 despite the deceleration in real growth. Domar gap (g-r) was negative during covid years (2019-20 and 2020-21). However, in post covid years, the Domar gap turned positive due to high growth in GSDP. Positive Domar gap due to high growth rate in post covid years may also be seen with reference to low base for comparison in previous year due to covid.

<sup>20</sup> Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

- The growth of rate of interest rate is lower than the rate of growth of the GSDP post-pandemic (2021-22) as per the Domar model analysis. Nevertheless, when examining the Domar gap, the real interest rate has surpassed the real economic growth rate in 2019-20 and 2020-21. However, during 2021-22 and 2022-23 the Domar gap again turned positive along with increase in primary surplus satisfying the condition of debt sustainability ( $g-r>0$ ). The Domar gap should further be viewed with the other factors such as Public Account liabilities (₹17,745.64 crore), off-budget borrowings (₹7,161.32 crore) in assessing the debt sustainability/stability of the State. Therefore, the trends of strong economic growth (expressed as  $g-r>0$ ) by only observing the Domar gap in 2021-22 and 2022-23 cannot be generalised.

(C) Details of the achievements *vis-a-vis* targets set in the Fiscal Consolidation Roadmap (FCR) are shown below:

**Table 2.38: Achievement vis-a-vis target set in the FRBM/MTFPS**

| Fiscal Parameters  |   | Achievement vis-a-vis target set in the FCR |         |         |         |         |
|--|---|---|---------|---------|---------|---------|
|  |   | 2018-19                                     | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Revenue Deficit (-)/ Surplus (+) to GSDP ( <i>per cent</i> )       | T | 1.32  | 0.32    | 0.67    | (-)0.96 | 0.16    |
|  | A | 0.21  | (-)2.79 | (-)1.97 | 1.14    | 1.88    |
| Fiscal Deficit (-)/ Surplus (+) to GSDP ( <i>per cent</i> )        | T | (-)3.50                                     | (-)5.00 | (-)5.00 | (-)4.56 | (-)3.33 |
|  | A | (-)2.54                                     | (-)5.21 | (-)4.55 | (-)1.50 | (-)1.03 |
| Ratio of overall outstanding liability to GSDP ( <i>per cent</i> ) | T | 18.06                                       | 21.23   | 21.59   | 28.34   | 26.41   |
|  | A | 20.41                                       | 22.84   | 25.75   | 22.42   | 20.46   |

Source: Finance Accounts, FRBM & Medium-Term Fiscal Policy Statement

- The ratios of revenue surplus-GSDP increased from 0.21 to 1.88, fiscal deficit-GSDP decreased from (-)2.54 to (-)1.03 and outstanding overall liability-GSDP increased from 20.41 to 20.46. The State Government was unable to meet the targets of Revenue surplus/deficit-GSDP and outstanding overall liability-GSDP fixed in prescribed in the MTFPS from 2018-19 to 2020-21, while it was within the target in 2021-22 and 2022-23. The Fiscal deficit-GSDP ratio remained within the targets in 2018-23 except for the year 2019-20 where it exceeded the prescribed limit.

Moreover, there has been continuous increase in the committed expenditure as a percentage of the revenue receipts from 41.31 *per cent* in 2018-19 to 42.94 *per cent* in 2022-23. However, average committed expenditure as a percentage of the revenue receipts has been around 48 *per cent* in the last five years, thereby showing the limited availability of revenue resources for other purposes including debt servicing.

Fiscal sustainability risk:

- (i) It can be observed from **Table 2.36** that the debt stabilisation indicator is currently static rather than conclusively ascending. The debt stabilization indicator, consisting of quantum spread and primary deficit, declined in the

period (2019-21) and has since shown a gradual increase in the post-pandemic year. However, it has not yet reached a stable state for debt stabilization. Moreover, the improvement in Public Debt to GSDP after the pandemic suggests that the debt situation is not deteriorating, but it has not yet reached a threshold.

(ii) As per the Domar model analysis, the growth of rate of real interest is generally lower than the rate of growth of the GSDP. This indicates that the GSDP rate and the interest rate would not converge in the short to medium term.

(iii) As per the macro fiscal parameters, the State government was able to meet the targets for revenue deficit/surplus-GSDP and fiscal deficit-GSDP, outstanding liability-GSDP in 2022-23.

On the basis of the above, it is inferred that public Debt/GSDP ratio in the past five years remained fluctuating and thus it is too early to conclude that debt is on the path of stabilisation.

### **2.7.1 Trend of Outstanding Public Debt for Repayment in upcoming Years**

The borrowings of the State Government are governed by Article 293 of the Constitution of India. The State Government takes loans/borrows from market for implementation of various State Plan programmes and fulfilment of fiscal liabilities.

As per Finance Accounts, the principal of outstanding debt stock for repayment in the next 10 years is depicted below in **Table 2.39**.

**Table 2.39: Outstanding Public Debt (Principal) for Repayment in next 10 years**

(₹ in crore)

| Sl. No.      | Year    | Outstanding Public Debt (Principal) for Repayment as on March 2023 |  |                  |
|--------------|---------|--|--|------------------|
|              |         | Internal Debt of the State Government                              | Loans and Advances from Central Government | Total            |
| 1            | 2022-23 | 9,370.39   | 230.33                                     | 9,600.72         |
| 2            | 2023-24 | 7,204.78   | 418.64                                     | 7,623.42         |
| 3            | 2024-25 | 9,045.96   | 229.60                                     | 9,275.56         |
| 4            | 2025-26 | 11,042.56  | 239.49                                     | 11,282.05        |
| 5            | 2026-27 | 10,422.30  | 235.39                                     | 10,657.69        |
| 6            | 2027-28 | 12,112.54  | 237.76                                     | 12,350.30        |
| 7            | 2028-29 | 7,798.03   | 231.36                                     | 8,029.39         |
| 8            | 2029-30 | 8,223.36   | 214.49                                     | 8,437.85         |
| 9            | 2030-31 | 2,256.48   | 194.27                                     | 2,450.75         |
| 10           | 2031-32 | 120.44   | 184.79                                     | 305.23           |
| 11           | 2032-33 | 82.18  | 183.92                                     | 266.10           |
| <b>Total</b> |         | <b>77,679.02</b>   | <b>2,600.04</b>                            | <b>80,279.06</b> |

Source: Finance Accounts 2022-23

During 2022-23, the State Government made principal repayment of ₹9,370.39 crore against Internal Debt and ₹230.33 crore against Loans and Advances from Central Government. Further, the State Government will have to make principal repayment of

₹68,308.63 crore against Internal Debt and ₹2,369.71 crore against Loans and Advances from Central Government from 2023-24 to 2032-33. Outstanding principal and interest of market loans for repayment is shown in below **Table 2.40**.

**Table 2.40: Outstanding principal and probable interest of Market Loans for repayment**

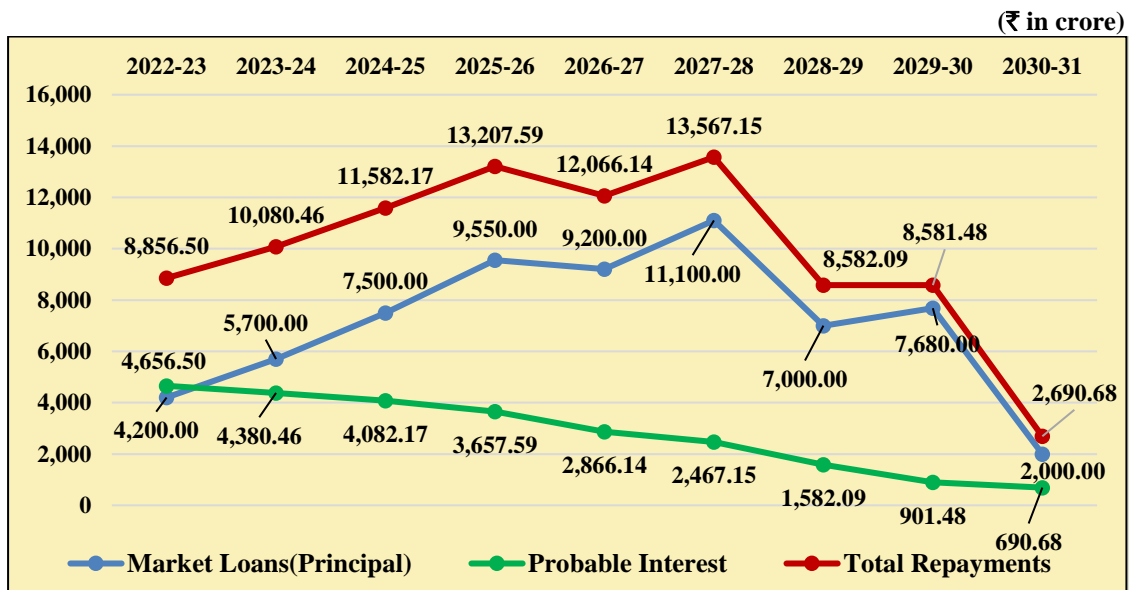
(₹ in crore)

| Sl. No.      | Year    | Outstanding Market Loans for Repayment as on 31 March 2023 |                   |                  |
|--------------|---------|--|-------------------|------------------|
|              |         | Principal  | Probable Interest | Total            |
| 1            | 2022-23 | 4,200.00   | 4,656.50          | 8,856.50         |
| 2            | 2023-24 | 5,700.00   | 4,380.46          | 10,080.46        |
| 3            | 2024-25 | 7,500.00   | 4,082.17          | 11,582.17        |
| 4            | 2025-26 | 9,550.00   | 3,657.59          | 13,207.59        |
| 5            | 2026-27 | 9,200.00   | 2,866.14          | 12,066.14        |
| 6            | 2027-28 | 11,100.00  | 2,467.15          | 13,567.15        |
| 7            | 2028-29 | 7,000.00   | 1,582.09          | 8,582.09         |
| 8            | 2029-30 | 7,680.00   | 901.48            | 8,581.48         |
| 9            | 2030-31 | 2,000.00   | 690.68            | 2,690.68         |
| <b>Total</b> |         | <b>63,930.00</b>   | <b>25,284.26</b>  | <b>89,214.26</b> |

Source: Finance Accounts 2022-23

The State Government made principal repayment of ₹4,200.00 crore and interest repayment of ₹4,656.50 crore against market loans during 2022-23. Further, the State Government will have to make principal repayment of ₹59,730.00 crore and probable interest repayment of ₹20,627.76 crore against market borrowings from 2023-24 to 2030-31. Market loans of ₹59,730.00 crore forms a major part (85 per cent) of total public debt-principal component of ₹70,678.34 crore. Trend of repayment of outstanding market loans is shown in **Chart 2.21** below.

**Chart 2.21: Trend of outstanding Market Loans for repayment**



Source: Finance Accounts 2022-23

As can be seen from the above chart, the outstanding year wise market loans for repayment up to 2027-28 shows an increasing trend and will peak during 2027-28, the State Government needs to augment its resources to meet the increasing debt repayment burden over the coming years.

## 2.7.2 Utilisation of borrowed fund

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Details and trends of utilisation of borrowed funds during 2018-19 to 2022-23 are given in **Table 2.41**.

**Table 2.41: Utilisation of borrowed funds**

| (₹ in crore) |  |             |             |             |              |              |
|--------------|--|-------------|-------------|-------------|--------------|--------------|
| Sl. No.      | Particulars  | 2018-19     | 2019-20     | 2020-21     | 2021-22      | 2022-23      |
| 1            | Total Borrowings <sup>21</sup>                                     | 20,736.52   | 31,921.72   | 33,423.87   | 28,164.36    | 21,972.42    |
| 2            | Repayment of earlier borrowings (Principal)                        | 6,923.87    | 19,958.77   | 19,470.43   | 21,657.37    | 19,448.88    |
| 3            | Balance available after borrowing repayments                       | 13,812.65   | 11,962.95   | 13,953.44   | 6,506.99     | 2,523.54     |
| 4            | Net Capital expenditure  | (-)8,898.19 | (-)8,561.69 | (-)9,019.34 | (-)10,499.33 | (-)13,314.70 |
| 5            | Net Loans and Advances   | (-)77.80    | 200.75      | 53.62       | (-)235.79    | 31.38        |
| 6=1-2-4-5    | Portion of Revenue expenditure met out of net available borrowings | Nil         | 3,602.01    | 4,987.72    | Nil          | Nil          |
| 7            | Surplus borrowing in Cash Balance                                  | 4,836.66    | Nil         | Nil         | Nil          | Nil          |

Source: Finance Accounts of the respective years

During the year 2022-23, 89 *per cent* of borrowed funds (₹21,972.42 crore) were utilised towards the repayment of earlier borrowings (₹19,448.88 crore) leaving only 11 *per cent* of borrowed fund for development activities. During 2022-23, if the balance available after repayments of borrowing (₹2,523.54 crore) being used to make interest payments of ₹6,382.08 crore, then no borrowed fund will be available for capital expenditure. Further, utilization of borrowed funds for repayment of debt increased from 33 *per cent* in 2018-19 to 89 *per cent* in 2022-23, which indicates that borrowed funds primarily for discharging the debt servicing obligations rather than for capital assets creation.

During 2022-23, total borrowings decreased by ₹6,191.94 crore (21.99 *per cent*) from ₹28,164.36 crore in 2021-22 to ₹21,972.42 crore in 2022-23. Similarly, repayment of earlier borrowings decreased by ₹2,208.49 crore (10.20 *per cent*) in 2022-23 over the previous year.

<sup>21</sup> Total Borrowing includes receipts under Public Debt and Other Public Account liabilities.



### 2.7.3 Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Chhattisgarh State Government Guarantee Rules, 2020 (Amended), the total Government guarantees given in a financial year shall not exceed 100 *per cent* of the State’s own Revenue Receipts in the preceding year. The details of ceiling amount, outstanding guarantees and maximum amount guaranteed at the end of the financial year for the year 2018-19 to 2022-23 are given in **Table 2.42**.

**Table 2.42: Guarantees given by the Government of Chhattisgarh**

(₹ in crore)

| Sl. No. | Guarantees                                      | 2018-19   | 2019-20   | 2020-21   | 2021-22   | 2022-23   |
|---------|---|-----------|-----------|-----------|-----------|-----------|
| 1       | Ceiling applicable to the amount of guarantees* | 18,364.57 | 20,391.20 | 30,051.62 | 30,026.15 | 40,934.94 |
| 2       | Outstanding amount of guarantees                | 10,769.42 | 18,459.36 | 19,836.13 | 19,499.89 | 20,957.51 |
| 3       | Maximum amount guaranteed                       | 19,573.79 | 27,994.79 | 26,694.79 | 29,947.50 | 30,022.50 |

**Source: Finance Accounts of the respective years**

\* As per Chhattisgarh State Government Guarantees Rules, 2003, the total Government guarantees given in a financial year shall not exceed seventy per cent of the State’s own Revenue Receipts in the preceding year. However, the limit was increased (July 2020) to hundred per cent through Chhattisgarh State Government Guarantees Rules, 2020 (Amended).

Maximum amount of guarantees given by the Government of Chhattisgarh during the year 2020-21 to 2022-23 was within the applicable ceiling however it exceeded the limit during 2018-19 to 2019-20. During the year 2022-23, guarantee fees of ₹76.99 crore was received against the receivable guarantee fees of ₹75.96 crore.

### 2.7.4 Management of Cash Balances

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

It is not desirable that the State Government takes recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. **Table 2.43** depicts the cash balances and the investments made out of these by the State Government during the year.

**Table 2.43: Status of Cash Balances**

(₹ in crore)

| Sl. No. | Particulars   | Opening balance as on 01 <sup>st</sup> April 2022 | Closing balance as on 31 <sup>st</sup> March 2023 |
|---------|---|---|---|
| 1       | <b>A. General Cash Balances</b>   |   |   |
| 2       | Cash in treasuries  | 0   | 0   |
| 3       | Deposits with Reserve Bank  | (-)610.48   | 215.63  |
| 4       | Investment held in 'Cash Balance Investment Account'  | 3,345.39  | 485.61  |
| 5       | <b>Total A</b>  | <b>2,734.91</b>                                   | <b>701.24</b>                                     |
| 6       | <b>B. Other Cash Balances and Investments</b>   |   |   |
| 7       | Cash with the Departmental Officers viz. Forest, Public Works Departments, Military Secretary to the Governor | 12.10   | 12.09   |
| 8       | Permanent advances for contingent expenditure with Departmental Officers                                      | 0.34  | 0.34  |
| 9       | Investment of Earmarked Funds   | 7,174.27  | 7,334.30  |
| 10      | <b>Total B</b>  | <b>7,186.71</b>                                   | <b>7,346.73</b>                                   |
| 11      | <b>Total A and B</b>  | <b>9,921.62</b>                                   | <b>8,047.97</b>                                   |
| 12      | <b>Interest realised</b>  | <b>28.23</b>                                      | <b>41.70</b>                                      |

Source: Finance Accounts of 2022-23

General Cash Balances of the State Government at the end of the current year decreased by ₹2,033.67 crore from ₹2,734.91 crore in 2021-22 to ₹701.24 crore in 2022-23.

Under an agreement with the Reserve Bank of India (RBI), the GoCG has to maintain the required minimum cash balance of ₹0.72 crore with the RBI. If the balance falls below the agreed minimum balance on any day, the shortfall is made good by taking Ordinary and Special Ways and Means Advance or Ordinary Ways and Means Advance. The State Government was able to maintain a minimum cash balance of ₹0.72 crore for 350 days and had to maintain the minimum balance by taking Special Drawing Facility for 15 days. The State Government had to pay ₹0.11 crore as interest on SDF during the year 2022-23.

The cash balance investments of the State during the five-year period 2018-19 to 2022-23 are given below in **Table 2.44**.

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

(₹ in crore)

| Sl. No. | Year    | Cash Balance Investment |                 |                             |                 |
|---------|---------|-------------------------|-----------------|-----------------------------|-----------------|
|         |         | Opening Balance         | Closing Balance | Increase (+) / decrease (-) | Interest earned |
| 1       | 2018-19 | 4,070.85                | 9,759.02        | 5,688.17                    | 144.33          |
| 2       | 2019-20 | 9,759.02                | 5,246.81        | (-)4,512.21                 | 196.10          |
| 3       | 2020-21 | 5,246.81                | 3,389.68        | (-)1,857.13                 | 29.66           |
| 4       | 2021-22 | 3,389.68                | 3,345.39        | (-)44.29                    | 28.23           |
| 5       | 2022-23 | 3,345.39                | 485.61          | (-)2,859.78                 | 41.70           |

Source: Finance Accounts of respective years

The position of closing balance of Cash Balance Investment of the State Government decreased from ₹9,759.02 crore in 2018-19 to ₹485.61 crore in 2022-23.

## 2.8 Conclusion

*The State Government registered a significant increase of 17.86 per cent in its Revenue Receipts during 2022-23 compared to the previous year. The tax revenue increased by 17.66 per cent and non-tax revenue increased by 10.09 per cent.*

*The State Government achieved the target of Revenue surplus (₹8,592.11 crore) and ratio of Fiscal Deficit to GSDP (1.03 per cent) was within the target of 3.33 per cent prescribed under MTFPS during the 2022-23.*

*Revenue expenditure which constitutes 86.41 per cent of total expenditure increased by 13.70 per cent during 2022-23 compared to the previous year. Though the Capital Expenditure increased by 26.81 per cent over the previous year, its share in total expenditure was merely 13.50 per cent. While the revenue expenditure as a percent of GSDP was 18.64 per cent, the capital expenditure stood at 2.91 per cent of GSDP in 2022-23.*

*Committed Expenditure to Revenue Expenditure in the year 2022-23 increased to 47.27 per cent in 2022-23 from 41.75 per cent in the year 2018-19.*

*The State Government earned a meagre 0.08 per cent return on its total investment (₹7,447.77 crore) in Statutory Corporations, Government Companies and Co-operatives up to 31 March 2023.*

*During the year 2022-23, the State Government transferred less contribution to the Consolidated Sinking Fund, which was 0.46 per cent of the outstanding liabilities (Internal Debt and Public Account Liabilities) as against its minimum required contribution of at least 0.50 per cent.*

*The Overall outstanding Liability-GSDP<sup>22</sup> ratio of the State decreased from 22.42 per cent in the year 2021-22 to 20.46 per cent in the year 2022-23 and was within the target of 26.41 per cent under the MTFPS.*

*The percentage of Interest Payment on Public Debt to Revenue Receipts decreased to 5.68 per cent in the year 2022-23 from 6.85 per cent in the year 2021-22. Public Debt repayment to receipt increased from 7.97 per cent in 2018-19 to 90.24 per cent in 2022-23. Decline in net public debt availability of the State indicates towards increased burden of servicing of debt and leaves the State with limited fund available for development activities.*

*The debt stabilisation indicator is currently static rather than conclusively ascending. The debt stabilization indicator, consisting of quantum spread and primary deficit,*

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<sup>22</sup> Excluding back-to-back loan of ₹8,074.15 crore received from GoI in lieu of GST compensation as debt receipt during 2020-22 with no repayment liability for the State.

*declined in the period (2019-21) and has since shown a gradual increase in the post-pandemic year. However, it has not yet reached a stable state for debt stabilization. Moreover, the improvement in Public Debt to GSDP after the pandemic suggests that the debt situation is not deteriorating, but it has not yet reached a threshold.*

*The outstanding year wise market loans for repayment shows an increasing trend and will peak during 2027-28.*

## **2.9 Recommendations**

- i.** The State Government may review the reasons for shortfall in capital expenditure vis-à-vis budget estimates, so that more funds can be made available for infrastructure creation to provide stimulus for economic growth.
- ii.** The State Government should assess the reasons for the insufficient return on investment from statutory corporations, Government companies, Joint Stock Companies, Co-operative Institutions and to look for remedial measures.
- iii.** The State Government should review and analyse the reasons for delays in the completion of capital works and initiate expeditious measures to enable the departments involved to overcome the hurdles in this regard.