

CHAPTER 2

FINANCES OF THE STATE

Chapter 2: Finances of the State

2.1 Major Changes in Key Fiscal Aggregates

Major changes in key fiscal aggregates of the State during the financial year 2023-24, compared to the previous year, are given in **Table 2.1**.

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

Revenue Receipts	<ul style="list-style-type: none">✓ Revenue receipts of the State increased by 13.59 <i>per cent</i>✓ Own Tax receipts of the State increased by 15.17 <i>per cent</i>✓ Own Non-tax receipts decreased by 7.31 <i>per cent</i>✓ State's Share of Union Taxes and Duties increased by 18.95 <i>per cent</i>✓ Grants-in-Aid from Government of India increased by 17.48 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">✓ Revenue expenditure increased by 6.38 <i>per cent</i>✓ Revenue expenditure on General Services increased by 7.91 <i>per cent</i>✓ Revenue expenditure on Social Services increased by 0.22 <i>per cent</i>✓ Revenue expenditure on Economic Services increased by 16.28 <i>per cent</i>
Capital Receipts	<ul style="list-style-type: none">✓ Debt Capital Receipts increased by 10.01 <i>per cent</i>✓ Non-Debt Capital Receipts increased by 33.33 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">✓ Capital expenditure increased by 36.49 <i>per cent</i>✓ Capital expenditure on General Services increased by 15.91 <i>per cent</i>✓ Capital expenditure on Social Services increased by 18.16 <i>per cent</i>✓ Capital expenditure on Economic Services increased by 47.39 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none">✓ Disbursement of Loans and Advances increased by 64.70 <i>per cent</i>✓ Recoveries of Loans and Advances increased by 26.47 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">✓ Public Debt Receipts increased by 10.01 <i>per cent</i>✓ Repayment of Public Debt increased by 11.64 <i>per cent</i>
Public Account	<ul style="list-style-type: none">✓ Public Account Receipts increased by 11.40 <i>per cent</i>✓ Disbursement of Public Account increased by 9.16 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none">✓ Cash balance increased by ₹ 1,604.47 crore (41.85 <i>per cent</i>) during 2023-24 compared to previous year

2.2 Sources and Application of Funds

The summary of sources and application of funds during the current year (2023-24) vis-à-vis the previous year (2022-23) is given in **Table 2.2**.

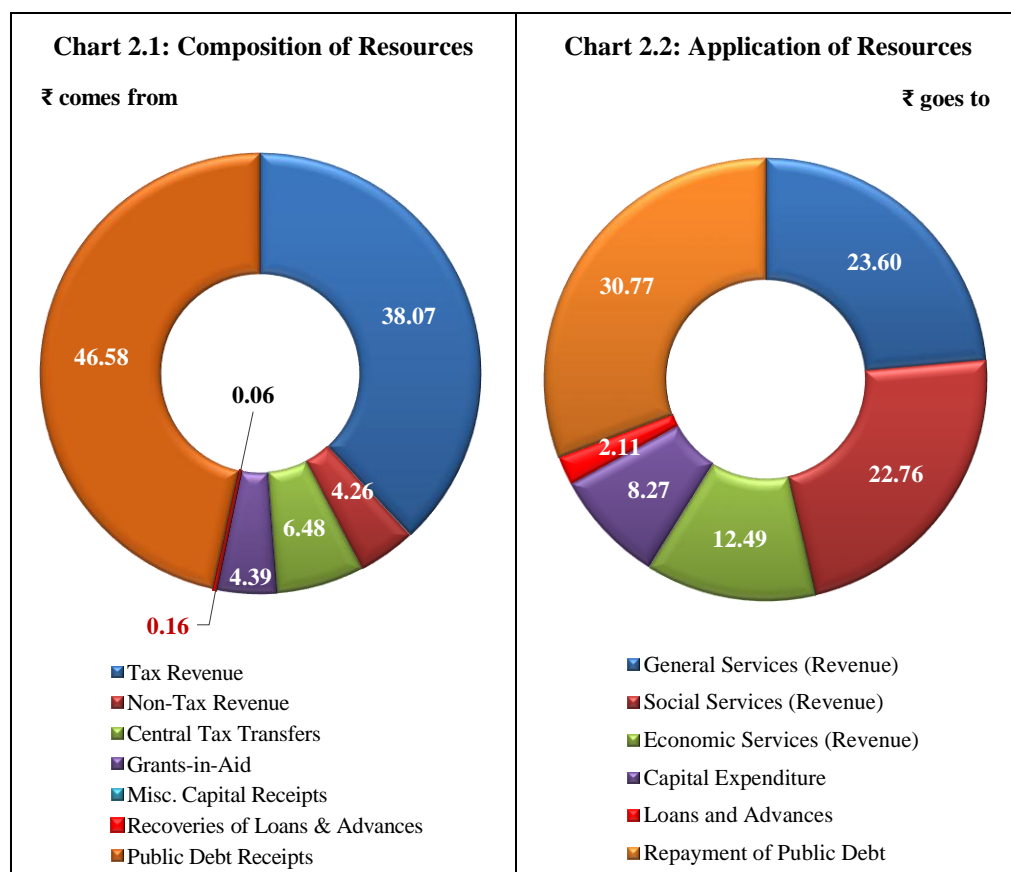
Table 2.2: Details of sources and application of funds during 2022-23 and 2023-24**(₹ in crore)**

	Particulars	2022-23	2023-24	Increase/Decrease (Percentage)
Sources	Opening Cash Balance with RBI	4,946.11	3,833.55	(-) 1,112.56 (22.49)
	Revenue Receipts	89,194.69	1,01,314.84	12,120.15 (13.59)
	Recoveries of Loans and Advances	237.75	301.15	63.40 (26.67)
	Misc. Capital Receipts	73.91	114.83	40.92 (55.36)
	Public Debt Receipts (Net)	27,628.01	29,526.62	1,898.61 (6.87)
	Public Account Receipts (Net)	2,286.33	4,064.84	1,778.51 (77.79)
	Total	1,24,366.80	1,39,155.83	14,789.03 (11.89)
Application	Revenue Expenditure	1,06,406.21	1,13,195.70	6,789.49 (6.38)
	Capital Expenditure	11,664.95	15,920.94	4,255.99 (36.49)
	Disbursement of Loans and Advances	2,462.07	4,055.22	1,593.15 (64.71)
	Closing Cash Balance with RBI	3,833.55	5,438.02	1,604.47 (41.85)
	Contingency Fund	0.00	545.95	545.95 (100.00)
	Total	1,24,366.78¹	1,39,155.83	14,789.05 (11.89)

Source: Finance Accounts of the respective years

Appendix 2.1 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

Composition of sources and application of funds in the Consolidated Fund of the State during 2023-24 is given in **Chart 2.1 and Chart 2.2**.

**Source: Finance Accounts.**

¹ Difference of ₹ 0.02 crore is due to rounding off.

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of Tax revenue (own tax revenue and State's share of Union taxes and duties), Non-Tax revenue and Grants-in-aid from the Government of India (GoI).
2. **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.

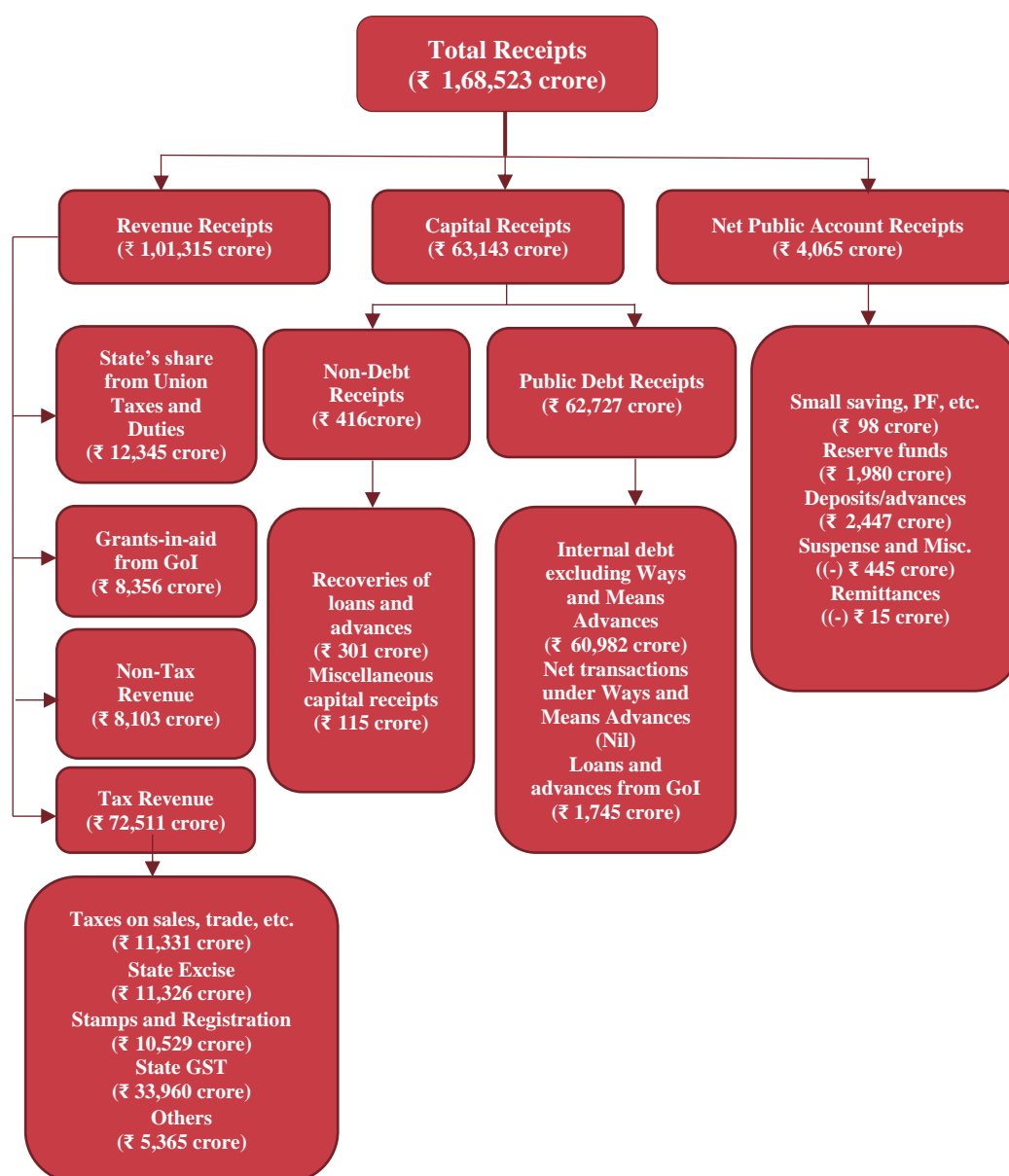
Both Revenue and Capital receipts form part of the Consolidated Fund of the State.

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

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

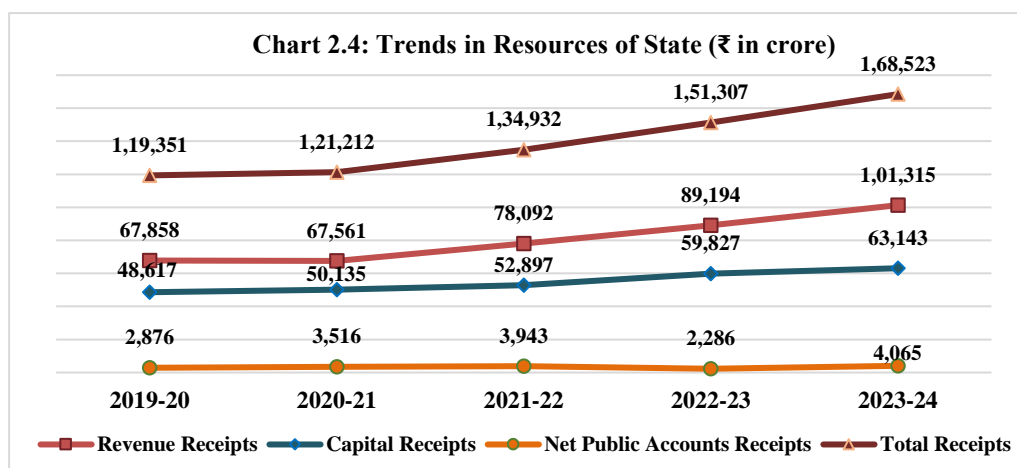
2.3.1 Receipts of the State

This paragraph provides the composition of overall receipts. Besides the Revenue and Capital receipts, Net Public Account receipts are also utilised to finance the deficit of the State. Composition of receipts of the State during 2023-24 is depicted in **Chart 2.3** while trends in various components of the receipts of the State during 2019-24 is given in **Chart 2.4**.

Chart 2.3: Composition of receipts of the State during 2023-24

Source: Finance Accounts

- Net Public Account Receipts (₹ 4,065 crore) = Public Account Receipts (₹ 78,102 crore) less Public Accounts Disbursements (₹ 74,037 crore)
- There is a difference in the components-wise total and the total figure of Revenue receipts due to rounding off.



Source: Finance Accounts of the respective years.

The total receipts of the Government increased by ₹ 49,172 crore (41.20 *per cent*) in 2023-24 over 2019-20. Revenue receipts increased by ₹ 33,457 crore (49.30 *per cent*), Capital receipts, which includes recovery of Loans and Advances and Public Debt, increased by ₹ 14,526 crore (29.88 *per cent*) and Net Public Account receipts increased by ₹ 1,189 crore (41.34 *per cent*) during the same period.

2.3.2 Revenue Receipts

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 during the period 2019-20 to 2023-24 are given in **Table 2.3** and also depicted in **Chart 2.5** and **Chart 2.6**. The trends and composition of Revenue receipts during the period 2019-20 to 2023-24 are presented in **Appendix 2.2**.

Table 2.3: Trends in Revenue Receipts

(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR)	67,858	67,561	78,092	89,194	1,01,315
Rate of growth of RR (<i>per cent</i>)	2.99	(-) 0.44	15.59	14.22	13.59
Tax Revenue	49,936	48,352	63,099	73,339	84,856
<i>Own Tax Revenue</i>	42,825	41,914	53,377	62,961	72,511
<i>State's share in Union Taxes and Duties</i>	7,111	6,438	9,722	10,378	12,345
Rate of growth of Tax Revenue (<i>per cent</i>)	(-) 1.77	(-) 3.17	30.50	16.23	15.70
Non-Tax Revenue	7,400	6,961	7,394	8,742	8,103
Grants-in-Aid from GoI	10,522	12,248	7,599	7,113	8,356
Rate of growth of Grants-in-Aid	48.76	16.40	(-) 37.96	(-) 6.40	17.48
<i>Own Revenue (Own Tax and Non-Tax Revenue)</i>	50,225	48,875	60,771	71,703	80,614
Rate of growth of Own Revenue (<i>per cent</i>)	(-) 0.66	(-) 2.69	24.34	17.99	12.43
GSDP (2011-12 Series)	7,38,052	7,29,079	8,68,905	9,84,055	10,95,535
Rate of growth of GSDP (<i>per cent</i>)	5.60	(-) 1.22	19.18	13.25	11.33
RR/GSDP (<i>per cent</i>)	9.19	9.27	8.99	9.06	9.25
Buoyancy Ratios²					
Revenue Buoyancy w.r.t. GSDP	0.54	--*	0.81	1.07	1.20
State's own Tax revenue Buoyancy w.r.t. Revenue Receipts	--*	--*	1.96	1.14	1.16

Source of GSDP figures: Ministry of Statistics and Programme Implementation, GoI

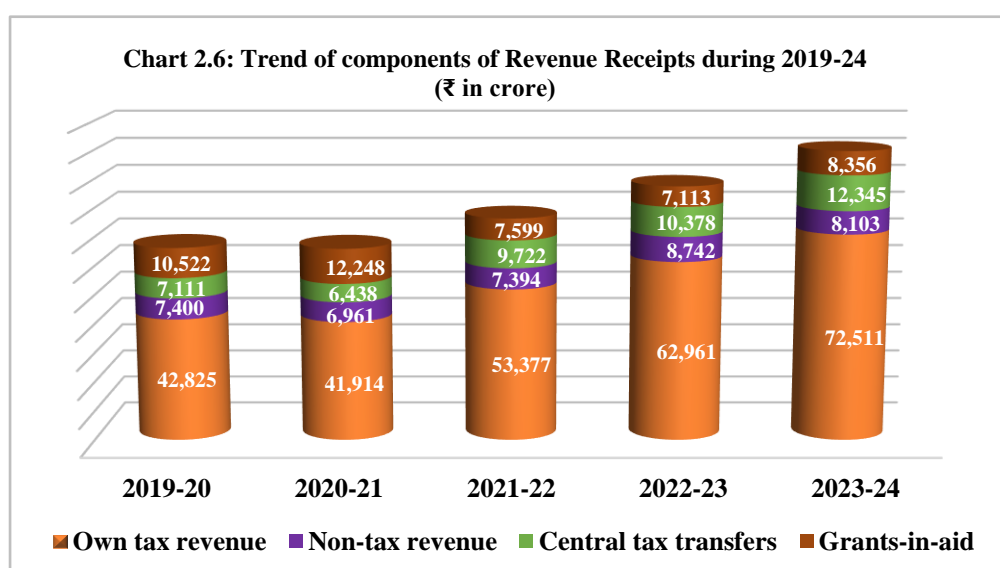
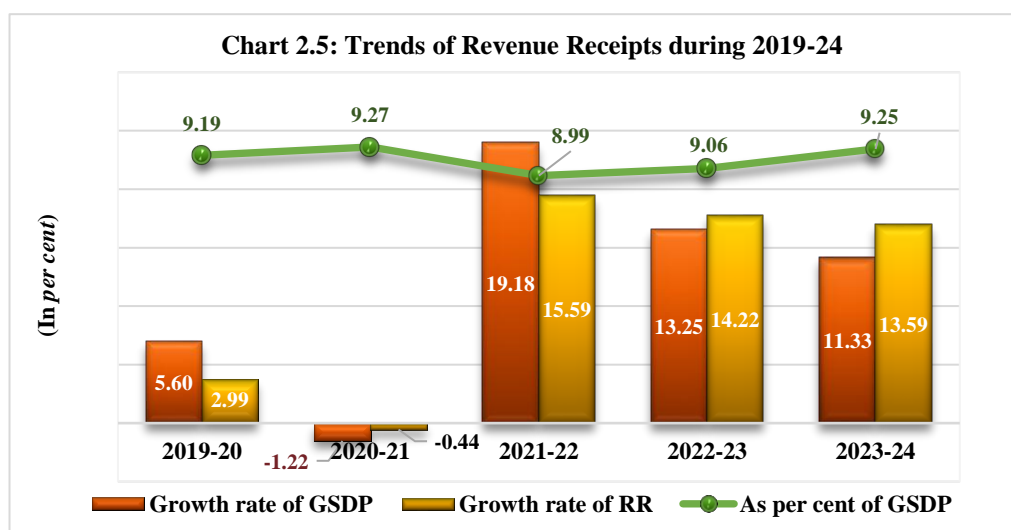
* Buoyancy ratio was not calculated as the growth of Revenue receipt/State's Tax revenue showed negative trend.

² Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

It can be seen that the annual growth rate of Revenue Receipts (RR) of the State increased from 2.99 *per cent* in 2019-20 to 13.59 *per cent* in 2023-24. The ratio of RR to GSDP increased from 9.19 *per cent* in 2019-20 to 9.25 *per cent* in 2023-24. Total Revenue receipts were ₹ 1,01,315 crore against the Budget Estimates of ₹ 1,09,122 crore during the year 2023-24.

Grants-in-aid from GoI showed increasing trend up to 2020-21, thereafter decreased by 41.92 *per cent* till 2022-23 and again increased by 17.48 *per cent* during 2023-24.

The revenue buoyancy with reference to GSDP increased from 0.54 *per cent* in 2019-20 to 1.20 *per cent* in 2023-24. The own Tax revenue buoyancy with reference to Revenue receipt decreased from 1.96 *per cent* in 2021-22 to 1.16 *per cent* in 2023-24. Trends in components of own Tax revenue and Non-Tax revenue are discussed in subsequent paragraphs.



Source: Finance Accounts of the respective years

There is a difference in break-up of the components and the total figure of Revenue receipts due to rounding off.

The Revenue receipts of the State increased by 49.30 *per cent* during the period from 2019-20 to 2023-24. The State's own Tax revenue increased by 69.32 *per cent*, but the Grant-in-aid from GoI decreased by 20.59 *per cent* during the same period. The share of the State's own revenue (Tax revenue and non-tax revenue) in Revenue receipts increased from 74.01 *per cent* in 2019-20 to 79.57 *per cent* in 2023-24. The share of Grants-in-aid from GoI to Revenue receipts decreased from 15.51 *per cent* in 2019-20 to 8.25 *per cent* in 2023-24. The share of central tax transfers in Revenue receipts increased from 10.48 *per cent* to 12.18 *per cent* during 2019-20 to 2023-24.

The Revenue receipts of the State during the current year increased by 13.59 *per cent* over the previous year. State's own tax and non-tax revenues increased by ₹ 8,911 crore (12.43 *per cent*) over the previous year.

2.3.2.2 State's Own Resources

As the State's share in Central taxes and Grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources.

(i) Own Tax revenue

Own tax revenues of the State consist of State Goods and Services Tax (SGST), State Excise, Taxes on vehicles, Stamp Duty and Registration fees, Land revenue, Taxes on goods and passengers, etc. The gross collection in respect of major taxes and duties are given in **Table 2.4**.

Table 2.4: Components of State's own tax revenue

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Taxes on sales, trades, etc.	8,398	8,660	11,221	11,262	11,331	
SGST	18,873	18,236	22,922	28,577	33,960	
State Excise	6,323	6,864	7,934	9,673	11,326	
Taxes on vehicles	2,916	2,495	3,265	4,231	4,904	
Stamp Duty and Registration fees	6,013	5,157	7,598	8,607	10,529	
Land revenue	20	17	21	23	22	
Taxes on goods and passengers	16	4	6	3	7	
Other Taxes	266	481	410	585	432	
Total	42,825	41,914	53,377	62,961	72,511	

*Difference due to rounding off. Adjustment has been carried out in other taxes so as to reconcile the total figure of own tax revenue.

Own Tax revenue increased by ₹ 29,686 crore (69.32 *per cent*) in 2023-24 over 2019-20. The taxes on sales, trades, State Excise, State Goods and Services Tax (GST), Taxes on vehicle, Stamp duty and Registration fees, etc. all recorded an increasing trend in the year 2023-24 as compared to the year 2022-23 as depicted in the **Table 2.4**.

The Own Tax revenue of the State at ₹ 72,511 crore was less by ₹ 3,206 crore as compared to estimates of ₹ 75,717 crore under Budget and MTFPS and was by ₹ 1,219 crore against the normative assessment of ₹ 73,730 crore by the 15th Finance Commission.

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

As per the books of RBI and Finance Accounts for the year 2023-24, the amount of SGST was ₹ 33,978.37 crore and ₹ 33,960.03 crore respectively. The difference of ₹ 41.07 crore (₹ 18.34 crore for the year 2023-24 and ₹ 22.73 crore upto the year 2022-23) upto the year 2023-24 is under reconciliation.

The collection of SGST was ₹ 33,960.03 crore (101.43 *per cent*) against the Budget Estimates of ₹ 33,480 crore during the year 2023-24.

(iii) **Analysis of arrears of revenue**

The arrears of revenue as on 31 March 2024 in some principal heads of revenue for which information received from State Government Departments amounted to ₹ 41,191.15 crore of which ₹ 21,030.93 crore was outstanding for more than five years as depicted in **Table 2.5**. Details of status of recovery at various stages is given in **Appendix 2.3**.

Table 2.5: Arrears of revenue as on 31 March 2024

(₹ in crore)

Sr. No.	Head of revenue	Total amount outstanding	Amount outstanding for more than five years
Arrears in Tax Revenue			
1	Tax on entry of goods into local areas (Local Area Development Tax)	203.38	203.24
2	Goods and Service Tax	6,920.99	6,920.99
3	State Excise	663.85	267.19
4	Taxes on sales, trade/VAT, etc.	30,437.24	12,581.07
5	Stamp and Registration Fee	66.57	6.17
6	Other taxes and duties on commodities and services-Receipts from Entertainment duty	11.11	11.11
Total		38,303.14	19,989.77
Arrears in Non-Tax Revenue			
1.	Civil Aviation	0.97	0.00
2.	State Transport	56.44	20.98
3.	Local Audit	43.76	32.24
4.	Supply & Disposals	0.71	0.20
5.	Non-Ferrous Mining and Metallurgical Industries	2,645.25	946.85
6.	Police	140.88	40.89
Total		2,888.01	1,041.16
Grand Total		41,191.15	21,030.93

Source: Information provided by State Government Departments.

Out of total outstanding amount of ₹ 41,191.15 crore, ₹ 38,303.14 crore (92.99 *per cent*) pertains to Tax revenue and ₹ 2,888.01 crore (7.01 *per cent*) to Non-Tax revenue. Amount of ₹ 19,989.77 crore (52.19 *per cent*) of total outstanding Tax revenue and ₹ 1,041.16 crore (36.05 *per cent*) of total outstanding Non-Tax revenue was more than five years old. Tax revenue amounting to ₹ 9,346.07 crore (24.40 *per cent*) and Non-Tax revenue ₹ 519.20 crore (17.98 *per cent*) was in arrear due to litigation in courts. Amount of ₹ 26,282.44 crore (68.62 *per cent*) of Tax revenue and ₹ 197.03 crore (6.82 *per cent*) Non-Tax revenue was outstanding due to different stages of action. On being pointed out by audit, the Excise and Taxation Department stated (June 2024) that efforts are being made to recover the arrear but the fact, however, was that 52.19 *per cent* of arrears of Tax revenue and 36.05 *per cent* of Non-Tax revenue arrears were outstanding for more than five years.

During the exit conference (December 2024), the Additional Chief Secretary, Finance Department assured to look into the matter.

(iv) *Arrears in assessments*

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax were as depicted in **Table 2.6**.

Table 2.6: Arrears in assessments

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balances at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on sales, Trade, etc./VAT	2021-22	5,036	4,240	9,276	3,096	6,180	33
	2022-23	6,180	4,473	10,653	3,576	7,077	34
	2023-24	7,077	3,884	10,961	3,588	7,373	33

Source: Information provided by State Excise and Taxation Department

(v) *Details of evasion of tax detected by Department*

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 2.7**.

Table 2.7: Detail of cases of evasion of tax detected during the year 2023-24

Sr. No.	Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	Number of cases in which assessment/investigation completed and additional demand raised with penalty, etc.		Number of cases pending for finalization as on 31 March 2023
					Number of cases	Amount of demand (₹ in crore)	
1	0039-State Excise	37	141	178	143	6.24	35
2	0040-Taxes on Sales, Trade, etc./VAT	1	0	1	1	0.01	0

Source: Information provided by State Excise and Taxation Department

(vi) Refund Cases

The number of refund cases pending at the beginning of the year 2023-24, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2023-24 as reported by the Department are given in **Table 2.8**.

Table 2.8: Details of refund cases during the year 2023-24**(₹ in crore)**

Sr. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1	Opening balance of outstanding claims	217	187.08	37	3.42
2	Claims received	211	64.82	79	13.54
3	Refund made/adjusted/ rejected	333	88.09	83	14.67
4	Closing balance of outstanding claims	95	163.81	33	2.29

Source: Information provided by State Excise and Taxation Department

(vii) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The trends in various components of Non-Tax revenue of the State during 2019-20 to 2023-24 are given in **Table 2.9**.

Table 2.9: Components of State's Non-Tax revenue**(₹ in crore)**

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Interest receipts	1,975	1,562	1,378	1,464	1,645	
Dividends and Profits	87	163	1,008	192	290	
Other Non-Tax receipts	5,338	5,236	5,008	7,086	6,168	
a) Major and medium Irrigation	172	210	232	360	618	
b) Other Rural Development Programme	21	8	12	1,345	3	
c) Road Transport	1,115	585	1,077	1,333	1,368	
d) Urban Development	1,855	1,954	1,241	1,284	1,560	
e) Education, Sports, Art and Culture	458	595	220	678	367	
f) Non-ferrous mining and metallurgical industries	702	1,021	838	834	811	
g) Other or misc.	1,015	863	1,388	1,252	1,441	
Total	7,400	6,961	7,394	8,742	8,103	

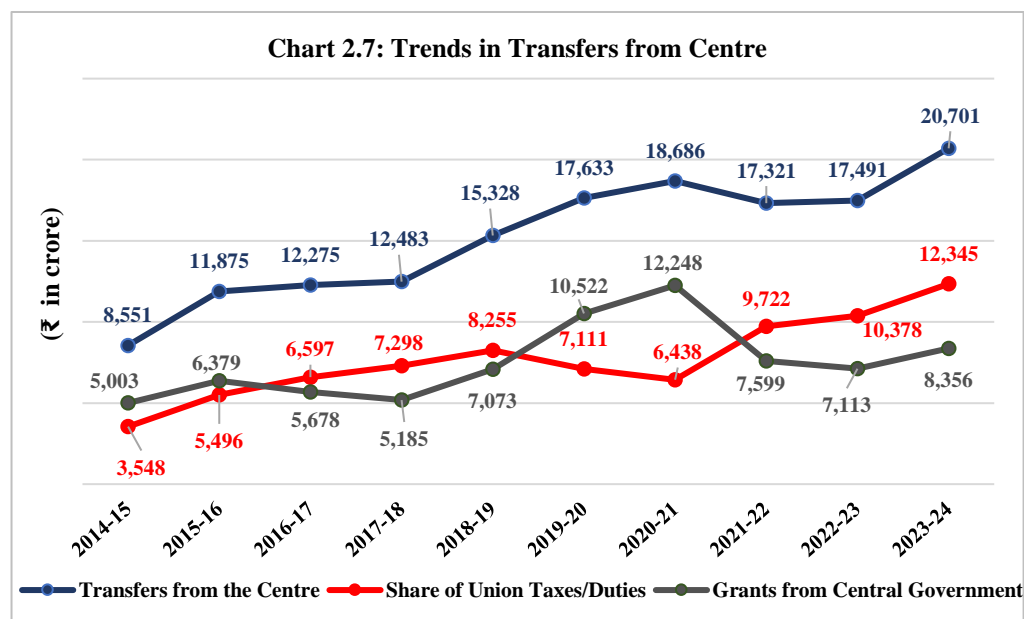
Source: Finance Accounts of the respective years.

The actual receipts under Non-Tax revenue increased by ₹ 703 crore (9.50 per cent) during 2019-24. Non-tax revenue (₹ 8,103 crore) constituted 8.00 per cent of the Revenue receipts during 2023-24 registering a decrease of (-) ₹ 639 crore (7.31 per cent) from the previous year mainly due to decrease in receipts under Other Rural Development Programme by ₹ 1,342 crore, Education, Sports, Art and Culture by ₹ 311 crore offset by increase in receipts under Urban Development (₹ 276 crore), Dividends and Profits by ₹ 98 crore. The interest

receipts of ₹ 1,645 crore included book adjustments of ₹ 1,361 crore on irrigation projects, grain supply scheme and road transport. There was shortfall of ₹ 4,548 crore in Non-Tax revenue as compared to the projection made in the Budget and MTFPS and ₹ 2,549 crore against the normative assessment of ₹ 10,652 crore by 15th FC.

2.3.2.3 Transfers from the Centre

Trends in transfers from the Centre during 2014-15 to 2023-24 are shown in *Chart 2.7*.



Source: Finance Accounts of the respective years

(i) Central tax transfer

The 14th FC recommended increase in the States' share of Central Taxes from 32 to 42 *per cent*. Accordingly, the States' share in the net proceeds of Central Taxes (excluding Service Tax) and net proceeds of Service Tax was fixed at 1.084 and 1.091 *per cent*, respectively. The 15th FC recommended decrease in the shareable amount of Central Taxes to States from 42 to 41 *per cent*.

The State's share in Union Taxes and Duties has shown an increasing trend from ₹ 5,496 crore in 2015-16 to ₹ 8,255 crore in 2018-19 and thereafter decreased to ₹ 6,438 crore in 2020-21. Further, it has also shown an increasing trend from ₹ 9,722 crore in 2021-22 to ₹ 12,345 crore in 2023-24 as detailed in *Table 2.10*.

**Table 2.10: State's share in Union Taxes and Duties:
Actual devolution vis-à-vis Finance Commission Projections**

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2015-16	1.084 per cent of net proceeds of all shareable taxes excluding service tax and 1.091 per cent of net proceeds of shareable service tax (as per recommendations of 14 th FC)	6,286	5,496	(-) 790
2016-17		7,254	6,597	(-) 657
2017-18		8,381	7,298	(-) 1,083
2018-19		9,696	8,255	(-) 1,441
2019-20		11,230	7,111	(-) 4,119
2020-21	1.082 per cent of net proceeds of the taxes (divisible pool) (as per recommendations of 15 th FC)	9,253	6,438	(-) 2,815
2021-22	1.093 per cent of net proceeds of the taxes (divisible pool) (as per recommendations of 15 th FC)	7,198	9,722	2,524
2022-23		8,008	10,378	2,370
2023-24		9,011	12,345	3,334

Source: Finance Accounts of the respective years

Details of the Central tax transfers from 2019-20 to 2023-24 are at **Table 2.11**.**Table 2.11: Details of Central Tax Transfers**

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Central Goods and Services Tax (CGST)	2,018.07	1,907.46	2,763.35	2,932.91	3,746.67
Corporation Tax	2,424.73	1,946.54	2,846.17	3,478.57	3,705.50
Taxes on Income other than Corporation Tax	1,899.93	1,996.13	2,874.79	3,397.23	4,279.41
Customs	450.77	338.27	709.48	407.99	432.62
Union Excise Duties	313.42	215.83	390.43	128.00	163.72
Service Tax	--	28.52	127.53	16.22	2.31
Other Taxes ³	4.61	4.84	10.41	17.08	15.12
Central Tax transfers	7,111.53	6,437.59	9,722.16	10,378.00	12,345.35
Percentage of increase over previous year	(-) 14	(-) 9	51	7	19
Percentage of Central tax transfers to Revenue Receipts	10	10	12	12	12

Source: Finance Accounts of the respective years

The share of Union Taxes received during 2023-24 (₹ 12,345 crore) was higher by ₹ 1,967 crore (19 per cent) as compared to 2022-23. It was also more by ₹ 1,181 crore than the projections made in the Budget Estimates 2023-24 (₹ 11,164 crore).

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

The GIA from GoI decreased by ₹ 1,242 crore in 2023-24 over the previous year as shown in **Table 2.12**.

³ Other Taxes and Duties on commodities and Services.

Table 2.12: Grants-in-aid received from GoI

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Grants for Centrally Sponsored Schemes	2,851.99	3,135.18	3,332.31	2,919.81	2,768.56
Finance Commission Grants	2,005.74	2,364.00	1,192.05	1,617.56	1,973.33 ^{\$}
Compensation for Loss of Revenue arising out of implementation of GST	5,453.43	5,065.81*	2,908.67**	2,575.89	3,504.88
Other Transfer/Grants to States	210.75	1,683.14	165.21	0.00	108.60
Total	10,521.91	12,248.13	7,598.24	7,113.26	8,355.37
Percentage of increase/decrease over the previous year	49	16	(-38)	(-) 6	17
Percentage of GIA to Revenue Receipts	16	18	10	8	8

Source: Finance Accounts of the respective years

- * Excludes ₹ 4,352 crore as back-to-back loan to State from GoI in lieu of GST compensation shortfall during the year 2020-21
- ** Excludes ₹ 7,394 crore as back-to-back loan to State from GoI in lieu of GST compensation shortfall during the year 2021-22
- \$ Except for the year 2021-22, the State Government has not received Revenue Deficit grant.

41.95 per cent of the GIA during 2023-24 was on account of compensation in lieu of loss of revenue arising out of implementation of GST.

(a) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 2,768.56 crore for Centrally Sponsored Schemes during 2023-24, the major amounts were given to:

- AMRUT (Atal Mission for Rejuvenation and Urban Transformation) (₹ 323.08 crore- 30.12 per cent increase over previous year).
- Anganwadi Service (ICDS) (₹ 208.06 crore- 5.58 per cent increase over previous year).
- National Rural Health Mission (₹ 117.53 crore- 1,641.19 per cent increase over previous year).
- National Education Mission- Samagra Shiksha Elementary Education (₹ 576.66 crore- 54.45 per cent increase over previous year).
- Pradhan Mantri Awas Yojna- (₹ 204.21 crore – 322.10 per cent increase over previous year).
- Pradhan Mantri Poshan Shakti Nirman (Poshan) -(₹ 178.82 crore – 16.95 per cent increase over previous year).
- Rashtriya Krishi Vikas Yojna (₹ 206.45 crore – 27.93 per cent increase over previous year).

(b) Transfer of funds to Single Nodal Agency (SNA)

As per the State Government/SNA report from the PFMS-SNA, the State Government received ₹ 2,577.32 crore being Central share during the year in its

Treasury account. As on 31 March 2024, the Government transferred Central share of ₹ 2,282.28 crore and State share of ₹ 4,080.11 crore to the SNAs. Out of total transfer of ₹ 6,362.39 crore, ₹ 162.46 crore was transferred through AC Bills, ₹ 2,975.96 crore through Grants-in-aid bills, ₹ 3,223.97 crore through Fully Vouched Contingent Bills. Detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (Accounts and Entitlement) office from the SNAs. As against the Central Share of ₹ 2,577.32 crore, the transfer was ₹ 2,282.28 crore leading to short transfer of ₹ 295.04 crore. To this extent cash balance was overstated.

As informed by the State Government/as per the SNAs report, ₹ 2,683.41 crore are lying unspent in the bank accounts of SNAs as on 31 March 2024. The figure as per Finance Accounts and SNA are under reconciliation.

(iii) Fifteenth Finance Commission Grants

Fifteenth Finance Commission (15th FC) grant was provided to the States for local bodies and State Disaster Response Fund (SDRF). Details of grants provided by GoI are given in **Table 2.13**.

Table 2.13: Recommended amount, actual release and transfers of Grant-in-aid
(₹ in crore)

			Recommendation of the 15 th FC			Actual release by GoI			Transfers made by State Government		
Transfers			2022-23	2023-24	Total	2022-23	2023-24	Total	2022-23	2023-24	Total
Local Bodies											
(i) Grants to Panchayati Raj Institutions (PRIs)			968.00	979.00	1,947.00	660.96	1,340.25	2,001.21	660.96	1,150.49	1,811.45
(a) General Basic Grant			387.20	391.60	778.80	380.46	570.11	950.57	380.46	570.11	950.57
(b) General Performance Grants			580.80	587.40	1,168.20	280.50	770.14	1,050.64	280.50	580.38	860.88
(ii) Grants to Urban Local Bodies (ULBs)			477.00	504.00	981.00	394.00	199.48	593.48	394.00	228.65	622.65
(a) General Basic Grant			160.40	169.20	329.60	157.60	129.20	286.80	157.60	129.20	286.80
(b) General Performance Grants			316.60	334.80	651.40	236.40	70.28	306.68	236.40	99.45*	335.85
(iii) Grants for Health Sectors			305.00	320.00	625.00	0	0	0	0	0	0
Total for Local Bodies (i+ii+iii)			1,750.00	1,803.00	3,553.00	1,054.96	1,539.73	2,594.69	1,054.96	1,379.14	2,434.10
SDRMF	SDRF	Centre Share	412.80	433.60	846.40	412.80	433.60	846.40	412.80	433.60	846.40
		State Share	137.60	144.00	281.60	0	0	0	137.60	144.00	281.60
		Total for SDRF	550.40	577.60	1,128.00	412.80	433.60	846.40	550.40	577.60	1,128.00
	SDMF	Centre Share	103.20	108.30	211.50	149.80	0	149.80	0	0	0
		State Share	34.40	36.10	70.50	0	0	0	0	0	0
		Total for SDMF	137.60	144.40	282.00	149.80	0	149.80	0	0	0
	Grand Total		2,438.00	2,525.00	4,963.00	1,617.56	1,973.33	3,590.89	1,605.36	1,956.74	3,562.10

Source: Information provided by the Finance Department

- * Grant of ₹ 24 crore was received in 2020-21 but ₹ 29.17 crore (including interest of ₹ 5.17 crore) released by State Government to ULBs during 2023-24.
- As against the amount of ₹ 1,947 crore recommended by 15th FC in respect of PRIs, GoI released ₹ 2,001.21 crore during the period 2022-23 and 2023-24. Out of this sum, the State Government released ₹ 1,811.45 crore during the same period.

- In respect of ULBs, against the recommended amount of ₹ 981 crore, GoI released ₹ 593.48 crore during the period from 2022-23 and 2023-24 against which the State Government released ₹ 622.65 crore during the same period.
- Against 15th FC recommendation of ₹ 625 crore as Grant for Health Sector for the period 2022-24, no funds were received from GoI.
- In respect of SDRF, 15th FC recommended Centre and State share in the ratio of 75:25. As against the recommended share of ₹ 846.40 crore, GoI released ₹ 846.40 crore during the period from 2022-23 and 2023-24. State Government released ₹ 846.40 crore as well as its share of ₹ 281.60 crore during the same period.
- In respect of State Disaster Mitigation fund, the State Government could not transfer any amount to the fund as the fund is yet to be created. Though the amount of ₹ 149.80 crore was received from the GoI during the year 2022-23.

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous Capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and Loans and Advances from GoI. The Capital receipts during 2019-20 to 2023-24 are detailed in *Table 2.14*.

Table 2.14: Trends in growth and composition of Capital receipts

(₹ in crore)

Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts	48,616.71	44,982.31	45,503.37	59,826.71	63,142.68
Miscellaneous Capital Receipts	54.01	62.96	67.15	73.91	114.83
Recovery of Loans and Advances	5,392.63	431.95	500.24	237.75	301.15
Public Debt Receipts	43,170.07	44,487.40	44,935.98	59,515.05	62,726.70
Internal Debt ⁴	43,067.68	44,362.72	44,792.38	58,244.75	60,981.54
<i>Growth rate</i>	<i>28.04</i>	<i>3.01</i>	<i>0.97</i>	<i>30.03</i>	<i>4.70</i>
Loans and Advances from GoI	102.39	124.68 ^{\$}	143.60 ^{\$}	1,270.30	1,745.16
<i>Growth rate</i>	<i>(-) 17.98</i>	<i>21.77</i>	<i>15.17</i>	<i>784.61</i>	<i>37.38</i>
Rate of growth of debt Capital Receipts	27.87	3.05	1.01	32.44	5.40
Rate of growth of non-debt Capital receipts	0.47	(-) 90.91	14.65	(-) 45.07	33.47
Rate of growth of GSDP	5.60	(-) 1.22	19.18	13.25	11.33
Rate of growth of Capital Receipts (<i>per cent</i>)	24.08	(-) 7.48	1.16	31.48	5.54

Source: Finance Accounts of the respective years

\$ During the year 2020-21 and 2021-22, it excludes ₹ 4,352 crore and ₹ 7,394 crore respectively as back-to-back loans from GoI in lieu of GST compensation shortfall, which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).

⁴ Excluding gross figure under Ways and Means Advances.

Internal Debt receipts increased by ₹ 2,736.79 crore during 2023-24 in comparison to 2022-23. Miscellaneous Capital Receipts increased by ₹ 40.92 crore in 2023-24 as compared to 2022-23. Further, the recovery of Loans and Advances increased by ₹ 63.40 crore in 2023-24 (₹ 301.15 crore) in comparison to 2022-23 (₹ 237.75 crore).

2.3.4 State's performance in mobilisation of resources

As the State's share in Central Taxes and Grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources.

The State's actual Tax and Non-Tax receipts for the year 2023-24 vis-à-vis assessment made by 15th FC and MTFPS are given in **Table 2.15**.

**Table 2.15: Actual Tax and Non-Tax receipts
vis-à-vis projections made by 15th FC and MTFPS**

	15 th FC projection	Budget estimates	MTFPS projection	Actual	Percentage variation of actual over		
					15 th FC projection	Budget estimates	MTFPS projection
Tax revenue	73,730	75,717	75,717	72,511	(-) 1.65	(-) 4.23	(-) 4.23
Non-tax revenue	10,652	12,651	12,651	8,103	(-) 23.93	(-) 35.95	(-) 35.95

The actual collection under State's own Tax revenue slightly fell short by 1.65 *per cent* of the projections made by 15th FC and by 4.23 *per cent* of the Budget Estimates and MTFPS projection. The actual receipts under Non-Tax revenue fell short by 23.93 *per cent* of the projections made by 15th FC and by 35.95 *per cent* of Budget Estimates and MTFPS.

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. The application of resources is analysed under various headings such as growth and composition of expenditure, Revenue expenditure, committed expenditure and financial assistance to local bodies and other institutions in the succeeding paragraphs.

2.4.1 Growth and composition of expenditure

The expenditure of State Government can be classified in two categories namely Revenue Expenditure and Capital Expenditure. **Revenue Expenditure** includes 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.

Capital Expenditure includes all charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also bears charges for such further additions and improvements as may be sanctioned under the rules made by competent authority.

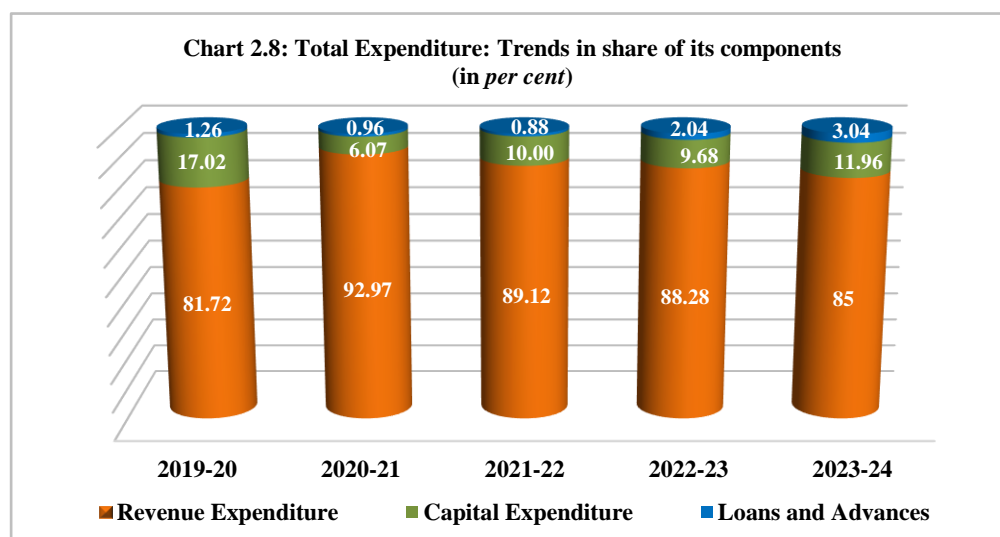
Trend and composition of total expenditure over the last five years (2019-24) are shown in **Table 2.16**.

Table 2.16: Total expenditure and its composition

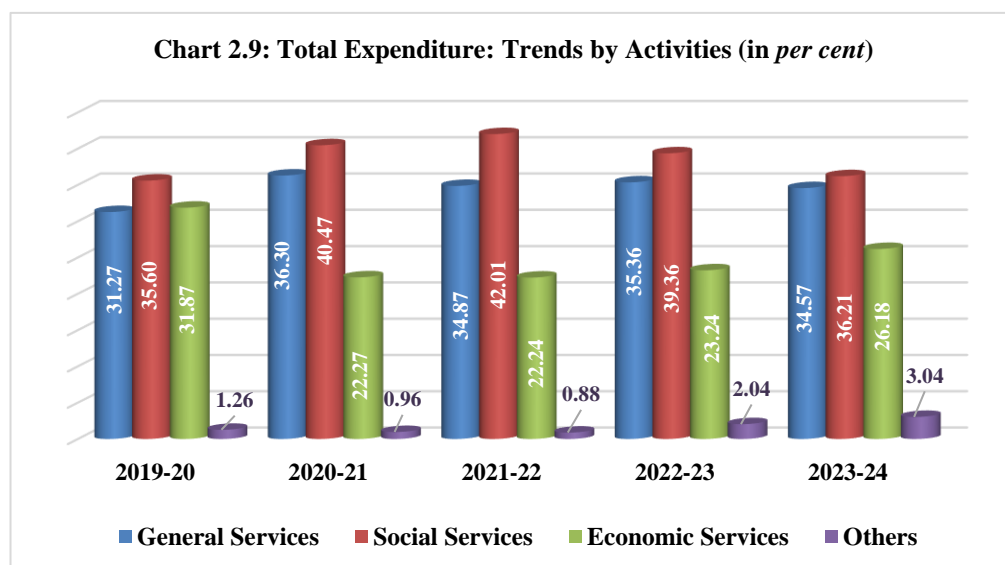
(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	1,03,823	96,742	1,10,437	1,20,533	1,33,172
Revenue Expenditure (RE)	84,848	89,946	98,425	1,06,406	1,13,196
Capital Expenditure	17,666	5,870	11,046	11,665	15,921
Loans and Advances	1,309	926	966	2,462	4,055
GSDP	7,38,052	7,29,079	8,68,905	9,84,055	10,95,535
As a percentage of GSDP					
TE/GSDP	14.07	13.27	12.71	12.25	12.16
RE/GSDP	11.50	12.34	11.33	10.81	10.33
CE/GSDP	2.39	0.81	1.27	1.19	1.45
Loans and Advances/GSDP	0.18	0.13	0.11	0.25	0.37

Total expenditure increased by 28.27 *per cent* over a period of five years (2019-24). Revenue expenditure increased by 33.41 *per cent* while Capital expenditure decreased by 9.88 *per cent* during the period 2019-20 to 2023-24.



As depicted in **Chart 2.8**, the share of Revenue expenditure in total expenditure increased from 81.72 *per cent* in 2019-20 to 92.97 *per cent* in 2020-21 and thereafter decreased to 85 *per cent* in 2023-24. The share of Capital expenditure in total expenditure decreased from 17.02 *per cent* in 2019-20 to 6.07 *per cent* in 2020-21 but increased to 11.96 *per cent* in 2023-24. The share of Loans and Advances was 1.26 *per cent* in 2019-20 which increased to 3.04 *per cent* in 2023-24.



As shown in **Chart 2.9**, the share of expenditure under General services, which includes interest payments, had shown an increasing trend since 2019-20 from 31.27 per cent in 2019-20 to 36.30 per cent in 2020-21. However, the same declined to 34.57 per cent in 2023-24. The share of Social services also increased from 35.60 per cent to 42.01 per cent in 2021-22, however, the same declined to 36.21 per cent in 2023-24. Expenditure on Economic services decreased from 31.87 per cent in 2019-20 to 22.24 per cent in 2021-22. Thereafter it showed increasing trend from 23.24 per cent in 2022-23 to 26.18 per cent in 2023-24. The combined expenditure on Social and Economic services, which represents development expenditure decreased from 67.47 per cent in 2019-20 to 62.39 per cent in 2023-24. Share of expenditure shown under others include Grants to Local Bodies and Loans and Advances was 1.26 per cent of total expenditure during 2019-20 that was increased to 3.04 per cent during 2023-24.

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. **Table 2.17** presents the growth of Revenue expenditure over five years (2019-24).

Table 2.17: Growth of Revenue expenditure during 2019-24

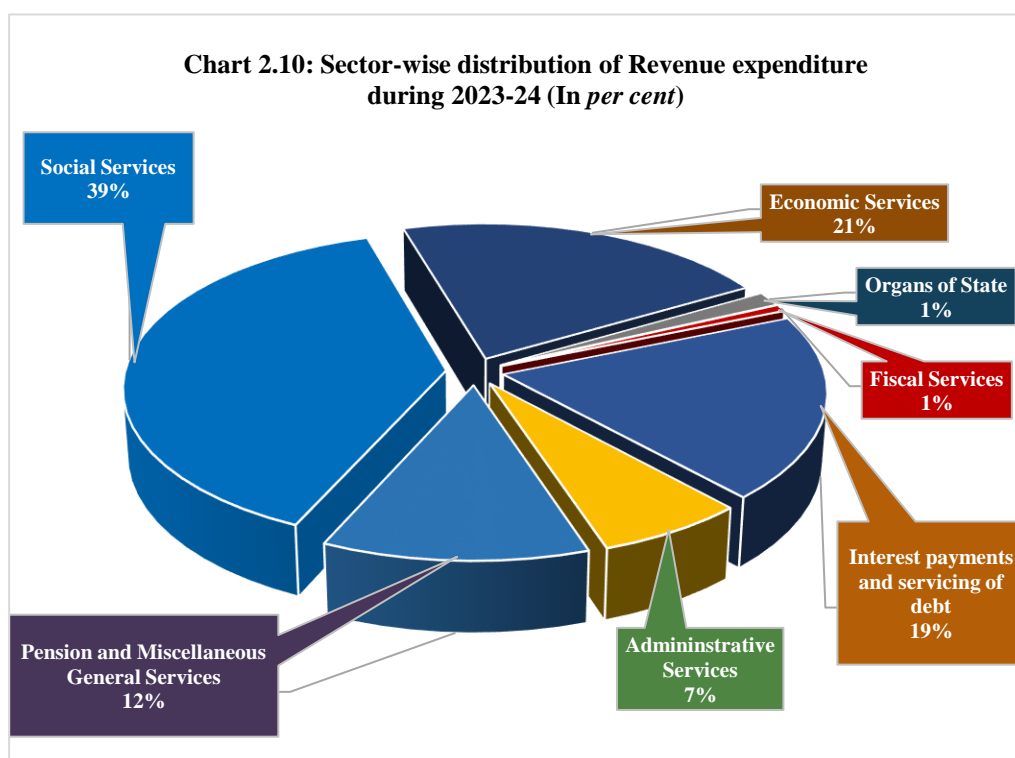
(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	1,03,823	96,742⁵	1,10,437	1,20,533	1,33,172
Revenue Expenditure (RE)	84,848	89,946	98,425	1,06,406	1,13,196
Rate of Growth of RE (<i>per cent</i>)	9.97	6.01	9.43	8.11	6.38
Revenue Expenditure as percentage of TE	81.72	92.97	89.12	88.28	85.00
RE/GSDP (<i>per cent</i>)	11.50	12.34	11.33	10.81	10.33
RE as percentage of RR	125.04	133.13	126.04	119.30	111.73
Revenue Receipts (RR)	67,858	67,561	78,092	89,194	1,01,315
Rate of growth of RR (<i>per cent</i>)	2.99	(-) 0.44	15.59	14.22	13.59
GSDP	7,38,052	7,29,079	8,68,905	9,84,055	10,95,535
Rate of growth of GSDP (<i>per cent</i>)	5.60	(-) 1.22	19.18	13.25	11.33

Source: Finance Accounts of the respective years

Revenue expenditure increased by ₹ 28,348 crore (33.41 *per cent*) during 2019-24 and its percentage in total expenditure ranged between 81.72 *per cent* to 92.97 *per cent* during the same period. Its percentage to GSDP decreased from 11.50 in 2019-20 to 10.33 in 2023-24. Revenue expenditure increased by six *per cent* from ₹ 1,06,406 crore in 2022-23 to ₹ 1,13,196 crore in 2023-24 and was less in 2023-24 than the projections made in Budget and MTFPS (₹ 1,26,071 crore). However, it was more by ₹ 30,158 crore than the normative assessment of 15th FC (₹ 83,038 crore).

Sector-wise distribution of Revenue expenditure is presented in **Chart 2.10**.



⁵ Excluding Appropriation to Contingency Fund of ₹ 800 crore.

2.4.2.1 Major changes in Revenue Expenditure

Revenue expenditure increased by ₹ 6,790 crore (6.38 per cent) from ₹ 1,06,406 crore in 2022-23 to ₹ 1,13,196 crore in 2023-24. Revenue expenditure on General services increased by ₹ 3,329.60 crore due to increase in expenditure mainly on Pensions and other retirement benefits, Police service, interest payments and Administration of Justice. The expenditure on Social services increased by ₹ 97.15 crore over the previous year due to increase in expenditure mainly on Water Supply and Sanitation, Social Security and Welfare offset by decrease in expenditure on General Education, Medical and Public Health, Urban Development and Labour, Employment and Skill Development. Expenditure on Economic services increased by ₹ 3,362.74 crore due to increase in expenditure on Food Storage and Warehousing, Other Rural Development Programmes, Power, New and Renewable Energy, Roads and Bridges offset by decrease in expenditure on Crop Husbandry.

Significant variations under various Major Heads of Accounts with regard to Revenue expenditure of the State during the current year as compared to the previous year are depicted in **Table 2.18**.

Table 2.18: Major variations in Revenue Expenditure during 2023-24 as compared to 2022-23**(₹ in crore)**

Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-)
General Services	42,068.66	45,398.26	3,329.60
2014-Administration of Justice	1,019.17	1,329.34	310.17
2030-Stamps and Registration	10.18	133.53	123.35
2049-Interest Payments	20,095.57	21,604.97	1,509.40
2055-Police	5,568.95	5,804.30	235.35
2071-Pension and Other Retirement Benefits	12,403.83	13,496.70	1,092.87
Social Services	43,680.38	43,777.53	97.15
2202-General Education	17,247.22	16,095.53	(-) 1,151.69
2210-Medical and Public Health	6,044.38	5,788.09	(-) 256.29
2215-Water Supply and Sanitation	2,243.26	2,708.76	465.50
2217-Urban Development	3,758.13	3,300.18	(-) 457.95
2230-Labour, Employment and Skill Development	1,183.21	866.44	(-) 316.77
2235-Social Security and Welfare	10,035.81	11,438.17	1,402.36
Economic Services	20,657.17	24,019.91	3,362.74
2401-Crop Husbandry	2,243.09	1,721.80	(-) 521.29
2408-Food Storage and Warehouse	343.57	985.22	641.65
2515-Other Rural Development Programmes	2,140.93	3,321.78	1,180.85
2700-Major Irrigation	1,518.46	1,721.86	203.40
2801-Power	6,764.86	7,144.85	379.99
2810-New and Renewable Energy	307.34	808.22	500.88
3054-Roads and Bridges	650.37	1,346.26	695.89
3055-Road Transport	2,412.52	2,574.29	161.77

Source: Finance Accounts of the respective years.

- Increase of ₹ 310 crore in 'Administrative of Justice' was due to increase of ₹ 267 crore in 'Civil and Session Courts' and ₹ 38 crore in 'Legal Advisers and Counsels';
- Increase of ₹ 123 crore in 'Stamps and Registration' was mainly due to increase of ₹ 87 crore in 'Cost of Stamps' and ₹ 36 crore in 'Expenses on Sale of Stamps';
- Increase of ₹ 1,509 crore in 'Interest payments' was mainly due to increase

of interest payment of ₹ 2,104 crore in 'Interest on Market Loans' and ₹ 38 crore in 'Interest on Loans and Advances from Central Government' partially offset by decrease of ₹ 569 crore in 'Interest on Other Internal Debts and ₹ 97 crore in 'Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government';

- Increase of ₹ 235 crore in 'Police' was due to increase of ₹ 26 crore in 'Criminal Investigation and Vigilance' and ₹ 332 crore in 'District Police' offset by decrease of ₹ 43 crore in 'Modernisation of Police Force' and ₹ 75 crore in 'Other Expenditure';
- Increase of ₹ 1,093 crore in 'Pensions and other Retirement Benefits' was mainly due to increase of ₹ 591 crore in 'Superannuation and Retirement Allowances', ₹ 58 crore in 'Committed value of Pensions', ₹ 101 crore in 'Family Pensions' and ₹ 343 crore in 'Government Contribution for Defined Contribution Pension Scheme';
- Decrease of ₹ 1,152 crore in 'General Education' was mainly due to decrease of ₹ 165 crore in 'Sarvshiksha Abhiyan' and ₹ 130 crore in 'Special Component Plan for Scheduled Castes' under 'Elementary Education', ₹ 917 crore in 'Scholarship Scheme' under 'Secondary Education' and ₹ 591 crore in 'Assistance to Universities' under 'University and Higher Education' offset by increase of ₹ 416 crore in 'National Programme of Mid-Day meals in Schools' and ₹ 296 crore in 'Government Primary Schools' under 'Elementary Education' and ₹ 100 crore in 'Assistance to Non-Government Colleges and Institutes' under 'University and Higher Education';
- Decrease of ₹ 256 crore in 'Medical and Public Health' was mainly due to decrease of ₹ 153 crore in 'Hospitals and Dispensaries' under 'Urban Health Services', ₹ 160 crore in 'Primary Health Services', ₹ 739 crore in 'Allopathy' and ₹ 71 crore in 'Assistance to Other Non-Government Institutions' offset by increase of ₹ 113 crore in 'Employees State Insurance Scheme', ₹ 612 crore in 'Assistance to Public Sector and Other Undertakings', ₹ 85 crore in 'Hospitals and Dispensaries' under 'Rural Health Services', ₹ 19 crore in 'Ayurveda' and ₹ 29 crore in 'Assistance to Autonomous Bodies';
- Increase of ₹ 466 crore in 'Water Supply and Sanitation' was due to increase of ₹ 180 crore in 'Direction and Administration', ₹ 35 crore in 'Urban Water Supply Programme' and ₹ 243 crore in 'Rural Water Supply Programme';
- Decrease of ₹ 458 crore in 'Urban Development' was mainly due to decrease of ₹ 724 crore in 'Assistance to Municipal Corporations' partially offset by increase of ₹ 279 crore in 'Assistance to Municipalities/Municipal Councils';
- Decrease of ₹ 317 crore in 'Labour, Employment and Skill Development'

was mainly due to decrease of ₹ 334 crore in 'Employment Services' partially offset by increase of ₹ 24 crore in 'Direction and Administration';

- Increase of ₹ 1,402 crore in 'Social Security and Welfare' was mainly due to increase of ₹ 1,283 crore in 'Pension under Social Security Scheme' and ₹ 157 crore in 'Government Employees Insurance Scheme';
- Decrease of ₹ 521 crore in 'Crop Husbandry' was due to decrease of ₹ 424 crore in 'Commercial Crops', ₹ 179 crore in 'Agricultural Economics and Statistics', ₹ 46 crore in 'Horticulture and Vegetable Crops' offset by increase of ₹ 87 crore in 'Extension and Farmers Training' and ₹ 61 crore in 'Agricultural Engineering';
- Increase of ₹ 642 crore in 'Food storage and Warehousing' was due to increase expenditure in 'Director & Administration';
- Increase of ₹ 1,181 crore in 'Other Rural Development Programmes' was mainly due to increase of ₹ 788 crore in 'Panchayati Raj' and ₹ 514 crore in 'Assistance to Gram Panchayats' partially offset by decrease of ₹ 130 crore in 'Provision of Urban Amenities in Rural Areas';
- Increase of ₹ 380 crore in 'Power' is due to increase of ₹ 6,660 crore in 'Assistance to Public Sector and other Undertakings' offset by decrease of ₹ 6,280 crore in 'Other expenditure';
- Increase of ₹ 501 crore in 'New and Renewable Energy' was mainly due to increase in expenditure under 'Grid Interactive and Distributed Renewable Power'; and
- Increase of ₹ 696 crore in 'Roads and Bridges' was mainly due to increase expenditure in 'Roadworks' under 'State Highways & District and Other Roads'.

2.4.2.2 Committed Expenditure

The 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 Government resources.

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

- (i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution/transfer for Capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund

- (GRF), State Disaster Mitigation/Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund - Amount recouped within the year.
 - (iv) Transfer of cess to reserve fund/other body, which are statutorily required.
 - (v) Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs/spent by the State.
 - (vi) 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 Payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.19** and share of committed expenditure in Revenue expenditure is shown in **Chart 2.11** during 2019-24.

Table 2.19: Components of Committed Expenditure

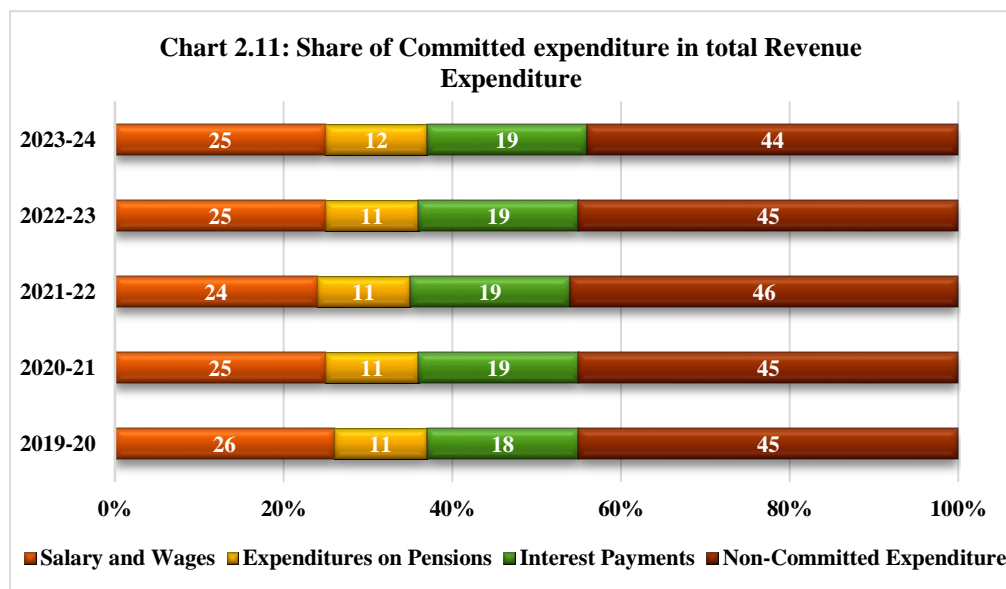
(₹ in crore)

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries and Wages	22,365	22,595	24,236	26,409	27,878 ⁶
Expenditure on Pensions	8,833	9,713	10,617	12,404	13,497
Interest Payments	15,588	17,115	18,362	20,096	21,605
Total	46,786	49,423	53,215	58,909	62,980
As a percentage of Revenue Receipts (RR)					
Salaries and Wages	32.96	33.44	31.04	29.61	27.52
Expenditure on Pensions	13.02	14.38	13.60	13.91	13.32
Interest Payments	22.97	25.33	23.51	22.53	21.32
Total	68.95	73.15	68.15	66.05	62.16
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	26.36	25.12	24.62	24.82	24.63
Expenditure on Pensions	10.41	10.80	10.79	11.65	11.92
Interest Payments	18.37	19.03	18.66	18.89	19.09
Total	55.14	54.95	54.07	55.36	55.64
Non-Committed RE	38,062	40,523	45,210	47,497	50,216
Percentage of RE	44.86	45.05	45.93	44.64	44.36
Percentage of TE	36.66	41.89	40.94	39.41	37.71
Components of Inflexible Expenditure					
Statutory devolution to local bodies	4,903.07	5,094.39	3,074.55	4,908.10	5,556.30
Contribution to Reserve Funds	1,786.26	784.41	1,153.64	955.82	1,600.60
Recoupment to Contingency Fund	0	0	900.00	0	0
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 payment	10.23	54.05	51.10	1.33	0.06
Total	6,699.56	5,932.85	5,179.29	5,865.25	7,157.36
As a percentage of RR	9.87	8.78	6.63	6.58	7.06
As a percentage of RE	7.90	6.60	5.26	5.51	6.32
Subsidies	8,105	7,650	9,535	9,360	10,718
Subsidies as percentage of non-committed expenditure	21.29	18.88	21.09	19.71	21.34

Source: Finance Accounts of the respective years.

⁶ Include wages of ₹ 710 crore.

Table 2.19 shows that percentage of non-committed expenditure to Revenue expenditure ranged between 44.36 *per cent* and 45.93 *per cent* during the period from 2019-20 to 2023-24 to which subsidies constituted the dominant proportion ranging between 18.88 *per cent* and 21.34 *per cent* for the same period.



The total expenditure (₹ 62,270 crore) on salary (excluding wages), interest and pension payments was lesser by ₹ 581 crore (0.92 *per cent*) than the projections by the Government in MTFPS (₹ 62,851 crore) and it consumed 61.46 *per cent* of the Revenue receipts.

Salary and Wages

Expenditure on Salaries and Wages (₹ 27,878 crore) increased by 5.56 *per cent* during the year 2023-24 in comparison to the previous year (₹ 26,409 crore) and constituted 24.63 *per cent* of Revenue expenditure and 27.52 *per cent* of Revenue receipts. Expenditure on Salaries (₹ 27,168 crore) was lesser by ₹ 1,433 crore than the projections by the State Government in MTFPS (₹ 28,601 crore) and consumed 26.82 *per cent* of the Revenue receipts.

Interest Payments

During the year 2023-24, interest payments were to the tune of ₹ 21,605 crore (19.09 *per cent* of Revenue expenditure). Interest on Market Borrowings (₹ 16,913.90 crore), UDAY Bonds (₹ 1,346.76 crore), loans from National Co-operative Development Corporation (₹ 364.81 crore) and special securities issued to the National Small Savings Fund of the Central Government (₹ 610.19 crore) continued to be the major components of interest payments. Interest Payments (₹ 21,605 crore) was higher by ₹ 355 crore than the projections made by State Government in MTFPS (₹ 21,250 crore) and consumed 21.32 *per cent* of the Revenue receipts.

Pensions and other Retirement benefits

The expenditure on Pension and other retirement benefits to State Government pensioners during the year 2023-24 was ₹ 13,497 crore and constituted 11.92 *per cent* of Revenue expenditure. Pension payments was higher by ₹ 497 crore than the estimates by the State Government in the Budget and MTFPS by ₹ 13,000 crore and consumed 13.32 *per cent* of Revenue receipts.

Committed expenditure on account of salary and wages, interest and pensions as a percentage of Revenue expenditure increased from 55.14 *per cent* to 55.64 *per cent* during 2019-20 to 2023-24 and consumed 62.16 *per cent* of the Revenue receipts in 2023-24.

Inflexible expenditure

The components of inflexible expenditure which include among others statutory devolution to local bodies and contribution to Reserve funds showed a decreasing trend during the period 2019-20 to 2021-22 but thereafter it increased from ₹ 5,865.25 crore in 2022-23 to ₹ 7,156.96 crore in 2023-24. As a percentage of Revenue expenditure, inflexible expenditure decreased from 7.90 *per cent* in 2019-20 to 6.32 *per cent* in 2023-24.

2.4.2.3 Undischarged liabilities in National Pension System

State Government employees recruited on or after 1 January 2006 are eligible for the New Pension Scheme called ‘Defined Contribution Pension Scheme’ (DCPS). In terms of the Scheme, the employee contributes ten *per cent* of the monthly pay (basic pay and dearness allowance) and the State Government has to make monthly contribution at a rate of 14 *per cent*. The entire amount has to be transferred to the designated fund manager through the National Security Depository Limited (NSDL).

During the year 2023-24, total contribution to the NPS was ₹ 2,821.55 crore (Employee’s contribution of ₹ 1,157.10 crore and Government’s contribution of ₹ 1,664.45 crore) which was transferred to the Public Account under Major Head 8342- Other Deposits, 117- Defined Contribution Pension Scheme. Of the total amount transferred/deposited in the Public Account, ₹ 26.59 crore remained in the Public account and was not transferred to NSDL.

As per the Ministry of Finance, GoI, no contributions are to be parked under the Head of Account ‘8342-117’ Other Deposits-Defined Contribution Pension Scheme even as a temporary measure. Audit noted that an amount of ₹ 26.59 crore was parked under the above Major Head as on 31st March 2024 as depicted in **Table 2.20**.

Table 2.20: Details of contribution and investment under DCPS**(₹ in crore)**

Year	Opening Balance	Employee Contribution	Contribution by the State Government	Total Receipt during the year	Total transferred to NSDL	Short transfer (+)/ Excess transfer (-)
	1	2	3	4 = (2+3)	5	6 = (1+4)-5
2008-09 ⁷	0.02	0.02	0	0.02	0	0.04
2009-10	0.04	28.88	9.18	38.06	23.91	14.19
2010-11	14.19	78.29	37.07	115.36	101.13	28.42
2011-12	28.42	104.35	67.64	171.99	183.00	17.41
2012-13	17.41	163.58	98.76	262.34	302.80	(-) 23.05
2013-14	(-) 23.05	240.47	143.25	383.72	421.26	(-) 60.59
2014-15	(-) 60.59	314.54	283.69	598.23	529.53	8.11
2015-16	8.11	328.94	278.83	607.77	596.45	19.43
2016-17	19.43	382.15	378.04	760.19	729.70	49.92
2017-18	49.92	479.94	460.44	940.38	975.76	14.54
2018-19	14.54	565.88	534.30	1,100.18	1,086.16	28.56
2019-20	28.56	717.91	694.20	1,412.11	1,407.78	32.89
2020-21	32.89	778.53	766.83	1,545.36	1,535.18	43.07
2021-22	43.07	875.35	939.66	1,815.01	1,839.41	18.67
2022-23	18.67	1,004.06	1,321.09	2,325.15	2,343.02	0.80
2023-24	0.80	1,157.10	1,664.45	2,821.55	2,795.76	26.59

Source: Finance Accounts of the respective years.

The State Government should examine the reasons and put in place a mechanism to ensure that contribution of employees and equally matched Government contribution are fully transferred to NSDL in a timely manner.

Further, the State Government is liable to pay interest on delayed transfer of NPS balances at the corresponding interest rate applicable to the General Provident Fund (GPF) subscribers. During the year 2023-24, due to non-payment of interest on balances lying under Defined Contribution Pension Scheme for Government employees amounting to ₹ 0.06 crore, the Revenue expenditure was understated to that extent.

2.4.2.4 Subsidies

Expenditure on subsidies decreased from ₹ 8,105 crore in 2019-20 to ₹ 7,650 crore in 2020-21 and thereafter increased to ₹ 10,718 crore in 2023-24 which was 10.58 *per cent* of the Revenue receipts and 9.47 *per cent* of Revenue expenditure as per details given in **Table 2.21**. The subsidies were disbursed for Power: ₹ 7,947 crore (74.15 *per cent*), Agriculture and allied activities: ₹ 2,236 crore (20.86 *per cent*), Industries and Minerals: ₹ 436 crore (4.07 *per cent*) and Social Services: ₹ 99 crore (0.92 *per cent*). The total subsidy of ₹ 7,080 crore to rural electrification including subsidy for Subsidised Tariff to Domestic Consumers was less than the projection in MTFPS (₹ 7,150 crore).

⁷ The figures prior to 2008-09 is in thousands which is not possible to be reflected in table after converting it into crore. So, the figures of NPS have been shown in table from 2008-09.

Table 2.21: Expenditure on subsidies during 2019-24

	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	8,105	7,650	9,535	9,360	10,718
Subsidies as a percentage of Revenue Receipts	11.94	11.32	12.21	10.49	10.58
Subsidies as a percentage of Revenue Expenditure	9.55	8.51	9.69	8.80	9.47

Source: Finance Accounts of the respective years.

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

Table 2.22: Financial assistance to local bodies and other institutions

(₹ in crore)

Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
(A) Local Bodies					
Urban Local Bodies	2,279.46	2,766.64	3,472.10	2,542.27	2,491.07
Panchayati Raj Institutions	3,098.12	3,235.92	954.97	1,357.53	3,062.72
Total (A)	5,377.58	6,002.56	4,427.07	3,899.80	5,553.79
(B) Others					
Universities	2,496.64	2,468.29	2,632.82	2,706.57	24.62
Development Authorities	812.88	1,104.22	1,072.47	802.91	483.50
Statutory Corporations	1,745.08	2,107.65	1,686.01	0.00	203.17
Others	905.17	1,329.75	2,627.44	4,264.19	5,874.01
Total (B)	5,959.77	7,009.91	8,018.74	7,773.67	6,585.30
Total (A+B)	11,337.35	13,012.47	12,445.81	11,673.47	12,139.09
GIA for creation of Capital Assets	4,863.28	5,709.07	4,145.71	3,780.18	4,499.30
GIA for other than the creation of Capital Assets	6,474.07	7,303.40	8,300.10	7,893.29	7,639.79
GIA given in kind	50.06	42.99	52.62	49.48	75.42
Revenue Expenditure	84,848	89,946	98,425	106,406	1,13,196
Assistance as percentage of Revenue Expenditure	13.36	14.47	12.64	10.97	10.72

Source: Finance Accounts of the respective years.

Financial assistance to local bodies and other institutions increased from ₹ 11,337.35 crore in 2019-20 to ₹ 12,139.09 crore, constituting 10.72 *per cent* of the Revenue expenditure during 2023-24. It increased by ₹ 465.62 crore (3.99 *per cent*) over the previous year mainly due to increase in release of financial assistance to Panchayati Raj Institution.

The Grants-in-aid for creation of Capital assets showed an increasing trend during the period 2019-21, decreased during 2021-23 and thereafter increased during 2023-24. Grants-in-aid for other than the creation of Capital assets also showed an increasing trend during the period 2019-22, however, it decreased during the period 2022-24. Financial assistance for creation of Capital assets as a percentage of total assistance ranged between 32.38 *per cent* and 43.87 *per cent* whereas financial assistance for other than creation of Capital assets as a percentage of total assistance ranged between 56.13 *per cent* and 67.62 *per cent* during the period 2019-24.

The schemes which received major financial assistance are shown in **Table 2.23**.

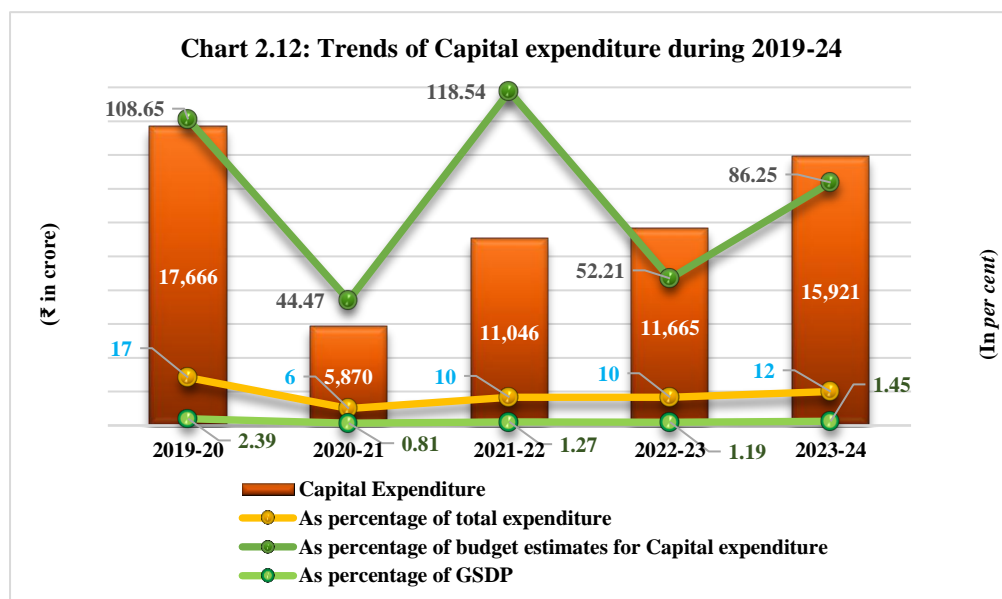
Table 2.23: Schemes which received major financial assistance during the year 2023-24

Scheme	Amount (₹ in crore)
Introduction of Pension Scheme for Non-Government Aided Colleges	300.00
Grant-in-aid to Non-Government Colleges	520.00
Grants-in-aid as State Share Under NRHM	740.96
Continuation of Rural Hospital and Dispensary renamed as Rural Health Service	280.35
Maharaja Agrasen Institute of Medical Research and Education, Agroha	115.00
AYUSHMAN Bharat Haryana Health Protection Mission	99.00
New Urban Renewal Mission (AMRUT)	234.43
Grant-in-aid to Municipal Committee on the recommendation of State Finance Commission	1,102.00
Scheme for Urban Infrastructure Development under State Finance Commission	312.12
Scheme for the one-time settlement for recovery linked incentive to Haryana Agriculture and Rural Development Bank and HARCO Bank	400.00
Financial Assistance to Panchayati Raj Institutions on the recommendation of State Finance Commission	1,157.99
Karnal Smart City	196.00
Faridabad Smart City	196.00
Pradhan Mantri Awas Yojna	298.85
United Grants to Gram Panchayat on the recommendation of Central Finance Commission	570.11
GIA to Gram Panchayat on the recommendation of 14 th Central Finance Commission	580.38
Financial Assistance to SCs Gram Panchayat under State Finance Commission	505.83

Source: Finance Accounts.

2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. **Chart 2.12** shows details of Capital expenditure and Capital expenditure as percentage of total expenditure.



Source: Finance Accounts of the respective years

During the period from 2019-24, Capital expenditure ranged between 0.81 *per cent* and 2.39 *per cent* of GSDP. Total Capital expenditure was ₹ 15,921 crore (86.25 *per cent*) against the Budget Estimates of ₹ 18,460 crore during the year 2023-24.

2.4.3.1 Major changes in Capital Expenditure

Capital expenditure of ₹ 15,920.94 crore comprised of ₹ 4,437.93 crore on Social Services, ₹ 10,842.39 crore on Economic Services and ₹ 640.61 crore on General Services. The increase of ₹ 4,255.99 crore in the year 2023-24 was mainly due to increase in Capital expenditure on Education Sports Art and Culture, Water Supply, Sanitation, Housing and Urban Development, Information and Broadcasting, Food Storage and Warehousing, Other Rural Development Programmes, Irrigation and Flood Control and Power Projects. There was a major decline in Capital expenditure on Health and Family Welfare and Transport by ₹ 1,263.46 crore during 2023-24 as shown in **Table 2.24**.

Table 2.24: Variation in Capital Expenditure during 2023-24 compared to 2022-23

(₹ in crore)

Major Heads of Accounts	2022-23	2023-24	Increase (+)/ Decrease (-)
Capital Outlay	11,664.95	15,920.94	4,255.99
General Services	552.80	640.61	87.81
Social Services	3,755.82	4,437.93	682.11
Education, Sports, Art and Culture	389.03	574.52	185.49
Health and Family Welfare	1,381.89	1,154.36	(-) 227.53
Water Supply, Sanitation, Housing and Urban Development	1,848.20	2,589.44	741.24
Information and Broadcasting	22.22	60.49	38.27
Economic Services	7,356.33	10,842.40	3,486.07
Food Storage and Warehousing	-240.52	2,880.15	3,120.67
Other Rural Development Programmes	407.27	1,232.16	824.89
Irrigation and Flood Control	2,171.19	2,623.65	452.46
Power	8.00	234.04	226.04
Transport	4,391.39	3,355.46	(-) 1,035.93

Source: Finance Accounts of the respective years.

2.4.3.2 Quality of Capital expenditure

If the State Government keeps on making investments in loss making Government Companies whose net worth has completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, etc. 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 2023-24.

(i) Investments and Returns

The Government as of 31 March 2024 had invested ₹ 38,278.21 crore in Statutory Corporations, Government Companies, Rural Banks, Joint Stock Companies and Co-operatives (**Table 2.25**). The average return on these investments was 0.92 *per cent* in the last five years while the Government paid an average interest rate of 7.20 *per cent* on its borrowings during 2019-24.

Table 2.25: Return on Investment

Investment/return/cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore)	36,922.92	37,566.55	37,865.68	38,020.05	38,278.21
Return on Investment (₹ in crore) *	87.01	163.14	1,007.59	192.00	289.79
Return on Investment (per cent) *	0.24	0.43	2.66	0.50	0.76
Average rate of interest on Government borrowings (per cent)	8.31	6.50	7.05	6.72	7.42
Difference between interest rate and return (per cent)	(-) 8.07	(-) 6.07	(-) 4.39	(-) 6.22	(-) 6.66
Difference between interest on Government borrowings and return on investments (₹ in crore) #	(-) 2,979.68	(-) 2,280.29	(-) 1,662.30	(-) 2,364.85	(-) 2,549.33

Source: Finance Accounts (Statement No. 19) of the respective years.

* on historical cost.

(Investment at the end of the year * Difference between interest rate and return)/100.

Out of total investment of ₹ 38,278.21 crore, investment of ₹ 36,270 crore (94.75 per cent) was in four power sector companies. The State Government keeps on making investments in loss making Government companies.

(ii) Reconciliation of Government Investments with Accounts of Companies

The Government investments as equity in State Public Sector Undertakings (PSUs) should agree with that of the figures appearing in the PSUs. Reconciliation of figures is necessary to figure out the differences in Accounts of PSUs and Finance Accounts. As per Finance Accounts, Government had invested in equity of ₹ 38,278.21 crore in 2023-24. Scrutiny of the Accounts revealed that out of the investment in equity of ₹ 38,278.21 crore, Government investment in equity of 27 PSUs was ₹ 30,070.88 crore whereas as per records of PSUs it was ₹ 37,332.78 crore. There was a difference of ₹ 7,261.90 crore as detailed in **Appendix 2.4**. Reconciliation should be carried out in time bound manner to figure out the differences.

(iii) Resource availability of the State under Public Private Partnership Projects

With a view to providing adequate development of social and physical infrastructure, which is a pre-requisite for sustaining economic growth, the State Government adopted the Public Private Partnership (PPP) mode of infrastructure development.

Status of five PPP projects with a total estimated cost of ₹ 1,869 crore as on 31 March 2024 is shown in **Appendix 2.5**.

(iv) Loans and Advances by State Government

In addition to investments in co-operative societies, corporations and companies, the Government had also been providing Loans and Advances to many institutions/organisations. **Table 2.26** presents the outstanding Loans and

Advances as on 31 March 2024 and interest receipts vis-à-vis interest payments during the last five years.

Table 2.26: Quantum of loans disbursed and recovered during five years

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	11,474	7,390	7,884	8,350	10,574
Amount advanced during the year	1,309	926	966	2462	4,055
Amount recovered during the year	5,393	432	500	238	301
Closing Balance of the loans outstanding	7,390	7,884	8,350	10,574	14,328
Net addition	(-) 4,084	494	466	2,224	3,754
Interest received	398	92	106	75	182
Interest rate on Loans and Advances given by the Government.	4.22	1.20	1.31	0.79	1.46
Rate of Interest paid on the outstanding borrowings of the Government	7.80	7.46	7.08	6.92	6.72
Difference between the rate of interest paid and interest received (<i>per cent</i>)	3.58	6.26	5.77	6.13	5.26

Outstanding Loans and Advances as on 31st March 2024 increased by 35.50 *per cent* due to more loans to Education Department (₹ 1,202.45 crore), Medical and Public Health (₹ 765.69 crore), Agriculture and Allied Activities (₹ 1,186.19 crore), Co-operative Sugar Mills (₹ 216 crore) and Haryana Rail Infrastructure Development (₹ 584.38 crore).

The outstanding loans against Co-operative Sugar Mills were ₹ 5,167.26 crore as on 31 March 2023. During the year 2023-24, the State Government disbursed ₹ 216 crore. No repayment was received against these loans during 2023-24. The loans of ₹ 5,383.26 crore were outstanding against these Co-operative Sugar Mills at the end of 2023-24. The Government has disbursed loans to these sugar mills with terms and conditions that the loans would be repaid in five years in equal instalments with 8.5 *per cent* per annum interest. There was no recovery on account of principal of loans during the year 2023-24 which was indicative of inadequate efforts of the State Government for recovery of outstanding loans against these cooperative sugar mills.

Loans amounting to ₹ 2,746.14 crore⁸ were sanctioned and disbursed to various Universities (grantee) as Financial Assistance/Grant-in-Aid under various Major Heads related to Loans.

Audit observed in these cases that amount given as financial assistance has been charged/debited to MH 6202, 6210, 6401, 6403 and 6416, which as per list of Major & Minor head issued by the Controller General of Accounts pertains to loan heads. Further, on review of sanctions, it was observed that without terms and conditions regarding recovery of principal and interest these could not be treated as loans. This was in violation of Government Accounting Rules and has

⁸ Higher Education Department (₹ 1,155.91 crore), Medical Education and Research Department (₹ 728.20 crore), Skill Development and Industrial Training Department (₹ 46.53 crore), Animal Husbandry and Dairying Department (₹ 137.96 crore), Agriculture and Farmers Welfare Department (₹ 640.04 crore) and Health & Ayush Department (₹ 37.50 crore).

resulted in overstatement of Capital expenditure and understatement of Revenue expenditure.

Loans amounting to ₹ 1,108.87 crore were outstanding at the beginning of the year 2023-24 against Haryana State Cooperative Agriculture and Rural Development Bank (HSCARDB). Further, loans of ₹ 32 crore were given to this bank with the condition to ensure that there is no default in repayment of loan along with interest to the Government. No repayment was received during the year resulting in outstanding balance of ₹ 1,140.87 crore at the end of 31 March 2024. Thus, loans were sanctioned during 2023-24 even though there was default in repayment of earlier years' loans.

State Government received interest of ₹ 181.60 crore (1.46 *per cent* of outstanding loans and advances) during the year 2023-24.

During the exit conference (December 2024), the Additional Chief Secretary, Finance Department assured to examine the issue.

(v) **Capital blocked in incomplete projects**

An assessment of trends in capital blocked in incomplete capital works would also 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 leads to the extra burden in terms of servicing of debt and interest liabilities.

The Department-wise information pertaining to incomplete projects as on 31 March 2024 is given in **Table 2.27**. Only those projects where the scheduled dates for completion were already over as of 31 March 2024 have been included under incomplete projects.

Table 2.27: Department-wise profile of incomplete projects as on 31 March 2024

(₹ in crore)

Department	Number of incomplete projects	Estimated cost (₹ in crore)	Expenditure (₹ in crore)
Public Works (Buildings and Roads)	17	212.81	91.04
Total	17	212.81	91.04

Source: Finance Accounts

The scheduled dates of completion of these projects were between May 2020 and March 2024, but these were incomplete as on 31 March 2024, resulting in non-attainment of desired benefits from the investment of ₹ 91.04 crore.

2.4.4 Expenditure Priorities

Enhancing human development levels requires the State to step up its expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular

sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. **Table 2.28** analyses expenditure priority of the State with regards to Health, Education and Capital expenditure during 2023-24.

Table 2.28: Expenditure priority of the State with regards to Health, Education and Capital expenditure

Fiscal Priority of the State	TE/GSDP	CE/TE	Education/TE	Health/TE
Haryana Average (Ratio) 2019-20	14.07	18.28	13.96	4.80
States other than NE and Himalayan States (GCS) Average (Ratio) 2019-20	15.88	14.02	15.79	5.25
Haryana Average (Ratio) 2023-24	12.16	15.00	13.64	6.01
States other than NE and Himalayan States (Ratio) 2023-24	15.66	16.50	14.36	5.71

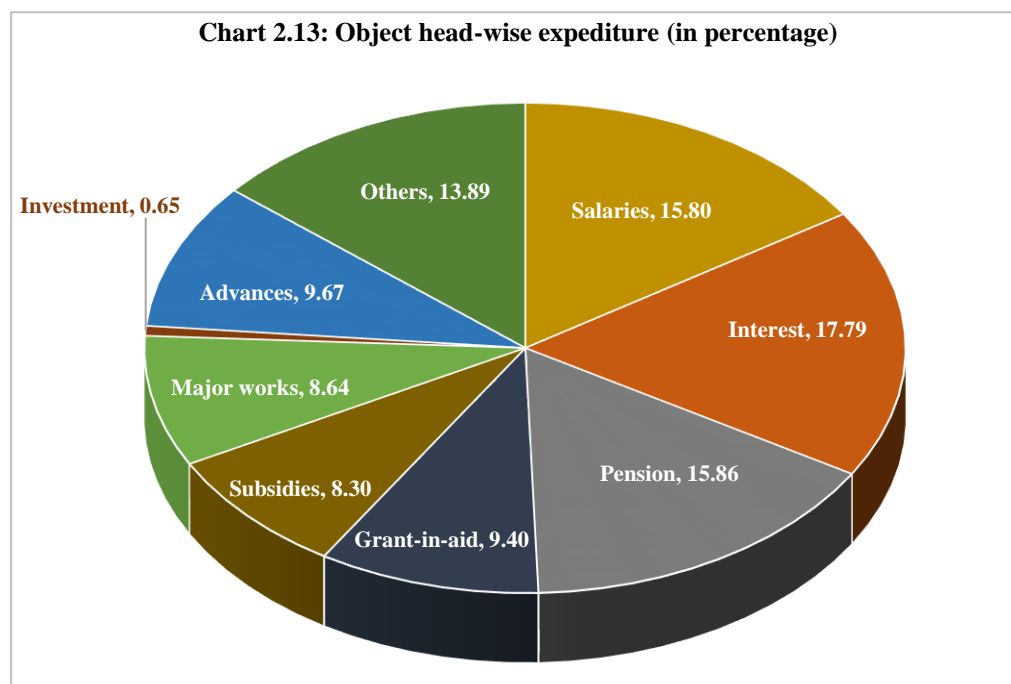
TE: Total Expenditure, CE: Capital Expenditure.

Source for GSDP: Directorate of Economic and Statistical Analysis, Haryana.

Total expenditure as a ratio of GSDP in Haryana was lesser than in case of States other than NE and Himalayan States average in 2019-20 as well as in 2023-24. The ratio of Capital expenditure to total expenditure was higher in Haryana than other States' average during 2019-20 but has dropped significantly in 2023-24. The ratio of expenditure on Education was lower in Haryana than States other than NE and Himalayan States average during 2019-20 as well as in 2023-24. The ratio of expenditure on Health was lower in Haryana than States other than NE and Himalayan States average during 2019-20 but higher in 2023-24.

2.4.5 Object head-wise expenditure

Object head-wise expenditure give information about the object/purpose of the expenditure are shown in **Chart 2.13** for the year 2023-24.



Note: The object head wise expenditure obtained from VLC contains object head-wise expenditure on Salary, Interest and Pensions in all major heads which differs from the Committed expenditure on these items (as appeared in Paragraph 2.4.2.2).

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 of India 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

Component-wise net balances under various segments of Public Account are given in *Table 2.29* and *Chart 2.14*.

Table 2.29: Component-wise net balances in Public Account as of 31 March 2024

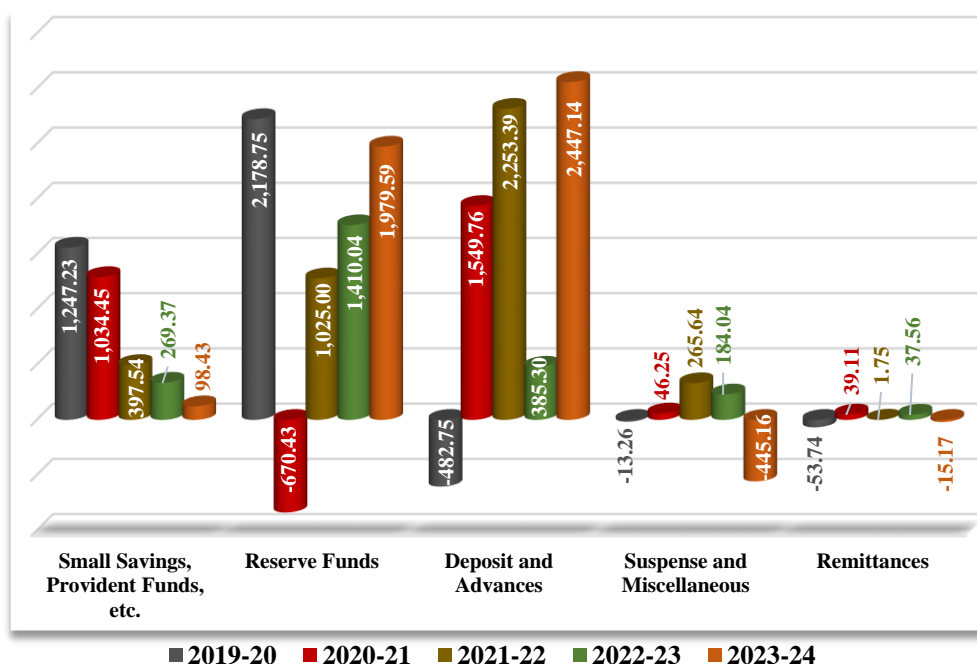
(₹ in crore)

Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	16,962.46	17,996.91	18,394.45	18,663.82	18,762.25
J. Reserve Funds	(a) Reserve Funds bearing Interest	4,962.35	5,476.92	5,756.67	6,554.17	7,905.52
	(b) Reserve Funds not bearing Interest	3,532.00	2,347.00	3,092.25	3,704.79	4,333.03
	Total	8,494.35	7,823.92	8,848.92	10,258.96	12,238.55
K. Deposits and Advances	(a) Deposits bearing Interest	421.76	451.94	443.53	442.63	486.14
	(b) Deposits not bearing Interest	7,500.04	9,019.62	11,281.42	11,667.62	14,071.25
	(c) Advances	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74
	Total	7,921.06	9,470.82	11,724.21	12,109.51	14,556.65
L. Suspense and Miscellaneous ⁹	Suspense and Miscellaneous	(-) 70.49	(-) 24.24	241.40	425.44	(-) 19.72
M. Remittances	(a) Money Orders, and other Remittances	306.84	330.58	333.65	370.71	354.85
	(b) Inter-Governmental Adjustment Account	(-) 33.10	(-) 17.73	(-) 19.05	(-) 18.55	(-) 17.86
	Total	273.74	312.85	314.60	352.16	336.99
Grand Total		30,704.89	33,581.12	35,580.26	39,523.58	45,874.72

Source: Finance Accounts of the respective years

⁹ Excluding figures of Cash Balance Investment Account.

Chart 2.14: Yearly changes in composition of Public Account balances
(₹ in crore)



Source: Finance Accounts of the respective years

Net Public Account balances in 2023-24 increased by 9.72 *per cent* over the previous year mainly due to increase in Small Savings, Provident Fund, etc. (₹ 98.43 crore), Deposits (₹ 2,447.14 crore), Reserve Fund (₹ 1,979.59 crore) partially offset by decrease in Suspense and Miscellaneous (₹ 445.16 crore) and Remittances (₹ 15.17 crore).

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing Reserve Funds and Reserve Funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were 11 Reserve Funds (five Reserve Funds bearing interest and six Reserve Funds not bearing interest) as on 31 March 2024. The interest on balances of Reserve Funds bearing interest is paid by the Government if the same are not invested while in case of Reserve Funds not bearing interest, balances are invested in Government Securities/Treasury Bills under the administration of Central Accounts Section of the Reserve Bank of India at Nagpur. The fund balances lying in various Reserve Funds (bearing interest and not bearing interest) as on 31 March 2024 are given in **Table 2.30**.

Table 2.30: Details of Reserve Funds

(₹ in crore)

Sr. No.	Name of Reserve Fund	Balance as on 31 March 2024
A	Reserve Funds bearing interest	7,905.52
1	Depreciation Reserve Fund- Government Commercial Departments and Undertakings	581.59
2	Depreciation Reserve Fund- Government Non-Commercial Departments and Undertakings	21.15
3	General and Other Reserve Funds of Government Commercial Departments/Undertakings	5.72
4	State Disaster Response Fund	5,737.22
5	State Compensatory Afforestation Fund	1,559.84
B	Reserve Funds not bearing interest	4,333.03
1	Sinking Funds	2,124.41
2	Mines Welfare Fund	539.83
3	Fund for Development Schemes	1.41
4	Fund for Village Reconstruction for Harijan Uplift	2.29
5	Guarantee Redemption Fund	1,662.80
6	Consumer Welfare Fund	2.29
	Grand Total	12,238.55

Out of the above, two Reserve Funds not bearing interest i.e. Fund for Development Schemes and Fund for Village Reconstruction for Harijan Uplift are inoperative for more than six years. The State Government is yet to close these inoperative Reserve Funds and transfer their balances to the Consolidated Fund of the State.

2.5.2.1 Consolidated Sinking Fund

The State Government constituted the Consolidated Sinking Fund (CSF) for amortisation of loans in 2002. According to the guidelines of the fund, the Government was required to contribute 0.5 *per cent* of their outstanding liabilities (internal debt plus Public Account) as at the end of the previous year to the Consolidated Sinking Fund.

There was an opening balance of ₹ 1,694.47 crore in the fund at the beginning of the current year. As on 31st March 2023, the outstanding liabilities of the State were ₹ 2,90,578.32 crore (internal debt plus Public Account). Accordingly, the State Government was required to contribute a minimum of ₹ 1,452.89 crore (0.50 *per cent*) during 2023-24 against which the State Government had made contribution of ₹ 300 crore to the fund, which had been invested and interest of ₹ 129.94 crore was earned. Resultantly, there was a balance of ₹ 2,122.41 crore at the end of the current year.

2.5.2.2 State Disaster Risk Management Fund

The Fifteenth Finance Commission (15th FC) recommended creation of a State Disaster Risk Management Fund (SDRMF) at State level, which would include State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF). The total State allocation for SDRMF would be divided into SDRF and SDMF, which together envisaged to address the full cycle of disaster

management needs - response and relief, recovery and reconstruction, preparedness and capacity building and mitigation. SDRF would receive 80 *per cent* of the total SDRMF, while SDMF would get 20 per cent of the allocation.

(i) State Disaster Response Fund

The State Government 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 SDRF (September 2010 and July 2015), the Centre and the States were contributing to the Fund in the proportion of 75:25. The contributions are to be transferred under the Public Account to Major Head -8121. Expenditure during the year is incurred by operating Major Head-2245.

The State Government shall pay interest to SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the Reserve Bank of India. The interest will be credited on a half yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF shall, till contrary instructions are issued by GoI, be invested in Central Government dated Securities, auctioned Treasury Bills and interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision 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.

There was opening balance of ₹ 4,966.68 crore in SDRF. During 2023-24, the Central Government released ₹ 433.60 crore. As against GoI release of ₹ 433.60 crore, the State's matching share works out to ₹ 144 crore. The State Government transferred an amount of ₹ 1,118.10 crore to the fund, which includes ₹ 433.60 crore of Central contribution, ₹ 144 crore of State contribution, unspent balances of ₹ 132.50 crore and interest of ₹ 408 crore. An expenditure of ₹ 377.56 crore was met from the Fund during the year. There was a closing balance of ₹ 5,737.22 crore in the Fund as on 31 March 2024.

The SDRF shall be used only for meeting expenditure for providing immediate relief to the victims of natural calamities. An expenditure of ₹ 377.56 crore was charged to SDRF as given in **Table 2.31**.

Table 2.31: Details of expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2023-24
2245-Relief on Account of Natural Calamities 02-Floods, Cyclones, etc.	101- Gratuitous Relief	276.41
	102- Drinking Water Supply	0.04
	104- Supply of Fodder	0.10
	111- Ex-gratia payments to bereaved families	2.68
	113- Assistant for repairs/reconstruction of Houses	5.16
	117- Assistance to farmers for purchase of Live Stock	0.64
	122- Repairs and Restoration of Damaged Irrigation and Flood	0.48
	282- Public Health	2.01
	800- Others	6.93
	Sub Total	294.45
2245-Relief on Account of Natural Calamities 80-General	800-Other Expenditure	269.28
	Sub Total	269.28
	Grand Total	563.73
05-State Disaster Response Fund	901-Deduct –Amount met from State Disaster	377.56

(ii) State Disaster Mitigation Fund

The State Disaster Mitigation Fund (SDMF) is to be constituted under Section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disasters notified by the State Government from time to time. The State Government has not created the SDMF as on 31 March 2024 under Major Head 8121-General and Other Reserve Funds, 130-State Disaster Mitigation Fund.

During the year 2023-24, the State Government neither received any money from Central Government nor transferred any amount to the Fund as the same has not been created.

2.5.2.3 Guarantee Redemption Fund

The State Government constituted the Guarantee Redemption Fund (GRF) 2003 to be administered by the Reserve Bank of India for meeting obligations arising out of the Guarantees issued on behalf of the State Public Sector Undertakings/ Local Bodies. The latest amendment to the fund notification issued by the State Government, effective from 2020-21, stipulates that the State Government shall initially contribute a minimum of one *per cent* and thereafter at the rate of 0.5 *per cent* of outstanding Guarantees at the end of the previous year to achieve a minimum level of three *per cent* in the next five years. The Fund shall be gradually increased to a desirable level of five *per cent*. During the year, Government did not contribute to the Fund as the total accumulation in the Fund was ₹ 1,662.80 crore as on 31 March 2024 (₹ 1,540.86 crore as on 31 March 2023) i.e. 6.87 *per cent* of the outstanding Guarantees (₹ 24,214.81 crore).

2.5.2.4 Mines and Mineral Development, Restoration and Rehabilitation Fund

The Fund was established (July 2015) for environmentally sustainable growth of the mining sector, protection, preservation, rehabilitation and restoration of the mining sites in the State and to undertake other related works in the overall interest of protection and preservation of ecology and environment of the area. Though the Fund is enlisted as ‘Reserve Funds not bearing interest’, it bears interest at the rate of six *per cent* per annum.

As per constitution of the Fund, an amount equal to 10 *per cent* (revised to 7.5 *per cent* vide notification May 2021) of the ‘Dead Rent/Royalty/Contract Money’ paid to the State is to be charged from mineral concession holders in the nature of ‘other charges’ for restoration and rehabilitation works and credited to the Fund. Also, an amount equal to five *per cent* (revised to 2.5 *per cent* vide notification of May 2021) of the amount received by the State Government on account of ‘Dead Rent/Royalty/Contract Money’ in a financial year is to be deposited/ transferred in the Fund as Government contribution to the Fund.

The Fund had a opening balance of ₹ 463.47 crore as on 1 April 2023. The State Government during the year received ₹ 636.35 crore on account of Dead Rent, etc. and ₹ 43.31 crore on account of ‘other charges’ from the Concession Holders. The amount of ₹ 63.64 crore {7.5 *per cent* of Dead Rent (₹ 47.73 crore) plus 2.5 *per cent* (₹ 15.91 crore) State share of Dead Rent of ₹ 636.35 crore} was required to be contributed to the Fund. However, the State Government, during the year contributed ₹ 57.20 crore (Concession Holder’s contribution: ₹ 42.80 crore and State Contribution: ₹ 14.40 crore) and interest of ₹ 27.81 crore. Thus, there was a short contribution of ₹ 6.44 crore. An expenditure of ₹ 8.66 crore was met from the Fund during the year, thereby leaving a balance of ₹ 539.82 crore in the Fund as on 31 March 2024.

During the exit conference (December 2024), the Additional Chief Secretary, Finance Department assured to examine the issue for further necessary action.

2.5.2.5 State Compensatory Afforestation Fund

In compliance with the instructions issued by the Ministry of Environment, Forests and Climate Change, Government of India, the State Governments are required to establish the State Compensatory Afforestation Fund (SCAF) under interest bearing section in Public Account of the State for amounts received from user agencies for undertaking Compensatory Afforestation. Though State of Haryana has constituted SCAF, the amounts are deposited by user agencies directly in the National Compensatory Afforestation Fund Management and Planning Authority (National Authority), New Delhi which transfers 90 *per cent* State Share of Compensatory Afforestation Fund (deposited under National

Compensatory Afforestation Fund) to State Government from time to time.

The balance under the Fund was ₹ 966.41 crore at the beginning of the year. During the year 2023-24, the State Government received an amount of ₹ 615.38 crore, being State share of the CAMPA Fund, from National Compensatory Afforestation Deposits to the Fund. An amount of ₹ 37.26 crore was credited by the State Government as interest during the year. An expenditure of ₹ 59.21 crore was incurred out of the Fund during the year. The State Government has not made any investment though there was a balance of ₹ 1,559.84 crore in the fund as on 31 March 2024.

2.5.3 Funds outside Consolidated Fund or Public Account of the State

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

It has been observed that funds meant to be credited to Consolidated Fund/Public Account of the State were kept outside the Consolidated Fund/Public Account of the State as discussed in succeeding paragraphs.

(i) Building and Other Construction Workers' Welfare Cess

The State Government collects cess on the cost of construction incurred by employers under the Building and Other Construction Workers' Welfare Cess Act, 1996. The collected cess is to be spent on welfare schemes for construction workers. For this purpose, Building and Other Construction Workers' Welfare Board has been constituted. As per information furnished by the Board, the total funds available with the Board as on 31 March 2022 were ₹ 3,546.84 crore. The contributions/additions towards the corpus fund during the year 2022-23 stood at ₹ 472.45 crore and expenditure incurred was ₹ 179.61 crore¹⁰ (excess over income) during the year. As on 31 March 2023, the Board had funds of ₹ 3,839.68 crore. Annual Accounts for the year 2023-24 have not been received so far (December 2024).

(ii) Haryana Rural Development Fund

The State Government constituted the Haryana Rural Development Fund Administration Board under the Haryana Rural Development Act, 1986 for augmenting agricultural production and improving its marketing and sale.

¹⁰ Income: ₹ 177.51 crore – Expenditure: ₹ 357.12 crore = Net expenditure: ₹ 179.61 crore.

Under Section 5(1) of this Act, a fee (cess) is levied on *ad-valorem* basis at the rate of two *per cent* of the sale proceeds of the agriculture produce bought or sold or brought for processing in the notified market area. The amount so collected is spent by the Board in the rural areas mainly in connection with the development of roads, establishment of dispensaries, making arrangement for water supplies and sanitation and construction of godowns. During 2011-22, the receipts under the Fund were ₹ 6,541.35 crore and expenditure incurred was ₹ 5,021.57 crore. As per Annual Accounts for the year 2022-23 receipts under the Fund were ₹ 476.68 crore and expenditure amounting to ₹ 244.66 crore had been incurred, resulting in total receipts under the Fund of ₹ 7,018.03 crore and total expenditure of ₹ 5,266.23 crore during the period 2011-23. Annual Accounts for the year 2023-24 have not been received so far (September 2024).

(iii) Haryana Infrastructure Development Board

The State Government constituted Haryana Infrastructure Development Board (HIDB) under Section 3AA of Haryana Development and Regulation of Urban Areas Act, 1975 to coordinate the efforts of the Government regarding development and implementation of infrastructure projects for the benefit of the State of Haryana, involving private participation and funding from sources other than those provided by the State Budget.

Any coloniser to whom a license has been given under Haryana Development and Regulation of Urban Area Act, 1975, is required to deposit State Infrastructure Development Charges at such rate as may be prescribed by the Government from time to time. The amount of infrastructure charges deposited by the coloniser shall constitute the Fund. The Fund shall be collected and managed by the Director, Town and Country Planning Department and passed on for the purpose of its further utilisation to the HIDB to be constituted by the Government for this purpose. The amount of State infrastructure development charges and infrastructure augmentation charges deposited by the colonisers, loans and grants from the Central/State Government, or the local authority, or loans and grants from national/international financial institutions and any other money from such source as the State Government may decide, shall be credited to the Fund. The Fund shall be utilised for stimulating socio-economic growth and development of major infrastructure projects for the benefit of the State of Haryana. The Fund may also be utilised to meet the cost of administering the Fund. The funds are received by Director, Town and Country Planning Department directly in bank accounts outside Consolidated Fund/Public Account of the State Government.

During 2022-23, the receipt of the HIDB amounted to ₹ 17.75 crore and expenses were ₹ 5.30 crore. Total Corpus of the Fund was ₹ 2,551.03 crore at the end of the year 2022-23. Annual Accounts for the year 2023-24 is yet to be finalised (September 2024).

(iv) Haryana Urban Infrastructure Development Board

The Haryana Urban Infrastructure Development Board (HUIDB) was constituted (April 2002) by amending Haryana Municipal (HM) Act, 1973 to raise resources for provision and upgradation of urban infrastructure; town planning implementation techniques; providing training facilities/human resources development in urban management and coordination, planning and implementation of the approved schemes/projects of the municipalities.

As per Section 203 L of HM Act, HUIDB constituted a fund¹¹ consisting of receipt on account of license fee, scrutiny fee, land use conversion charges, composition fee for granting license to private developers and permission for change in land use by the Department of Urban Local Bodies under State Municipal Acts, grants, loans and financial assistance provided by Government of India/State Government and any other fee/charges specified by the Government.

As per information provided by the HUIDB, during the years 2023-24, the receipts of the Board were ₹ 66.03 crore and expenses were ₹ 9.12 crore. Annual accounts for the year 2023-24 are under process and yet to be finalised. Funds position as on 31 March 2024 was ₹ 19.95 crore balances in Saving Accounts and ₹ 501.28 crore as Fixed in various banks.

These funds are outside the Consolidated Fund of the State/Public Account of the State and hence there is no legislative oversight over collection and utilisation of money in these funds. The Thirteenth Finance Commission also expressed concern over the tendency to divert public expenditure from the budget to nominated funds which are operated outside authority of the Legislature and not audited by the Comptroller and Auditor General of India.

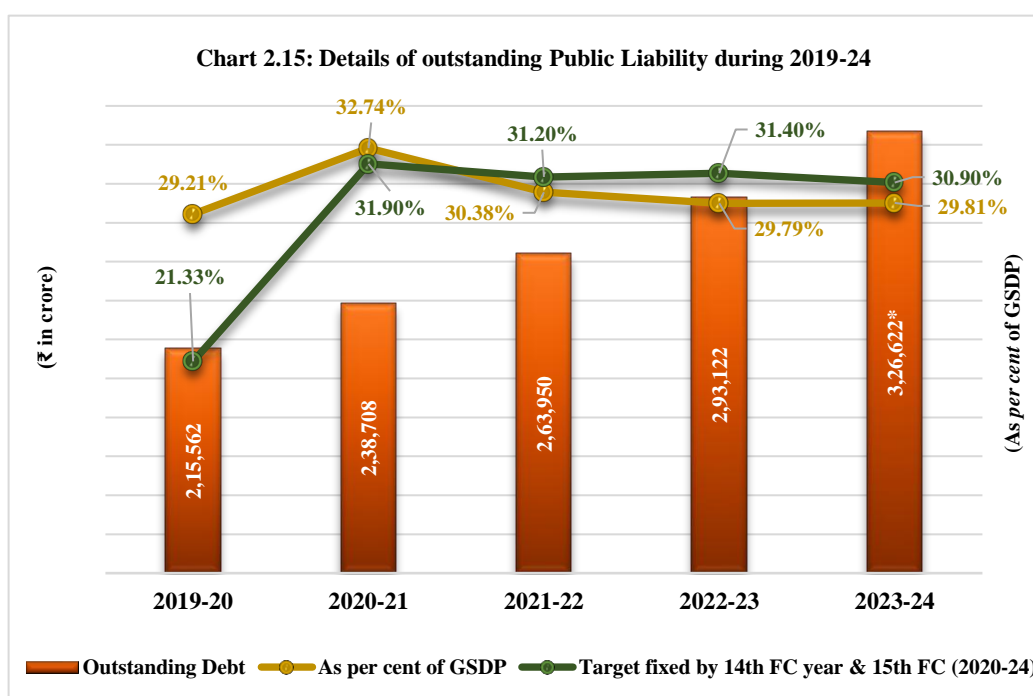
In the case of Building and Other Construction Workers' Welfare Fund, the Act provides for audit by the CAG of India and the Fund is being audited. However, the Haryana Rural Development Act, Haryana Infrastructure Development Board and Haryana Urban Infrastructure Development Board do not provide for audit by the CAG of India.

2.6 Public Liability 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 outstanding liability of the State alongwith its

¹¹ Haryana Urban Infrastructural Development Fund.

percentage to GSDP for the years 2019-20 to 2023-24 is given in **Chart 2.15**.



* Excluding GoI back-to-back loans of ₹ 4,352 crore during the year 2020-21 and ₹ 7,394 crore during the year 2021-22 in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).

2.6.1 Liability profile: Components

Total liabilities of the State Government typically constitute 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 outstanding fiscal liabilities of the State during 2023-24 are presented in **Chart 2.16**. The component-wise liability trends of the State for the period of five years beginning from 2019-20 are presented in **Table 2.32**.

Table 2.32: Component-wise liability trends

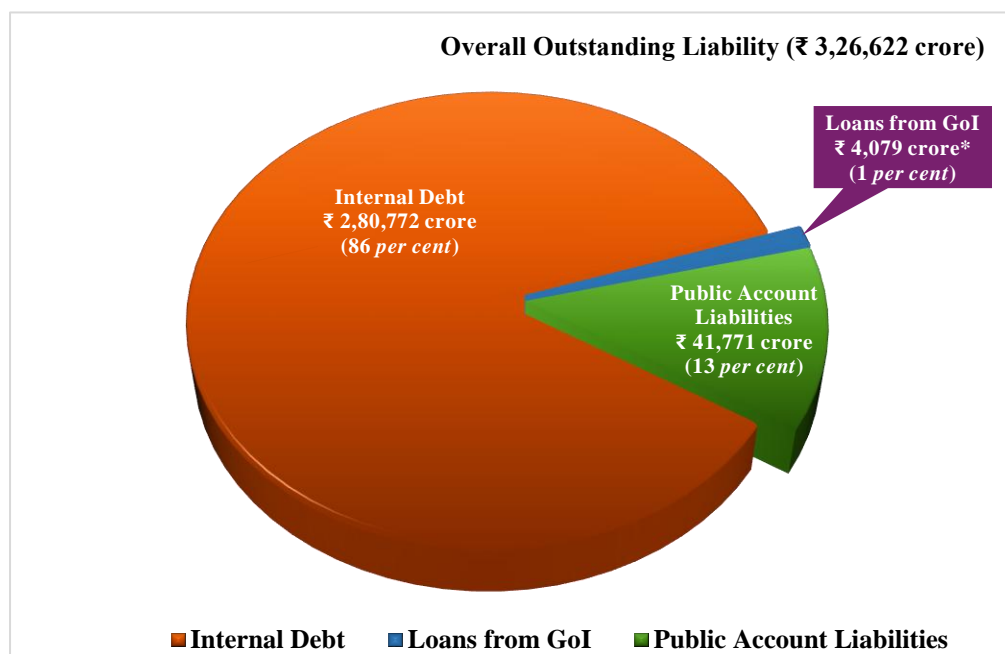
(₹ in crore)

Components of fiscal liability	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Total Liability	2,15,562	2,38,708	2,63,950	2,93,122	3,26,622
Public Debt	1,85,491	2,05,458	2,27,697	2,55,325	2,84,851
<i>Internal Debt</i>	1,83,786	2,03,958	2,26,208	2,52,781	2,80,772
<i>Loans from GoI</i>	1,705	1,500*	1,489@	2,544	4,079
Public Account Liabilities	30,071	33,250	36,253	37,797	41,771
<i>Small Savings, Provident Funds, etc.</i>	16,962	17,997	18,394	18,664	18,762
<i>Reserve Funds bearing Interest</i>	4,963	5,477	5,757	6,554	7,906
<i>Reserve Funds not bearing Interest</i>	224	304	377	469	546
<i>Deposits bearing Interest</i>	422	452	444	443	486
<i>Deposits not bearing Interest</i>	7,500	9,020	11,281	11,667	14,071
Rate of growth of outstanding total liability (per cent)	17.02	10.74	10.57	11.05	11.43
Gross State Domestic Product (GSDP)	7,38,052	7,29,079	8,68,905	9,84,055	10,95,535
Liability /GSDP (per cent)	29.21	32.74	30.38	29.79	29.81
Borrowings and Other Liabilities (as per Statement 6 of the Finance Accounts)					
<i>Total Receipts</i>	79,530	93,337	91,027	1,38,564	1,52,612
<i>Total Repayments</i>	48,184	70,191	65,785	1,09,392	1,19,112
<i>Net funds available</i>	31,346	23,146	25,242	29,172	33,500
<i>Repayments/Receipts (per cent)</i>	60.59	75.20	72.27	78.95	78.05

* Excluding GoI back-to-back loans of ₹ 4,352 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

@ Excluding GoI back-to-back loans of ₹ 11,746 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,394 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Chart 2.16: Break up of Overall Outstanding Liabilities at the end of 31 March 2024



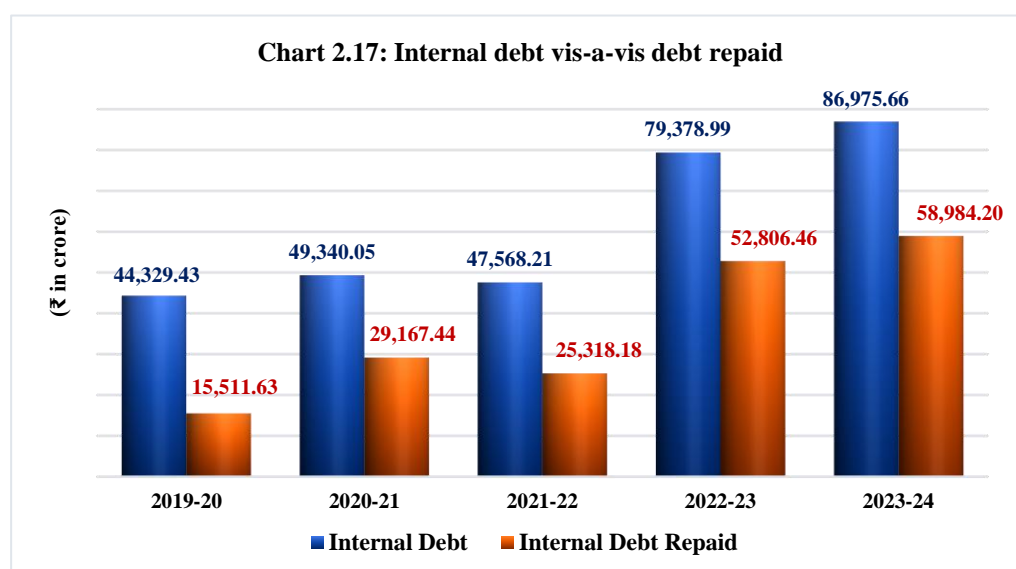
* Excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

The total liabilities of the State increased from ₹ 2,15,562 crore in 2019-20 to ₹ 3,26,622 crore in 2023-24 registering an increase of 51.52 per cent mainly due to increase in Public Debt (₹ 99,360 crore) and Public Account liabilities (₹ 11,700 crore). The total liabilities increased by 11.43 per cent in 2023-24

as compared to 11.05 *per cent* in the previous year. The ratio of total liabilities to GSDP slightly increased from 29.21 *per cent* in 2019-20 to 29.81 *per cent*¹² in 2023-24. The liabilities were 3.22 times of the Revenue receipts and 4.05 times the State's own resources. It is significant to note that fiscal liabilities at ₹ 3,26,622 crore were higher than the limit of ₹ 2,85,885 crore projected in the MTFPS for the year 2023-24.

Public Debt increased by ₹ 99,360 crore (53.57 *per cent*) during the period 2019-24 wherein internal debt increased by ₹ 96,986 crore (52.77 *per cent*) and loans from GoI increased by only ₹ 2,374 crore (139.24 *per cent*). Public Account liabilities increased by ₹ 11,700 crore (38.91 *per cent*) during the same period.

Chart 2.17 shows the trends in internal debt vis-à-vis debt repaid during the period 2019-20 to 2023-24. An interest of ₹ 19,534.81 crore was paid on internal debt during 2023-24.



Source: Finance Accounts of respective years

Market borrowings form a major portion of the internal debt of the State Government, with interest rates ranging between 5.60 and 9.07 *per cent*. In 2023-24, out of total internal debt receipts of ₹ 86,976 crore, market loans were of ₹ 47,500 crore. Out of total internal debt re-payments of ₹ 58,984 crore, repayment of market loans was ₹ 13,946 crore. The outstanding market borrowings as of 31 March 2024 were ₹ 2,52,739 crore. The net increase of market borrowings during the year was 15.31 *per cent* (₹ 33,554 crore).

The financing pattern of the Fiscal Deficit has undergone a compositional shift as reflected in **Chart 2.18 and Table 2.33**. Receipts and disbursements under

¹² Excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

the components of financing the Fiscal Deficit during 2023-24 are given in **Table 2.34**.

Table 2.33: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Composition of Fiscal Deficit	(-) 30,519	(-) 29,486	(-) 31,778	(-) 31,027	(-) 31,441
1 Revenue Deficit	(-) 16,990	(-) 22,385	(-) 20,333	(-) 17,212	(-) 11,881
2 Net Capital Expenditure	(-) 17,612	(-) 5,807	(-) 10,978	(-) 11,591	(-) 15,806
3 Net Loans and Advances	4,083	(-) 494	(-) 466	(-) 2,224	(-) 3,754
4 Appropriation to Contingency Fund	-	(-) 800	-	-	-
Financing Pattern of Fiscal Deficit					
1 Market Borrowings	20,677	25,550	24,141	33,828	33,554
2 Loans from GOI	(-) 162	4,147	7,383	1,055	1,535
3 Special Securities issued to NSSF	(-) 1,004	(-) 1,004	(-) 1,000	(-) 1,004	(-) 1,004
4 Bonds	0	0	(-) 3,460	(-) 5,190	(-) 5,190
5 Loans from Financial Institutions	9,146	(-) 4,373	2,569	(-) 1,061	632
6 Contingency fund	-	-	-	-	(-) 546
7 Small Savings, PF, etc.	1,247	1,034	397	269	98
8 Reserve Fund	1,925	(-) 671	1,025	1,410	1,980
9 Deposits and Advances	(-) 483	1,550	2,253	385	2,447
10 Suspense and Miscellaneous	(-) 1,624	1,563	266	184	(-) 445
11 Remittances	(-) 54	39	2	38	(-) 15
12 Appropriation to Contingency Fund	0	800	0	0	0
13 Overall Deficit	29,668	28,635	33,576	29,914	33,046
14 Increase/Decrease in cash balance	850	851	(-) 1,798	1,113	(-) 1,605
15 Gross Fiscal Deficit	30,518	29,486	31,778	31,027	31,441

Source: Finance Accounts of the respective years

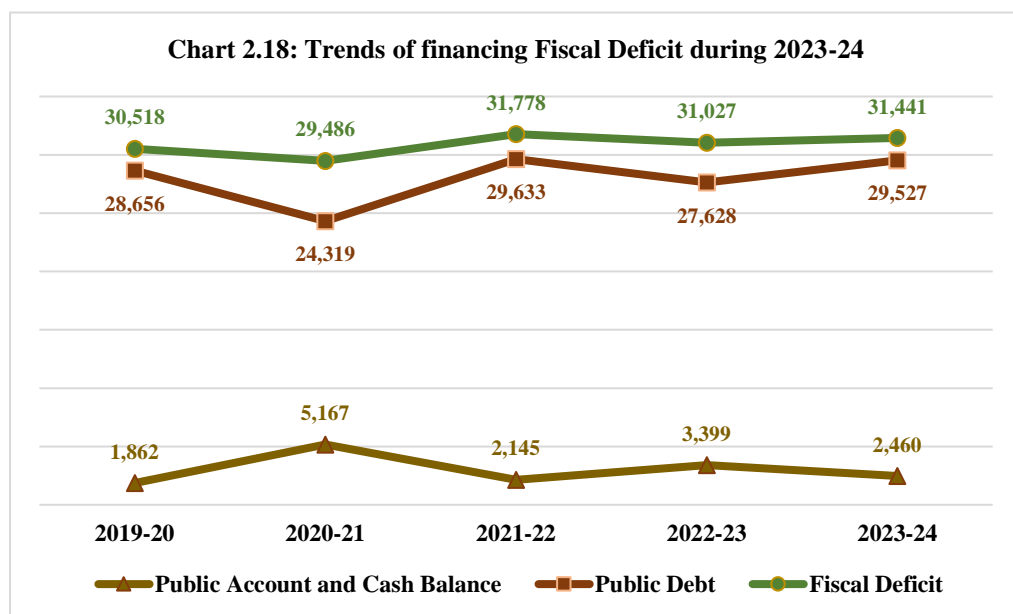


Table 2.34: Receipts and Disbursements under components financing the Fiscal Deficit
(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	47,500	13,946	33,554
2 Loans from GOI	1,745	210	1,535
3 Special Securities issued to NSSF	0	1,004	(-) 1,004
4 Bonds	0	5,190	(-) 5,190
5 Loans from Financial Institutions	13,482	12,850	632
6 Contingency Receipts	0	546	(-) 546
7 Small Savings, PF, etc.	3,484	3,386	98
8 Deposits and Advances	57,884	55,437	2,447
9 Reserve Funds	2,523	543.68	1,980
10 Suspense and Miscellaneous	1,849	2,294	(-) 445
11 Remittances	12,361	12,376	(-) 15
12 Overall Surplus (-) Deficit (+)	1,40,828	1,07,782	33,046
13 Increase (-)/decrease (+) in cash balance	3,833	5,438	(-) 1,605
14 Gross Fiscal Deficit	1,44,661	1,13,220	31,441

As evident from above, the Fiscal Deficits during 2019-20 to 2023-24 were largely financed through Public Debt, which includes market borrowings, loans from GoI, etc.

2.6.2 Debt profile: Maturity and Repayment

Public Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment of principal amount as depicted in **Table 2.35** and **Chart 2.19**.

Table 2.35: Public Debt maturity profile

Period of repayment (Years)	Principal Amount	Interest Amount ¹³	Public Debt (including interest)	Percentage (w.r.t. total Public Debt)
	(₹ in crore)			
0 – 1	24,450.52	21,636.78	46,087.30	10.16
1 – 3	43,033.84	38,520.22	81,554.06	17.98
3 – 5	41,952.67	31,965.49	73,918.16	16.30
5 – 7	40,699.60	25,724.29	66,423.89	14.64
7 - 10	60,294.73	27,186.89	87,481.62	19.28
Above 10	74,555.85	23,611.57	98,167.42	21.64
Total [#]	2,84,987.21 ¹⁴	1,68,645.24	4,53,632.45	100.00

Source: Calculated on the basis of Finance Accounts.

Excluding GoI back-to-back loans of ₹ 11,745.79 crore (₹ 4,352 during the year 2020-21 + ₹ 7,393.79 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

As of March 2024, total outstanding Public Debt (including approximate interest) was ₹ 4,53,632.45 crore. **Table 2.35** indicates that the State Government has to repay 28.14 per cent (₹ 1,27,641.36 crore) of its Public Debt (including approximate interest) within the next three years, 16.30 per cent (₹ 73,918.16 crore) between three and five years, 14.64 per cent (₹ 66,423.89 crore) between five and seven years and 19.28 per cent (₹ 87,481.62 crore) between seven and 10 years. It

¹³ Interest on Market Loan is calculated on the basis of maturity profile available in the Finance Accounts. Approximate interest on Public Debt other than market loans is calculated on the basis of average interest rate of 7.66 per cent (average of interest rates for the last five years as given in Table 2.37).

¹⁴ Difference of ₹ 135.54 crore between maturity profile and balance under Public Debt is under reconciliation.

signifies that the State has to repay 78.36 per cent of its debt (₹ 3,55,465.03 crore) in the next 10 years.

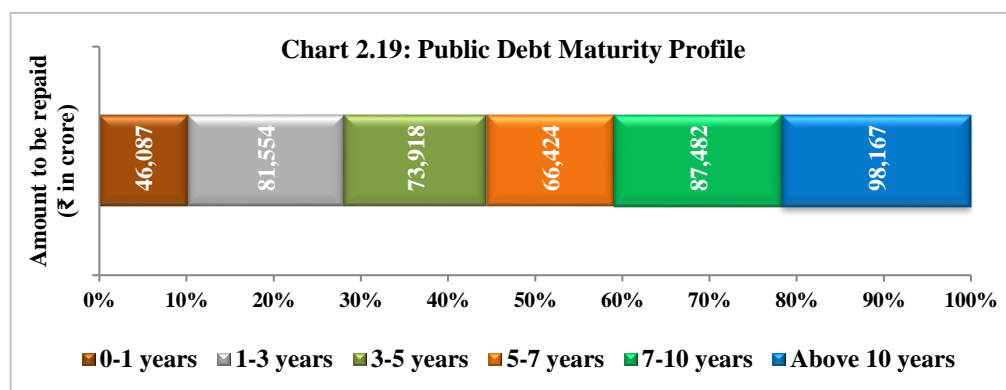


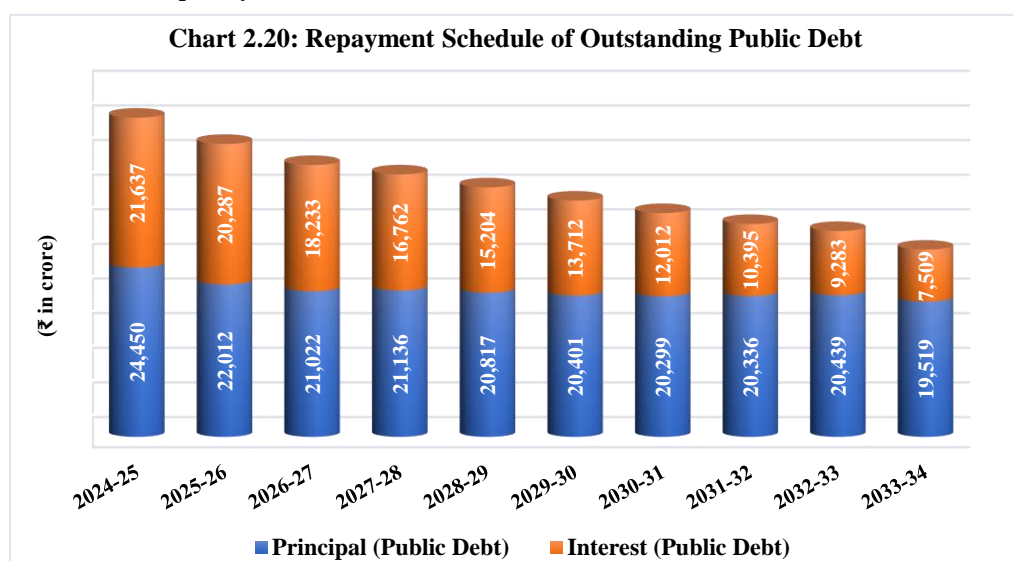
Table 2.36 and Chart 2.20 show the year-wise repayment schedule in the next 10 years of the outstanding Public Debt alongwith interest as on 31 March 2024.

Table 2.36: Details of repayment schedule of outstanding Public Debt and interest during next 10 years

(₹ in crore)

Year	Repayment of		
	Public Debt	Interest	Total
2024-25	24,450.52	21,636.78	46,087.30
2025-26	22,011.86	20,287.03	42,298.89
2026-27	21,021.98	18,233.19	39,255.17
2027-28	21,135.83	16,761.96	37,897.79
2028-29	20,816.84	15,203.53	36,020.37
2029-30	20,401.04	13,712.03	34,113.07
2030-31	20,298.56	12,012.26	32,310.82
2031-32	20,336.16	10,395.21	30,731.37
2032-33	20,439.29	9,282.69	29,721.98
2033-34	19,519.28	7,508.99	27,028.27
Total	2,10,431.36[§]	1,45,033.67	3,55,465.03

[§] Excluding GoI back-to-back loans of ₹ 11,745.79 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,393.79 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.



Note: The maturity profile for the next 10 years has been evolved for Public Debt after excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources and interest has been calculated upto the financial year in which the loans are going to retire.

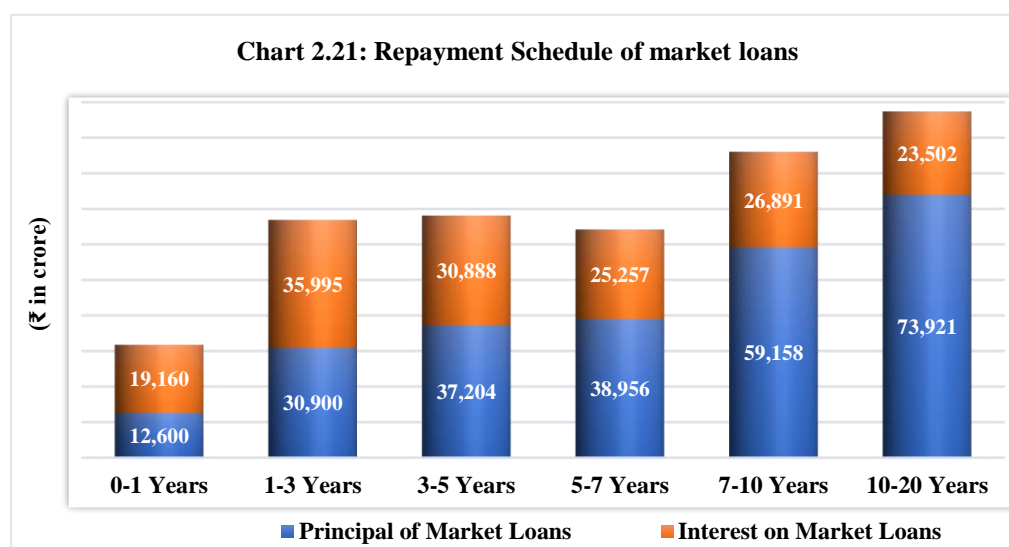
Out of outstanding Public Debt of ₹ 3,55,465.03 crore along with interest for the period 2024-25 to 2033-34, ₹ 46,087.30 crore (12.96 *per cent*) including interest is payable in 2024-25, ₹ 1,55,472.22 crore (43.74 *per cent*) including interest is payable during the period from 2025-26 to 2028-29, while the remaining 43.30 *per cent* (₹ 1,53,905.51 crore) is to be paid after more than five years. Annual outgo in shape of Public Debt repayment and interest will be approximately ₹ 40,311.90 crore during the next five years upto 2028-29.

In the period 2029-30 to 2033-34, Public Debt repayment of ₹ 1,53,905.51 crore (principal: ₹ 1,00,994.33 crore and interest: ₹ 52,911.18 crore) will be payable. As such the State will have to repay approximately ₹ 30,781.10 crore annually during the period 2029-30 to 2033-34.

The outgo on account of repayment of outstanding Public Debt alongwith interest may further go up with the increase in the borrowing requirement of the State, to cover the resource gap.

Market Borrowing/Loans

Repayment schedule of market loans alongwith interest has been given in **Chart 2.21**.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2022 and interest has been calculated upto the financial year in which the loans are going to retire.

The State will have to repay ₹ 43,500 crore of market loans and pay interest of ₹ 55,155 crore in next three financial years i.e. upto 2026-27. In next two years upto 2028-29, ₹ 37,204 crore principal and interest of ₹ 30,888 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 33,349 crore during next five years upto 2028-29.

In the period 2029-30 to 2033-34, loans of ₹ 98,114 crore and interest of ₹ 52,148 crore will be payable. As such the State will have to repay approximately ₹ 30,052 crore annually during the period 2029-30 to 2033-34.

2.7 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt performance; 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 refer to the ability of the State to service it's debt obligation now and in future. Analysis of variations in debt sustainability indicators given in **Table 2.37** and **Chart 2.21**.

Table 2.37: Trends in Debt Sustainability indicators

(₹ in crore)

Sr. No.	Debt Sustainability	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities or Overall Debt*	2,15,562	2,38,708	2,63,951 [#]	2,93,123 [#]	3,26,622 [#]
2	Rate of Growth of Overall Liability	17.02	10.74	10.57	11.05	11.43
3	GSDP (in nominal terms)	7,38,052	7,29,079	8,68,905	9,84,055	10,95,535
4	Nominal GSDP Growth (per cent)	5.60	-1.22	19.18	13.25	11.33
5	Overall Liabilities/GSDP (per cent)	29.21	32.74	30.38	29.79	29.81
6	Maturity profile of Public Debt	1,85,606.62	2,05,369.05	2,27,868.33	2,55,496.37	2,84,987.21
6a	0-1 year	6.54	7.82	10.74	10.04	8.58
6b	1-5 years	36.92	40.02	36.13	32.33	29.82
6c	5-10 years	42.89	35.91	32.06	36.97	35.44
6d	Over 10 years	13.65	16.25	21.07	20.66	26.16
7	Repayment to Gross Borrowing (per cent)	60.59	71.85	66.84	78.95	78.05
8	Net Borrowing available as a percentage of Gross Borrowings	39.41	28.15	33.16	21.05	21.95
9	Interest payment on Overall Debt	15,588.01	17,114.67	18,361.60	20,095.57	21,604.97
10	Effective rate of interest on Overall Debt (per cent)*	8.12	7.83	7.63	7.56	7.34
11	Interest payment to Revenue Receipts (per cent)	22.97	25.33	23.51	22.53	21.32
12	Revenue Deficit/Surplus	16,990.08	22,385.59	20,333.34	17,211.52	11,880.86
13	Primary Revenue Balance (PRB) [@]	(-) 1,402.07	(-) 5,270.92	(-) 1,971.74	2,884.05	9,724.11
14	Primary Balance (PB) ⁺⁺	(-) 14,930.61	(-) 12,371.41	(-) 13,416.18	(-) 10,931.31	(-) 9,836.07
15	PB/GSDP	(-) 2.02	(-) 1.70	(-) 1.54	(-) 1.11	(-) 0.90
16	Difference between RoI [^] and effective rate of interest on over liability	(-) 3.90	(-) 6.63	(-) 6.32	(-) 6.77	(-) 5.88
17	Liquidity Management (use of financial accommodation instruments available with RBI)	1,261.75	4,977.33	2,775.83	21,134.24	25,994.12
18	Debt Stabilisation (Quantum spread [§] + Primary Balance)	(-) 20,168.12	(-) 33,122.42	15,697.41	4,971.82	2,485.47
19	Domar Criteria					
a	GSDP (in constant terms)	5,45,124	4,96,087	5,44,317	5,87,198	6,34,027
b	Real Growth (in constant terms)	2.28	(-) 9.00	9.72	7.88	7.97
c	Inflation based on CPI (per cent)	4.26	5.11	6.24	7.50	6.60
d	Effective rate of interest on Overall Debt (per cent)	8.12	7.83	7.63	7.56	7.34
e	Real effective rate of interest (Effective rate of interest inflation)	3.86	2.72	1.39	0.06	0.74
f	Growth Interest Differential (Real growth-Real effective rate of interest)	(-) 1.58	(-) 11.72	8.33	7.82	7.23

* Outstanding Overall Debt is the sum of outstanding balances under the heads 6003-Internal Debt, 6004-Loans and Advances from the Central Government and Public Accounts Liabilities.

- # Outstanding Overall Debt excluded ₹ 4,352 crore during the year 2020-21 and ₹ 11,745.79 crore (₹ 4,352 crore and ₹ 7,393.79 crore) during the year 2021-22 as back-to-back loans from GoI in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources.
- & Effective Rate of Interest: $\{\text{Interest Payments}/[(\text{Average Outstanding Debt of Previous and Current Financial Year (Excluding Non-interest Bearing Liabilities)})]$
- @ PRB: Revenue Receipts-Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit
- ++ PB: Total Receipts (net of borrowings) -Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit.
- ^ RoI: Return on Investment = $\text{Interest received}/\{(\text{opening balance of Loan and advances outstanding} + \text{closing balance of Loan and advances outstanding})/2\} * 100$
- \$ Quantum spread = (Debt X Rate spread) where Rate spread = (GSDP growth rate-Interest rate).
- Debt-GSDP ratio measures State's financial leverage i.e. its capability to repay its debt. A low value of the debt-GSDP ratio indicates that the State's economy is vibrant to pay the debt without incurring further debt. **Table 2.37** shows that the average debt burden of the State, measured by total liability relative to GSDP remained close to 30 *per cent* during 2019-2024. Overall liability to GSDP ratio that had observed significant rise in 2020-21 remained on sustainable path afterwards. After seeing improvement in 2021-22 and 2022-23, the State's debt burden witnessed a marginal increase in 2023-24.
 - Analysis of impact of Primary Deficit and Growth Interest Differential (GID) on the State's debt burden reveals that the State's debt burden was driven mainly by the Primary Deficit during 2019-2024. Both the GIDs and primary balance, which remained in the negative territory contributed to rise in the State's debt burden in 2019-20 and 2020-21. Significant improvement in GID that turned favourable supported by reduction in the Primary Deficit allowed the debt-GSDP to decline by 2.36 percentage points in 2021-22 and 0.59 basis points in 2022-23 over the previous year. Despite favourable GID and improving primary balance, as debt growth outpaced nominal growth, the debt-GSDP ratio increased slightly in 2023-24.
 - Domar parameters show that despite the declining trend, the GID remained favourable during 2021-2024. This indicates that the growth trajectory was not sufficient to cover the cost of borrowing in 2019-20 and 2020-21. Similar to the nominal growth, effective interest rate was also largely driven by inflation which breached the upper tolerance bandwidth (2-6 *per cent*) in the post-pandemic period (2021-2024) set by the RBI indicating that inflation helped the State to keep the real rate of interest low so as to keep the GID favorable in real terms.
 - Debt burden of the State, except the 2019-20 and 2020-21, remained within the indicative debt path prescribed by the Finance Commission, but was unable to meet the targets set as per the FRBM Act. After observing a

fluctuating trend until 2021-22, debt-burden of the State measured by overall liability-GSDP ratio remained stable in 2022-23 and 2023-24 but could not be converged to the pre-pandemic level. However, persistent decline in debt to GSDP ratio since 2021-22 indicates that it tends to stabilize provided that this trend continues in the forthcoming medium-term.

- A positive primary revenue balance and primary balance indicates that debt is on the sustainable path. Primary revenue balance which was negative in 2019-20 {(-) ₹ 1,402 crore} turned positive in 2022-23 (₹ 2,884 crore) and further improved significantly in 2023-24 (₹ 9,724 crore). The primary balance remained negative during the period 2019-20 to 2023-24. However, it remained overall negative indicating that debt is not on sustainable path.
- A declining trend in interest payment ratios is an indication of sustainable debt whereas an increasing trend indicates an unsustainable debt trajectory. Interest payment as percentage of Revenue receipt which was 22.97 *per cent* in 2019-20 increased to 25.33 *per cent* in 2020-21. Position improved (23.51 *per cent*) during 2021-22 and 2023-24 (21.32 *per cent*) as compared to 2020-21 (25.33 *per cent*) indicating sustainable debt and more resources are left for other productive purposes.
- Maturity profiles captures redemption pressure on the State's debt; higher maturity means lower redemption pressure in future. As of March 2024, an amount of ₹ 2,84,987.21 crore was repayable towards Public Debt. Accordingly, the State Government has to repay 38.40 *per cent* within the next five years and 35.44 *per cent* between 5-10 years. Thus, the State has to repay 73.84 *per cent* of its outstanding Public Debt in the next ten years, thereby reflecting greater redemption pressure in future.
- The number of occasions, a State resorted to Ways and Means Advances (WMA) and Overdraft (OD) facility to manage short term funding gaps, reflects their liquidity position. The State Government availed WMA amounting to ₹ 1,261.75 crore during the year 2019-20 for 11 days. The amount significantly increased alongwith number of occasions in subsequent years i.e. ₹ 4,977.33 crore for 42 days in 2020-21 and ₹ 25,994.12 crore for 163 days in 2023-24. The WMA facility shows an upward trend, indicates poor liquidity management which warrants poor fiscal management and hinders short-term sustainability.
- Though the position of Debt stabilisation (Quantum spread plus primary balance) was negative in 2019-20 and 2020-21, the position improved in 2021-22 and it remained positive during 2022-24 indicating decrease in Debt/GSDP ratio which is a positive sign.

(B) Details of the achievement vis-à-vis target set in the Medium-Term Fiscal Policy Statement (MTFPS) are shown below:

Fiscal Parameters		Achievement vis-à-vis targets set in the MTFPS				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-)/Surplus (+) (As percentage of GSDP)	T	(-) 1.53	(-) 1.64	(-) 3.29	(-) 0.98	(-) 1.51
	A	(-) 2.30	(-) 3.07	(-) 2.34	(-) 1.75	(-) 1.08
Fiscal Deficit (-)/Surplus (+) (As percentage of GSDP)	T	(-) 2.86	(-) 4.00	(-) 3.83	(-) 2.98	(-) 2.96
	A	(-) 4.13	(-) 4.04	(-) 3.66	(-) 3.15	(-) 2.87
Ratio of total outstanding liability to GSDP (in <i>per cent</i>)	T	22.86	21.14	25.92	24.52	25.45
	A*	29.21	32.74	30.38	29.79	29.81
Guarantees in terms of percentage of Revenue Receipts of previous year	T	No Target has been fixed by the State Government				
	A	30.56	34.12	31.17	25.85	23.90

T: Target, A: Achievement

* Excluding GoI back-to-back loans of ₹ 11,745.79 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,393.79 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Target of outstanding liability-GSDP ratio fixed in the MTFPS remained unachieved during the period 2019-20 to 2023-24. The Government was also unable to meet the targets of RD-GSDP fixed in the MTFPS during 2019-20 to 2023-24 except in 2021-22. Targets of FD-GSDP fixed in the MTFPS was not achieved in 2022-23. No limits have been fixed for Guarantee given by the State Government though the ratio of Guarantee-Revenue receipts ranged between 23.90 and 34.12 *per cent* during the period 2019-24. These trends highlight the need for the Government to address fiscal imbalances and work towards sustainable financial management.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. The details of utilisation of borrowed funds for repayment of earlier borrowings, Capital expenditure and Revenue expenditure during the period 2019-24 is given in *Table 2.39*.

Table 2.39: Utilisation of borrowed funds

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Total Borrowings	44,431.82	49,464.73 ¹⁵	47,711.81 ¹⁶	80,649.29	88,720.82
Repayment of earlier borrowings (Principal) (percentage)	15,775.51 (36)	29,497.60 (60)	25,472.95 (53)	53,021.27 (66)	59,194.20 (67)
Net Capital expenditure (percentage)*	12,421.92 (28)	5,806.74 (11)	10,978.41 (23)	11,591.04 (14)	15,806.11 (18)
Net loans and advances*	1,106.62 (2)	493.75 (1)	466.02 (1)	2,224.32 (3)	3,754.07 (4)
Portion of Revenue expenditure met out of net available borrowings	15,127.77 (34)	13,666.64 (28)	10,794.43 (23)	13,813 (17)	9,966.44 (11)
Total Budget of the State	1,56,449.71	1,80,004.84	1,95,689.44	2,21,110.07	2,36,560.09
Expenditure against total budget	1,29,856.27	1,42,409.10	1,50,162.15	1,85,288.25	2,03,089.28
Repayment of borrowings to total expenditure (per cent)	12.15	20.71	16.96	28.62	29.15

Source: Finance Accounts of the respective years

Figures in parenthesis indicate percentage to the total borrowings.

* Net means expenditure/repayments less receipts.

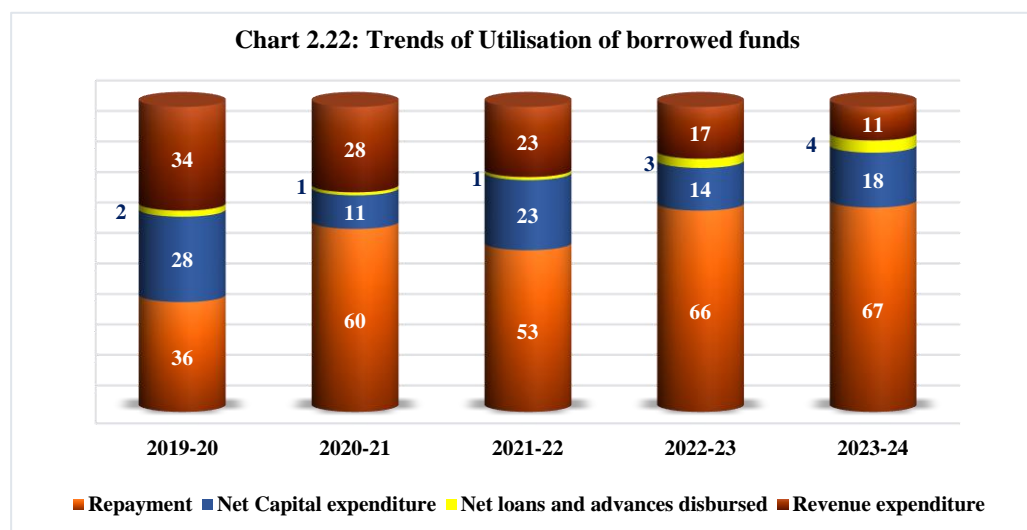
The repayment of borrowing (principal) to total expenditure of the State ranged between 12.15 to 29.15 *per cent* during the period 2019-24. During this period, the State Government utilised between 36 *per cent* and 67 *per cent* of its current borrowings for repayment of earlier borrowings (principal). Revenue expenditure met out of net available borrowings ranged between 11 *per cent* and 34 *per cent*. During 2023-24, only 18 *per cent* of the current borrowings were utilised for Capital expenditure. Thus, the borrowings funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of Capital expenditure

As per 15th Finance Commission recommendations, States are being given Revenue Deficit grants to reduce and ultimately eliminate Revenue Deficit and to enable all borrowings to be used for Capital expenditure. In 2023-24, which is the 3rd year of the Finance Commission period, the State Government has not received any Revenue Deficit grant from Central Government though the State Government has reduced its Revenue Deficit amounting to ₹ 5,331 crore (from ₹ 17,212 crore in 2022-23 to ₹ 11,881 crore in 2023-24) but has borrowed to meet its Revenue Deficit.

¹⁵ Excluding GoI back-to-back loans of ₹ 4,352 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

¹⁶ Excluding GoI back-to-back loans of ₹ 7,394 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Trends of utilisation of borrowed funds during the period 2019-24 is depicted in **Chart 2.22**.

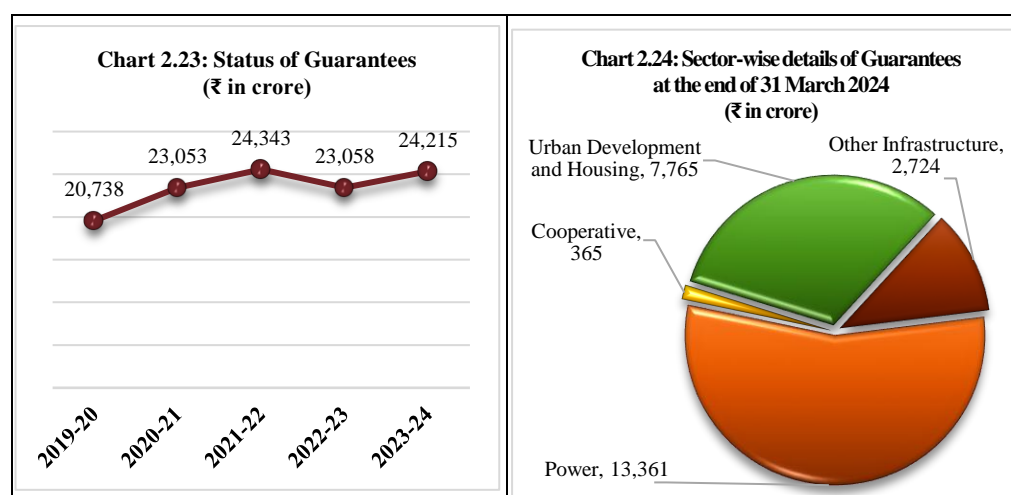


Source: Finance Accounts of the respective years

2.7.2 Status of Guarantees–Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of defaults by borrowers for whom the Guarantees have been extended. The State Government has not passed a law under Article 293 of the Constitution of India for laying down the limit within which the Government may give Guarantees on the security of the Consolidated Fund of the State.

As per Statement No. 9 of the Finance Accounts, the status of Guarantees for the last five years and sector-wise Guarantees as on 31 March 2024 are given in **Chart 2.23** and **2.24**.



Source: Finance Accounts

No amount was paid by the Government towards Guarantees invoked during 2023-24. The details of Guarantees, as on 31 March 2024, was in respect of PSUs and autonomous bodies as shown in **Table 2.40**.

Table 2.40: Details of Guarantees given to entities**(₹ in crore)**

Sr. No.	Name of PSUs/Autonomous bodies	Number of Guarantees	Amount of Guarantees as on 31 March 2024
1	Haryana Shehri Vikas Pradhikaran (HSVP)	11	7,313.36
2	Haryana State Industrial Infrastructure Development Corporation	8	2,575.47
3	Uttar Haryana Bijli Vitran Nigam Limited	27	7,231.56
4	Haryana Vidyut Parsaran Nigam Limited	5	717.07
5	Haryana Police Housing Corporation Limited	2	201.60
6	Housing Board, Haryana	7	250.60
7	Dakshin Haryana Bijli Vitran Nigam Limited	17	5,398.50
8	Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited	3	93.35
9	Municipal Corporation, Faridabad	1	40.60
10	Haryana State Warehousing Corporation	3	2.52
11	Haryana Power Generation Limited, Panchkula	1	13.56
12	Panipat Co-Operative Sugar Mills Limited, Panipat	1	64.29
13	Shahbad Co-Operative Sugar Mills Limited, Shahbad	1	39.15
14	Karnal Co-operative Sugar Mills Limited, Karnal	1	54.64
15	HAFED-NABARD	3	195.97
16	Haryana Dairy Development Cooperative Federation Limited	1	10.69
17	Haryana Scheduled Castes Finance and Development Corporation	2	11.88
	Total	94	24,214.81

Source: Finance Accounts for the year 2023-24

Out of total Guarantees as on 31 March 2024, 95.96 *per cent* (₹ 23,235.96 crore) was mainly in respect of Haryana Shehri Vikas Pradhikaran (₹ 7,313.36 crore), Haryana State Industrial Infrastructure Development Corporation (₹ 2,575.47 crore), Uttar Haryana Bijli Vitran Nigam Limited (₹ 7,231.56 crore), Haryana Vidyut Parsaran Nigam Limited (₹ 717.07 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 5,398.50 crore).

2.7.3 Management of Cash Balances

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

Comparative figures of cash balances and investment of cash balance for the years 2022-23 and 2023-24 are given in **Table 2.41**.

Table 2.41: Detail of cash balances and investment of cash balances

(₹ in crore)

	Closing balance on 31 March 2023	Closing balance on 31 March 2024
A. General Cash Balance		
Deposits with Reserve Bank of India	(-) 716.63	373.36
Remittances in Transit-Local	0.54	0.54
Total	(-) 716.09	373.90
Investments held in Cash Balance investment account	1,310.12	1,272.60
Total (A)	594.03	1,646.50
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	3.91	4.03
Permanent advances for contingent expenditure with departmental officers	0.11	0.11
Investment in earmarked funds	3,235.50	3,787.38
Total (B)	3,239.52	3,791.52
Total (A + B)	3,833.55	5,438.02
Interest realised	4.36	6.19

Source: Finance Accounts**Table 2.42: Cash Balance Investment Account (Major Head-8673)**

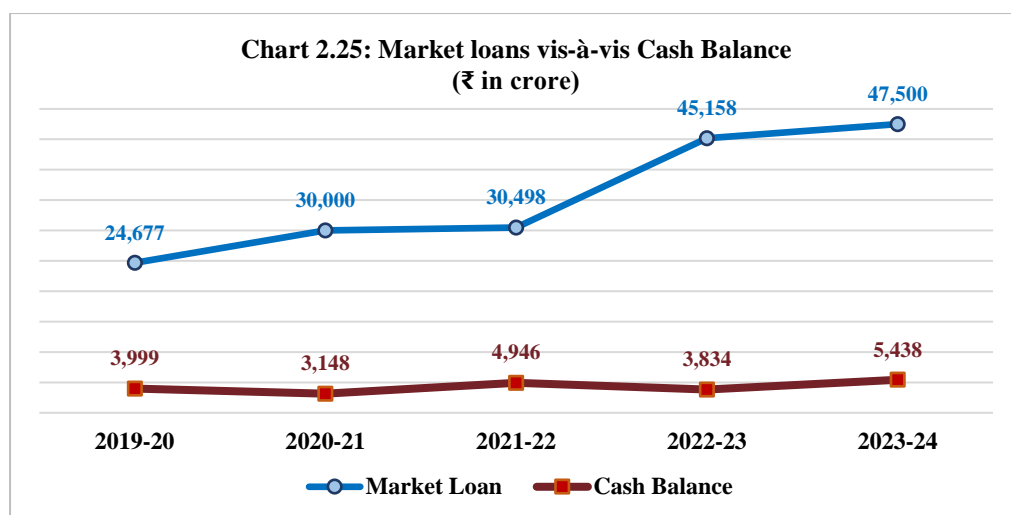
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/decrease (-)	Interest earned
2017-18	2,554.85	2,084.53	(-) 470.32	94.89
2018-19	2,084.53	721.57	(-) 1,362.96	91.54
2019-20	721.57	2,332.87	1,611.30	76.54
2020-21	2,332.87	1,564.72	(-) 768.15	29.49
2021-22	1,564.72	2,597.52	1,032.80	25.45
2022-23	2,597.52	1,310.12	(-) 1,287.40	4.36
2023-24	1,310.12	1,272.60	(-) 37.52	6.19

Source: Finance Accounts of the respective years

The Cash Balance included investment of ₹ 3,787.38 crore in earmarked funds. The said investment consisting of Sinking Fund Investment Account (₹ 2,122.28 crore) and Guarantee Redemption Fund Investment Account (₹ 1,662.80 crore) was invested by the RBI. The Government was able to maintain a minimum cash balance of ₹ 1.14 crore for 203 days during 2023-24. The Government had maintained the minimum balance by taking special Ways and Means Advances (WMA) for 113 days and ordinary WMA for 50 days. The State had to pay ₹ 9.03 crore as interest on WMA during the year 2023-24.

During 2023-24, the State had an opening cash balance of ₹ 3,834 crore and Government borrowed ₹ 47,500 crore from the market for meeting its obligations. The closing cash balance was ₹ 5,438 crore (**Chart 2.25**).



2.8 Conclusions

The State passed FRBM Act, 2005 (amended in March 2022) to ensure prudence in fiscal management and fiscal stability by progressive elimination of Revenue Deficit. The State continued to be a Revenue Deficit State.

Revenue deficit of the State decreased from ₹ 17,212 crore during 2022-23 to ₹ 11,881 crore in 2023-24 but was less than the budget projections of ₹ 16,949 crore.

Fiscal deficit of the State was ₹ 31,441 crore during 2023-24 which was 2.87 *per cent* of GSDP and was more than the target fixed by the State Government under MTFP and budget projections. The Fiscal Deficit was financed mainly through market borrowings.

Revenue receipts increased by ₹12,121 crore (13.58 *per cent*) during the current year over the previous year whereas Revenue expenditure grew by ₹6,790 crore (6.38 *per cent*). Further, the State's own revenue registered a growth of 12.43 *per cent* over the previous year.

The State incurred 56 *per cent* of the total Revenue expenditure on committed liabilities like salaries and wages, pensions and interest payment, leaving only 44 *per cent* for priority sector expenditure. During the year, outgo because of interest payments was equal to 19 *per cent* of Revenue expenditure and 21 *per cent* of Revenue receipts.

The State Government earned a meagre 0.76 *per cent* return on its total investment (₹ 38,278 crore) in Statutory Corporations, Rural Banks, Government Companies and Co-operatives up to 31 March 2024.

There was a difference of ₹ 7,262 crore in equity investment figures as per State Accounts and as per the Accounts of 27 PSUs.

Loans amounting to ₹ 248 crore were given to co-operative sugar mills and Haryana State Cooperative Agriculture and Rural Development Bank without recovery of earlier loans. The State Government received ₹ 182 crore (1.46 *per cent*) as interest on outstanding loans during 2023-24 and paid interest at 6.72 *per cent* on outstanding debt.

The State Government had not invested funds of ₹ 7,297.06 crore available under State Disaster Response Fund and State Compensatory Afforestation Fund.

Total outstanding liabilities including Public Debt and Public Account liabilities were 29.81 *per cent* of GSDP (excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources). The total liabilities increased by 11.43 *per cent* in 2023-24 over the previous year. The State Government raised Public Debt of ₹ 88,721 crore and repaid ₹ 59,194 crore.

2.9 Recommendations

The Government may:

1. assess the reasons for insufficient return on investment from Statutory Corporations, Rural Banks, Government Companies and Co-operatives and take remedial measures; and
2. assess debt servicing capacity of the institutions before providing loans.