

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



## CHAPTER-II

# FINANCES OF THE STATE

### 2.1 Major changes in Key fiscal aggregates in 2023-24

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

**Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>➤ Revenue receipts of the State increased by 12.17 <i>per cent</i>,</li><li>➤ Own Tax receipts of the State increased by 9.59 <i>per cent</i>,</li><li>➤ Own Non-tax receipts increased by 4.52 <i>per cent</i>,</li><li>➤ State's Share of Union Taxes and Duties increased by 18.93 <i>per cent</i>,</li><li>➤ Grants-in-Aid from Government of India increased by 7.95 <i>per cent</i>.</li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>➤ Revenue expenditure increased by 3.40 <i>per cent</i>,</li><li>➤ Revenue expenditure on General Services increased by 5.6 <i>per cent</i>,</li><li>➤ Revenue expenditure on Social Services decreased by 1.45 <i>per cent</i>,</li><li>➤ Revenue expenditure on Economic Services increased by 1.62 <i>per cent</i>,</li><li>➤ Expenditure on Grants-in-Aid and contributions increased by 5.83 <i>per cent</i>.</li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>➤ Capital expenditure increased by 35.02 <i>per cent</i>.</li><li>➤ Capital expenditure on General Services decreased by 47.66 <i>per cent</i>,</li><li>➤ Capital expenditure on Social Services increased by 39.91 <i>per cent</i>,</li><li>➤ Capital expenditure on Economic Services increased by 80.69 <i>per cent</i>.</li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>➤ Disbursement of Loans and Advances decreased by 8.57 <i>per cent</i>.</li><li>➤ Recoveries of Loans and Advances decreased by 98.27 <i>per cent</i>.</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts increased by 59.64 <i>per cent</i>.</li><li>➤ Repayment of Public Debt decreased by 8.81 <i>per cent</i>.</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts decreased by 0.68 <i>per cent</i>.</li><li>➤ Disbursement of Public Account decreased by 6.05 <i>per cent</i>.</li></ul>
<b>Cash balance</b>	<ul style="list-style-type: none"><li>➤ Cash balance increased by 17.72 <i>per cent</i>.</li></ul>

## 2.2 Sources and Application of Funds

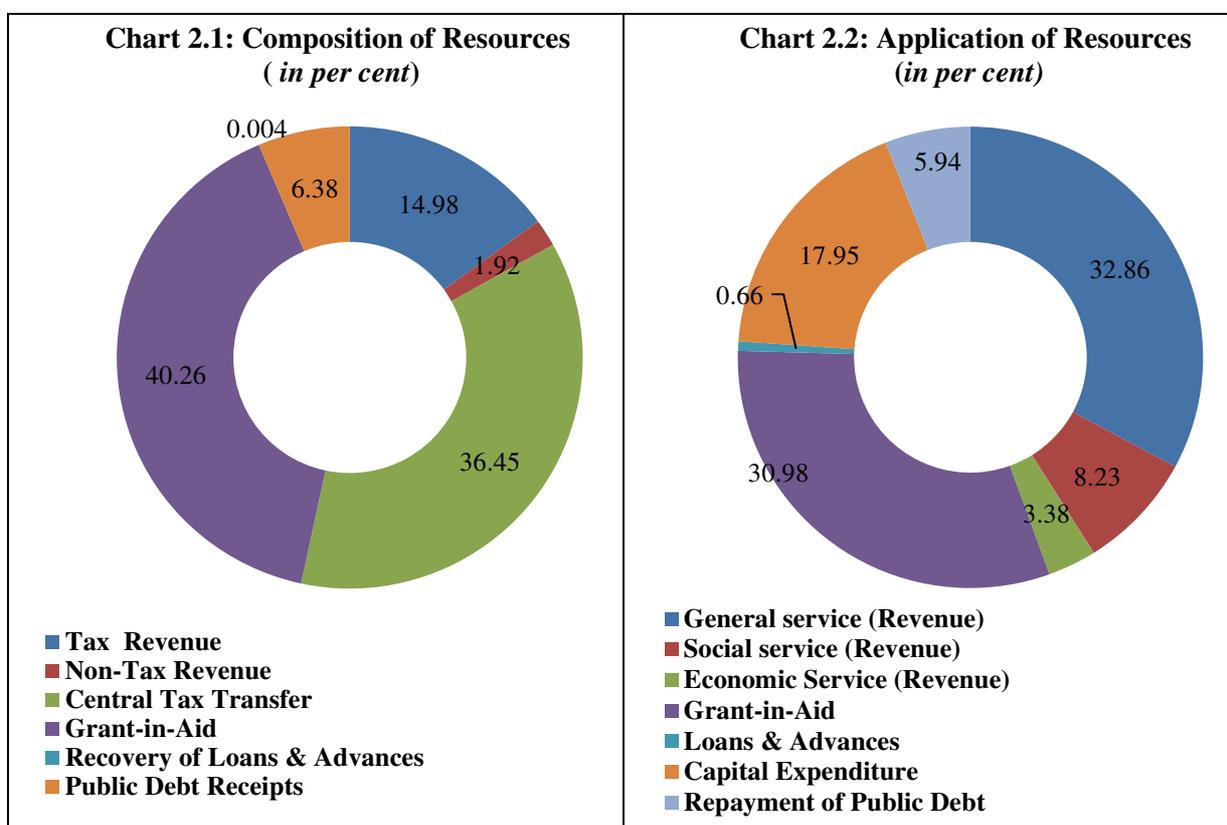
This section compares the components of the sources and application of funds of the State during the financial year compared to the previous year.

**Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24**

(₹ in crore)

	Particulars	2022-23	2023-24	Increase (+)/ Decrease (-)
Sources	Opening Cash Balance with RBI	3,424.61	2,188.84	(-)1,235.77
	Revenue Receipts	18,309.01	20,538.02	2,229.01
	Recoveries of Loans and Advances	51.59	0.89	(-)50.70
	Public Debt Receipts (Net)	-114.24	496.40	610.64
	Public Account Receipts (Net)	391.20	529.09	137.89
	<b>Total</b>	<b>22,062.17</b>	<b>23,753.24</b>	<b>1691.07</b>
Application	Revenue Expenditure	17,738.71	18,342.05	603.34
	Capital Expenditure	2,024.97	2,734.19	709.22
	Disbursement of Loans and Advances	109.65	100.25	(-)09.40
	Closing Cash Balance with RBI s	2,188.84	2,576.75	387.91
	<b>Total</b>	<b>22,062.17</b>	<b>23,753.24</b>	<b>1691.07</b>

**Appendix 1.1**(Part-C) provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year. Composition and application of resources in the Consolidated Fund of the State during 2023-24 are shown in **Chart 2.1** and **Chart 2.2** respectively.



### 2.3 Resources of the State

The resources of the State are:

**Revenue receipts** consist of tax revenue, non-tax revenue, State’s share of Union taxes and duties and Grants-in-aid from the Government of India (GoI).

**Capital receipts** (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.

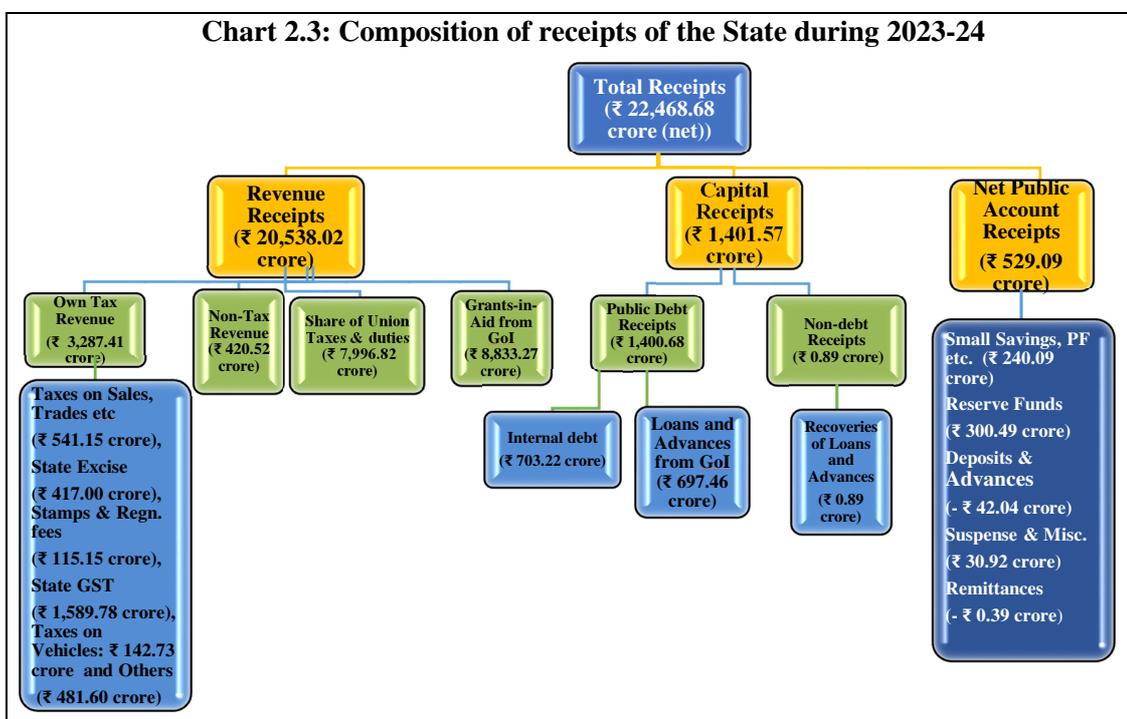
Both revenue and capital receipts form part of the Consolidated Fund of the State.

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

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

#### 2.3.1 Receipts of the State

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



Out of total resource of ₹ 22,468.68 crore of the State Government during the year 2023-24, Revenue Receipts of ₹ 20,538.02 crore (91.41 per cent) and Capital Receipts was ₹ 1,401.57 crore (6.24 per cent) including the non-debt receipt of ₹ 0.89 crore during the year.

Further, GoI directly released ₹ 1,857.49 crore to the State Implementing Agencies during 2023-24. These funds were routed outside the State Budget/Treasury for implementation of various Centrally Sponsored Schemes (CSS) (₹ 1,569.18 crore) and Central Sector Schemes (₹ 288.31 crore) respectively during the year. Maximum amount under CSS was transferred towards the schemes MGNREGA (₹ 734.52 crore) and Jal Jeevan Mission (₹ 744.18 crore) while in Central Sector schemes the maximum amount was transferred as Food Subsidy for Decentralised Procurement of Foodgrains under NFSA (₹ 106.51 crore) and PM Kisan Samman Nidhi (₹ 139.38 crore) respectively.

Hence, the total resource of the State was ₹ 24,326.17 crore including direct transfer from GoI during the year 2023-24.

### 2.3.2 State's Revenue Receipts

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

The XV Finance Commission projected Own Revenue Receipts of ₹ 3,381.00 crore (Own Tax Revenue: ₹ 2,790.00 crore and Own Non-Tax Revenue: ₹ 591.00 crore) for the State during 2023-24. Finance Commission also recommended various types of grants like, Revenue deficit grants, Local Bodies grants and SDRF/MDRF grants etc. for the year for which the analysis have been done in the respective sub-paragraphs in this Section.

#### 2.3.2.1 Trends and growth of Revenue Receipts

The trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period (2019-24) are shown in **Table 2.3**. Further, trends in revenue receipt and composition of revenue receipts for last five-year period are given in **Appendix 1.1(Part D)**.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR)	11,001.59	13,292.40	17,613.95	18,309.01	20,538.02
Rate of growth of RR ( <i>per cent</i> )	(-) <i>8.56</i>	20.82	32.51	3.95	12.17
Own Tax Revenue	2,101.79	2,332.44	2,616.31	2,999.68	3,287.41
Rate of growth of Own Tax Revenue ( <i>per cent</i> )	19.03	10.94	12.18	14.68	9.57
<b>Non-Tax Revenue</b>	<b>271.65</b>	<b>285.49</b>	<b>274.11</b>	<b>402.35</b>	<b>420.52</b>
<b>Total Own Revenue</b>	<b>2,373.44</b>	<b>2,617.93</b>	<b>2,890.42</b>	<b>3,402.03</b>	<b>3,707.93</b>
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	11.01	10.30	10.41	17.70	9.00
Gross State Domestic Product (2011-12 Series) <sup>8</sup>	54,151	53,504	62,302	72,348	82,625(A)

<sup>8</sup> **Source:** GSDP figures: GSDP for 2023-24(Advanced) was as furnished by the Statistical Department, Government of Tripura. \* Buoyancy ratio was not calculated as the growth of GSDP was negative.

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Rate of growth of GSDP ( <i>per cent</i> )	8.70	(-)1.19	16.44	16.12	14.21
RR/GSDP ( <i>per cent</i> )	20.32	24.84	28.27	25.31	24.86
<b>Buoyancy Ratios</b>					
Own Tax Revenue Buoyancy w.r.t GSDP	218.74	*	74.09	91.07	67.35
State's Own Revenue Buoyancy w.r.t GSDP	1.27	*	0.63	1.10	0.63

**Source:** Finance Accounts

**Table 2.3** shows that there was an increasing trend in Revenue Receipts of the State during last five years period. During 2023-24, the Revenue Receipts increased by ₹ 2,229.01 crore (12.17 *per cent*) as compared to the previous year mainly due to increase in Own Revenue by 9 *per cent* during the year.

State's share of Union Taxes and Duties increased by 18.93 *per cent* and the Grants from GoI increased by 7.95 *per cent* during 2023-24 as compared to 2022-23.

The overall Central transfers (Grants-in-Aid and States Share and duties) from GoI increased by ₹ 1,923.08 crore (12.90 *per cent*) during the year.

The trend of Revenue Receipts as a percentage of GSDP ranged between 20.32 *per cent* and 28.27 *per cent* during last five years period from 2019-20 to 2023-24 as can be seen in **Table 2.3**. The ratio of Revenue Receipts of the State during 2023-24 was 24.86 *per cent* of GSDP (Advanced Estimates) which was 25.31 *per cent* of GSDP during 2022-23.

Revenue Buoyancy with reference to GSDP was 67.35 *per cent* in 2023-24 against 91.07 *per cent* during 2022-23. There was sharp decrease in Own Revenue Buoyancy from 1.10 *per cent* to 0.63 *per cent* due to increase in Own tax and Non-tax Revenue during 2023-24 as compared to 2022-23. The major increase in Own Tax Revenue was mainly on State Excise (13.28 *per cent*), Taxes on Stamps and Registration Fees (12.30 *per cent*), Taxes on vehicles (21.42 *per cent*) etc. during the year. There was also increase in Non-Tax Revenue by 4.52 *per cent* due to more receipts from Industries, Police, Miscellaneous General Services and Dividends, etc., during 2023-24 as compared to 2022-23. The trends in components of Own Tax and Non-Tax are discussed in **Paragraph 2.3.2.2(i)** and **(ii)** respectively.

### **2.3.2.2 State's Own Resources**

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

#### **(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.

The Own Tax Revenue (OTR) receipts increased by ₹ 287.73 crore (9.59 per cent) during the year 2023-24 as compared to the previous year mainly due to increase in collection of State Excise by ₹ 48.89 crore (13.28 per cent), Taxes on Vehicle by ₹ 25.18 crore (21.42 per cent) and Stamps and Registration Fees by ₹ 12.62 crore (12.30 per cent) respectively. The collection of Sales Tax during the year was mainly as Value Added Tax (VAT) while the collection from Sale of Judicial Stamps (₹ 86.36 crore) was the main source of the collection under Stamps and Registration Fees during 2023-24. The collection of Taxes on Vehicles was mainly Receipts under the State Motor Vehicle Taxation Act, (₹ 96.05 crore), Licence fees, Registration Fees, etc., (₹ 27.98 crore) and fines collected by Traffic Units (₹ 16.88 crore) in 2023-24. The trend and composition of the State's Own Tax Revenue during the last five years period is shown in **Table 2.4**.

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

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					Budget Estimates	Actuals
Sales Tax/VAT	435.88	403.19	463.12	463.57	519.20	541.15
SGST	1,026.63	1,056.01	1,282.69	1,459.01	1,634.09	1,589.78
State Excise	231.70	287.36	319.60	368.11	412.28	417.00
Taxes on Vehicles	97.14	97.41	103.22	117.55	131.66	142.73
Stamp Duty and Registration Fees	61.67	69.53	89.65	102.53	114.84	115.15
Land Revenue	12.98	9.85	8.94	12.59	14.11	22.24
Other taxes	235.79	409.09	349.09	476.32	533.82	459.36 <sup>9</sup>
<b>Total Own Tax</b>	<b>2,101.79</b>	<b>2,332.44</b>	<b>2,616.31</b>	<b>2,999.68</b>	<b>3,360.00</b>	<b>3,287.41</b>

Source: Finance Accounts

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

As per reconciliation statement and the Finance Account 2023-24, the net collection of State Goods and Services Tax (SGST) was ₹ 1,589.78 crore after refund of ₹ 10.03 crore during 2023-24. The main component of the SGST was Input Tax Credit cross utilisation (₹ 901.97 crore), Tax (₹ 505.20 crore) and Apportionment of IGST-Transfer-in-of Tax component to SGST (₹ 198.29 crore) during the year. In addition, the State Government received ₹ 2,426.94 crore as Central Goods and Services Tax (CGST) as share during the financial year 2023-24. As per information furnished by the State Government (October 2024), there were arrears of ₹ 11.95 crore under GST which remained pending for collection as on 31 March 2024. However, there was no difference in the State GST figures between the figures of RBI and the figures booked in the Finance Accounts.

<sup>9</sup> Includes taxes on Agricultural Income (₹ 0.02 crore); Other taxes on Income and Expenditure (₹ 41.23 crore); Taxes and Duties on Electricity (₹ 43.48 crore), and Other Taxes and Duties on Commodities and Services (₹ 374.63 crore).

**(b) Analysis of arrears of revenue and arrears of assessment**

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State Government of potential revenue receipts and may lead towards revenue deficit.

**(c) Arrears of revenue**

As per information furnished by the Government (October 2024), it is seen that there was ₹ 173.06 crore of revenue pending for collection in various principal heads as on 31 March 2024 of which ₹ 94.73 crore was arrears relating to taxes and Duties on Electricity and ₹ 66.38 crore were outstanding relating to Sales Tax (VAT). Out of total arrear revenue of ₹ 173.06 crore, ₹ 59.11 crore remains pending for more than five years as indicated in **Table 2.5**.

**Table 2.5: Arrears of revenue***(₹ in crore)*

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2023	Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024
1.	Sales Tax (VAT)	53.43	66.38	32.92
2.	Goods and Service Tax	13.08	11.95	26.19
3.	Taxes and Duties on Electricity	94.73	94.73	Nil
<b>Total:</b>		<b>161.24</b>	<b>173.06</b>	<b>59.11</b>

Source: Departmental information

**(d) Arrears in assessment**

As per information furnished by the Department (October 2024), there were 64 cases pending for assessment at the beginning of the year 2023-24. During 2023-24, 121 cases were detected. Out of total 185 cases, assessment of 123 cases for ₹ 2.74 crore were finalised and demand including penalty were raised by the Department as on 31 March 2024. Details of the cases are depicted in **Table 2.6**.

**Table 2.6: Arrears of assessment**

Sl. No.	Head of Account	Number of cases pending at the beginning of the year 2023-24	Number of cases detected during 2023-24	Total Nos.	Number of cases assessment/ finalised and amount of additional demand raised		Number of cases pending for finalisation as on 31 March 2024
					Number	Amount (₹ in crore)	
1.	Sales Tax (VAT)	39	33	72	26	0.20	43
2.	Goods and Service Tax	25	88	113	97	2.54	22
<b>Total</b>		<b>64</b>	<b>121</b>	<b>185</b>	<b>123</b>	<b>2.74</b>	<b>65</b>

Source: Information furnished by the Department

*(e) Details of evasion of tax detected by the Department, refund cases, etc.*

The cases of evasion of tax detected, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Details of the cases of refunds, as furnished by the Taxes and Excise Department are shown in **Table 2.7**.

**Table 2.7: Details of refund cases**

(₹ in crore)

Sl. No.	Particulars	Pending as on 31-3-2023		Claims received during 2023-24		Refund made during 2023-24		Pending as on 31 March 2024	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1.	Sales Tax (VAT)	4	1.83	9	7.90	11	7.47	2	2.25
2.	GST	2	1.90	44	2.71	41	2.56	5	2.06
3.	State Excise	0	0	0	0	0	0	0	0
<b>Total:</b>		<b>6</b>	<b>3.73</b>	<b>53</b>	<b>10.61</b>	<b>52</b>	<b>10.03</b>	<b>7</b>	<b>4.31</b>

Source: Information furnished by the Department

From **Table 2.7**, it can be seen that 6 refund cases of ₹ 3.73 crore were pending as on 31 March 2023 and 53 cases for refund of ₹ 10.61 crore in various principal heads of account were received during 2023-24. Out of the total 59 cases pending, 52 cases involving ₹ 10.03 crore was refunded during the year and seven refund cases for ₹ 4.31 crore remained pending as on 31 March 2024.

**(ii) Non-Tax Revenue**

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Trends in components of State's Own Non-Tax Revenue during 2019-20 to 2023-24 are shown in **Table 2.8**.

**Table 2.8: Components of State's non-tax revenue during 2019-20 to 2023-24**

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					Budget Estimates	Actuals
<b>1. Interest receipts</b>	<b>19.25</b>	<b>18.11</b>	<b>24.43</b>	<b>22.93</b>	<b>25.68</b>	<b>27.15</b>
<b>2. Dividends and Profits</b>	<b>7.95</b>	<b>6.62</b>	<b>1.63</b>	<b>11.66</b>	<b>12.48</b>	<b>7.85</b>
<b>3. Other Non-Tax Receipts (a to f)</b>	<b>244.45</b>	<b>260.76</b>	<b>248.05</b>	<b>367.76</b>	<b>406.60</b>	<b>385.52</b>
a) Minor Irrigation	0.32	0.20	0.20	0.25	0.45	0.16
b) Road Transport	0	0.06	0.01	0.33	0.02	0.01
c) Police	65.13	75.79	82.77	122.42	137.11	145.94
d) Forestry & Wildlife	13.82	19.45	21.35	15.82	17.72	16.56
e) Industries	100.27	89.56	86.62	161.94	181.37	156.65
f) Others	64.91	75.70	57.10	67.00	61.97	66.20 <sup>10</sup>
<b>Total</b>	<b>271.65</b>	<b>285.49</b>	<b>274.11</b>	<b>402.35</b>	<b>450.00</b>	<b>420.52</b>

Source: Finance Accounts

<sup>10</sup> Include Other Administrative Services (₹ 7.41 crore); Miscellaneous General Services (₹ 25.80 crore); Public works (₹ 8.61 crore), Animal Husbandry (₹ 1.58 crore); Crop Husbandry (₹ 2.09 crore) etc., Water Supply and Sanitation (₹ 1.26 crore) and Others (₹ 19.45 crore).

During the year 2023-24, the non-tax collection of the State was ₹ 420.52 crore (2.05 *per cent* of total Revenue Receipt) against the budget estimates of ₹ 450.00 crore during the year. The actual receipts of Non Tax Revenue increased by ₹ 18.17 crore (4.52 *per cent*) in 2023-24 from ₹ 402.35 crore in 2022-23. This increase was mainly due to increase in receipts under Interest receipts by ₹ 4.22 crore (18.40 *per cent*), Police by ₹ 23.52 crore (19.21 *per cent*), Forestry and Wildlife by ₹ 0.74 crore (4.64 *per cent*) and Public Works by ₹ 2.50 crore (40.93 *per cent*) respectively compared to 2022-23.

The actual non-tax revenue realisation (₹ 420.52 crore) was lower than the budget estimates (₹ 450.00 crore). Dividends & Profits fell short (₹7.85 crore actual vs ₹ 12.48 crore budgeted). Industries and Forestry & Wildlife revenue did not meet expectations, signalling potential underperformance in these areas. Actual revenue underperformed against the budget estimates, indicating an overestimation in some categories. The sustained increase in total non-tax revenue suggests that the State's revenue mobilisation had improved. However, it also highlights areas for improvement in underperforming sectors.

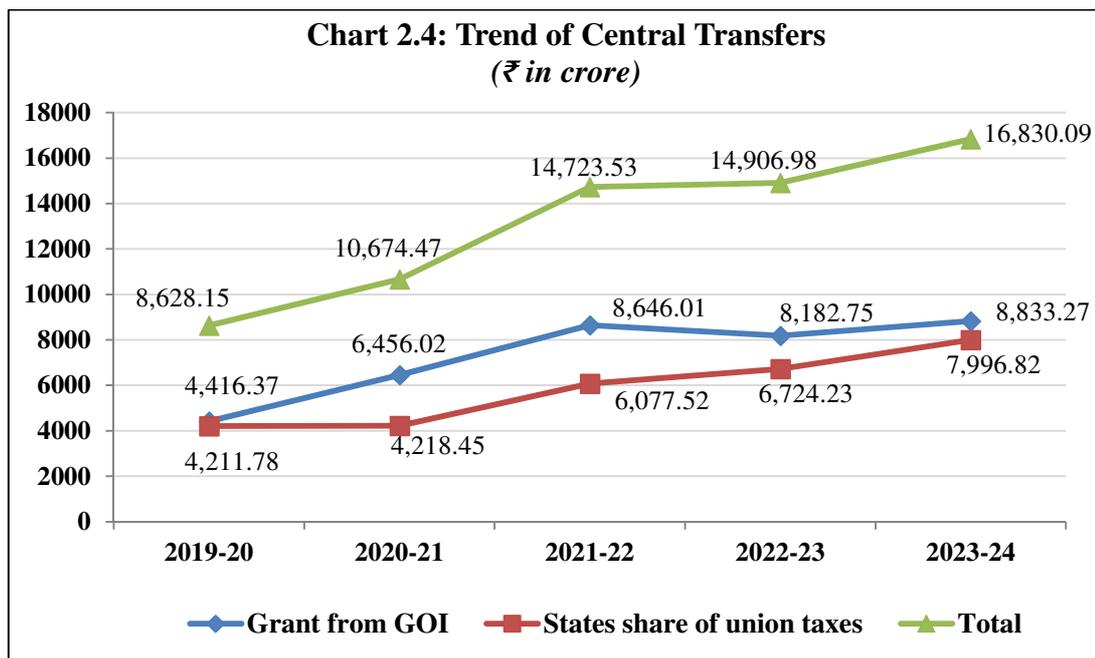
### 2.3.2.3 Transfers from the Centre

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

The Fifteenth Central Finance Commission (XV FC) was constituted on 27 November 2017 by the President of India. The Commission has been mandated to submit two Reports, first Report for the year 2020-21 and a final Report for the period 2021-22 to 2025-26.

The XV FC recommended 41 *per cent* of the net proceeds of Union Taxes to States against the 42 *per cent* as recommended by the XIV FC. One *per cent* would be retained with the Central Government for financing the requirements of newly formed Union Territories of Jammu & Kashmir and Ladakh. The GoI has accepted the recommendation of the XV FC. The Commission recommended 0.708 *per cent* of the divisible pool of resources as share of net proceeds for the year 2021-22 to 2025-26 for the State based on the methodology prescribed by it.

The trend and composition of Central Transfers during last five years are shown in **Chart 2.4**.



Source: Finance Accounts

### (i) Central tax transfer

During 2023-24, the State Government received ₹ 7,996.82 crore as State's Share of Union Taxes against the Budget Estimate of ₹ 7,232.00 crore for the year and the actual receipts increased by ₹ 1,272.59 crore (18.93 per cent) during the year as compared to previous year. This increase was mainly due to more release of share under Taxes on Income other than Corporation Tax by ₹ 571.40 crore (25.97 per cent), CGST by ₹ 527.11 crore (27.75 per cent) and Corporation Tax by ₹ 145.33 crore (6.44 per cent) during the year as compared to the previous year. No IGST was received by the State during 2023-24. The trend of Central Tax Transfers is shown in **Table 2.9**.

**Table 2.9: Trend of Central Tax Transfers**

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					Budget Estimates	Actuals
Central Goods and Services Tax (CGST)	1,195.17	1,258.50	1,792.99	1,899.83	2,000.00	2,426.94
Integrated Goods and Services Tax (IGST)	0.00	0.00	0.00	0.00	0.00	0.00
Corporation Tax	1,436.04	1,269.27	1,754.97	2,254.97	2,486.00	2,400.30
Taxes on Income other than Corporation Tax	1,125.24	1,300.84	1,838.83	2,200.61	2,350.00	2,772.01
Customs	266.97	227.34	416.36	264.33	280.00	280.23
Union Excise Duties	185.63	142.28	207.40	82.96	84.00	106.05
Service Tax	-	17.36	60.43	10.46	18.00	1.48

Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					Budget Estimates	Actuals
Other Taxes <sup>11</sup>	2.73	2.86	6.54	11.07	NA	9.81
<b>Central Tax transfers</b>	<b>4,211.78</b>	<b>4,218.45</b>	<b>6,077.52</b>	<b>6,724.23</b>	<b>7,218.00</b>	<b>7,996.82</b>
Percentage of increase over previous year	(-) 13.85	0.16	44.07	10.64	24.84	18.93
Percentage of Central tax transfers to Revenue Receipts	38.28	31.74	34.50	36.73	35.14	38.94

Source: Finance Accounts and Budget at a Glance.

## (ii) Grants-in-aid from Government of India

During 2023-24, the State had received ₹ 8,833.26 crore (net) as Grants-in-aid from GoI which increased by ₹ 650.51 crore (7.95 per cent) from ₹ 8,182.75 crore in 2022-23, mainly due to more release of funds from GoI under Centrally Sponsored Scheme of ₹ 603.59 crore, Grants for Urban Local Bodies of ₹ 127.00 crore and Special Assistance of ₹ 68.12 crore during the year.

During 2023-24, the GoI released ₹ 177.11 crore as other grants to State of which ₹ 108.93 crore was released as Special Assistance under various schemes. Grants of ₹ 71.16 crore was released for Reang Refugees Sheltering in Camps of Tripura under Rehabilitation Scheme and ₹ 20.00 crore was released for Special Economic Development Package Scheme for overall development of Tribals during 2023-24. The trend of Central Tax Transfers is shown in **Table 2.10**.

**Table 2.10: Details of Grants-in-aid from Government of India**

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24	
					Budget Estimates	Actuals
Grants for State Plan Schemes	(-)5.10	0.00	0.00	0.00	0.00	0.00
Grants for Centrally Sponsored Schemes	2,254.37	2,331.45	3,311.96	3,475.40	6,249.74	4,078.99
Grants for Special Plan Schemes	(-)5.20	(-)3.12	0.00	(-)2.89	0.00	0.00
Finance Commission Grants	1,063.22	3,563.95	4,911.08	4,654.90	4,564.00	4,577.16
Other transfers/ Grants to States/Union Territories with Legislature	1,109.08	563.74	422.97	55.34	451.83	177.11
<b>Total</b>	<b>4,416.37</b>	<b>6,456.02</b>	<b>8,646.01</b>	<b>8,182.75</b>	<b>11,265.57</b>	<b>8,833.26</b>
Percentage of increase over the previous year	(-) 11.74	46.18	33.92	(-) 5.36	10.06	7.95
Percentage of GIA to Revenue Receipts	40.14	48.57	49.09	44.69	57.16	43.01

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

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

Table 2.10 shows that the other transfers/grants from GoI increased in 2023-24 as compared to the previous years. The overall grants received from GoI was less by ₹ 2,432.31 crore (21.59 per cent) than the Budget Estimates of the State for the year.

Centrally Sponsored Schemes (₹4,078.99 crore) and Finance Commission Grants (₹ 4,577.16 crore) remain a dominant component in the transfers/grants scenario from GoI. However, the State received only 65.30 per cent of the budgeted amount in respect of CSS grants. Other Grants (₹ 177.11 crore) have declined significantly, showing a shift in funding mechanisms.

### Grants for Centrally Sponsored Schemes

As per sanctioned order issued from GoI during 2023-24, a gross amount of ₹ 4,078.99 crore was released for implementation of various Centrally Sponsored Schemes during the year.

Out of the grants of ₹ 4,078.99 crore received for Centrally Sponsored Schemes during 2023-24, the major grants were as follow:

- **Pradhan Mantri Awaas Yojana (PMAY)** - (Rural: ₹ 1,276.90 crore; Urban: ₹ 94.88 crore) increased by ₹ 12.70 crore in Rural and ₹ 41.98 crore in respect of Urban sector from previous year release;
- **National Rural Employment Guarantee Scheme (MGNREGS)** (₹ 3,19.29 crore) increased by ₹ 54.81 crore as compared to previous year;
- **Pradhan Mantri Gram Sadak Yojana (PMGSY)** (₹ 185.03 crore) decreased by ₹ 82.56 crore from previous year;
- **Saksham Anganwadi and Poshan 2.0 (ICDS)** (₹ 244.22 crore) increased by ₹ 93.70 crore from previous year;
- **National Rural Livelihood Mission (NRLM)** (₹ 312.68 crore) increased by ₹ 190.43 crore during 2023-24.
- **Samagra Shiksha Abhiyan** (₹ 341.33 crore) increased by ₹ 54.60 crore from previous year;
- **Mission for Development of 100 Smart Cities** (₹ 36.75 crore) and **AMRUT-500 cities** (₹ 48.99 crore) decreased by ₹ 171.50 crore in respect of Mission for Development of 100 Smart Cities and increased by ₹ 30.57 in respect of AMRUT during 2023-24;
- **Strengthening of National Health Programme and National Urban Health Mission** (₹ 30.74 crore) decreased by ₹ 154.26 crore from previous year;
- **Externally Aided Projects under Centrally Sponsored Scheme** (₹ 310.91 crore) increased by ₹ 236.48 crore from previous year.

### Single Nodal Agency (SNA)

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide OM No.1(13)/PFMS/FCD/2020 dated 8-12-2021 provides that every State Government is required to designate a Single Nodal Agency (SNA) for implementation of each Centrally Sponsored Scheme(CSS). The SNA will open Single Nodal Account for each CSS at the State level in Scheduled Commercial Bank authorised to conduct business by the State Government. As per new procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share.

As per the SNA 01 Report of PFMS Portal, the State Government received ₹ 3,688.92 crore during 2023-24 as Central share of the Centrally Sponsored Schemes. As per information furnished by the State Government (June 2024) the Government had transferred ₹ 4,333.89 crore (Central share: ₹ 3,431.86 crore; State share: ₹ 902.03 crore) to the SNAs Bank Account as on 31 March 2024. During 2023-24, the SNAs incurred ₹ 4,786.29 crore from their Account and as per bank statement there was an unspent amount of ₹ 915.94 crore as on 31 March 2024 under 30 Departments which had already been booked as expenditure in the Consolidated Fund of the State. However, as per PFMS Report, the SNAs incurred ₹ 5,690.14 crore there was an unspent balance of ₹ 1,041.23 crore (including ₹ 125.29 crore under escrow account) as on 31 March 2024. This difference of expenditure amount of ₹ 903.85 crore requires reconciliation.

### Fifteenth Finance Commission (XV FC) Grants

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

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

Accordingly, the GoI had released grants for Local Bodies, Disaster related grants i.e. State Disaster Relief Fund (SDRF)/State Disaster Mitigation Fund (SDMF), Revenue deficit grants etc., during 2023-24. Against the recommended fund of ₹ 4,564.00 (Local Bodies: ₹ 224.00 crore, Revenue deficit grants: ₹ 4,174.00 crore, grants under SDRF/SDMF: ₹ 76.00 crore and grants for Health Sectors: ₹ 90.00 crore) for the year 2023-24, the GoI released ₹ 4,577.16 crore (Local Bodies: ₹ 251.60 crore, Revenue deficit grants: ₹ 4,174.00 crore and grants under SDRF/SDMF: ₹ 67.90 crore) during the year 2023-24.

A comparative status of recommendations made by the XV FC for 2022-23 and 2023-24 and released by GoI there against are shown in **Table 2.11**.

**Table 2.11: Recommended funds, actual release and transfers of Grant-in-aid from GoI**

(₹ in crore)

Transfers	Recommendation of the XV FC for 2022-23	Recommendation of the XV FC for 2023-24	Actual release by GoI		Release by State Government	
			2022-23	2023-24	2022-23	2023-24
<b>Local Bodies</b>	<b>219.00</b>	<b>224.00</b>	<b>168.00</b>	<b>251.60</b>	<b>168.00</b>	<b>251.60</b>
(i) Grants to PRIs	147.00	148.00	147.00	103.60	147.00	103.60
(ii) Grants to ULBs	72.00	76.00	21.00	148.00	21.00	148.00
<b>SDRF/SDMF</b>	<b>71.00</b>	<b>76.00</b>	<b>63.90</b>	<b>67.90</b>	<b>63.11</b>	<b>83.34<sup>12</sup></b>
<b>Grants for Health Sector</b>	<b>85.00</b>	<b>90.00</b>	<b>0.00</b>	<b>83.66</b>	<b>0.00</b>	<b>83.66</b>
<b>Revenue Deficit Grant</b>	<b>4,423.00</b>	<b>4,174.00</b>	<b>4,423.00</b>	<b>4,174.00</b>	-	-
<b>Total:</b>	<b>4,798.00</b>	<b>4,564.00</b>	<b>4,654.90</b>	<b>4,577.16</b>	<b>232.62</b>	<b>402.82</b>

Source: XV-FC Report and Finance Accounts

- Against the recommendations of XV FC for the year 2023-24, there was short release of ₹ 44.40 crore in respect of the grants for PRIs and ₹ 8.10 crore in SDRF/SDMF.
- During 2023-24, the State Government had not received any fund towards the National Disaster Response Fund (NDRF).
- The State Government transferred the SDRF fund to the concerned Head under the Public Account along with its share of ₹ 6.76 crore for the year 2023-24.
- The State Government did not transfer the Central share of ₹ 7.10 crore received as SDMF during 2022-23 to the fund. During the year GoI released ₹ 7.10 crore for SDMF and State Government transferred ₹ 15.78 crore (Central share: ₹ 14.20 crore and State share: ₹ 1.58 crore) received during 2022-23 and 2023-24 to the SDMF during 2023-24.

### 2.3.3 Capital receipts

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

The trend of Capital Receipts and growth of the components of the Capital Receipts for the last five years period from 2019-20 to 2023-24 are shown in **Table 2.12**.

<sup>12</sup> Includes Central Share: ₹ 60.80 crore and State share ₹ 6.76 crore for SDRF for the year 2023-24 and central share of ₹ 14.20 crore and State share ₹ 1.58 crore for SDMF.

Table 2.12: Trends in growth and composition of capital receipts (Net)

(₹ in crore)					
Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts	2,369.43	2,108.36	391.62	(-)62.65	497.29
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
Recovery of Loans and Advances	0.73	1.25	0.87	51.59	0.89
Public Debt Receipts	2,368.70	2,107.11	390.75	(-)114.24	496.40
Internal Debt	2,400.91	1,611.96	(-)102.61	(-)439.34	(-)168.34
Growth rate	95.46	(-)32.86	(-)106.37	(-)328.16	(-)61.68
Loans and advances from GoI (Net)	(-)32.21	495.15	493.36	325.10	664.75
Growth rate	(-)71.33	1,637.26	(-)0.36	(-)34.10	104.48
Rate of growth of debt Capital Receipts	95.84	(-)11.04	(-)81.46	*	534.52
Rate of growth of non-debt capital receipts	21.67	71.23	(-)30.40	5,829.88	(-)98.27
Rate of growth of GSDP	8.69	(-)1.19	16.91	16.12	14.20
Rate of growth of Capital Receipts (per cent)	95.80	(-)11.02	(-)81.43	*	893.76

**Source:** Finance Accounts and for GSDP-Directorate of Economics and Statistics, Government of Tripura\*ROG of Capital receipts is not calculated as the net receipt was negative.

During 2023-24, Capital Receipts (Debt + Non-Debt) was ₹ 1,401.57 crore and repayment of Debt was ₹ 904.27 crore. As a result, there was net Capital Receipts of ₹ 497.29 crore during the year.

- Out of total Public Debt receipt of ₹ 1,400.68 crore, the internal debt was ₹ 703.22 crore against which ₹ 871.56 crore was repaid during 2023-24, resulting in negative balance of ₹ 168.34 crore during the year. The trend of net receipt of internal borrowing was, however, improved during three out of the five years period 2019-24.
- Receipts as loan from GoI was ₹ 697.46 crore including ₹ 662.92 crore as Special Assistance for Capital expenditure and repaid ₹ 32.71 crore during the year, as a result the net receipts from GoI was ₹ 664.75 crore in 2023-24. However, the net loan from GoI increased by ₹ 339.40 crore in 2023-24 due to less repayment of loan of ₹ 30.10 crore under Loans for State Plan Schemes and ₹ one crore under Centrally Sponsored Plan Schemes.

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

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

During 2023-24, the total Revenue Receipts of the State was ₹ 20,538.02 crore of which ₹ 3,707.93 crore (18.05 per cent) was from state's own sources. State

Government received over 81.95 *per cent* of Revenue from GoI as Grants-in-aid and State's Share of Union Taxes and Duties during the year 2023-24.

The actual collection of the Own Tax Revenue during 2023-24 constituted 88.66 *per cent* of own resources while Non-Tax Revenue was 11.34 *per cent* during the year. The Own Tax Revenue was 97.84 *per cent* of the Budget Estimates and 97.23 *per cent* of the XV FC projections for the year 2023-24. The actual position of Own Tax and Non-tax Revenue receipts *vis-à-vis* the projections of XV FC *vis-a-vis* Budget Estimates of the State during for the year 2023-24 are shown in **Table 2.13**.

**Table 2.13: Tax and non-tax receipts *vis-à-vis* projections for 2023-24**

(₹ in crore)

Particulars	XV-FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
				Budget Estimates	FC projections
Own Tax revenue	3,381.00	3,360.00	3,287.41	97.84	97.23
Non-tax revenue	591.00	450.00	420.51	93.45	71.15
<b>Total</b>	<b>3,972.00</b>	<b>3,810.00</b>	<b>3,707.92</b>	<b>97.32</b>	<b>93.35</b>

Source: XV FC, Budget at a Glance and Finance Accounts.

## 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. Analysis of allocation of expenditure in the State is given in succeeding paragraphs.

### 2.4.1 Growth and composition of expenditure

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

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

**Loans and Advances:** Loans and Advances by the State Government to the Public Sector Undertakings (PSUs) and other parties.

The trend of overall expenditure and its composition during last five years period from 2019-20 to 2023-24 are shown in **Table 2.14**.

**Table 2.14: Total expenditure and its composition***(₹ in crore)*

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Expenditure (TE)</b>	<b>14,263.88</b>	<b>15,202.79</b>	<b>17,548.27</b>	<b>19,873.33</b>	<b>21,176.49</b>
Revenue Expenditure (RE)	13,376.91	14,367.82	16,125.24	17,738.71	18,342.05
Capital Expenditure (CE)	883.22	832.08	1,368.95	2,024.97	2,734.19
Loans and Advances	3.75	2.89	54.08	109.65	100.25
TE/GSDP	26.34	28.41	28.17	27.47	25.63
RE/GSDP	24.70	26.85	25.88	24.52	22.20
CE/GSDP	1.63	1.56	2.20	2.80	3.31
Loans and Advances/GSDP	0.01	0.01	0.09	0.15	0.12

**Source:** *GSDP figures as Advanced Estimates for 2022-23 furnished by the Directorate of Economic and Statistics, Govt. of Tripura.*

**Tables 2.14** shows that during the last five years period, the total expenditure increased by ₹ 6,912.61 crore (48.46 per cent) from ₹14,263.88 crore in 2019-20 to ₹21,176.49 crore in 2023-24. The percentage of total expenditure to GSDP ranged between 25.63 per cent and 28.41 per cent during the period. While the percentage of Revenue expenditure to GSDP varied from 22.20 per cent to 26.85 per cent, the percentage of Capital expenditure to GSDP was ranged between 1.56 per cent and 3.31 per cent during the period of last five years. The percentage of Revenue expenditure to GSDP decreased to 22.20 per cent in 2023-24 from 24.52 per cent in 2022-23 and the Capital expenditure to GSDP increased to 3.31 per cent from 2.80 per cent during the same period.

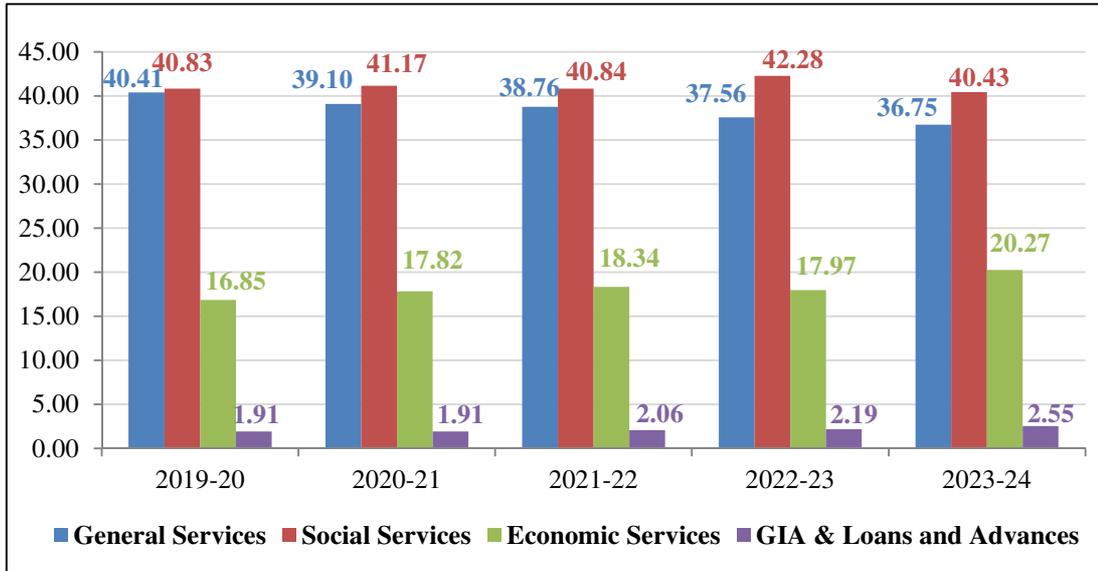
The composition of total expenditure by activities during the period of last five years is shown in **Table 2.15**.

**Table 2.15: Relative share of various sectors of expenditure***(₹ in crore)*

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	5,764.58	5,944.80	6,801.84	7,464.53	7,782.60
Social Services	5,824.14	6,258.92	7,165.85	8,401.48	8,562.15
Economic Services	2,403.41	2,709.63	3,218.52	3,571.71	4,292.10
Others (Grants to Local Bodies and Loans and Advances)	271.75	289.44	362.07	435.61	539.62

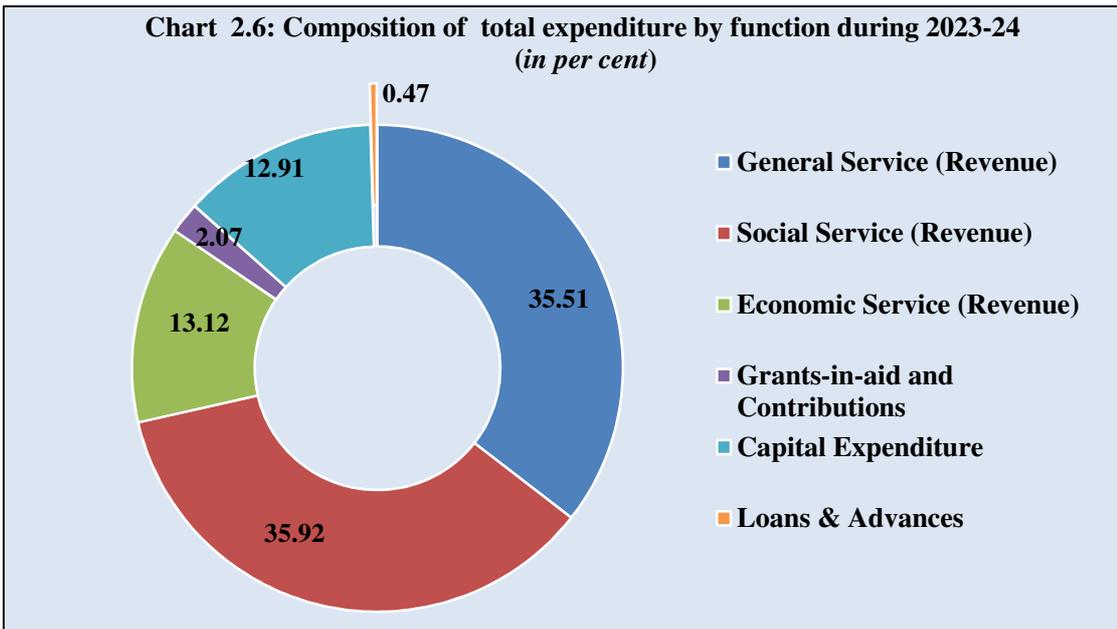
**Source:** *Finance Accounts*

**Chart 2.5: Share in expenditure by activities to total expenditure (in per cent)**



Source: Finance Accounts

**Table 2.15** and **Chart 2.5** shows the relative share of expenditure by activities to total expenditure during last five years period 2019-24 of the State. It is seen from **Chart 2.5** that the percentage to total expenditure in General Services was ranged between 36.75 per cent and 40.41 per cent while the percentage in Social Services ranged between 40.43 per cent and 42.28 per cent during the period. The share of Economic Services during the period ranged between 16.85 per cent and 20.27 per cent and it increased from 17.97 per cent in 2022-23 to 20.27 per cent in 2023-24 of the total expenditure. However, the percentage of expenditure in respect of Social Services decreased and Loans & GIA increased slightly during 2023-24 as compared to 2022-23, as can be seen in **Chart 2.5**. Composition of total expenditure by function during 2023-24 is shown in **Chart 2.6**.



Source: Finance Accounts 2023-24

Tripura's fiscal trajectory in 2023-24 reflects a shift towards higher capital expenditure and economic services investments, which is a positive step for long-term growth. However, the persistence of high revenue expenditure, rising debt obligations, and declining allocations to critical social sectors pose serious fiscal risks. The state needs improved expenditure efficiency, better resource mobilization, and stricter debt management to maintain fiscal sustainability while ensuring inclusive economic development.

## 2.4.2 Revenue Expenditure

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

The trend of Revenue Expenditure (RE) and its basic parameters like growth of Revenue Expenditure, ratio of total expenditure, GSDP and Revenue Receipts (RR) during the last five year period from 2019-20 to 2023-24 are shown in **Table 2.16**.

**Table 2.16: Revenue Expenditure - Basic Parameters**

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	14,263.88	15,202.79	17,548.27	19,873.33	21,176.49
Revenue Expenditure (RE)	13,376.91	14,367.82	16,125.24	17,738.71	18,342.05
Rate of growth of RE (per cent)	12.51	7.41	12.23	10.01	3.40
Revenue Expenditure as percentage of TE	93.78	94.51	91.89	89.26	86.62
RE/GSDP (per cent)	24.70	26.85	25.78	24.42	22.20
Revenue Receipts	11,001.59	13,292.40	17,613.95	18,309.01	20,538.02
Rate of growth of RR (in per cent)	(-) 8.56	20.82	32.51	3.95	12.17
RE as percentage of RR	121.59	108.09	91.55	96.89	89.31
Rate of growth of GSDP (in per cent)	8.69	(-)1.19	16.44	16.12	14.21
<i>Buoyancy of Revenue Expenditure with</i>					
GSDP (ratio)	1.44	*	0.70	0.62	0.24
Revenue Receipts (ratio)	(-)1.46	0.36	0.38	2.53	0.28

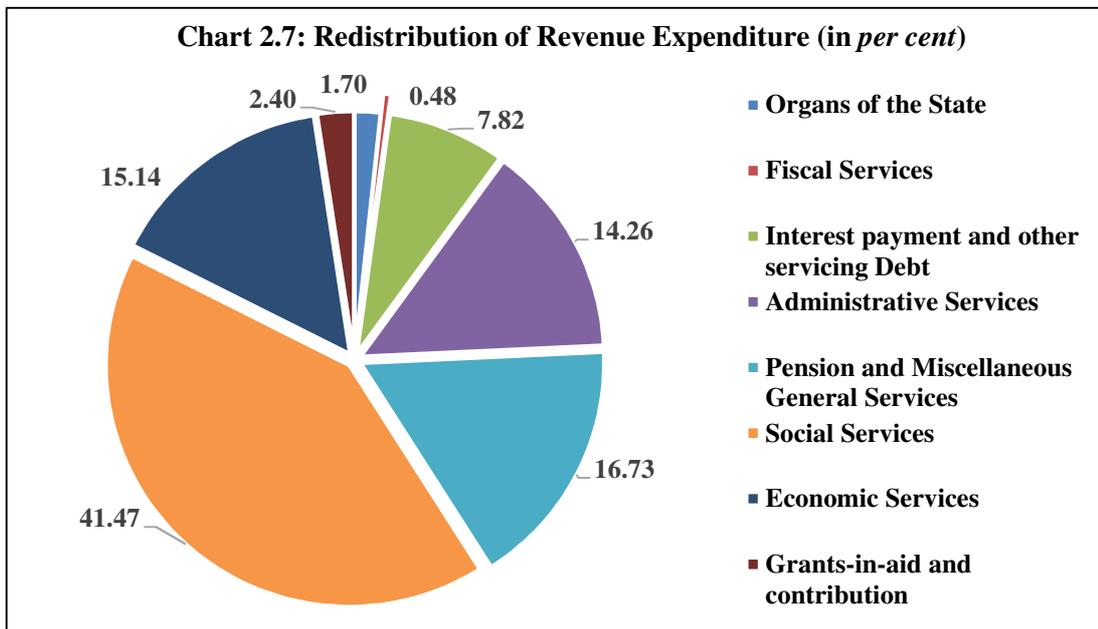
**Source:** Finance Accounts. \* Buoyancy was not calculated as the ROG of GSDP was negative.

**Table 2.16** shows that the Revenue expenditure increased from ₹ 13,376.91 crore in 2019-20 to ₹ 18,342.05 crore in 2023-24 with a growth rate ranging between 3.40 per cent and 12.51 per cent during the last five years period. It was 3.40 per cent in 2023-24 which was, however, lower than the rate of growth (10.01 per cent) of the previous year. On the other hand, the percentage of RE to TE ranged between 86.62 per cent and 94.51 per cent during the same period. It was 86.62 per cent in 2023-24 which was lower than the previous year. The ratio of RE to GSDP ranged

between 22.20 per cent and 26.85 per cent during the five years period 2019-24. It was 22.20 per cent in 2023-24 against the percentage of 24.42 per cent in the previous year. The buoyancy ratio of RE with GSDP, decreased in 2023-24 and the buoyancy with reference to the Revenue Receipts was 0.28 per cent during the year.

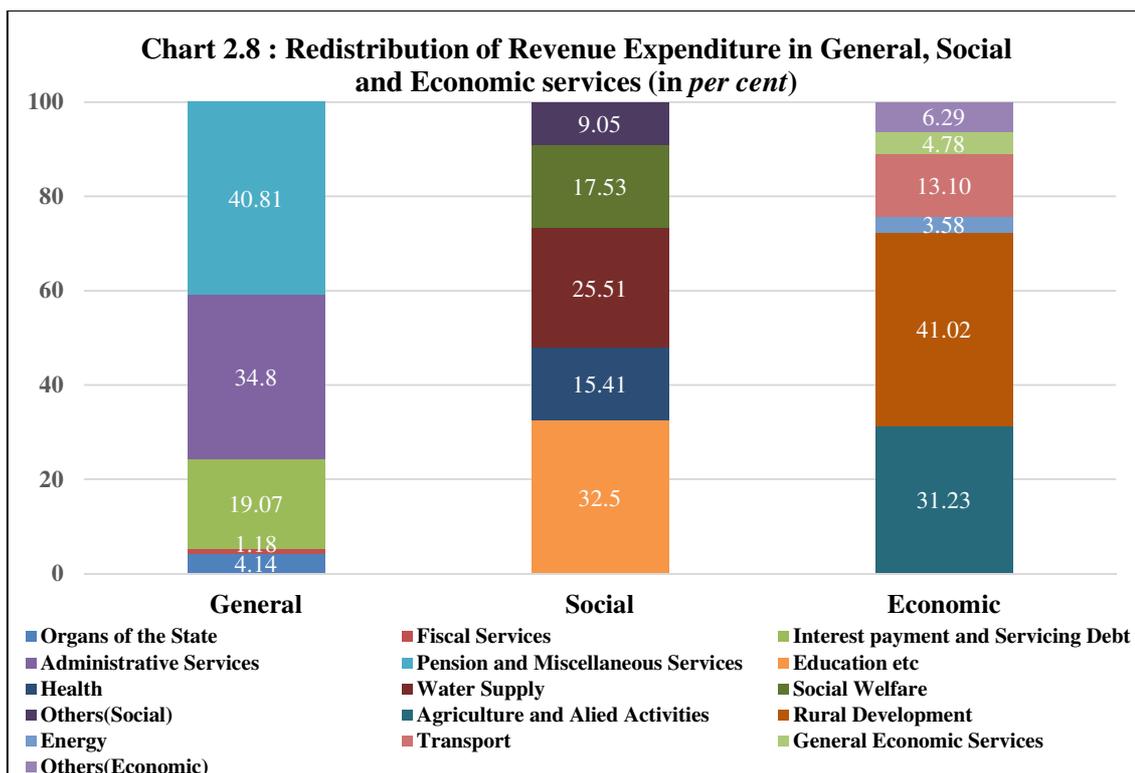
During 2023-24, out of total Revenue expenditure of ₹ 18,342.05 crore, the expenditure in General services, Social Services and the Economic Services were ₹ 7,519.22 crore (40.99 per cent), ₹ 7,605.61 crore (40.92 per cent) and ₹ 2,777.84 crore (15.14 per cent) respectively. Expenditure on Grants-in-aid and contribution was ₹ 439.37 crore (2.40 per cent) during the year.

During 2023-24, the Revenue Expenditure has been distributed in different sectors as shown in **Chart 2.7**.



Source: Finance Accounts 2023-24

The re-distribution of the Revenue expenditure in General, Social and Economic services in different sectors during 2023-24 are shown in **Chart 2.8**.



Source: Finance Accounts 2023-24

#### 2.4.2.1 Major changes in Revenue Expenditure

Significant variations under various Heads of Account with regard to the revenue expenditure of the State during the current year *vis-a-vis* the previous year are depicted in Table 2.17.

**Table 2.17: Variation in Revenue Expenditure during 2023-24 compared to 2022-23**

(₹ in crore)

Major Heads of Account	2022-23	2023-24	Increase(+)/ Decrease (-)
2055-Police	1,589.33	1,816.18	226.85
2049-Interest Payments	1,373.52	1,333.42	40.10
2071-Pensions and Other Retirement Benefits	2,678.06	3,065.40	387.34
2216-Housing	1,793.12	1,369.35	(-)423.77
2225-Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes	466.05	571.01	104.96
2235-Social Security and Welfare	1,263.36	1,168.21	(-)95.15
2405-Fisheries	62.51	78.15	15.64
2401-Crop Husbandry	389.84	416.83	26.99
2501-Special Programme for Rural Development	207.32	455.24	247.92
2515-Other Rural Development Programmes	775.23	668.32	(-)106.91
2801-Energy	123.55	99.43	(-)24.12
2851-Village Industries	63.73	80.23	16.50
3054-Roads and Bridges	427.02	349.15	(-)77.87
3604-Compensation and assignments to Local Bodies and Panchayet	325.96	439.37	113.41

Source: Finance Accounts

**Table 2.17** shows that;

- Expenditure increased by ₹ 226.85 crore (14.27 per cent) under Major Head 2055-Police over previous year mainly due to increase in expenditure towards Direction and Administration (by ₹ 1,219.48 crore) during 2023-24.
- There was an increase of ₹ 387.34 crore (14.46 per cent) under 2071-Pensions and Other Retirement benefits mainly due to increase in expenditure on Superannuation and Retirement Allowances by ₹ 316.63 crore (22.43 per cent), Family pensions by ₹ 81.97 crore (14.58 per cent), Pensionary charges in respect of High Court Judges by ₹ 0.46 crore (156.15 per cent) and Government contribution for Defined Contribution in Pension by ₹ 22.49 crore (134.20 per cent) respectively during the year compared to the previous year.
- Expenditure decreased by ₹ 423.77 crore (23.63 per cent) under Major Head 2216-Housing over previous year mainly due to decrease in expenditure towards implementation of Pradhan Mantri Awas Yojana in Rural Areas, Special component Plan for the Scheduled Castes, Tribal Areas Sub-plan and recoveries of overpayments during 2023-24.
- Expenditure decreased by ₹ 95.14 crore (7.53 per cent) under Major Head 2235-Social Security and Welfare mainly due to decrease in expenditure under Child Welfare, Correctional services, Tribal Area Sub-Plan, Special Component Plan for Scheduled Caste under Social Welfare and Other Relief Measures.
- Moreover, there were increase in expenditure under Major Heads 2405-Fisheries, 2401-Crop Husbandry, and 2851-Village Industries during the year 2023-24.
- Expenditure increased by ₹ 247.92 crore (119.58 per cent) under Major Head 2501-Special Programme for Rural Development was mainly due to increase in expenditure under Integrated Rural Energy Planning Programme by ₹ 230.99 crore (200.25 per cent) and ₹ 5.93 crore (670 per cent) under National Rural Livelihood Mission under Self Employment Programme during 2023-24.
- Major decrease in expenditure under Major Head 2515-Other Rural Development Programme by ₹ 106.91 crore (13.79 per cent) was mainly due to decrease in expenditure under Community Development by ₹ 94.94 crore (99.69 per cent).
- Interest payments and servicing debt under Major Head 2049 was decreased by ₹ 40.10 crore (2.92 per cent) mainly due to less interest payments on GoI loans of ₹ 2.33 crore (21.54 per cent) as compared to the previous year.

#### **2.4.2.2 Committed Expenditure**

Committed Expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It has first charge

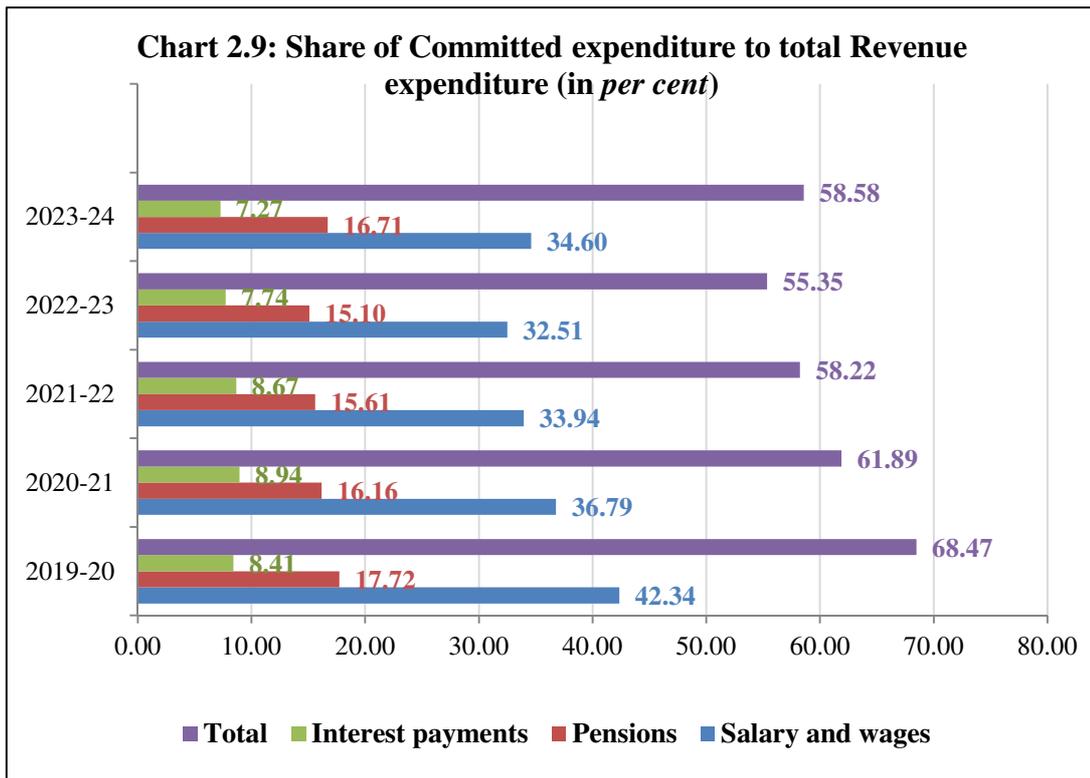
on the Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure in revenue expenditure is shown in **Table 2.18**.

**Table 2.18: Components of Committed and Inflexible Expenditure during 2019-20 to 2023-24**

(₹ in crore)					
Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries & Wages	5,663.11	5,285.81	5,472.39	5,766.87	6,346.58
Expenditure on Pensions	2,370.59	2,321.61	2,516.49	2,678.06	3,065.40
Interest payments	1,124.98	1,284.81	1,398.16	1,373.52	1,333.42
<b>Total</b>	<b>9,158.68</b>	<b>8,892.23</b>	<b>9,387.04</b>	<b>9,818.45</b>	<b>10,745.40</b>
Component of Inflexible Expenditure					
Statutory devolution to local bodies (Grants-in-aid salaries and expenditure for creation of capital assets)	571.55	1,652.91	755.77	1,580.04	1,755.94
Contribution to Reserve Funds	6.37	53.54	280.15	289.79	112.14
Recoupment of Contingency Fund	Nil	Nil	Nil	Nil	Nil
Transfer of Cess to Reserve Funds/other bodies	22.83	304.51	290.87	424.65	347.89
Share of contribution of CSS against the Central Fund received	NA	270.28	601.83	895.45	902.03
Payment of interest on the balances of the interest bearing funds as if they could have been invested and payment of interest on Public Debt as charged expenditure-interest payments	NA	NA	15.49	11.95	NA
<b>Total:</b>	<b>600.75</b>	<b>2,281.24</b>	<b>1,944.11</b>	<b>3,201.88</b>	<b>3,118.00</b>
As percentage of Revenue Receipts(RR)					
Committed Expenditure					
Salaries & Wages	51.48	39.77	31.07	31.50	30.90
Expenditure on Pensions	21.55	17.47	14.29	14.63	14.93
Interest payments	10.22	9.67	7.94	7.50	6.49
<b>Total:</b>	<b>83.25</b>	<b>66.90</b>	<b>53.29</b>	<b>53.63</b>	<b>52.32</b>
<b>Inflexible expenditure</b>	<b>5.46</b>	<b>17.16</b>	<b>11.04</b>	<b>17.48</b>	<b>15.18</b>
As percentage of Revenue Expenditure(RE)					
Salaries & Wages	42.34	36.79	33.94	32.51	34.60
Expenditure on Pensions	17.72	16.16	15.61	15.10	16.71
Interest payments	8.41	8.94	8.67	7.74	7.27
<b>Total:</b>	<b>68.47</b>	<b>61.89</b>	<b>58.22</b>	<b>55.35</b>	<b>58.58</b>
<b>Inflexible expenditure</b>	<b>4.49</b>	<b>15.88</b>	<b>12.06</b>	<b>18.05</b>	<b>17.00</b>
<b>Non-Committed Revenue expenditure</b>	<b>4,218.23</b>	<b>5,475.59</b>	<b>6,738.20</b>	<b>7,920.26</b>	<b>7,596.65</b>
Percentage of Revenue expenditure	31.53	38.11	41.78	44.65	41.42
Percentage of total expenditure	29.57	36.02	38.40	39.85	35.87
<b>Payment of subsidies</b>	<b>56.62</b>	<b>145.83</b>	<b>132.27</b>	<b>161.80</b>	<b>121.93</b>
Subsidies as percentage of Non-committed expenditure	1.34	2.66	1.96	2.04	1.61

Source: Finance Accounts. NA: Not available.

The Committed and Non-committed Revenue expenditure along with their percentage with RE during last five years period from 2019-20 to 2023-24 are shown in **Table 2.18**. It can be seen that while the Committed Expenditure in absolute term increased by ₹ 926.95 crore (9.44 *per cent*) in 2023-24 over the previous year, the percentage of Committed Expenditure to RE increased to 58.58 *per cent* from 55.35 *per cent* during the same period mainly due to decrease in expenditure on Interest payments during 2023-24. However, the percentage of non-committed expenditure to RE as well as total expenditure decreased marginally during the year 2023-24. The share of Committed Expenditure to RE during five years period from 2019-20 to 2023-24 are also shown in **Chart 2.9**.



Source: Finance Accounts

### Salary and wages

Expenditure on salary and wages increased by ₹ 579.71 crore (10.05 *per cent*) during 2023-24 as compared to previous year which constituted 30.90 *per cent* of Revenue receipts and 34.60 *per cent* of Revenue expenditure during the year. Salary expenditure increased mainly in Home (Police), Health, Health (AGMC and GBPH), Food, Civil Supplies & Consumer Affairs, Panchayati Raj, Rural Development, Fisheries, Education (Higher), Family Welfare and Preventive Medicines Departments during 2023-24.

### Pension payments

Expenditure on pension payments increased by ₹ 387.34 crore (14.46 *per cent*) from ₹ 2,678.06 crore in 2022-23 to ₹ 3,065.40 crore in 2023-24 which constituted 16.71 *per cent* of Revenue expenditure and 14.93 *per cent* of Revenue receipts during

the year. The expenditure on pensions were increased mainly on Government Contribution for Defined Contribution Pension Scheme (134.20 *per cent*), Pensions to Legislators (5.54 *per cent*), Pensionary Charges in respect of High Court Judges (156.15 *per cent*), Superannuation and Retirement allowances (22.43 *per cent*) and Family Pensions (14.58 *per cent*). The expenditure on pensions, however, above the projections (₹ 2,884.00 crore) of XV Finance Commission (FC) for the year. As per records furnished by the State Government (May 2024), there was 78,363 pensioners (Superannuation pensioners: 48,969; Family pensioners: 31,077 and MLA pensioners of 184 including 83 Family pensioners) in the State as on 31 March 2024.

### Interest payments

During 2023-24, the interest payments of ₹ 1,333.42 crore constituted 7.27 *per cent* of Revenue expenditure and 6.49 *per cent* of Revenue receipts. The interest payments during the year decreased by ₹ 40.10 crore (2.92 *per cent*) as compared to 2022-23 mainly due to less interest payments on the Internal borrowings (by ₹ 42.60 crore) and various loans from GoI (by ₹ 2.34 crore) off set by increase of interest payments on Small Savings, Provident Funds, etc (by ₹ 16.78 crore) during the year as compared to the previous year. The interest payments, however, remained within the projections (₹ 1,628.00 crore) of the XV FC for the year.

### 2.4.2.3 Undischarged liabilities in National Pension System

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

There was a balance of ₹ 0.02 crore in the Defined Contributory Pension Scheme fund as on 31 March 2018 *i.e.* prior to implementation of NPS in the State.

As per information furnished by the State Government there were 11,646 employees (11,601 State government employees and 45 AIS Gr.(A) employees) under NPS in the State as on 31 March 2024.

The status of the funds under Defined Contributory Pension Scheme account during last five years period 2019-24 is given in **Table 2.19**.

**Table 2.19: Status of pension fund during 2019-20 to 2023-24**

(₹ in crore)

Year	Opening Balance	Receipts during the year	Total	Disbursement <sup>13</sup>	Closing Balance
2019-20	0.01	4.12	4.13	3.61	0.52
2020-21	0.52	12.39	12.91	12.63	0.28
2021-22	0.28	19.56	19.84	19.26	0.58
2022-23	0.58	33.81	34.39	33.34	1.05
2023-24	1.05	70.16	71.21	70.18	1.03

Source: Finance Accounts 2023-24.

There was un-transferred Fund of ₹ 1.05 crore in Defined Contributory Pension Scheme at the beginning of the financial year 2023-24. During 2023-24, the State Government deposited ₹ 70.16 crore (employees' contributions: ₹ 30.51 crore and Government's contribution: ₹ 39.65 crore) into the Fund created under MH 8342-117 and transferred ₹ 70.18 crore (employees' contributions: ₹ 30.72 crore and Government's contribution: ₹ 39.46 crore) to NSDL leaving a balance of ₹ 1.03 crore in the Fund at the end of 31 March 2024. Non-transferring of contribution may accumulate the interest liabilities of ₹ 0.09 crore of the State Government.

The State Government did not contribute the interest liability of ₹ 0.07 crore at the rate of 7.10 per cent on the balance of ₹ 1.05 crore at the beginning of the year 2023-24.

### Inflexible expenditure

The components of inflexible expenditure which include among others Statutory devolution to local bodies and contribution to Reserve Funds showed an increasing trend during last five-year period from 2019-20 to 2023-24 except 2021-22. The devolution to local bodies was the major part (56.32 per cent) of the inflexible expenditure during 2023-24 due to more grants-in-aid given to them for creation of capital assets which increased by ₹ 160.90 crore (12.18 per cent) over the previous year. The grants-in-aid of ₹ 273.51 crore was given for salary and allowances during the year out of total devolution of ₹ 1,755.94 crore to the local bodies during 2023-24. As a percentage of revenue expenditure, the inflexible expenditure decreased from 18.05 per cent (₹ 3,201.88 crore) in 2022-23 to 17.00 per cent (₹ 3,118.00 crore) in 2023-24.

#### 2.4.2.4 Subsidies

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

During 2023-24, the State Government provided subsidies of ₹ 121.93 crore through various departments which were 0.59 per cent of RR and 0.66 per cent of RE of the

<sup>13</sup> During 2018-19, out of total disbursement of ₹ 0.82 crore, only ₹ 0.57 crore was transferred to NSDL. However, during 2019-20, ₹ 0.35 crore was directly transferred to NSDL by State Nodal Agency.

State during the year. The quantum of subsidy, however, decreased by ₹ 39.87 crore (24.64 per cent) during 2023-24 as compared to the previous year. The expenditure on subsidies to the total expenditure during the year was 0.58 per cent. Major part of subsidy was provided by the State Government through Power Department (TSECL) (₹ 63.75 crore), Food Civil Supplies and Consumers Affairs (₹ 30.57 crore), Agriculture (₹ 20.29 crore) and Industries and Commerce (₹ 6.00 crore) Departments, respectively during 2023-24.

**Table 2.20: Expenditure on subsidies during 2019-24**

(₹ in crore)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	56.62	145.83	132.27	161.80	121.93
Subsidies as a percentage of Revenue Receipts	0.51	1.10	0.75	0.88	0.59
Subsidies as a percentage of Revenue Expenditure	0.42	1.01	0.82	0.91	0.66
Subsidies as a percentage of total expenditure	0.40	0.96	0.75	0.81	0.58
Subsidies as a percentage of Revenue Deficit (-)/Surplus(+)	(-)2.38	(-)13.56	8.88	28.37	5.55
Power subsidies as a percentage of total subsidy	-	27.43	35.53	45.12	52.28

Source: Finance Accounts

Power subsidy constituted predominant part of the total subsidy ranging between 27.43 per cent and 52.28 per cent during last four out of five years period from 2019-20 to 2023-24 except 2019-20.

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

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

The trend of the financial assistance provided by the State Government during the period of last five years from 2019-20 to 2023-24 are shown in Table 2.21.

**Table 2.21: Financial Assistance to Local Bodies and others during 2019-20 to 2023-24**

(₹ in crore)					
Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	263.89	533.70	391.74	571.97	676.66
Panchayati Raj Institutions	145.63	554.26	248.24	216.07	76.46
<b>Total (A)</b>	<b>409.52</b>	<b>1,087.96</b>	<b>639.98</b>	<b>788.04</b>	<b>753.12</b>
<b>(B) Others</b>					
Other Institutions	2,229.00	1,777.53	3,751.24	5,459.01	5,653.62
<b>Total (B)</b>	<b>2,229.00</b>	<b>1,777.53</b>	<b>3,751.24</b>	<b>5,459.01</b>	<b>5,653.62</b>
<b>Total (A+B)</b>	<b>2,638.52</b>	<b>2,865.49</b>	<b>4,391.22</b>	<b>6,247.05</b>	<b>6,406.74</b>

Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
Grants-in-Aid on salary	284.17	261.65	260.78	257.66	273.51
Grants-in-Aid for creation of Capital assets	287.38	1,391.26	494.99	1,321.53	1,482.43
Grants-in-Aid for non-salary	2,066.97	1,212.58	3,635.45	4,667.86	4,650.80
<b>Grants-in-Aid given in kind</b>	<b>Information not furnished by the State Government</b>				
Revenue Expenditure	13,376.91	14,367.82	16,125.24	17,738.71	18,342.05
Assistance as percentage of Revenue Expenditure	19.72	19.94	26.55	35.22	34.93

Source: Finance Accounts

**Table 2.21** shows that during 2023-24, the Government provided Financial Assistance as grants-in-aid to the Local Bodies and other Autonomous Bodies to the tune of ₹ 6,406.74 crore which substantially increased by ₹ 159.70 crore (2.56 per cent) from ₹ 6,247.05 crore in 2022-23 mainly due to increase in grants-in-aid given to other institutions by ₹ 194.61 crore (3.56 per cent) over the previous year. The quantum of grants to the Local Bodies in 2023-24 decreased by ₹ 34.94 crore (4.43 per cent) due to decrease of grants to Panchayati Raj Institutions by ₹ 139.63 crore (64.62 per cent) over the previous year.

It was noticed that out of the total financial assistance of ₹ 6,406.74 crore to others, the Government had given grants of ₹ 1,482.43 crore for creation of Capital assets of which ₹ 3.29 crore was given to Gram Panchayats and booked as Capital expenditure instead of Revenue Account during 2023-24.

### 2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. Capex in both Centre and State is being met from budgetary support and extra budgetary resources/off budget. Of late, the infrastructure requirements have increased manifold and SPVs have been set up to carry out bulk of capex. It also includes investments made by the State Government in Companies and Corporations. The trend of Capital expenditure and its percentage to total expenditure during last five years is shown in **Table 2.22** and **Chart 2.10**.

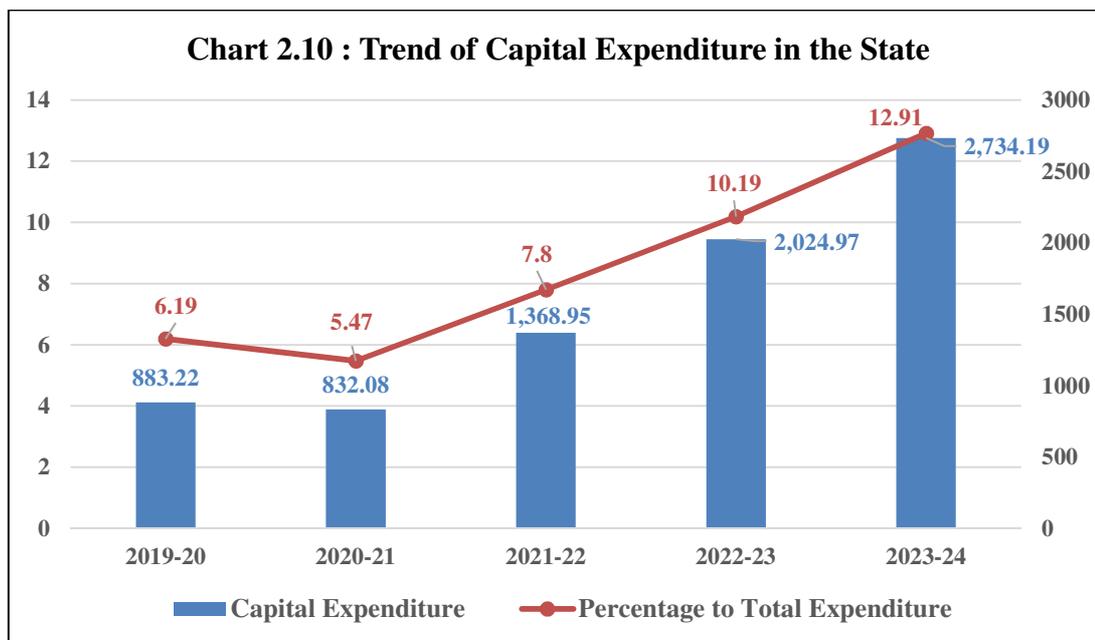
**Table 2.22: Capital Expenditure - Basic Parameters**

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	14,263.88	15,202.79	17,548.27	19,873.33	21,176.49
Capital Expenditure (CE)	883.22	832.08	1,368.95	2,024.97	2,734.19
Rate of growth of CE (per cent)	(-)40.36	(-)5.79	64.52	47.92	35.02
Capital Expenditure as percentage of TE	6.19	5.47	7.80	10.19	12.91
CE/GSDP (per cent)	1.63	1.56	2.20	2.80	3.31

(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts	2,369.43	2,108.36	391.62	(-)62.65	497.29
Rate of growth of CR(in <i>per cent</i> )	95.80	(-)11.02	(-)81.43	(-)116.00	893.76
CE as percentage of CR	37.28	39.47	349.57	(-)3,232.20	549.82

Source: Finance Accounts.



Source: Finance Accounts

**Chart 2.10** shows that the capital expenditure fluctuated during the last five years period. There was a decreasing trend from ₹ 883.22 crore (6.19 *per cent* of total expenditure) in 2019-20 to ₹ 832.08 crore (5.47 *per cent* of total expenditure) in 2020-21. Thereafter there was an upward trend and it stood at ₹ 2,734.19 crore substantially increased by ₹ 709.22 crore (35.02 *per cent*) in 2023-24 over the previous year, which was 12.91 *per cent* of the total expenditure. The Budget estimate of capital expenditure was ₹ 5,358.68 crore during 2023-24 against which the actual was ₹ 2,734.19 crore (51.02 *per cent* of BE and 3.31 *per cent* of GSDP) during the year.

It was seen that out of the capital expenditure of ₹ 2,734.19 crore, the State Government had provided grants-in-aid of ₹ 1,482.43 crore for creation of capital assets and ₹ 6.09 crore was given for other purposes (TTAADC, PRIs and ULBs) from the Capital account instead of Revenue account during the year which violates the Government Accounting Standards resulting in understatement of the revenue expenditure and overstatement of the capital expenditure to that extent during the year.

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

### 2.4.3.1 Major changes in capital expenditure

Major changes in capital expenditure during 2023-24 as compared to 2022-23 are depicted in **Table 2.23**.

**Table 2.23: Major changes in capital expenditure during 2023-24 compared to 2022-23**

(₹ in crore)			
Major Heads of Accounts	2022-23	2023-24	Decrease (-)/ Increase (+)
4055-Capital Outlay on Police	9.66	33.94	24.28
4059-Capital Outlay on Public Works	474.91	199.38	(-)275.53
4202-Capital Outlay on Education, Sports, Art and Culture	73.77	218.23	144.46
4210-Capital Outlay on Medical and Public Health	78.17	40.30	(-)37.87
4215-Capital Outlay on Water Supply and Sanitation	127.59	149.38	21.79
4217-Capital Outlay on Urban Development	258.94	426.13	167.19
4225-Capital Outlay on Welfare of SC, ST, OBC and Minorities	103.92	88.18	(-)15.74
4235-Capital Outlay on Social Security and Welfare	31.16	8.58	(-)22.58
4405-Capital Outlay on Fisheries	14.48	6.49	(-)7.99
4406-Capital Outlay on Forestry and Wild Life	110.62	98.25	(-)12.37
4515-Capital Outlay on other Rural Development Programme	32.40	50.45	18.05
4552-Capital Outlay on North Eastern Areas	16.71	0.03	(-)16.68
4575-Capital Outlay on Special Areas Development	22.79	0.00	(-)22.79
4702-Capital Outlay on Minor Irrigation	57.23	96.32	39.09
4711-Capital Outlay on Flood Control Projects	10.14	2.11	(-)8.03
4801-Capital Outlay on Power Projects	76.38	264.20	187.82
4851-Capital Outlay on Village and Small Industries	17.77	79.60	61.83
5054-Capital Outlay on Roads and Bridges	350.87	749.43	398.56
5055-Capital Outlay on Road Transport	11.53	20.42	8.89
5452-Capital Outlay on Tourism	4.00	17.65	13.65

Source: Finance Accounts

It can be seen from **Table 2.23** that the major changes in capital expenditure under major head 4059, 4202, 4210, 4217, 4575, 4801, 4851 and 5054 respectively. The capital expenditure increased mainly in Capital Outlay on Education, Sports, Art and Culture by ₹ 144.46 crore, on Urban Development by ₹ 167.19 crore. Capital Outlay increased by ₹ 398.56 crore in respect of Capital outlay on Roads and Bridges and increased by ₹ 187.82 crore towards Capital Outlay on Power projects during 2023-24.

On the other hand, the capital expenditure decreased mainly in Capital Outlay on Public Works by ₹ 275.53 crore, on Medical and Public Health by ₹ 37.87 crore, on

Social Security and Welfare by ₹ 22.58 crore and on Special Areas Development by ₹ 22.79 crore during the year.

- The capital expenditure under Education, Sports, Art and Culture increased mainly on General Education by ₹ 135.38 crore and Sports and Youth Services by ₹ 11.07 crore off set by decrease in expenditure in Technical Education and Art and Culture during 2023-24;
- Capital expenditure under Urban Development increased mainly in the works under State Capital Development by ₹ 104.88 crore during 2023-24 over previous year;
- Expenditure under Capital Outlay on Power Projects increased mainly under General expenditure by ₹ 187.82 crore during 2023-24;
- Expenditure under Capital Outlay on Roads and Bridges increased mainly under construction of District and Other Roads by ₹ 190.96 crore during 2023-24.

During 2023-24, the Capital Expenditure on Social and Economic Service increased by ₹ 272.85 crore (39.90 per cent), ₹ 676.19 crore (80.68 per cent) while General Service decreased by ₹ 239.83 crore (47.66 per cent) over the previous year respectively.

While Tripura has significantly increased its Capital Expenditure, the quality of investments and lack of financial transparency pose fiscal risks. The state must ensure efficient fund allocation, prevent wasteful investments, and improve monitoring mechanisms in order to maximise the long-term impact of its infrastructure-driven growth strategy.

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

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown that inevitability of the loans given to loss making corporations and other bodies such as financial corporations, *etc.* are written off. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

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

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

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

The State Government made investments in various Government Companies, Corporations and Co-operative Societies every year. The expenditure is debited on Capital Account with an aim to support strengthening of their functioning and to get some returns from them as dividend. Detail of the investments and returns as on 31 March during last five years period from 2019-20 to 2023-24 is depicted in **Table 2.24**.

**Table 2.24: Investment and Return**

(₹ in crore)

Investment/return/ borrowings cost of	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year	1,648.66	1,714.19	1,766.54	1,831.19	1,901.49
Return	7.94	6.62	1.63	11.66	7.85
Return ( <i>per cent</i> )	0.48	0.38	0.09	0.64	0.41
Average rate of interest on Government Borrowings ( <i>per cent</i> )	7.89	7.67	7.50	7.55	7.44
Difference between return and interest rate ( <i>per cent</i> )	(-)7.41	(-)7.29	(-)7.41	(-)6.91	(-)7.03
<b>Difference between interest on Government borrowings and return on investment<sup>#</sup></b>	<b>(-)124.55</b>	<b>(-)124.85</b>	<b>(-)130.90</b>	<b>(-)126.54</b>	<b>(-)133.67</b>

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

As on 31 March 2024, there were 16 working Government Companies, one Non-working Government Company, One statutory Corporation, one Bank, four joint stock companies/corporation and 25 Co-operative Societies. The State Government made investment of ₹ 1,901.49 crore<sup>14</sup> in these companies/corporations and Co-operative Societies as on 31 March 2024. As on 31 March 2023, the amount of investment was ₹ 1,831.19 crore, which increased by ₹ 70.30 crore with the fresh investment in seven Government Companies (₹ 63.68 crore) and eight Co-operative Societies (₹ 6.62 crore) during 2023-24. During 2023-24, the State Government received ₹ 7.85 crore as dividend from two Joint stock companies<sup>15</sup> for the year 2022-23 and 2023-24 and no dividend was received from any Government Company during the year.

Out of total investment of ₹ 63.68 crore in seven working Government Companies during 2023-24, ₹ 12.00 crore was invested in Tripura Handloom and Handicrafts Development Corporation Limited and ₹ 31.13 crore was invested in Tripura Jute Mills Limited which are loss making companies in the State.

The audit analysis of Tripura's investments in Public Sector Undertakings and other bodies for 2023-24 highlights serious concerns regarding the sustainability and financial viability of these investments. The erosion of net worth, low returns on investment, and continued losses in state-owned enterprises indicate inefficient capital

<sup>14</sup> Differs with the information furnished by the State Government and actually booked in the Accounts by ₹ 29.98 crore. This difference is under reconciliation.

<sup>15</sup> North East Transmission Company Ltd.: (₹ 7.40 crore) and ONGC Tripura Power Company Ltd.: (₹ 0.45 crore).

allocation and potential fiscal risks. The State Government's continued investment in loss-making PSUs with negative net worth represents a significant fiscal risk. The returns on these investments are far below borrowing costs, exacerbating financial inefficiencies.

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

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

In addition to the investments in cooperative societies, corporations and companies, the State Government has also been providing loans and advances to various organisations and Government servants for various purposes.

The quantum of loans and advances and recovered during last five year period are shown in **Table 2.25**.

**Table 2.25: Quantum of loans disbursed and recovered during five years period 2019-24**

(₹ in crore)					
Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	193.51	196.53	198.17	251.38	309.44
Amount advanced during the year	3.75	2.89	54.08	109.65	100.25
Amount recovered during the year	0.73	1.25	0.87	51.59	0.89
Closing Balance of the loans outstanding	196.53	198.17	251.38	309.44	408.80
Net addition	3.02	1.64	53.21	58.06	99.36
Interest received	0.06	0.08	0.15	0.05	0.13
Interest rate on Loans and Advances given by the Government.	11.20	11.20	7.00	10.30	7.50
Rate of Interest paid on the outstanding borrowings of the Government	7.89	7.67	7.50	7.55	7.44
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	3.31	3.53	0.50	2.75	0.06

During 2023-24, the Government disbursed ₹ 100.25 crore as Loans and Advances and recovered ₹ 0.89 crore from the Government Servants (₹ 0.39 crore) and Agriculture and Allied Activities (₹ 0.50 crore) during the year. The outstanding loans and advances at the end of 31 March 2024 stood at ₹ 408.80 crore. During 2023-24, the Government received ₹ 0.13 crore as interest on the loans given to the Government Servants mainly on House building and Computer Advances.

During 2023-24, the State Government had disbursed Loans and Advances of ₹ 100.25 crore out of which ₹ 100.00 crore was given to the Tripura State Electricity Corporation Limited as interest free loan during the year and ₹ 0.25 crore was given to the Government servants as House Building advances.

Scrutiny of the Finance Accounts revealed that out of the total outstanding loans and advances of ₹ 408.80 crore, no recovery of loans (Principal or interest) from 12 Departments had been affected during past several years while some of loans were more than 10 to 25 years old. Maximum amount of loan was lying outstanding with the Power Department (TSECL) of ₹ 256.75 crore during the year followed by the Medical and Public Health Department (₹ 81.00 crore) as on 31 March 2024.

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

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

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

As per information furnished by the State Government, there were 80 ongoing capital works with estimated cost of ₹ five crore and above. Expenditure of ₹ 554.35 crore was incurred on these works up to the end of March 2024, against the estimated cost of ₹ 1,363.22 crore. During 2023-24, ₹ 427.46 crore was incurred on these 80 works while one work under Water Resources was suspended for hydrographic survey of the river though the work was sanctioned on 11 May 2022. Details of those projects are given in **Table 2.26**.

**Table 2.26: Ongoing works as on 31 March 2024**

(₹ in crore)

Type of works	No of incomplete projects/works	Estimated cost	Expenditure incurred	
			During 2023-24	As on 31-03-2024
Building Works	29	367.75	50.39	88.32
Road Works	38	867.81	345.13	401.73
Bridges Works	2	27.44	5.42	13.52
Drinking Water and Sanitation Works	6	50.10	20.42	44.59
Water Resources	5	50.12	6.10	6.19
<b>Total:</b>	<b>80</b>	<b>1,363.22</b>	<b>427.46</b>	<b>554.35</b>

Source: Finance Accounts 2023-24

Further, there were 312 ongoing capital works with estimated cost less than ₹ five crore on which expenditure of ₹ 297.03 crore was incurred during 2023-24.

It was seen that out of 80 capital works costing ₹ five crore and above no payment was made in 19 cases as on 31 March 2024. In respect of 13 incomplete projects, the target date of completion had already been expired. Payment of ₹ 106.17 crore was made on these 13 works against the total estimated cost of ₹ 164.57 crore as on 31 March 2024 out of which ₹ 68.55 crore was paid during 2023-24.

The break-up of the 13 incomplete capital works for which the target date of completion was already expired as on 31 March 2024, are shown in **Table 2.27**.

**Table 2.27: Incomplete Capital works as on 31 March 2024**

(₹ in crore)

Type of works	Nos of incomplete projects/works	Estimated cost	Expenditure incurred	
			During 2023-24	As on 31-03-2024
Building Works	1	11.90	11.20	11.25
Road Works	6	98.85	38.64	45.93
Bridges Works	1	12.11	4.91	12.33
Water Resources	1	8.65	3.15	3.25
Drinking Water and Sanitation Works	4	33.06	10.65	33.41
<b>Total:</b>	<b>13</b>	<b>164.57</b>	<b>68.55</b>	<b>106.17</b>

Source: Finance Accounts 2023-24

It was noticed that out of 13 incomplete capital works mentioned in **Table 2.27**, the Building works with estimated cost of ₹ 11.90 crore was sanctioned in December 2021 with the target date of completion within October 2023 from the date of the sanction. The works started in May 2022 but remained incomplete even after incurring expenditure of ₹ 11.25 crore as on 31 March 2024, out of which expenditure of ₹ 11.20 crore for the work was incurred during the year 2023-24. Bridges works with estimated cost of ₹ 12.11 crore was sanctioned in April 2018 with target date of completion by June 2022 but remained incomplete after incurring an expenditure of ₹ 12.33 crore as on 31 March 2024.

The details of Age-wise incomplete projects on which an expenditure of ₹ 556.93 crore was incurred against the estimated cost of ₹ 1,146.54 crore as on 31 March 2024 are shown in **Table 2.28**.

**Table 2.28: Age-wise profile of incomplete projects as on 31 March 2024**

(₹ in crore)

Year of commencement	Number of incomplete works	Original Estimated cost	Expenditure incurred	
			During 2023-24	As on 31-3-2024
2019-20	4	143.26	3.96	31.30
2020-21	3	31.75	11.41	27.06
2021-22	11	142.30	46.60	80.70
2022-23	25	400.98	93.39	134.91
2023-24	25	428.55	273.82	282.96
<b>Total</b>	<b>68</b>	<b>1,146.54</b>	<b>429.18</b>	<b>556.93</b>

Source: Finance Accounts

The stakeholders are deprived of the benefits from the projects due to delay in completion of the works in time.

#### 2.4.4 Expenditure priorities

Enhancing human development levels require the States to step up their expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective State’s or national average. The higher the ratio of these components to total expenditure, the better the quality of expenditure. Fiscal priority of the State Government with regard to expenditure on Social and Economic sectors etc, is shown in **Table 2.29**.

**Table 2.29: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

Particulars	<i>(in per cent)</i>				
	TE/ GSDP	DE/TE	CE/TE	Education/ TE	Health/ TE
All India (2022-23)	16.46	66.92	15.26	14.42	5.10
NE and Himalayan States Average (2022-23)	27.57	63.55	15.56	15.77	6.94
Tripura State (2022-23)	27.47	60.79	10.74	11.86	5.69
All India (2023-24)	16.22	67.44	16.60	13.76	5.04
NE and Himalayan States Average (2023-24)	25.19	62.54	17.61	15.93	6.43
Tripura State (2023-24)	25.63	61.17	13.39	12.26	5.84

**Source:** *Finance Accounts*

It can be seen from **Table 2.29** that:

- During the year 2023-24, the percentage of development expenditure was less and the Capital expenditure with respect to total expenditure was higher than that of the percentage in 2022-23 of the State. But the percentage of both the components was less than that of the average percentage of NE and Himalayan States for the year 2023-24.
- The percentage of total expenditure in respect of the GSDP during 2023-24 was less than that of in 2022-23. But it was higher than the average percentage of NE and Himalayan States for the year 2023-24.
- The percentage of expenditure on both Education and Health to total expenditure during 2023-24 were more than that of the year 2022-23 in the State and it increased by 0.40 *per cent* in 2023-24 in respect of Education.

The audit analysis of Tripura’s fiscal priorities in Education, Health, and Capital Expenditure (CE) compared to the North Eastern & Himalayan (NE&H) States’ average for 2022-23 and 2023-24 highlights inadequate social sector funding, improved capital expenditure allocation, and the need for greater investment in human capital formation. Tripura has improved its Capital Expenditure but continues to underfund critical social sectors, particularly Education and Health. The declining share of health spending and below-average education expenditure highlight a misalignment in fiscal priorities.

## 2.5 Public Account

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

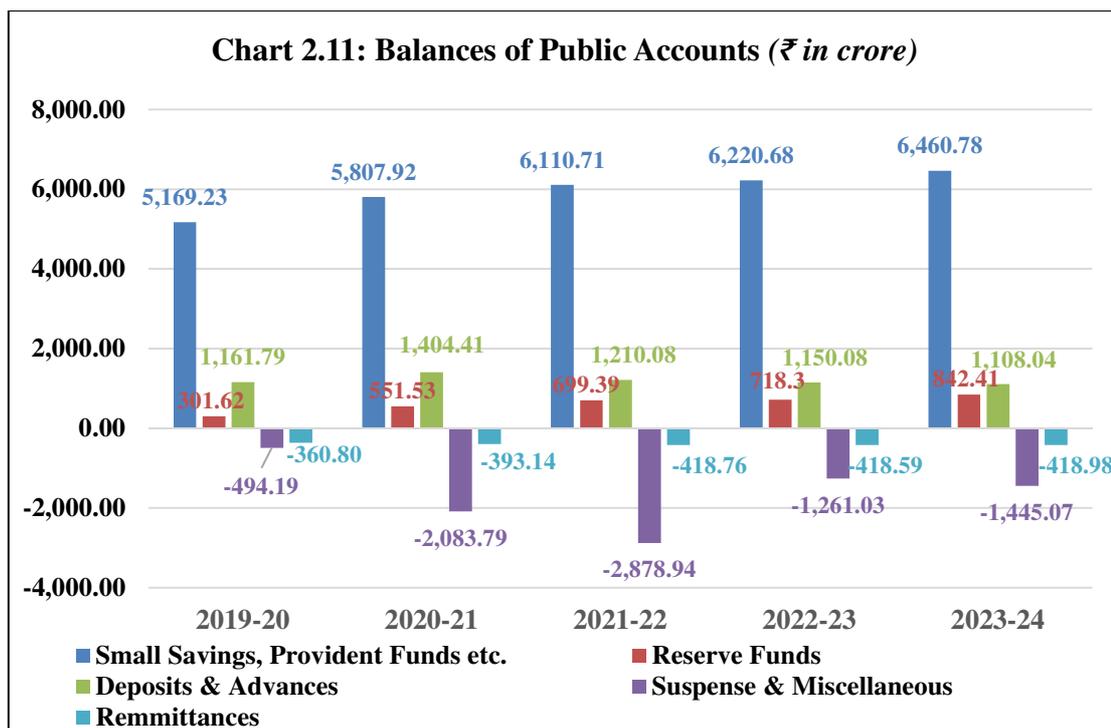
### 2.5.1 Net Public Account Balances

The component-wise net balances in Public Account of the State during last five years period 2019-20 to 2023-24 is shown in **Table 2.30**. The analysis of the Net balances of various components in the Public Account is given in the respective paragraphs.

**Table 2.30: Component-wise net balances in Public Account as of 31 March of the year 2019-20 to 2023-24**

(₹ in crore)						
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
<b>I.</b> Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	5,169.23	5,807.92	6,110.71	6,220.68	6,460.78
<b>J.</b> Reserve Funds	(a) Reserve Funds bearing Interest	292.65	443.96	526.13	523.50	647.48
	(b) Reserve Funds not bearing Interest	8.97	107.57	173.26	194.80	194.92
<b>K.</b> Deposits and Advances	(a) Deposits bearing Interest	0.52	0.29	0.58	1.05	11.69
	(b) Deposits not bearing Interest	1,162.14	1,404.19	1,211.83	1,151.36	1,098.68
	(c) Advances	(-)0.87	(-)0.07	(-)2.33	(-)2.33	(-)2.33
<b>L.</b> Suspense and Miscellaneous	(b) Suspense	(-)111.81	(-)113.84	(-)93.63	(-)99.79	(-)68.88
	(c) Other Accounts	(-)382.38	(-)1,969.95	(-)2,785.31	(-)1,161.24	(-)1,376.19
	(d) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
	(e) Miscellaneous	0.00	0.00	0.00	0.00	0.00
<b>M.</b> Remittances	(a) Money Orders, and other Remittances	(-)360.57	(-)393.67	(-)419.09	(-)419.09	(-)419.48
	(b) Inter-Governmental Adjustment Account	(-)0.23	0.53	0.33	0.50	0.50
<b>Total</b>		<b>5,777.65</b>	<b>5,286.93</b>	<b>4,722.48</b>	<b>6,409.44</b>	<b>6,547.17</b>

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



Source: Finance Accounts

## 2.5.2 Reserve Funds (RF)

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

As on 31 March 2024, there were two types of Reserve funds in the State viz. (i) Interest bearing and (ii) Non-interest bearing. The Interest-bearing Reserve Funds contains one Major Head (8121) while non-interest bearing Reserve Funds contains three Major Heads (8222, 8225 and 8235) during 2023-24. There was an inactive Reserve Fund in Minor head 101 under Major Head 8235-General and other Reserve Funds of Government Commercial Department/Undertakings where there was a balance of ₹ 420.51 lakh as on 31 March 2024. Details of transactions during the year in the active Reserve Funds are discussed below:

### 2.5.2.1 Consolidated Sinking Fund

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

According to guidelines of Reserve Bank of India, the State Governments are required to contribute at least 0.5 per cent of the outstanding liabilities as at the end of the previous year. The State is to make efforts to raise the minimum contribution every year. During 2023-24, the State Government contributed ₹ 100.95 crore against

minimum contribution of ₹ 109.39 crore<sup>16</sup> during the year. The Government contribution was less than the minimum contribution by ₹ 8.44 crore during the year. During 2023-24, the State Government received ₹ 71.07 crore as interest on this Sinking Fund Account and reinvested the same by the RBI during the year. The total accumulated fund was ₹ 1,153.80 crore at the end of 31 March 2024, against the balance of ₹ 981.77 crore at the end of 31 March 2023.

### 2.5.2.2 General and Other Reserve Funds

#### (a) State Disaster Response Fund

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

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

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

As per guidelines of the Scheme, the GoI and the State Governments are required to contribute to the Fund in the proportion of 90:10. As per the XV FC recommendation, the corpus of SDRF of Tripura for the year 2022-23 was fixed at ₹ 76 crore (SDRF: ₹ 60.80 crore and SDMF: ₹ 15.20 crore) for the year 2023-24. During 2023-24, the GoI released ₹60.80 crore towards SDRF. The State Government transferred ₹ 67.56 crore (Central share: ₹ 60.80 crore; State share ₹ 6.76 crore) to the SDRF account during the year. The State Government, however, had not received any amount from the GoI towards NDRF during 2023-24. The State Government had invested ₹ 10.00 crore from the fund in 182 days Treasury Bills during 2023-24. During the current year, the State Government had received ₹ 1.64 crore as interest from the investment of fund in 182 days Treasury Bills and leaving a balance of ₹ 173.49 crore as on 31 March 2024.

<sup>16</sup> Calculated on the total liabilities of ₹ 21,878.26 crore at the end of March 2024\*0.5 per cent.

During 2023-24, the State Government incurred ₹ 13.09 crore directly from the Public Account under Major Head 8121-122-SDRF, violating the prescribed SDRF guidelines.

Details of expenditure charged to SDRF during 2023-24 are given in **Table 2.31**:

**Table 2.31: Details of expenditure charged to SDRF during 2023-24**

(₹ in crore)		
Major Head of Account	Minor Head of Account	Expenditure during 2023-24
2245-05-State Disaster Response Fund	101-Transfer to State Disaster Response Funds and Deposit Account	67.69
<b>Total -2245</b>		<b>67.69</b>

Source: Finance Accounts

As per the SDRF guidelines, only expenditure booked under 2245-02-101 is admissible to be met from SDRF. It can be noticed from **Table 2.31** that ₹ 67.69 crore was charged under MH 2245-05 to MH 8121-SDRF and recouped by the State Government against the total expenditure of ₹ 13.09 crore during the year 2023-24 under the SDRF. There is, however, no expenditure booked under 2245-02-101 during the year by the State Government.

As on 31 March 2023, there was a balance of ₹ 115.73 crore<sup>17</sup> in the State Compensatory Afforestation Fund under Public Account which bears the interest of ₹ 11.98 crore<sup>18</sup>. The State Government did not credit any amount as interest to the fund during 2023-24

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

As per Section 48(1) of the Disaster Management Act, 2005, the State Government is to constitute the SDMF exclusively for the purpose of mitigation projects in respect of disaster covered under State Disaster Response Fund (SDRF/NDRF) guidelines. Accordingly, the Government of Tripura has created the SDMF under Major Head 8121-130 in Public Account vide notification in November 2017.

There was a balance of ₹ 30.31 crore in the SDMF as on 31 March 2023. During 2023-24, the Government transferred ₹ 15.78 crore (Central share: ₹ 14.20 crore and State share: ₹ 1.58 crore) grants received during 2022-23 and 2023-24 to the SDMF during 2023-24. The State Government had invested ₹ 15.00 crore from the fund in 182 days Treasury Bills during 2023-24. As on 31 March 2024, there was ₹ 31.09 crore lying un-invested in the fund.

<sup>17</sup> Excludes ₹ 10.00 crore invested during the year 2022-23

<sup>18</sup> Calculated at the rate of 8.50 per cent applicable to overdraft interest rate i.e. 2 per cent over WMA advances interest rate (Repo rate) calculated at an average for the number of days the Repo rate was applicable during the year 2023-24.

As on 31 March 2023, there was a balance of ₹ 15.31 crore<sup>19</sup> in the State Compensatory Afforestation Fund under Public Account which bears the interest of ₹ 2.59 crore<sup>20</sup>. The State Government did not credit any amount as interest to the fund during 2023-24.

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

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

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

As on 31 March 2023, there was a balance of ₹ 392.46 crore in the State Compensatory Afforestation Fund under Public Account which bears the interest of ₹ 13.15 crore<sup>21</sup>. The State Government did not credit any amount as interest to the fund during 2023-24. During 2023-24, the State Government received ₹ 10.66 crore from the user agencies and deposited under Major Head 8336-103-State Compensatory Afforestation Deposit. The State Government did not transfer ₹ 1.07 crore (10 *per cent* of 10.66 crore) to the National Compensatory Fund and ₹ 9.59 crore (90 *per cent* of 10.66 crore) to Major Head 8121-129-State Compensatory Afforestation Fund during the year. The Government also received ₹ 84.59 crore from National Compensatory Afforestation Deposit during the year. The State Government incurred ₹ 32.51 crore from the fund during 2023-24. As on 31 March 2024, there was a balance of ₹ 444.54 crore in the SCA Fund under MH 8121-129 which bears an interest as per the rate declared by the Central Government on year-to-year basis.

<sup>19</sup> Excludes ₹ 15.00 crore invested during the year 2022-23

<sup>20</sup> Calculated at the rate of 8.50 *per cent* applicable to overdraft interest rate i.e. 2 *per cent* over WMA advances interest rate (Repo rate) calculated at an average for the number of days the Repo rate was applicable during the year 2023-24.

<sup>21</sup> Calculated at the rate of 3.35 *per cent* fixed for the year 2023-24 by the Ministry of Forest, Environment and Climate Change, GoI.

### 2.5.2.3 Road Development Fund

In compliance to the provisions contained in Section 4 of Tripura Road Development Cess Act, 2018, the State Government has constituted a special fund called 'Road Development Fund' and created a Major Head 8225-Roads and Bridges Fund under the Public Account. It is a non-interest bearing non-lapsable fund created to utilize the collection of Road Development Cess from sales of petrol, diesel and natural gas for development of Roads in the State. As per accounting procedure, the Cess so collected should be credited under the Revenue Receipts Head 0045-00-112. Thereafter the fund should be transferred to the Public Account under the head as created through Revenue expenditure under MH 3054 or Capital expenditure under MH 5054 for the expenditure on Road Development works as a deduct expenditure.

During 2023-24, the State Government has collected ₹ 374.52 crore as Road Development Cess and transferred ₹ 330.61 crore through Revenue expenditure head 3054 to the fund under Public Account during the year. However, out of the total collection ₹ 374.52 crore, ₹ 43.91 crore was not transferred to the designated fund. During 2023-24, the State Government had incurred ₹ 330.48 crore from the Road and Bridges (Road Development) Fund which was transferred through MH 3054 (₹ 330.61 crore). There was a balance of ₹ 190.73 crore in the Roads and Bridges Fund under the Public Account as on 31 March 2024 for future use in Road Development purpose in the State.

In addition, during 2023-24 the State Government had received grants of ₹ 25.92 crore from GoI as Central Road (Central Road and Infrastructure) Fund to be utilised for development and maintenance of National Highways, Rail Projects, improvement of safety in Railways, State and Rural Roads and other infrastructures, etc. As per accounting procedure, the grants from the GoI under Central Road and Infrastructure Fund (CRIF) are to be booked under Major Head 1601 as Revenue Receipts of the State Government. Thereafter, the money so received by the State Government should be transferred to the Public Account under head 8449-103-Subventions from Central Road and Infrastructure through functional Major Heads.

The State, however, transferred ₹ 17.29 crore through functional Major Head 3054 to the Deposit Head under Public Account during 2023-24 and remaining of fund ₹ 8.63 crore did not transfer to the fund in Public Account as on 31 March 2024.

### 2.5.2.4 Guarantee Redemption Fund (GRF)

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

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

This fund is classified under the Head of Account 8235-General and other Reserve Funds - 117- Guarantees Redemption Fund in the Public Account. During 2023-24, the Government received ₹ 1.05 crore as guarantee fee from the power corporation on fresh guarantee given by the State Government during the year. During 2023-24, the State Government, however contributed ₹ 2.85 crore to the GRF as required for the year. During 2023-24 ₹ 1.52 crore was credited as interest accrued on this Fund-investment account.

As on 31 March 2024, the total accumulation of Fund was ₹ 25.26 crore (4.19 *per cent* of outstanding guarantees at end of the year) in this Guarantee Redemption Fund which bears the desired level at five *per cent* at the end of five years. The entire accumulated amount of ₹ 20.89 crore was invested by the State Government during the year.

There was an outstanding guarantee of ₹ 602.17 crore including interest of ₹ 0.08 crore as on 31 March 2024. The status of guarantees is discussed at **Paragraph 2.7.2**.

#### **2.5.2.5 Building and other Construction Workers Welfare Cess (Labour Cess)**

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act. Accordingly, the Government of Tripura has framed Building and Others Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2001 under the Act and has constituted Tripura Building and Other Construction Workers Welfare Board (TBO CWWB) in the State on 20 January 2007 under Section 18(1) of the Building and Other Construction Workers (Regulation of Employment and condition of Service) Act, 1996 of the Government of India. The proceeds of Labour Cess are collected at the rate of one *per cent* of the total project cost of constructions incurred by the employer. The funds so collected are utilised for the purpose of various Welfare activities for the workers. The proceeds of labour cess are collected and accounts are maintained by the Board outside Government Accounts and kept in the Bank Account of the Board. The amount of labour cess collected and spent during the period of last five years are shown in **Table 2.32**.

**Table 2.32: Collection of labour cess and its spending**

(₹ in crore)

Year	Amount of labour cess Collected	Amount spent
2019-20	18.09	9.90
2020-21	19.17	12.05
2021-22	38.07	9.03
2022-23	43.81	5.94
2023-24	55.59	6.65
<b>Total</b>	<b>174.73</b>	<b>43.57</b>

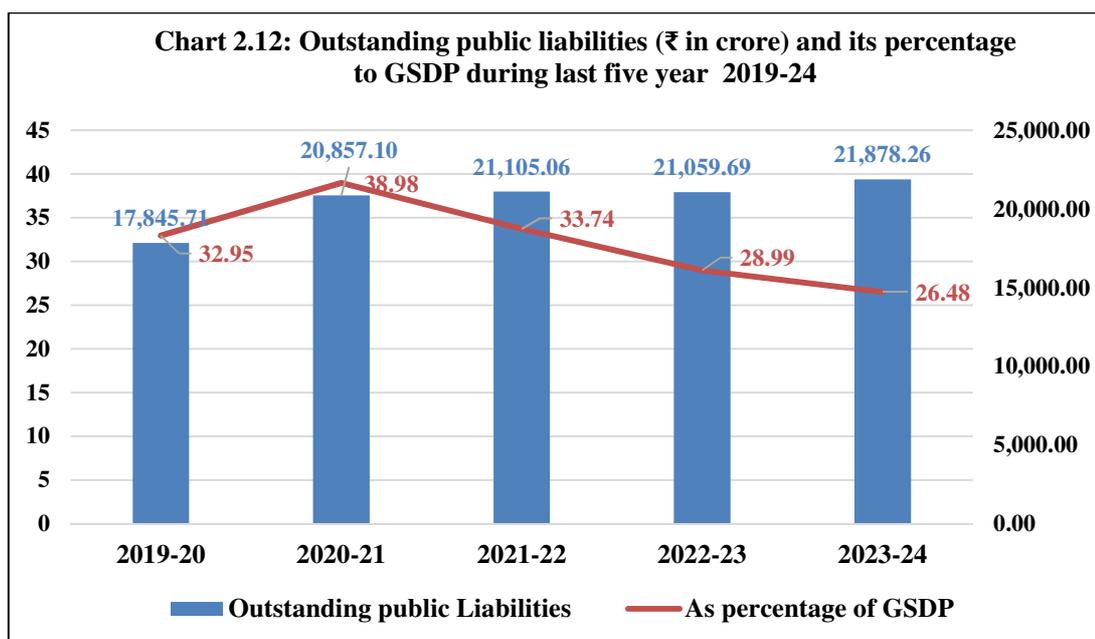
Source: Labour Directorate, Govt. of Tripura

As per information furnished (May 2024) by the State Government, during 2023-24, an amount of ₹ 55.59 crore was collected as labour cess. During the year 2023-24, the Board incurred expenditure of ₹ 6.65 crore on various purposes. As per the information furnished by the Board (May 2024), there was an unspent balance of ₹ 417.55 crore with the Board of which ₹ 380.63 crore remained in Fixed Deposit Account and ₹ 47.91 crore in Savings Bank Account in various Banks as on 31 March 2024.

## 2.6 Public Liabilities Management

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

The total outstanding liabilities of the State Government along with its percentage of GSDP for the years from 2019-20 to 2023-24 are given in **Chart 2.12**.



Source: Finance Accounts. \*Excluding back to back loans received from GoI during 2020-21 (₹ 226.00 crore) and 2021-22 (₹ 401.37 crore) respectively in lieu of GST compensation

### 2.6.1 Liability profile: Components

Total liabilities of the State Government typically constitutes of internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government, and Public Account Liabilities. The State FRBM Act, 2005 of the State has defined the total liabilities as “The total liabilities mean the liabilities under the Consolidated Fund and the Public Account of the State and shall also include borrowings by the Public Sector undertakings and the Special Purpose Vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State budget.

The component-wise trend of liability of the State Government for the period from 2019-20 to 2023-24 are presented in **Table 2.33**.

**Table 2.33: Component wise trend of liabilities**

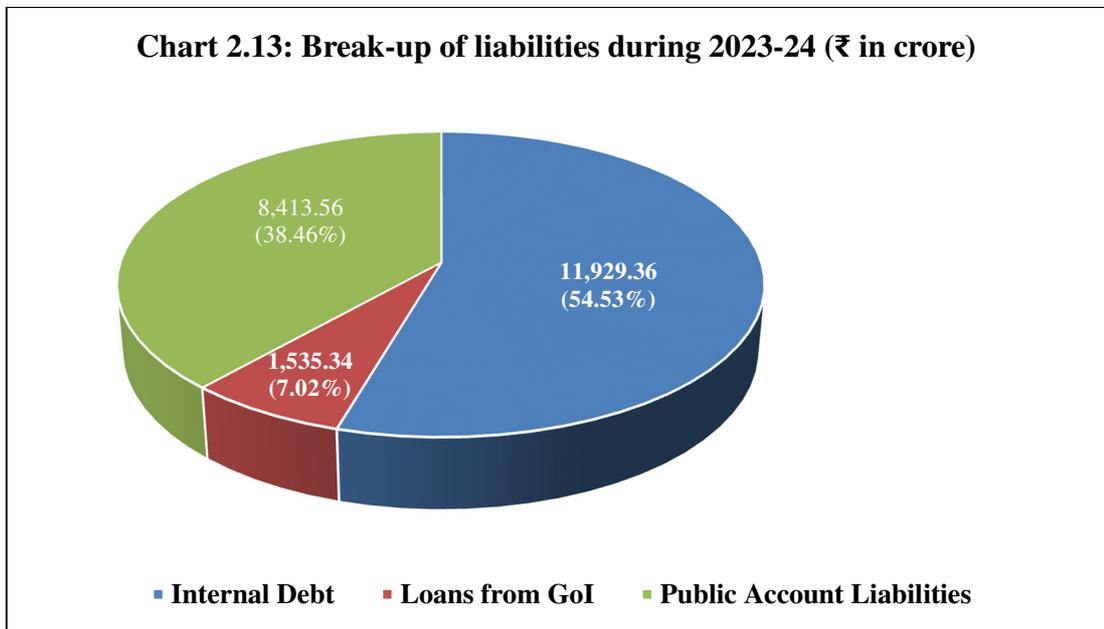
		(₹ in crore)				
Component of fiscal liability		2019-20	2020-21	2021-22	2022-23	2023-24
<b>Total Outstanding Liability</b>		<b>17,845.71</b>	<b>20,857.10</b>	<b>21,105.06</b>	<b>21,059.70</b>	<b>21,878.26</b>
Public Debt		11,212.20	13,093.17	13,082.55	12,968.30	13,464.70
Public Debt	Internal Debt	11,027.69	12,639.64	12,537.04	12,097.70	11,929.36
	Loans from GoI*	184.51	453.53	545.51	870.60	1,535.34
<b>Public Account Liabilities</b>		<b>6,633.51</b>	<b>7,763.93</b>	<b>8,022.51</b>	<b>8,091.40</b>	<b>8,413.56</b>
Small Savings, Provident Fund etc.		5,169.22	5,807.92	6,110.72	6,220.69	6,460.78
Reserve Funds bearing interest		292.65	443.96	526.13	523.50	647.48
Reserve Funds not bearing interest		8.97	107.57	173.26	194.80	194.93
Deposits bearing interest		0.52	0.29	0.57	1.05	11.69
Deposits not bearing interest		1,162.15	1,404.19	1,211.83	1,151.36	1,098.68
Rate of growth of outstanding total liabilities ( <i>per cent</i> )		20.75	16.87	1.19	(-) 0.21	3.89
Gross State Domestic Product (GSDP)		54,151.12	53,504.12	62,302.46	72,347.54	82,624.73
<b>Liability/GSDP (<i>per cent</i>)</b>		<b>32.95</b>	<b>38.98</b>	<b>33.88</b>	<b>29.11</b>	<b>26.48</b>
<b>Borrowings and Other Liabilities</b>						
Total Receipts		5,725.87	6,201.06	4,081.95	3,881.98	4,364.24
Total Repayments		2,659.38	2,963.53	3,432.62	3,927.34	3,545.68
Net funds available		3,066.49	3,237.53	649.33	(-) 45.36	818.56
<b>Repayments/Receipts (<i>percentage</i>)</b>		<b>46.44</b>	<b>47.79</b>	<b>84.09</b>	<b>101.17</b>	<b>81.24</b>

**Source:** Finance Accounts. \*Outstanding loans to GoI from 2020-21 onwards has been calculated excluding the Back to Back loan received by the State during 2020-21 (₹ 226.00 crore) and 2021-22 (₹ 401.37 crore) respectively from GoI in lieu of GST compensation which are not to be treated as liability of the State for any norms which may be prescribed by the FC, as per instructions of GoI.

During the last four out of the five-year period from 2019-20 to 2023-24, the effective total liabilities of the State Government increased (22.60 per cent) from ₹ 17,845.71 crore in 2019-20 to ₹ 21,878.26 crore in 2023-24. The increase was mainly on Public Debt which increased by 20.09 per cent while the internal debt increased by 8.18 per cent during the period. However, there was an increase of ₹ 818.56 crore (3.89 per cent) during 2023-24 over the previous year as the repayment (₹ 3,545.68 crore) was less than the receipts (₹ 4,364.24 crore) of the total liabilities during the year.

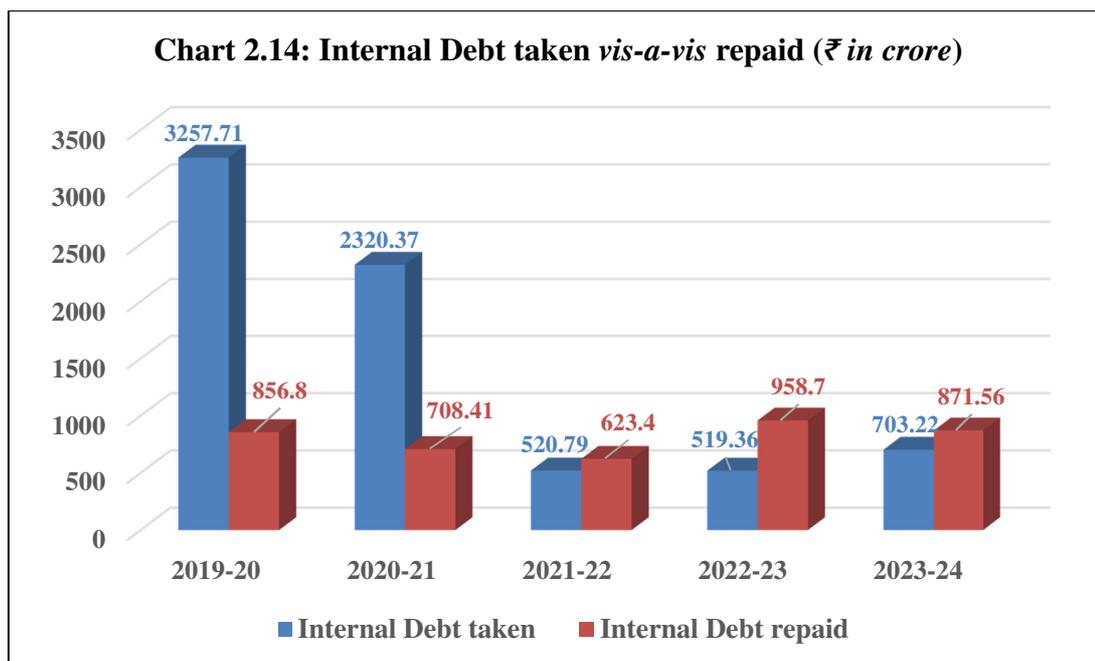
Public Account liabilities increased by 26.83 per cent from ₹ 6,633.51 crore in 2019-20 to ₹ 8,413.56 crore in 2023-24 mainly due to increase in liabilities of Small Savings, Provident Funds etc by 24.99 per cent during the period.

Break up of outstanding liabilities and their percentage of total liabilities as on 31 March 2024 are shown in **Chart 2.13**:



Source: Finance Accounts

The trend of quantum of internal debt taken *vis-a-vis* repaid during last five years period from 2019-20 to 2023-24 are depicted in **Chart 2.14**:



Source: Finance Accounts

The **Chart 2.14** shows that the trend of receipts of the Internal debt increased in two out of last five-year period from 2019-20 to 2023-24. It's peak was in 2019-20 which was ₹ 3,257.71 crore (56.89 per cent) of total borrowings (₹ 5,725.87 crore) during the year. Thereafter, borrowing of internal debt slowed down to ₹ 519.36 crore in 2022-23 and increased to ₹ 703.22 crore in 2023-24. On the other side it was seen that during last three years out of the five-year period, the repayment of internal debt were higher than the internal debt taken by the State Government. As a result, the outstanding internal debt decreased to that extent at the end of the year 2023-24.

The financing pattern of fiscal deficit during 2019-24 has undergone a compositional shift as reflected in **Table 2.34**.

**Table 2.34: Components of fiscal deficit and its financing pattern**

		(₹ in crore)				
Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
<b>Composition of Fiscal Deficit/surplus</b>						
1	Revenue Deficit (-)/ Surplus(+)	(-)2,375.32	(-)1,075.42	1,488.71	570.30	2,195.97
2	Capital Expenditure	883.22	832.08	1,368.95	2,024.97	2,734.19
3	Net Loans and Advances	3.02	1.64	53.21	58.06	99.36
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	2,578.00	1,631.00	0.00	(-) 645.00	(-)550.00
2	Loans from GoI	(-)32.21	495.15	493.36	325.10	664.74
3	Special Securities issued to NSSF	(-)118.98	(-)118.89	(-)118.98	(-) 118.98	(-)118.98
4	Loans from other Financial Institutions	(-)58.11	99.94	16.37	324.64	500.64
5	Small Savings, PF, etc.	435.00	638.70	302.79	109.97	240.09

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
6	Deposits and Advances	207.96	242.61	(-)194.33	(-) 60.00	(-)42.04
7	Suspense	366.78	(-)2.03	20.22	(-)6.17	30.90
8	Remittances	(-)119.89	(-) 32.34	(-) 25.62	0.17	(-)0.38
9	Reserve Fund	80.66	323.43	449.74	347.23	124.11
<b>10</b>	<b>Overall Deficit</b>	<b>3,339.21</b>	<b>3,277.48</b>	<b>943.55</b>	<b>276.96</b>	<b>849.10</b>
11	Increase(-)/Decrease(+) in cash balance and investment of cash balance	(-)77.65	(-)1,368.34	(-) 1,010.10	1,235.77	(-)387.91
<b>12</b>	<b>Gross Fiscal Deficit(+)/Surplus(-)</b>	<b>3,261.56</b>	<b>1,909.14</b>	<b>(-) 66.55</b>	<b>1,512.73</b>	<b>(-)637.58</b>

Source: Finance Accounts

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

**Table 2.35: Receipts and Disbursements under components financing the fiscal deficit during 2023-24**

(₹ in crore)

Particulars		Receipt	Disbursement	Net
<b>Gross Fiscal Deficit(-)/Surplus(+)</b>				
1	Market Borrowings	0	550.00	(-)550.00
2	Loans from GoI	697.46	32.72	664.74
3	Special Securities issued to NSSF	0	118.98	(-)118.98
4	Loans from Financial Institutions	703.22	202.58	500.64
5	Small Savings, PF, etc.	1,827.20	1,587.11	240.09
6	Deposits and Advances	459.78	501.82	(-)42.04
7	Suspense	25.70	(-)5.22	30.90
8	Remittances	(-) 0.39	(-) 0.01	(-)0.38
9	Reserve Fund	676.58	552.47	124.11
<b>10</b>	<b>Overall Deficit(-)/Surplus(+)</b>	<b>4,389.55</b>	<b>3,540.45</b>	<b>849.10</b>
11	Increase(-)/Decrease(+) in cash balance	2,188.84	2,576.75	387.91

Source: Finance Accounts

## 2.6.2 Debt profile: Maturity and Repayment

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

Maturity Profile of repayment of Public Debt is shown in **Table 2.36** and the repayment schedule of outstanding market loans with interest is shown in **Chart 2.15**.

**Table 2.36: Maturity profile of repayment of Public Debt of the State***(₹ in crore)*

Period of repayment (Years)	Principal	Interest*	Total	Percentage (w.r.t. Public debt)
0 - 1	346.93	892.23	1,239.16	6.31
1 - 3 years	1,945.32	1,675.98	3,621.30	18.45
3 - 5 years	3,059.42	1,344.72	4,404.14	22.44
5 - 7 years	4,007.39	756.25	4,763.64	24.27
7 -10 years	520.20	546.01	1,066.21	5.43
10 years and above	2,113.02	356.31	2,469.33	12.58
Others	2,066.74 <sup>22</sup>	0	2,066.74	10.53
<b>Total</b>	<b>14,155.78</b>	<b>5,474.75</b>	<b>19,630.53</b>	<b>100.00</b>

**Source:** Finance Accounts. \* Interest calculated at an average rate of 7.44 per cent interest on market borrowings.

**Table 2.36** shows that out the State Government has to pay ₹ 4,860.46 crore (24.76 per cent) of the outstanding public debt including interest within next three years, ₹ 4,404.14 crore (22.44 per cent) between next 3-5 years and ₹ 4,763.64 crore (24.27 per cent) within next 5-7 years respectively. Out of the outstanding debt of ₹ 2,066.74 crore, shown as others in **Table 2.36**, ₹ 1,431.25 crore was interest free loans given by the GoI for capital expenditure of which ₹ 662.92 crore was given during 2023-24.

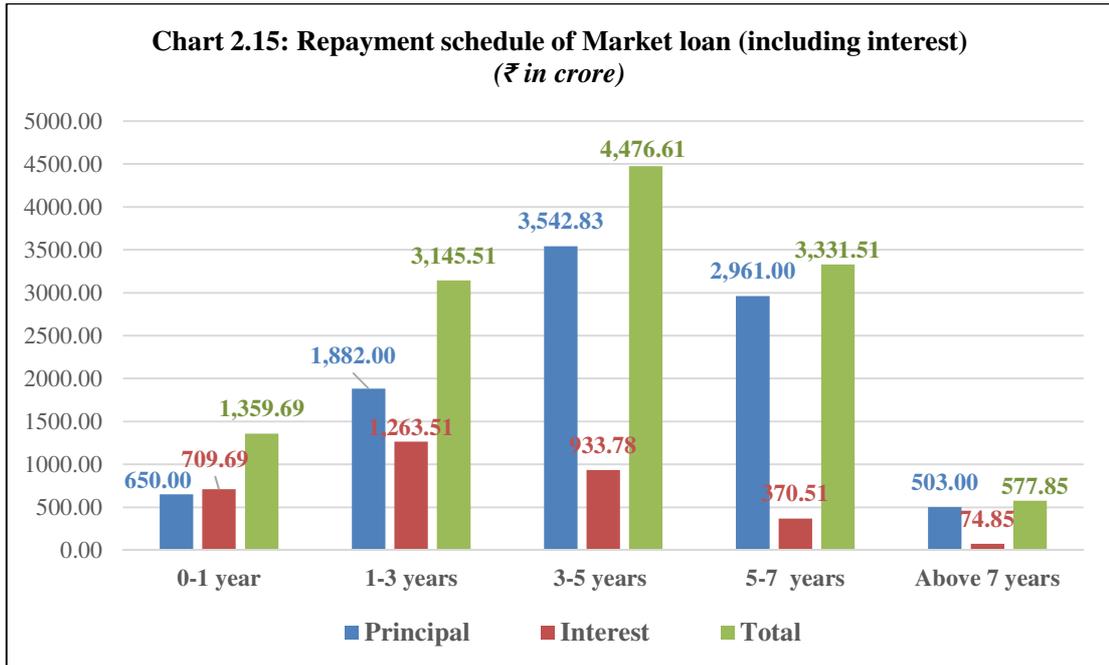
The year-wise repayment schedule of outstanding public debt (including interest) as on 31 March 2024 for the next 10 years up to 2033-34 are indicated in **Table 2.37**.

**Table 2.37: Repayment schedule of outstanding Public Debt next 10 years up to 2033-34***(₹ in crore)*

Year	Repayment of		
	Principal	Interest	Total
2024-25	346.93	892.23	1,239.16
2025-26	765.28	866.46	1,631.74
2026-27	1,180.04	809.52	1,989.56
2027-28	1,326.96	721.72	2,048.69
2028-29	1,732.46	623.00	2,355.46
2029-30	3,117.71	494.10	3,611.81
2030-31	889.68	262.15	1,151.83
2031-32	201.60	195.95	393.55
2032-33	159.30	180.95	340.26
2033-34	159.30	169.10	328.40
<b>Total</b>	<b>9,879.26</b>	<b>5,215.19</b>	<b>15,094.45</b>

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

Repayment schedule of Market loans and interest is shown in **Chart 2.15**:



Source: Finance Accounts

As on 31 March 2024, ₹ 9,538.83 crore of the market loans bearing interest was pending for repayment with interest. The State Government will have to pay ₹ 3,352.33 crore as interest on the outstanding market loan at the average rate of 7.44 per cent up to next 1 to 10 years period. Out of this, the State Government will have to pay ₹ 8,981.81 crore (Principal: ₹ 6,074.83 crore and as interest ₹ 2,906.98 crore) during next five years period up to 2028-29. Further, ₹ 3,331.51 crore including interest of ₹ 370.51 crore will have to be paid for the next five to seven years up to 2030-31. The balance of ₹ 577.84 crore including interest of ₹ 74.85 crore will have to be paid by 2036-37 as per maturity profile of the Finance Accounts 2023-24.

## 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 refers to the ability of the State to service its debt obligations now and in future. Analysis of variations in debt sustainability indicators is given in **Table 2.38**:

Table 2.38: Trends in debt Sustainability indicators

(₹ in crore)

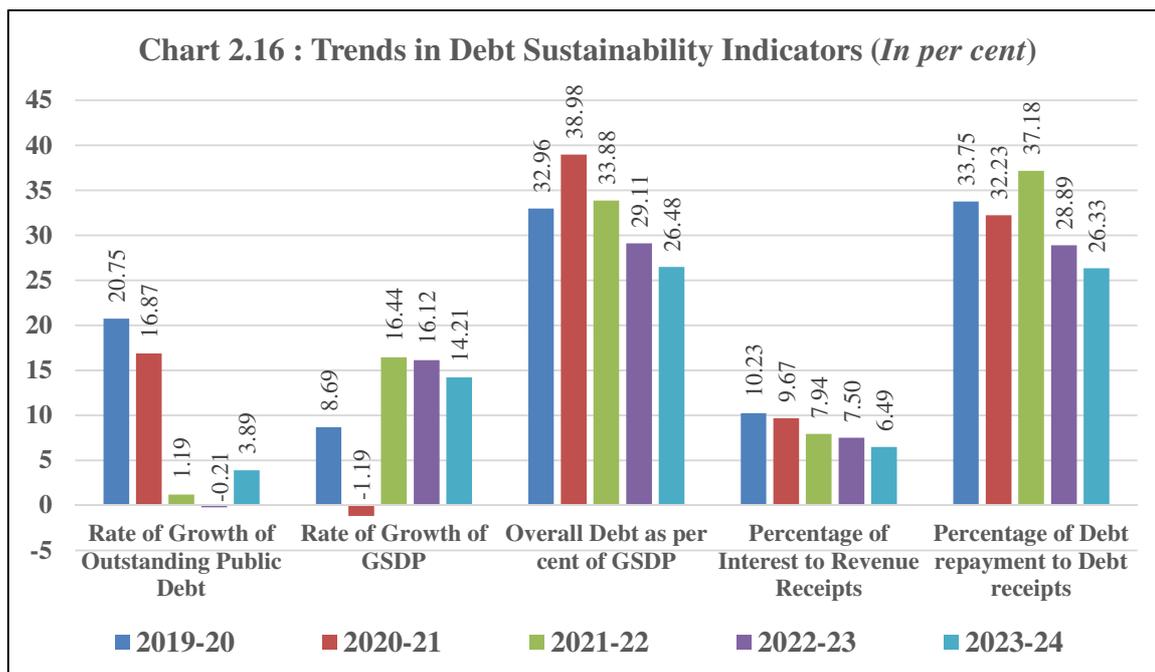
Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Overall Liabilities or Overall Debt <sup>23</sup>	17,845.71	20,857.10	21,105.06	21,059.70	21,878.26
2.	Rate of Growth of Overall Debt (per cent)	20.75	16.87	1.19	(-0.21)	3.89
3.	GSDP (in nominal terms)	54,151.12	53,504.12	62,302.46	72,347.54	82,624.73
4.	Nominal GSDP growth (per cent)	8.69	(-1.19)	16.44	16.12	14.21
5.	Overall Debt/GSDP (per cent)	32.96	38.98	33.88	29.11	26.48
6.	Maturity profile of all kinds of borrowings (including liabilities under Public Accounts, if any)					
a)	0-2 years	2,636.35	3,209.43	3,371.67	2,856.81	2,870.89
b)	2-5 years	4,028.85	4,234.69	4,567.36	5,536.72	6,393.70
c)	5-10 years	10,328.23	10,560.23	9,105.58	7,620.04	5,829.85
d)	Over 10 years	997.78	2,474.44	2,504.35	2,321.96	2,469.33
7.	Repayments to Gross Borrowings (per cent)	33.75	32.23	37.18	28.89	26.33
8.	Net borrowings available as a percentage of Gross Borrowings	66.25	67.77	62.82	71.11	73.67
9.	Interest payments on Overall Debt	1,124.98	1,284.81	1,398.16	1,373.52	1,333.42
10.	Effective rate of interest on Overall Debt (per cent) <sup>24</sup>	7.38	7.19	7.29	7.18	7.00
11.	Interest payment to Revenue Receipts (per cent)	10.23	9.67	7.94	7.50	6.49
12.	Revenue Deficit (-)/Surplus (+)	(-)2,375.32	(-)1,075.42	1,488.71	570.30	2,195.97
13.	Primary Revenue Balance (PRB)	(-)1,250	209	2,887	1,944	3,529
14.	Primary Balance (PB)	(-)2,137	(-)624	1,465	(-)139	696
15.	PB/GSDP (per cent)	(-)3.95	(-)1.17	2.35	(-)0.19	0.84
16.	Difference between RoI and effective rate of interest on overall liability	(-)7.35	(-)7.15	(-)7.23	(-)7.16	(-)6.96
17.	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	176.66	95.95	0.00	0.00	0.00
18.	Debt Stabilisation (Quantum spread + Primary balance)	(-)1,918	(-)2,222	3231	1,555	2,076
19.	Fiscal Deficit (-)/ Surplus(+)	(-)3,261.56	(-)1,909.14	66.55	(-)1,512.73	(-)637.58
<b>20.</b>	<b>Domar Criteria</b>					
a)	GSDP (in constant terms)	38,063.35	36,403.86	39,516.28	42,757.66	46,455.35
b)	Real Growth (in constant terms)	3.56	(-)4.36	8.55	8.20	8.65

<sup>23</sup> Overall liabilities or Overall debt exclusive of back to back loan received by the State in lieu of GST compensation during 2020-21(₹ 226.00 crore) and 2021-22 (₹ 401.37 crore) respectively.

<sup>24</sup> Effective rate of interest on overall debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest, 50 year interest free loans from the center under special assistance scheme for capital expenditure.

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
c)	Inflation based on CPI (per cent)	6.26	8.72	3.75	6.99	6.05
d)	Effective Rate of interest	7.38	7.19	7.29	7.18	7.00
e)	Real effective rate of interest (Effective rate of interest-Inflation)	1.12	(-1.53)	3.54	0.19	0.95
f)	Growth Interest Differential (Real growth-Real effective rate of interest)	2.44	(-2.83)	5.01	8.01	7.70

Source: Finance Accounts



From the analysis of debt sustainability parameters presented in the Table 2.38 and Chart 2.16, several observations regarding key debt sustainability indicators for the medium term can be made:

- a) Average debt burden of the State during 2019-2024, measured by the total liabilities-GSDP ratio, remained below the pre-pandemic year (2019-20), even if the pandemic year (2020-21) is included. It increased from 29.7 per cent in 2018-19 to 33.0 per cent in 2019-20 and further increased to 39.0 per cent in 2020-21. The debt-GSDP ratio registering an increased of 6.0 percentage points as against an increase of 3.3 percentage points in 2019-20 reached six-year high of 39.0 per cent in 2020-21. This can be attributed to the persistent increase in overall liabilities as against the contraction seen in nominal growth due to the pandemic impact. Given the post-pandemic recovery, the State's fiscal health has started to improve, as evident from the fact that after two years of revenue deficits, 2019-20 and 2020-21, the State has been able to generate consistent revenue surpluses during the next three years (2021-2024), maintaining an overall positive balance in 2021-22 and keeping the fiscal deficit below pandemic year's level

during 2022-2024. The steady nominal growth exceeding increase in overall liabilities helped the State in pushing the debt-GSDP ratio on the declining trajectory since 2021-22.

- b) Decomposition of debt accumulation relative to GSDP during 2019-2024 shows that GID was sufficient to offset the impact of the adverse primary balance, enabling the debt-GSDP ratio to decline from 33 *per cent* in 2019-20 to 26.5 *per cent* in 2023-24. Year-wise analysis shows that GID was not sufficient to absorb the impact caused by the sharp deterioration registered in the primary deficit, leading to an increase in debt-GSDP in 2019-20 compared to the previous year. GID, which turned negative, supported by persistent primary deficit, contributed to the increase in the state's debt burden in 2020-21. Nominal growth that remained higher than the growth of overall liabilities was the main reason for the steady decline observed in the debt-to-GDP ratio during 2021-2024.
- c) For debt sustainability, it is crucial that nominal GSDP growth outpaces debt growth. Over the last five years, nominal GSDP growth decreased from 8.69 *per cent* in 2019-20 to (-)1.19 *per cent* in 2020-21 but after a sharp rebound to 16.44 *per cent* in 2021-22, the data showed a declining trend over the next two years standing at 14.21 *per cent* in 2023-24. Thus, while nominal GSDP growth lagged behind debt during 2019-20 and 2020-21, it has since surpassed debt growth in the last three years.
- d) The Domar criterion shows that average nominal growth and average effective rate of interest was largely driven the inflation, thereby mitigating the increase in debt-GSDP ratio to the extent possible. Except the pandemic year 2020-21, real growth continued to remain robust and stable specially in the post-pandemic years to cover the cost of borrowing. However, average CPI inflation which remained above the tolerance band (2-6 *per cent*) determined by the RBI suppressing the real interest to make the GID favourable. Using inflation as an instrument to prevent real interest rates from exceeding real growth poses roll-over risks in the medium term. Therefore, the State needs to focus on containing the inflation to prevent rise in future cost of market borrowings.
- e) The State except the pandemic year (2020-21) has been able to keep its overall liability-GSDP ratio within FRBMA targets set align in line with indicative debt path prescribed by the XIV FC (2019-20) and the XV FC (2021-24).
- f) A surplus in the Primary Balance indicates that the state's revenue generation is sufficient to cover its expenditure needs, excluding liabilities and interest payments. The Primary Balance has been in deficit for three out of five years from 2019-20 (-₹ 2,137 crore) to 2023-24 (₹ 696 crore).

- g)** The Primary Revenue Balance should ideally be in surplus to meet interest obligations. It is essential for the primary deficit to decline while generating enough surplus to repay existing debt. The Primary Revenue Balance improved from (-) ₹ 1,250 crore in 2019-20 to ₹ 3,529 crore in 2023-24.
- h)** A decrease in interest payments as a percentage of GSDP, revenue receipts, and revenue expenditure over time indicates sustainable debt levels and ensures adequate resources for other expenditures. During this period, interest payments as a percentage of revenue receipts decreased gradually from 10.23 *per cent* in 2019-20 to 6.49 *per cent* in 2023-24.
- i)** The maturity profile and borrowing costs significantly affect the state's ability to meet its liabilities. As gleaned from the composition structure of debt that redemption pressure has seen consistent rise over the last 3 years from 36.35 *per cent* (2020-21) to 52.75 *per cent* (2023-24) over the short and medium term. The increasing share of short and medium-term debt raises refinancing risks, requiring careful liquidity management. The decline in long-term borrowings suggests a shift towards frequent debt servicing obligations, which could impact fiscal sustainability if revenue generation does not keep pace.
- j)** The frequency of utilizing Ways and Means Advances and overdrafts reflects liquidity quality and fiscal management effectiveness. Over the five-year period from 2019-20 to 2023-24, the State resorted to these measures ₹ 176.66 crore in 2019-20 and ₹ 95.95 crore in 2020-21.
- k)** Fiscal imbalance indicates when future debts are not aligned with future revenue streams. This imbalance varied from a fiscal deficit of ₹ 3,261.56 crore in 2019-20 to ₹ 637.58 crore in 2023-24 with fiscal surplus in 2021-22 of ₹ 66.55 crore.

**(B)** An analysis on debt sustainability was carried out based on a study by E.D. Domar (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 GSDP.

During last five years period from 2019-20 to 2023-24, in only one year i.e 2021-22 which was post Covid period, the State had primary surplus and Domar gap was positive indicating that real interest rates have remained below the GSDP growth rates during the year. However, the sustainability of public debt depends on whether the state economy maintains the real growth rate in the long run. During 2020-21, the Domar gap<sup>25</sup> was negative with a primary deficit showing that the Public Debt as percentage of GSDP should increase indefinitely, without converging to a stable level. During 2019-20 and 2021-22 to 2023-24, the Domar gap was positive but with primary

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<sup>25</sup> Domar gap was negative due to Covid year (2020-21).

deficit. Thus, as per the Domar model analysis of Debt sustainability, it may be stated that the Public Debt would converge to a stable level during these years.

(C) Details of the achievement *vis-a-vis* target set in the Fiscal Correction Road map (FCR) are shown **Table 2.39**.

**Table 2.39: Target and achievements parameters set in the Fiscal correction road map**

Fiscal parameters	Achievement vis-a-vis target set in the road map					
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-)/ Surplus(+)(₹ in crore)	T	To maintain Revenue surplus				
	A	(-2,375.32)	(-1,075.42)	1,488.71	570.30	2,195.97
Fiscal Deficit(-)/ Surplus (+) as percentage of GSDP	T	(-3.25)	(-5.00)	(-4.50)	(-4.00)	(-3.50)
	A	(-6.02)	(-3.57)	0.11	(-2.08)	(-0.77)
Ratio of total outstanding liability to GSDP (in <i>per cent</i> ) *	T	34.16	36.30	34.90	35.10	34.50
	A	32.96	38.98	33.87	29.10	26.48
Guarantees in terms of percentage of Revenue Receipts of previous year	T	0.00	0.00	0.00	0.00	0.00
	A	2.05	2.51	0.83	0.99	0.57
Outstanding Guarantees in terms of percentage of GSDP	T	<i>1 per cent of GSDP</i>				
	A	1.36	1.14	1.01	0.78	0.73

\* Percentage of outstanding liabilities to GSDP for 2020-21 onwards has been calculated excluding back to back loans received by the State in lieu of GST compensation during 2020-21 and 2021-22.

Table 2.39 shows that the State Government could not maintain the target of Revenue surplus three out of five years period 2019-24. Even the Revenue surplus decreased to ₹ 570.30 crore in 2022-23 from ₹ 1,488.71 crore in 2021-22. However, the Revenue surplus was increased to ₹ 2,195.97 crore in 2023-24 from previous year. Though the ratio of outstanding liabilities to GSDP remained within the target in four out of five years period, the State could not maintain it in 2020-21. The ratio of outstanding guarantee to GSDP were above the target in three out of five years period up to 2021-22. Thereafter, from 2022-23 it was below one *per cent* as per Fiscal Consolidation Roadmap prescribed in the TFRBM Act, 2005.

### 2.7.1 Utilisation of borrowed funds

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

**Table 2.40** depicts the trend of utilisation of borrowed funds during the last five years period 2019-20 to 2023-24.

**Table 2.40: Utilisation of borrowed funds**

(₹ in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Borrowings	3,257.77	2,848.35	1,047.09	877.42	1,400.68
2	Repayment of earlier borrowings (Principal) (percentage)	889.07 (27.29)	741.24 (26.02)	656.34 (62.68)	991.66 (113.02)	904.28 (64.56)
3	Capital expenditure (Percentage)	883.22 (27.11)	832.08 (29.21)	1,368.95 (130.74)	2,024.97 (230.79)	2,734.19 (195.20)
4	Net loans and advances	3.02 (0.09)	1.64 (0.06)	53.21 (5.08)	58.06 (6.62)	99.36 (7.09)
5 (1-2- 3-4)	Portion of Revenue expenditure met out of net available borrowings	1,482.46 (45.51)	1,273.39 (44.71)	(-)1,031.41 (-98.50)	(-)2,197.27 (-250.42)	(-)2,337.17 (-166.86)

Source: Finance Accounts

**Table 2.40** shows that during the period 2019-24, the State Government utilised 26.02 per cent to 113.02 per cent of its current borrowings for repayment of earlier borrowing during the years. During 2022-23, the amount of repayment of borrowings was higher than the borrowings during the years. During 2019-20 and 2020-21 about 45-46 per cent of borrowed fund were utilised for meeting of Revenue expenditure whereas 27-29 per cent of borrowed fund was utilised for capital expenditure during those years. However, the capital expenditure was increased in 2021-22 to 2023-24. As a result, the net availability of borrowed fund was negative in those years. It was also noticed that during 2023-24, the Government borrowed fund ₹ 1,400.68 crore and repaid earlier principal amount of ₹ 904.28 crore during the year. The capital expenditure was ₹ 2,734.19 crore and Net loan and advances was ₹ 99.36 crore during the year 2023-24. After meeting the payment of outstanding principal amount of loan, the net fund available from the borrowed fund was ₹ 496.40 crore during 2023-24. It indicates that the State Government had not utilised the borrowed fund for meeting the repayment of earlier debt during 2023-24.

### 2.7.2 Status of Guarantees-Contingent Liabilities

Guarantees, in case of defaults by borrowers for whom the guarantees have been extended, are liabilities contingent on the Consolidated Fund of the State. The State Governments gives guarantees for repayment of loans raised by statutory corporations/companies, cooperative societies, boards etc. As per TFRBM Act, 2005, the limit of the amount of annual incremental risk weighted guarantees was fixed at one per cent of GSDP for the year. Details of the guarantees given and status of outstanding guarantees for the last five years as per Statement 9 of Finance Accounts is given in **Table 2.41**.

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

(₹ in crore)

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	1 per cent of GSDP				
Maximum amount of guarantees given during the year	246.75	276.40	110.00	175.00	105.00
Outstanding amount of guarantees including interest	734.57	771.42	634.26	569.90	602.17
Percentage of outstanding guarantees to GSDP	1.36	1.44	1.01	0.78	0.73

Source: Finance Accounts

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

**Table 2.42: Details/ break-up of outstanding guarantee as on 31 March 2024**

(₹ in crore)

Sector	Outstanding at the beginning of 2023-24	Addition during 2023-24	Deletions during the year 2023-24	Outstanding as on 31-03-2024
1. Power (6 Nos.)	486.78	100.00	29.91	556.87
2. Co-operation (5 Nos.)	83.12	5.00	42.82	45.30
<b>Total:</b>	<b>569.90</b>	<b>105.00</b>	<b>72.73</b>	<b>602.17</b>

Source: Finance Accounts

During 2023-24, the State Government had given guarantee of ₹ 105.00 crore to the Power Corporation (TSECL) and Cooperative Societies which was 0.13 per cent of GSDP (₹ 82,624.73 crore) for the year. The State Government received ₹ 1.05 crore as Guarantee fees on the fresh guarantee given during 2023-24 as per decision of the Government (May 2008). As on 31 March 2024, outstanding guarantee was ₹ 602.17 crore out of which ₹ 556.87 crore was outstanding with the Power Corporation Limited and ₹ 45.30 crore remained outstanding with five Co-operative Societies.

The State Government was requested to furnish the details of the loan raised by the various entities against the guarantee given by the Government during 2023-24. Reply of the Government has not been received (January 2025).

### 2.7.3 Management of Cash Balances

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

from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

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

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

Under the agreement with the RBI, the State Government had to maintain a minimum cash balance of ₹ 0.29 crore with the bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary or special ways and means advances/overdraft from time to time. The limit for ordinary ways and means advances to the State Government was ₹ 304.00 crore as on 31 March 2024. The operative limit of Special Drawing Facility (SDF) of the State Government was ₹ 207.98 crore as on 31 March 2024. During the year 2023-24, the State Government, however, had not availed any Ways and Means Advances and Special Drawing facility as the Government had maintained the minimum cash balances in any day out of 365 days during the financial year.

**Table 2.43** depicts the cash balances of the State at the end of 31 March 2024 and investments:

**Table 2.43 Trend of Cash Balances investment**

(₹ in crore)

Particulars	Opening balance on 1 April 2023	Closing balance on 31 March 2024
<b>A. General Cash Balance</b>		
Deposits with Reserve Bank of India	1.06	(-)2.37 <sup>26</sup>
Remittances in transit – Local	(-)1.13	(-)1.13
<b>Total</b>	<b>(-) 0.07</b>	<b>(-)3.50</b>
Investments held in Cash Balance investment account	1,131.42	1,346.36
<b>Total (A)</b>	<b>1,131.35</b>	<b>1,342.86</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	29.55	29.55
Permanent advances for contingent expenditure with department officers	0.27	0.28
Investment in earmarked funds	1,027.67	1,204.06
<b>Total (B)</b>	<b>1,057.49</b>	<b>1,233.89</b>
<b>Total (A + B)</b>	<b>2,188.84</b>	<b>2,576.75</b>
<b>Interest realised</b>	<b>17.31</b>	<b>18.03</b>

Source: Finance Accounts

<sup>26</sup> There was difference of ₹ 0.05 lakh (Cr.) between the figures reflected in the accounts ₹ 2.37 crore (Dr.) and that intimated by the RBI ₹ 2.37 crore (Cr.) regarding 'Deposit with RBI' (March 2024). After reconciliation/adjustment (June 2024), there was no difference in the balances.

The closing cash balance was ₹ 2,576.75 at the end of 31 March 2024 which was increased by ₹ 387.91 crore over the previous year. Out of the total closing cash balances of ₹ 2,576.75 crore, ₹ 1,204.06 crore held in investment in the earmarked funds. Investment of ₹ 1,153.80 crore was made from the Consolidated Sinking Fund and ₹ 25.00 crore from the SDRF up to the end of 31 March 2024. Remaining ₹ 25.26 crore was invested from the Guarantee Redemption fund under the General Reserve Fund at the end of the year 2023-24. From **Table 2.43** it can be seen that the General cash balance (₹ 1,346.36 crore) at the end of the year was higher than the investment amount (₹ 1,204.06 crore) in the earmarked reserve funds. However, the State Government received ₹ 18.03 crore as interest on the Cash balance investment account during 2023-24.

Details of cash balance investment account during the last five year period is shown in **Table 2.44**.

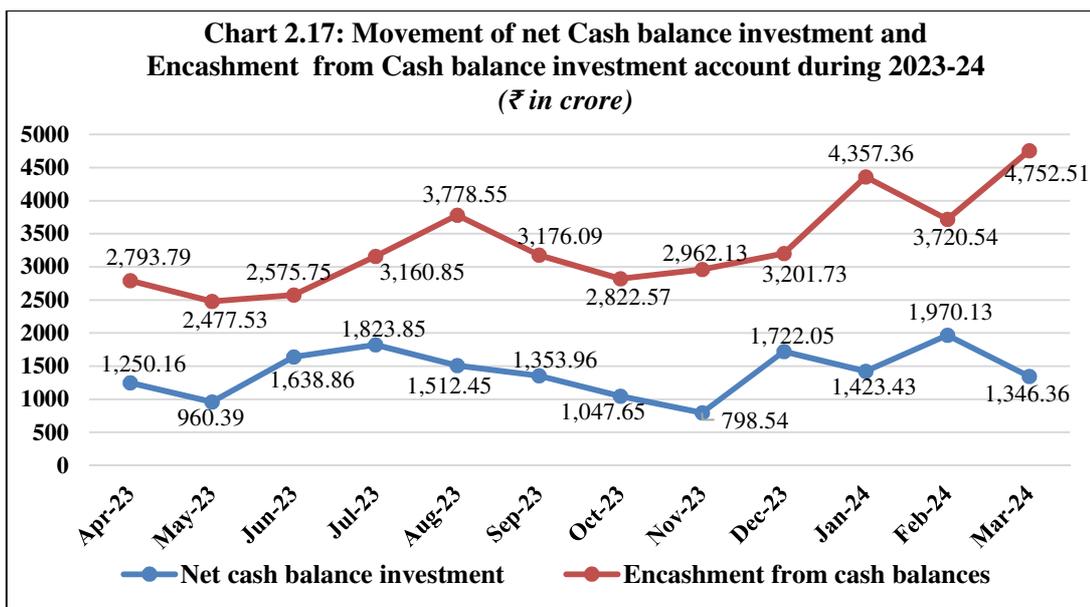
**Table 2.44: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2019-20	652.34	353.36	(-)298.98	17.43
2020-21	353.36	1,940.78	1,587.42	17.04
2021-22	1,940.78	2,755.52	814.74	18.48
2022-23	2,755.52	1,131.42	(-)1,624.10	17.31
2023-24	1,131.42	1,346.36	214.94	18.03

Source: Finance Accounts

It can be seen in **Table 2.44** that the amount in Cash balance investment account increased substantially by 19 per cent at the end of March 2024 over the previous year, it means that the State Government was not utilised funds from the balances for meet up the fiscal deficit during the year as there was fiscal deficit of ₹ 637.58 crore during 2023-24.

Month-wise movement of the net cash balance investment and the encashment from the investment account during 2023-24 are shown in **Chart 2.17**:



Source: AG (A&E) office

Further, the cash balance of the State Government as on 31 March 2024 also includes a cash balance of ₹ 46.70 crore of Central share received up to 1 March 2024 by the State for CSSs. This amount is restricted for use by the State Government, as, being a pass-through transaction it is not controlled by the State Government, and is required to be transferred along with commensurate State share to State Nodal Agency of each CSS's account within 30 days. Due to non-transfer of the amount, the revenue expenditure was understated by ₹ 46.70 crore and the cash balance was overstated by the same amount.

## 2.8 Salient features

Deficit indicators, revenue augmentation and expenditure management are the major yardsticks for judging the fiscal performance of the Government. Comparison of key parameters of the State Finances 2023-24 with that of the previous year is summarised in **Table 2.45**.

**Table 2.45: Key parameters**

Positive indicators	Parameters requiring close watch
Own Tax Revenue increased by 9.59 per cent	Misclassification of accounts between Revenue and Capital in respect of grant-in-aid
Own Non-Tax Revenue increased by 4.52 per cent	Trend of Fiscal deficit
Capital expenditure increased by 35.02 per cent	Recovery of old loans
Revenue Expenditure on Social services decreased by 1.45 per cent	

## 2.9 Conclusion

The State Government passed the TFRBM Act, 2005 to ensure prudence in the fiscal management and fiscal stability by progressive elimination of revenue deficit and maintained revenue surplus. The Government amended (5<sup>th</sup> Amendment) the TFRBM

Act, in 2022. The Government enjoyed revenue surplus for the last three consecutive years. During 2023-24, revenue surplus was increased to ₹ 2,195.97 crore from ₹ 570.30 crore in 2022-23.

The Government witnessed fiscal deficits of ₹ 637.58 crore during 2023-24 against the fiscal deficit of ₹ 1,512.73 crore in 2022-23.

Revenue Receipts of the State increased by ₹ 2,229.01 crore (12.17 *per cent*) during the year 2023-24 from ₹ 18,309.01 crore during 2022-23. State's Own Tax increased by ₹ 287.73 crore (9.59 *per cent*) from ₹ 2,999.68 crore in 2022-23 to ₹ 3,287.41 crore in 2023-24 and Non-Tax revenue increased by ₹ 18.17 crore (4.52 *per cent*) during the year. The State had collected ₹ 1,589.78 crore as GST during 2023-24, an increase of ₹ 130.77 crore (8.96 *per cent*) over the previous year.

Grants-in-aid from GoI was ₹ 8,833.26 crore during 2023-24 which increased by ₹ 650.51 crore (7.95 *per cent*) from ₹ 8,182.75 crore in 2022-23. State's Share of Union taxes and Duties, however, increased by ₹ 1,272.59 crore (18.93 *per cent*) from ₹ 6,724.23 crore in 2022-23 to ₹ 7,996.82 crore in 2023-24.

There were arrears of revenue of ₹ 173.06 crore at the end of the year 2024 out of which ₹ 59.11 crore were arrears for more than five years.

Revenue expenditure in 2023-24 was ₹ 18,342.05 crore which was increased by ₹ 603.34 crore (3.40 *per cent*) as compared to previous year. The Revenue expenditure was 86.62 *per cent* of the total expenditure (₹ 21,176.49 crore) during the year.

Capital expenditure increased by ₹ 709.22 crore (35.02 *per cent*) from ₹ 2,024.97 crore in 2022-23. It was noticed that the State Government had given Grants-in-aid of ₹ 1,488.52 crore of which ₹ 1,482.43 crore was given for creation of capital Assets during 2023-24. This expenditure was booked as Capital expenditure instead of Revenue account in contravention of the provisions contained in IGAS-2, resulting in overstatement of Capital expenditure and understatement of Revenue expenditure as well as overstatement of Revenue surplus of ₹ 6.09 crore during 2023-24.

The State Government incurred 58.58 *per cent* of the Revenue expenditure and 52.32 *per cent* of Revenue Receipts as committed expenditure comprising salary & wages, pension, interest payments *etc.*, during the year 2023-24. Government had also incurred ₹ 121.93 crore as subsidy (0.66 *per cent* of Revenue expenditure) during the year.

During 2023-24, the State Government invested ₹ 70.30 crore in seven Government Companies (₹ 63.68 crore) and eight co-operative societies (₹ 6.62 crore). There was total investment of ₹ 1,901.49 crore in 16 Government companies, 25 Co-operative Societies, one Statutory Corporation, one Bank and four Joint Stock Companies as on 31 March 2024. During the year the State had received ₹ 7.85 crore as dividend from two Joint Stock Companies.

There was outstanding loan of ₹ 408.80 crore out of which ₹ 152.98 crore was outstanding for past several years ranged between 10 and 25 years.

The outstanding liabilities including Public Debt and Public Account ₹ 21,878.26 crore (excluding Back-to-Back loan of ₹ 627.37 crore) which was 26.48 *per cent* of GSDP during 2023-24. About 4.42 *per cent* of the revenue receipts were used by the State for payment of interest on the outstanding Public Debt during the year. However, the outstanding liabilities decreased by ₹ 818.57 crore during the year as compared to 2022-23.

The State Government contributed ₹ 100.95 crore to the Consolidated Sinking Fund against the admissible amount of contribution of ₹ 105.30 crore calculated at the rate of 0.5 *per cent* of the outstanding liabilities of ₹ 21,059.70 crore at the beginning of the year 2023-24.

During 2023-24, the State Government transferred ₹ 67.56 crore to the State Disaster Response Fund along with the State share of ₹ 6.76 crore for the years. The State had also transferred ₹ 15.78 crore to the State Disaster Mitigation Fund during 2023-24.

The State Government contributed ₹ 2.85 crore to the guarantee redemption fund at the rate of 0.5 *per cent* of outstanding guarantees of ₹ 569.90 crore at the beginning of the year 2023-24.

As on 31 March 2024, the State had outstanding Market loan of ₹ 9,538.83 crore out of which ₹ 3,331.51 crore would mature in next five to seven years including interest.

The cash balances of the State at the end of 31 March 2024 was ₹ 2,576.75 crore out of which, ₹ 1,346.36 crore was held in cash balance investment account during the year.

### 2.10 Recommendations

- i. State Government may take necessary steps to review the accounting treatment of the expenditure met out for Grants-in-aid from the Capital account instead of Revenue Account as it affects the transparency of accounting and has significant impact on the computation of the Revenue Surplus/deficits.*
- ii. State Government should take necessary steps to collect the arrear of revenue pending for collection in various principal heads/components.*
- iii. State Government should comply the statutory provisions in respect of the payment of interest etc., on the interest-bearing reserve funds/deposits.*
- iv. Necessary steps should be taken by the Government to recover the long pending outstanding loans from the entities.*