

## Chapter I: Overview

### 1.1 Profile of the State

Rajasthan with a geographical area of 3.42 lakh square kilometers is the largest state in the country. It is situated in the north-western part of the country and is surrounded by the states of Punjab, Haryana and Uttar Pradesh in the north and north-east, Madhya Pradesh in the south-east and Gujarat in the south-west. It also has a long international frontier with Pakistan. The state has varied climatic conditions ranging from semi-arid to arid. Administratively, it is divided into 7 divisions and 41 districts.

As per projections, the State's population increased from 7.20 crore in 2014 to 8.19 crore in 2024, recording a decadal growth rate of 13.80 *per cent*. The percentage of population below the poverty line was 14.71 *per cent* in 2011-12 as compared to the All India average of 21.92 *per cent* (Poverty Estimates for 2011-12). In addition, the literacy rate was 66.10 *per cent* which is 6.90 percentage below the All India average of 73 *per cent* (as per Census 2011). The key indicators of the State are given in *Appendix 1.1* and *Appendix 1.2*.

#### 1.1.1 Gross State Domestic Product of Rajasthan

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

Trends in annual growth in GSDP (at current prices) as compared to Gross Domestic Product (GDP) and growth rate of GSDP vs GSVA (Gross State Value Added) are shown in **Table 1.1**.

**Table 1.1: Trends in growth of GSDP and GDP at current prices (nominal)**

(₹ in crore)						
S. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
	<b>INDIA</b>					
1.	GDP (Base year 2011-12)	2,01,03,593	1,98,54,096 <sup>\$</sup>	2,35,97,399 <sup>Σ</sup>	2,69,49,646 <sup>£</sup>	2,95,35,667 <sup>@</sup>
2.	GVA (at Current Prices) (Base year 2011-12)	1,83,81,117	1,82,10,997 <sup>\$</sup>	2,16,35,584 <sup>Σ</sup>	2,46,59,041 <sup>£</sup>	2,67,62,147 <sup>@</sup>
3.	Growth rate of GDP over previous year (in <i>per cent</i> )	6.37	(-) 1.24	18.85	14.21	9.60
4.	Growth rate of GVA over previous year (in <i>per cent</i> )	7.02	(-) 0.93	18.81	13.97	8.53
5.	Per Capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725
	<b>RAJASTHAN</b>					
6.	GSDP (Base year 2011-12)	10,00,032	10,17,917	11,94,961 <sup>Σ</sup>	13,57,851 <sup>£</sup>	15,28,385 <sup>#</sup>
7.	GSVA (at Current Prices) (Base year 2011-12)	9,45,551	9,61,175	11,30,039	12,76,563	14,27,982
8.	Growth rate of GSDP over previous year (in <i>per cent</i> )	9.71	1.79	17.39	13.63	12.56

S. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
9.	Growth rate of GSVA over previous year (in <i>per cent</i> )	10.06	1.65	17.57	12.97	11.86
10.	Per Capita GSDP (in ₹)	1,28,451	1,29,077	1,49,763	1,68,338	1,87,454

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

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

\$ Revised Estimate-III, @ Provisional Estimate.

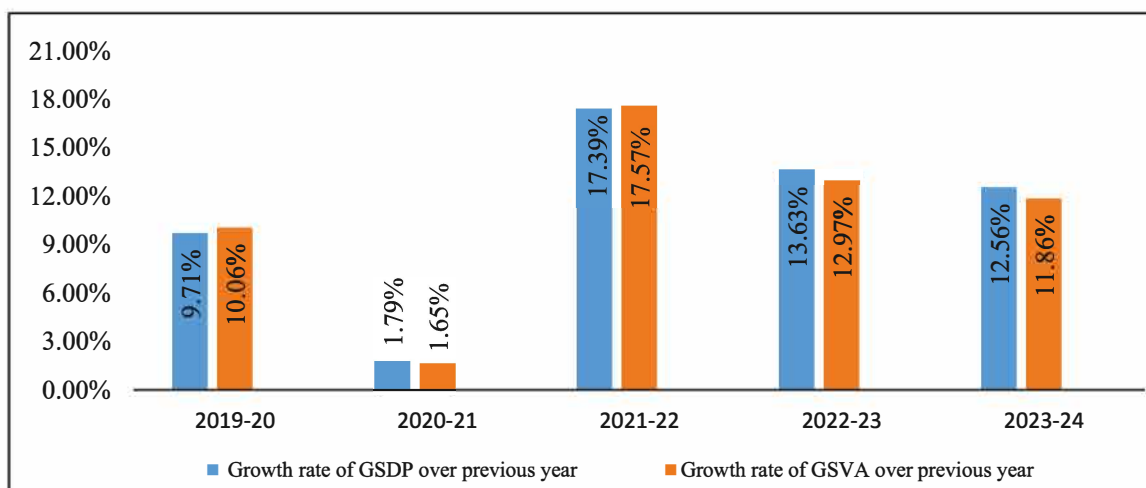
The GSDP at current prices grew at 12.56 *per cent* in 2023-24 over previous year and was ₹ 15,28,385 crore. The GSDP growth rate of 12.56 *per cent* was higher than the growth rate (9.60 *per cent*) of GDP. The per capita GSDP of the State for 2023-24 was ₹ 1,87,454 lower than per capita GDP of ₹ 2,11,725 (2023-24). However, the growth in per capita GSDP of the State (45.93 *per cent*) during the period 2019-20 to 2023-24 was higher than the growth in per capita GDP of the country (41.23 *per cent*) during the same period.

It can also be seen from the **Table 1.1** that the GSVA at current prices in 2023-24 was ₹ 14,27,982 crore and the GVA at current prices in 2023-24 was ₹ 2,67,62,147 crore. During 2023-24, GSVA registered 11.86 *per cent* growth rate which was higher than the growth rate (8.53 *per cent*) of GVA.

Gross Value Added (GVA) is used for economic analysis by GoI and international organisations like IMF and World Bank because it is considered a better indicator of economic growth in comparison to GDP as it ignores the impact of taxes and subsidies. GDP can be and is also computed as the sum of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes because of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective, it is therefore, vital to have a comparison of the GVA and GSVA data for better analysis and making policy interventions.

The trend of GSDP and GSVA for the period from 2019-20 to 2023-24 is indicated in the **Chart 1.1** below:

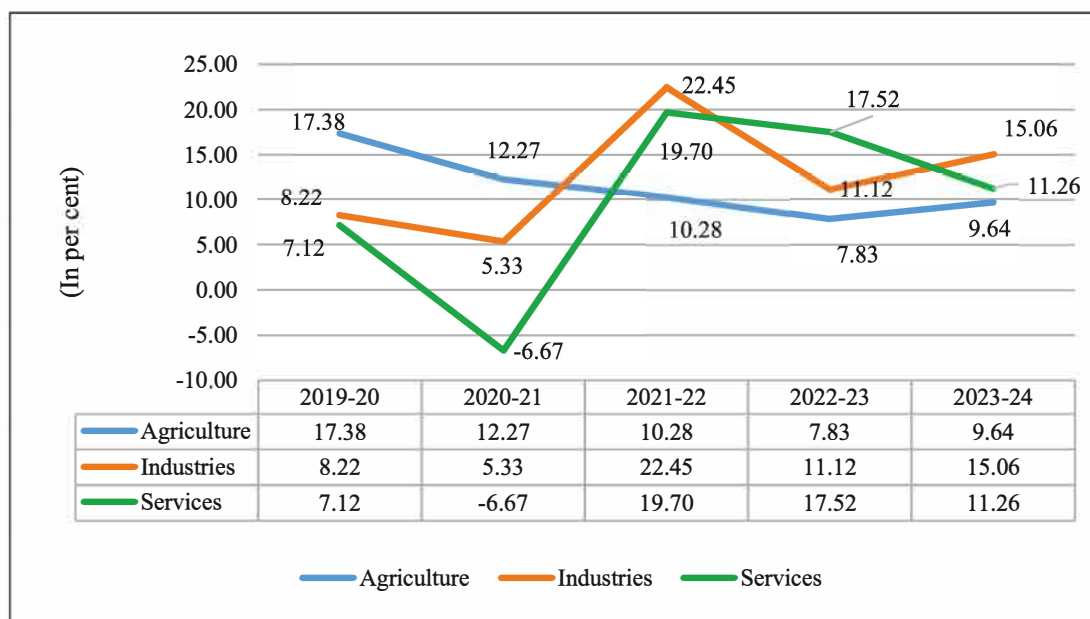
**Chart 1.1: Growth rate of GSDP vs GSVA at current prices (2019-20 to 2023-24)**



Source: Central Statistical Office (CSO), Ministry of Statistics & Programme Implementation, GoI

Changes in sectoral contribution to the GSVA is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. The sectoral growth in GSVA during the period 2019-20 to 2023-24 are depicted in **Chart 1.2** below:

**Chart 1.2: Sectoral growth in GSVA at current prices (2019-20 to 2023-24)**



Source: Economic Review 2023-24, Department of Economics and Statistics, GoR.

**Chart 1.2** shows that during 2023-24, Agriculture and Industry sectors registered increase in growth rate in comparison to the previous year while Services sector registered negative growth.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under the Article *ibid* of the Constitution of India.

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

Finance Accounts and Appropriation Accounts of the State for the year 2023-24 constitute the core data for this State Finances Audit Report (SFAR). Other sources include the following:

- Budget of the State for the year 2023-24, both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit-I), Rajasthan at the State Government as well as at the field level during the year;
- Other data with Departmental Authorities and Treasuries (accounting as well as IFMS- Integrated Financial Management System);
- GSDP data and other State related statistics from the Ministry of Statistics and Programme Implementation, Government of India (GoI) and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the Fourteenth Finance Commission (XIV-FC), Fifteenth Finance Commission (XV-FC), Sixth State Finance Commission (VI-SFC), Rajasthan Fiscal Responsibility and Budget Management (FRBM) Act, best practices and guidelines of the GoI. Replies of the Government, where received, have been incorporated in this Report at appropriate places.

### ***1.3 Overview of Government Accounts Structure and Budgetary Processes***

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

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

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

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

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

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

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

#### **Budget Document**

There is a constitutional requirement (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

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

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

The **Capital receipts** consist of:

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

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

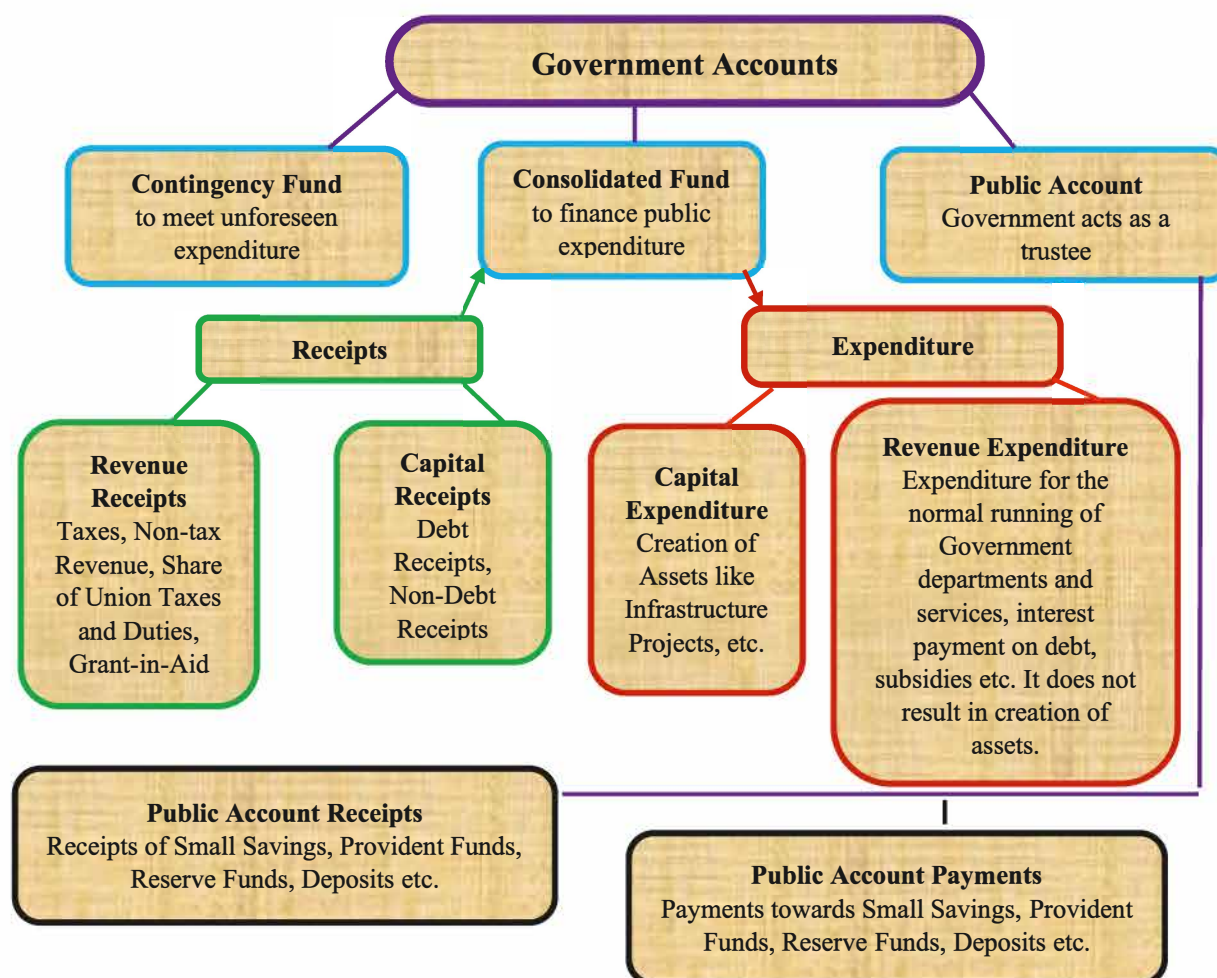
At present, we have an accounting classification system in government that is both functional and economic.

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



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

**Chart 1.3: Structure of Government Accounts**



**Public Debt and Public Liability:** In this Report 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loan given by Central Government etc. For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the transactions relating to 'Small Savings, Provident Fund, etc.' 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to 'Remittances' and 'Suspense' under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8001 to 8554 relating to 'Small Savings, Provident Fund, etc.', 'Reserve Funds' and 'Deposit and Advances' along with the transactions under major heads 6003 and 6004.

### Budgetary Processes

In terms of Article 202 of the Constitution of India, the Government of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Besides consolidated budget, the State Government also prepare statements like Agriculture Budget, Gender Budget statement, Child Budget statement and two types of Performance budget documents i.e. Out-come Budget and Output budget. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

#### 1.3.1 Snapshot of Finances

The following table provides the details of actual financial results for the year 2022-23 and 2023-24 vis-a-vis Budget Estimates and GSDP for the year 2023-24.

**Table 1.2: Budget Estimates for the year 2023-24 vis a vis actuals of 2022-23 and 2023-24**

(₹ in crore)						
S. No.	Components	2022-23 Actual	2023-24 BE	2023-24 Actual	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	2	3	4	5	6	7
1	<b>Tax Revenue</b>	<b>1,44,577</b>	<b>1,75,721</b>	<b>1,62,149</b>	<b>92.28</b>	<b>10.61</b>
(i)	Own Tax Revenue	87,346	1,14,169	94,086	82.41	6.16
(ii)	Share of Union Taxes/ duties (a)	57,231	61,552	68,063	110.58	4.45
2	Non-Tax Revenue	20,565	24,285	18,680	76.92	1.22
3	Grants-in-aid and Contributions	29,846	33,982	22,447	66.06	1.47
4	<b>Revenue Receipts (1+2+3)</b>	<b>1,94,988</b>	<b>2,33,988</b>	<b>2,03,276</b>	<b>86.87</b>	<b>13.30</b>
5	Recovery of Loans and Advances	420	311	405	130.23	0.03
6	Miscellaneous Capital Receipts	16	20	14	70.00	0.00
7	Borrowings and other Liabilities (b)	51,028	62,772	65,580	104.47	4.29
8	<b>Capital Receipts (5+6+7)</b>	<b>51,464</b>	<b>63,103</b>	<b>65,999</b>	<b>104.59</b>	<b>4.32</b>
9	<b>Total Receipts (4+8)</b>	<b>2,46,452</b>	<b>2,97,091</b>	<b>2,69,275</b>	<b>90.64</b>	<b>17.62</b>
10	<b>Revenue Expenditure of which</b>	<b>2,26,479</b>	<b>2,58,884</b>	<b>2,42,231</b>	<b>93.57</b>	<b>15.85</b>
11	Interest payments	30,602	32,394	34,128	105.35	2.23

S. No.	Components	2022-23 Actual	2023-24 BE	2023-24 Actual	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	2	3	4	5	6	7
12	Grant in Aid for creation of capital assets	267	-	551	-	0.04
13	<b>Capital Expenditure of which</b>	<b>19,973</b>	<b>38,207</b>	<b>27,044</b>	<b>70.78</b>	<b>1.77</b>
14	Capital Outlay	19,798	38,061	26,646	70.01	1.74
15	Loan and Advances	175	146	398	272.60	0.03
16	<b>Total Expenditure (10+13)</b>	<b>2,46,452</b>	<b>2,97,091</b>	<b>2,69,275</b>	<b>90.64</b>	<b>17.62</b>
17	<b>Revenue Deficit (4-10)</b>	<b>31,491</b>	<b>24,896</b>	<b>38,955</b>	<b>156.47</b>	<b>2.55</b>
18	<b>Fiscal Deficit {16-(4+5+6)}</b>	<b>51,028</b>	<b>62,772</b>	<b>65,580</b>	<b>104.47</b>	<b>4.29</b>
19	<b>Primary Deficit (18-11)</b>	<b>20,426</b>	<b>30,378</b>	<b>31,452</b>	<b>103.54</b>	<b>2.06</b>

Source: Finance Accounts and budget document.

(a) Includes State's share of Union Taxes.

(b) Borrowings and Other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

During the year 2023-24, the revenue receipts of the State though increased by 4.25 per cent over the previous year, these fell short by 13.13 per cent than the budget estimates. During the current year, there was excess of revenue expenditure (₹ 2,42,231 crore) over revenue receipts (₹ 2,03,276 crore), thereby resulting in revenue deficit of ₹ 38,955 crore.

### 1.3.2 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds. The assets comprise of mainly the capital outlay and loans and advances given by the State Government and cash balances. **Table 1.3** and **Appendix 1.3** give an abstract of such assets and liabilities as on 31 March 2024 compared with corresponding position of previous year.

**Table 1.3: Summarised position of Assets and Liabilities**

(₹ in crore)									
Liabilities					Assets				
		2022-23	2023-24	Per cent increase/ decrease (-)			2022-23	2023-24	Per cent increase/ decrease (-)
Consolidated Fund									
A	Internal Debt	3,50,961.67	3,99,857.54	13.93	a	Gross Capital Outlay	2,61,965.13	2,88,596.62	10.17
B	Loans and Advances from GoI	37,422.20	46,794.09	25.04	b	Loans and Advances	7,968.22	7,961.69	(-) 0.08
Contingency Fund									
Contingency Fund		1,000.00	1,000.00	-			-	-	-
Public Account									
A	Small Savings, Provident Funds, etc.	64,122.93	70,219.43	9.51	a	Advances	3.14	3.05	(-) 2.87
B	Deposits	45,622.77	46,211.77	1.29	b	Remittance	-	7.91	



Liabilities					Assets			
		2022-23	2023-24	Per cent increase/decrease (-)		2022-23	2023-24	Per cent increase/decrease (-)
C	Reserve Funds	15,058.62	18,446.21	22.50	c	Suspense and Miscellaneous	137.72	17.38
D	Remittances	0.54	-	-		Cash balance (including investment in Earmarked Fund)	7,671.53	10,544.81
						Adjustment entry on account of rounding	-	(-)0.01
						Total	2,77,745.74	3,07,131.45
						Cumulative excess of expenditure over receipts	2,36,442.99	2,75,397.59
								16.48
	Total	5,14,188.73	5,82,529.04	13.29	Total	5,14,188.73	5,82,529.04	13.29

Source: Finance Accounts

It can be seen from the above table that during 2023-24, assets increased by 10.58 *per cent*, while liabilities increased by 13.29 *per cent* over the previous year.

#### 1.4 Fiscal Balance: Achievement of deficit and total debt targets

In pursuance of recommendations of the Twelfth Finance Commission, the State Government had enacted the 'Rajasthan Fiscal Responsibility and Budget Management (FRBM) Act 2005', to ensure prudence in fiscal management and fiscal stability by progressive reduction of revenue deficit, prudent debt management consistent with fiscal sustainability, greater transparency in fiscal operations of the government and conduct of fiscal policy in a medium-term fiscal framework and for matters collected therewith for incidental thereto.

Review of fiscal situation of the State revealed the following:

(i) As per the provision contained in Section 6(a) of the FRBM (Amendment) Act 2011, the State Government had to achieve Zero Revenue Deficit from the financial year 2011-12 and thereafter maintain it or to attain revenue surplus. However, the State Government could maintain the revenue surplus only during the years 2011-12 and 2012-13 and thereafter, there has been revenue deficit during last eleven consecutive years upto 2023-24.

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

**Table 1.4: Position of Revenue deficits/surplus in the context of BE/RE and Actual**

(₹ in crore)						
S. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Budget Estimates	(-) 27,015	(-) 12,346	(-) 23,750	(-)23,489	(-) 24,896
2.	Revised Estimates	(-) 28,041	(-) 41,722	(-) 35,689	(-) 32,310	(-) 30,072
3.	Actual	(-) 36,371	(-) 44,001	(-) 25,870	(-) 31,491	(-) 38,955

Source: Finance Accounts and budget document.

Note: Deficit/surplus have been shown including the impact of UDAY<sup>1</sup> during the year 2019-20.

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

It is seen from the above table that the revenue deficit was ₹ 38,955 crore which was significantly higher than the projection made in BE (₹ 24,896 crore) and RE (₹ 30,072 crore).

During 2023-24, the revenue deficit was higher than the BE by ₹ 14,059 crore and RE by ₹ 8,883 crore as the actual revenue receipt declined to ₹ 2,03,276 crore (including ₹ 1,398 crore received from Government of India on account of compensation for loss of revenue arising out of implementation of GST) against BE of ₹ 2,33,988 crore i.e. a decline of 13.13 *per cent* (₹ 30,712 crore) whereas the actual revenue expenditure witnessed relatively lesser decline to ₹ 2,42,231 crore against BE of ₹ 2,58,884 crore i.e. decline of 6.43 *per cent* (₹ 16,653 crore).

(ii) Section 6(b) of the FRBM (Amendment) Act 2011, envisaged achieving fiscal deficit of 3 *per cent* of GSDP by the financial year 2011-12 and thereafter to maintain the said ratio or reduce it. Further, as per the FRBM (amendment) Act<sup>2</sup> 2021, the State is eligible for the additional borrowing of 0.50 *per cent* of GSDP for the period 2021-22 to 2024-25, allowed by Central Government, based on certain performance criteria in the power sector. However, though the FRBM Act was amended to provide for the *additional borrowing* of 0.50 *per cent*, the Act has not been amended to modify the Fiscal deficit target figure.

The following table shows the trend of fiscal deficit-GSDP ratio during the last three years:

**Table 1.5: Position of Fiscal deficit in the context of BE/RE and Actual**

(In <i>per cent</i> )				
S. No.	Years	Budget Estimates	Revised Estimates	Actual
1.	2021-22	3.98	5.18	4.04
2.	2022-23	4.36	4.33	3.76
3.	2023-24	3.98	4.26	4.29

Source: BE and RE from Budget documents

It is evident from the above table that Fiscal Deficit of the State in 2023-24 (4.29 *per cent* of GSDP) was in excess of the target figure in the FRBM Act (3 *per cent* of GSDP). Further, the overall fiscal space allowed by the Central Government to the State (3.5 *per cent* of GSDP) has also been exceeded. The fiscal deficit stood at ₹ 65,580 crore (4.29 *per cent* of GSDP) which was higher than the projections in BE (₹ 62,772 crore) and RE (₹ 65,082 crore).

(iii) The State Government amended (March 2021) the provisions of Section 6(c) of the FRBM Act and prescribed to limit the total outstanding debt (liability) as 38.20 *per cent* of GSDP to be achieved within a period of six years beginning from 1 April 2020 and thereafter to maintain the said ratio or reduce it. The Liability-GSDP ratio during 2023-24 was 36.62 *per cent*<sup>3</sup> which was within the limit fixed by the FRBM Act.

2. Section 6 ( f) was inserted on 25 September 2021.

3. For the FY 2023-24: GSDP ₹ 15,28,385 crore and Public debt and other liabilities ₹ 5,59,767 crore (excluding ₹ 11,872 crore received as loan in lieu of compensation for loss of revenue arising out of implementation of GST in 2020-21 and 2021-22).

Table 1.6: Compliance with provisions of FRBM Act

(₹ in crore)

S. No.	Fiscal Parameters	Fiscal targets set in the Act	Achievement				
			2019-20	2020-21	2021-22	2022-23	2023-24
1.	Revenue Deficit (-) / Surplus (+)	Revenue Surplus	(-)36,371 ×	(-)44,001 ×	(-)25,870 ×	(-)31,491 ×	(-)38,955 ×
2.	Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three per cent	(-)37,654 (3.77) ×	(-)59,376 (5.83) ×	(-)48,238 (4.04) ×	(-)51,028 (3.76) ×	(-)65,580 (4.29) ×
3.	Ratio of total outstanding liability <sup>4</sup> to GSDP (in per cent)	Target	34.00	38.20	38.20	38.20	38.20
		Achievement	35.27	39.88	37.74	36.36	36.62
			×	×	✓	✓	✓

The targets set by XV-FC and those projected in the State budget vis-a-vis achievements in respect of major fiscal aggregates with reference to GSDP during 2023-24 are given below:

Table 1.7: Targets vis-a-vis achievements in respect of major fiscal aggregates for the year 2023-24

Fiscal Variables	Target as prescribed by XV-FC	Target in Budget	Actuals	Percentage variation of actual over	
				Targets of XV-FC	Target in Budget
(1)	(2)	(3)	(4)	(4-2=5)	(4-3=6)
Revenue Deficit/ GSDP (per cent)	1.2	(-) 1.63	(-) 2.55	(-) 3.75	(-) 0.92
Fiscal Deficit/ GSDP (per cent)	(-) 3.0	(-) 3.98	(-) 4.29	(-) 0.79	(-) 0.31
Total Outstanding liability/GSDP (per cent)	39.6	36.78	36.62 <sup>s</sup>	(-) 2.98	(-) 0.16

Source: Recommendations of XV-FC, Budget and Finance Accounts

Note: Deficit figures have been shown in minus.

\$ Excluding back-to-back loan of ₹ 11,872 crore received from Gol in lieu of GST Compensation

As shown in the table above, the Government was unable to contain the Revenue Deficit-GSDP and Fiscal Deficit-GSDP ratios within the levels fixed by XV-FC for 2023-24. Even if the additional borrowing of 0.50 per cent of GSDP, allowed by the Central Government for the period 2021-22 to 2024-25 based on certain performance criteria in the power sector is considered, the Fiscal Deficit-GSDP ratio still exceeds the target limit (3.5 per cent).

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

Table 1.8: Actuals vis-à-vis projection in MTFP for 2023-24

(₹ in crore)

S. No.	Fiscal Variables	Projection as per MTFP	Actuals (2023-24)	Variation (in per cent)
1	Own Tax Revenue	1,14,169	94,086	(-) 17.59
2	Non-Tax Revenue	24,285	18,680	(-) 23.08
3	Share of Central Taxes	61,552	68,063	10.58

4. Arrived after excluding GST Compensation received as back-to-back loan of ₹ 4604 crore for 2020-21 and ₹ 11,872 crore for 2021-22 to 2023-24 under debt receipts.

S. No.	Fiscal Variables	Projection as per MTFP	Actuals (2023-24)	Variation (in per cent)
4	Grants-in-aid from GoI	33,982	22,447	(-) 33.94
5	Revenue Receipts (1+2+3+4)	2,33,988	2,03,276	(-) 13.13
6	Capital Receipt	331	419	26.59
7	Revenue Expenditure	2,58,884	2,42,231	(-) 6.43
8	Revenue Deficit (-)/Surplus (+) (5-7)	(-) 24,896	(-) 38,955	56.47
9	Fiscal Deficit (-)/ Surplus (+)	(-) 62,772	(-) 65,580	4.47
10	Primary Deficit	(-) 30,378	(-) 31,452	3.54
11	Debt (Liability)-GSDP ratio (per cent)	36.78	36.62	(-) 0.16
12	GSDP growth rate at current prices (per cent)	11.50	12.56	1.06

Source: Finance Accounts and budget document.

As can be seen from the **Table 1.8**, the actual Revenue Deficit, Fiscal Deficit and Primary Deficit had exceeded the projections of MTFP. However, actual Liability-GSDP ratio were lower than the projections in MTFP.

**Charts 1.4 and 1.5** present the trends in deficit indicators over the period 2019-24.

**Chart 1.4: Trends in deficit parameters**

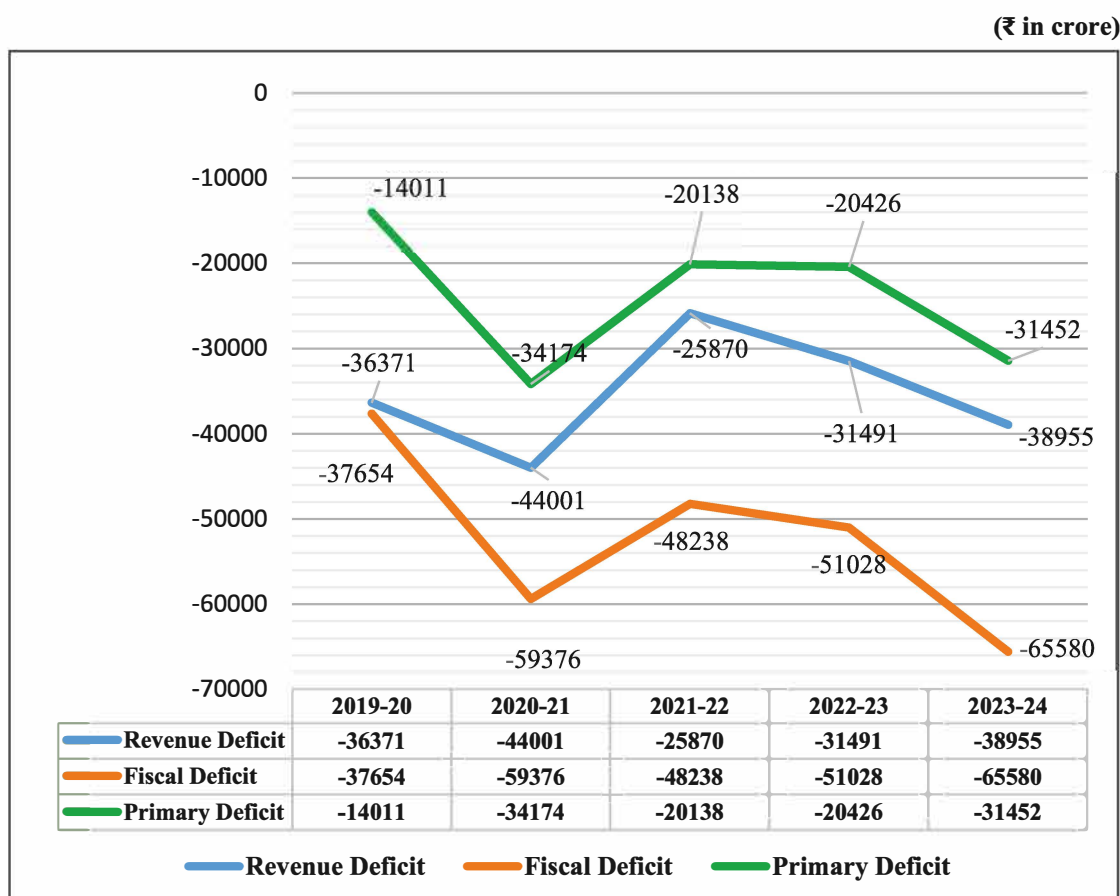


Chart 1.5: Trends in Deficit Indicators Relative to GSDP

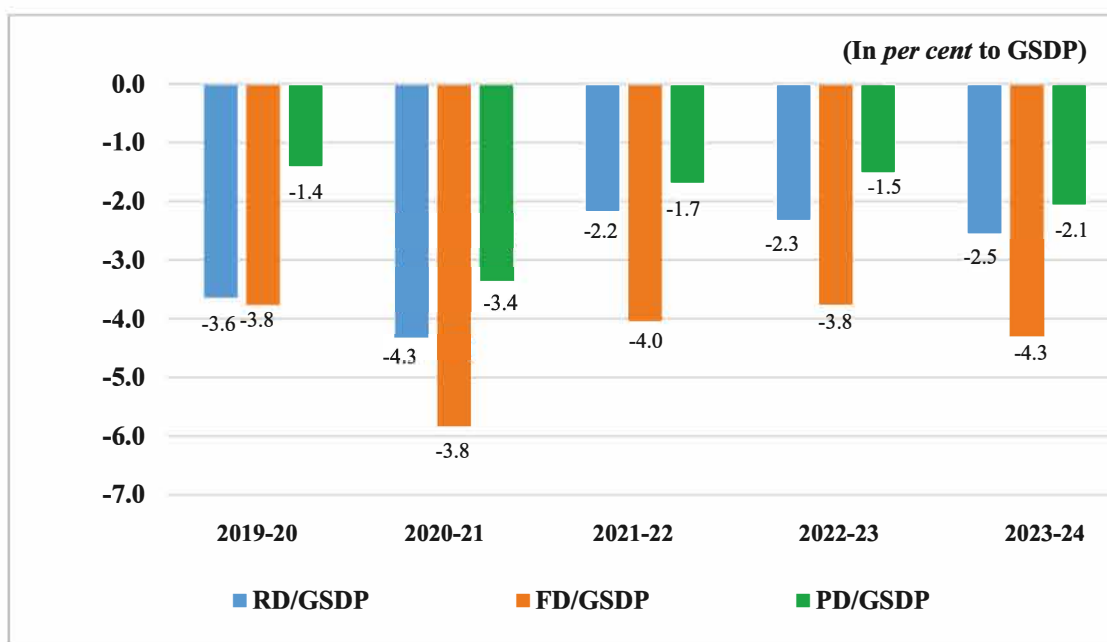
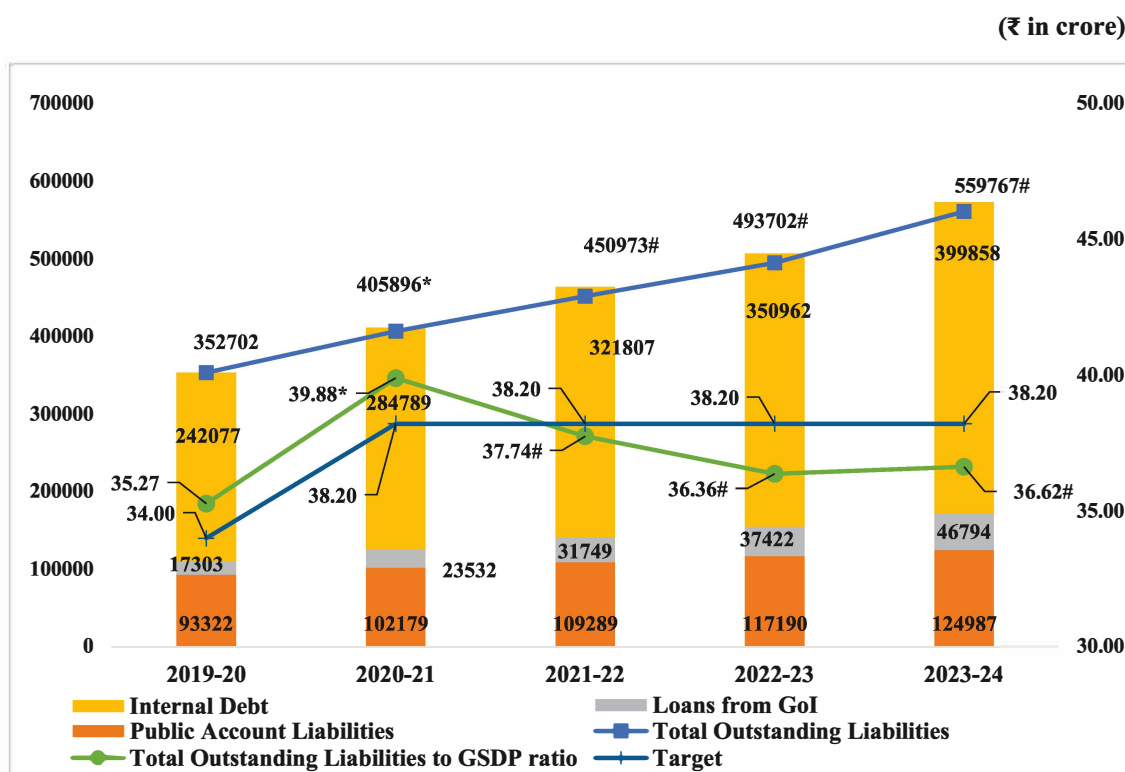


Chart 1.6: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts

\* Arrived at after exclusion of GST compensation of ₹4,604 crore received as back to back loan during 2020-21 under debt receipts from the total outstanding liabilities.

# Arrived at after exclusion of GST compensation of ₹11,872 crore received as back to back loans during 2021-22, 2022-23 and 2023-24 under debt receipts from the total outstanding liabilities.



During 2023-24, fiscal liabilities increased by 13.38 *per cent* (₹ 66,065 crore) over the previous year due to increase in Internal Debt by 13.93 *per cent* (₹ 48,896 crore), Public Account Liabilities by 6.65 *per cent* (₹ 7,797 crore) and Loans and Advances from GoI by 25.04 *per cent* (₹ 9,372 crore).

The fiscal liabilities of ₹ 5,59,767 crore<sup>5</sup> existing on 31 March 2024, included outstanding borrowings of ₹ 17,107 crore under UDAY, on account of the issue of Non-Statutory Liquidity Ratio (SLR) Bonds and forfeited Bonds which constituted Internal Debt of the State Government.

#### ***1.4.1 Performance of the State Government with respect to borrowings according to the limits fixed by Government of India***

Article 293 (3) of the Constitution of India, inter alia, provides that a State may not raise any loan without the consent of GoI if any part of a loan, which has been made to the State by GoI, is still outstanding.

The GoI, Ministry of Finance, Department of Expenditure fixed (March 2023) the normal net borrowing ceiling of the State Government for the financial year 2023-24 as ₹ 47,974 crore and instructed the State Government to ensure that its incremental borrowings from all sources remain within this ceiling.

Further, the Central Government also allowed additional borrowing ceiling of 0.5 *per cent* of GSDP to the State based on certain performance criteria in the power sector. Thus, the fiscal space or the borrowing ceiling allowed to the state by the Central Government for 2023-24 was 3.5 *per cent*<sup>6</sup> of projected GSDP, which works out to be ₹ 55,970 crore. Additionally, the State was allowed ₹ 8,513.42 crore (0.5570 *per cent* of GSDP) interest free capital loan for 50 years over and above the normal ceiling allowed to the State. Thus, the fiscal space or the borrowing ceiling allowed to the State by the Central Government for 2023-24 was 4.06 *per cent* of GSDP.

As per Statement of Public Debt and other liabilities (Statement No. 6) of the Finance Accounts 2023-24, incremental borrowings and other liabilities of the State Government were ₹ 66,065 crore during the financial year 2023-24 exceeding the above borrowing ceiling by 0.23 *per cent* of GSDP.

### ***1.5 Deficits and Total Debt after examination in audit***

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

5. After excluding GST compensation of ₹ 11,872 crore received as back-to-back loans during 2020-21 and 2021-22 under debt receipts.

6. Calculated by GoI at 3.5 *per cent* of projected GSDP (₹ 15,99,142 crore) of the year 2023-24, based on the GSDP estimated as per the methodology prescribed by the XV-FC.

### 1.5.1 Post audit - Deficits

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits ceiling on debt and on guarantees, etc. The Revenue Deficit and the Fiscal Deficit as worked out for the State gets impacted due to various circumstances such as misclassification of revenue expenditure as capital and deferment of clear-cut liabilities impact deficit figures. Further, short/ excess transfer of cess, etc. also impact the revenue and fiscal deficits. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/ capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed as detailed in **Table 1.9**.

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

(₹ in crore)					
S.No.	Particulars	Impact on Revenue Deficit		Impact on Fiscal Deficit	
		Overstated	Understated	Overstated	Understated
Other transfers to Reserve/Deposit Fund					
1.	Non-credit of interest on interest bearing Reserve Funds and Deposits (Para 4.1)		7.94		7.94
2.	Misclassification between Revenue and Capital Expenditure (para 3.4.7)	-	4.60	-	-
3.	Non-transfer to State Disaster Mitigation Fund (para 2.5.2.1)	-	217.80	-	217.80
4.	Non transfer of Central Road and Infrastructure Fund	-	59.45		59.45
5.	Short transfer of National Pension System	-	0.63		0.63
	Total	understatement 290.42		understatement 285.82	
Transfer of Cess/Surcharge to Reserve/Deposit Fund					
6.	Excess transfer of Petrol and Diesel Cess (Para 2.5.2.3)	1,855.77	-	1,855.77	-
7.	Short transfer of Other Cess and Surcharge <sup>7</sup> (Para 2.5.2.3)	-	1,027.85	-	1,027.85
	Total (Cess/Surcharge)	(net) overstatement 827.92		(net) overstatement 827.92	
	Grand Total	(net) overstatement 537.50		(net) overstatement 532.90	

Source: Finance Accounts for the year 2023-24 and analysis

As evident from the table above, the revenue deficit of the State Government of ₹ 38,955 crore (Reference **Para 1.4 (i)**) was overstated by ₹ 537.50 crore and the fiscal deficit of ₹ 65,580 crore (Reference **Para 1.4 (ii)**) was overstated by ₹ 532.90 crore.

### 1.5.2 Post Audit – Overall Liability

As per the FRBM Act, 2005 total liabilities mean the liabilities under the Consolidated Fund and the Public Account of the State referred to in Article 266 of the Constitution

7. **Short Transfer in:** (i) Surcharge on stamp duty for infrastructure development: ₹ 174.80 crore; (ii) Surcharge for relief from Natural and Man-made disasters: ₹ 596.42 crore; (iii) Urban Cess: ₹ 109.68 crore; (iv) Water conservation cess: ₹ 10.36 crore; (v) Surcharge for conservation and propagation of cow and its progeny: ₹ 0.87 crore and Building and Other Construction Workers Welfare Cess: ₹ 135.72 crore.

of India. The outstanding debt/liabilities can be split into various components as given in **Table 1.10** below:

**Table 1.10: Overall Liability position as on 31 March 2024, post examination by Audit**

(₹ in crore)		
S. No.	Particulars	Amount
<b>1.</b>	<b>Internal Debt</b>	<b>3,99,857.54</b>
(i)	Market Loans bearing interest	3,58,826.82
(ii)	Market Loans not bearing interest	0.03
(iii)	Loans from Life Insurance Corporation of India	5.65
(iv)	Special Securities issued to National Small Savings Fund of the Central Government	7,484.52
(v)	Loans from Other Institutions	33,540.52
<b>2.</b>	<b>Loans and Advances from Central Government -</b>	<b>46,794.09</b>
(i)	Pre 1984-85 Loans	5.41
(ii)	Non-Plan Loans	7.49
(iii)	Loans for State Plan Schemes	718.01
(iv)	Loans for Centrally Sponsored Plan Schemes	3.05
(v)	Other Loans for State/Union Territory with Legislature Schemes	46,060.13
<b>3.</b>	<b>Small Savings, Provident Funds, etc.</b>	<b>70,219.43</b>
<b>4.</b>	<b>Reserve Funds</b>	<b>8,555.66</b>
<b>5.</b>	<b>Deposits</b>	<b>46,211.78</b>
<b>A.</b>	<b>Overall Liability (1 to 5)</b>	<b>5,71,638.50</b>
<b>B.</b>	<b>Impact on overall Liability (Understated) due to:</b>	
(i)	Off budget borrowings by 'Various <i>'Zila Parishads'</i> on behalf of the State Government where the principal and/ or interest are to be serviced out of the State budgets.	1,040.73
(ii)	Off budget borrowings by Rajasthan Water Supply and Sewerage Corporation (RWSSC) (LIC)	1.86
(iii)	Off budget borrowings by Rajasthan Water Supply and Sewerage Corporation (RWSSC) (HUDCO and Bank of Maharashtra)	7,000.00
	<b>Total of B</b>	<b>8,042.59</b>
	<b>Total of (A + B)</b>	<b>5,79,681.09</b>

Thus, the State Government resorted to off-budget borrowings of ₹ 8,042.59 crore.

Taking into account the off-budget borrowings of the State, the total outstanding liability at the end of March 2024 worked out to ₹ 5,67,808.80 crore<sup>8</sup> against ₹ 5,59,766.21 crore<sup>8</sup>. Consequently, the overall liability as a percentage of GSDP at the end of the year (36.62 *per cent*<sup>8</sup>) was understated by 0.53 *per cent*.

8. After excluding GST compensation of ₹ 11,872.29 crore received as back-to-back loans under debt receipts.