Executive Summary

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This Report on the finances of the State of Chhattisgarh provides an independent assessment of the fiscal position of the Chhattisgarh for FY 2024-25. It analyses the State's overall financial health and reviews its revenue and expenditure trends, assesses the State's debt position and borrowing patterns, evaluate its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators.

Chhattisgarh's economy showed moderate growth during the FY 2024-25, with GSDP registering growth of 10.89 *per cent* as against the previous financial year. State contributed 1.72 *per cent* to GDP of India. This contribution has declined over last five years, a concern for the State. We observed that the revenue receipts of the state grew by 16.21 *per cent* over previous year, driven by higher tax collections, notably GST, and increased central tax devolution. Also, non-tax revenue growth (15 *per cent*) was robust. The state's own revenue performance improved and dependence on central grants-in-aid declined substantially over the last ten-year period.

Expenditure of the state was dominated by higher share of revenue spending which constituted 86.02 *per cent*. Committed expenditure and subsidies constituted 54.39 *per cent* and 52.18 *per cent* of Revenue Receipt and Revenue Expenditure respectively, leaving limited fiscal space for capital investment. Subsidies increased sharply, mainly due to schemes like Chief Minister Food Assistance Scheme and Grant for Free Electricity to agricultural pumps. Capital expenditure has shown increasing trend in last five years. Revenue deficit was 1.80 *per cent* of GSDP against the target of revenue surplus. Similarly, fiscal deficit was 4.48 *per cent* of GSDP against the estimation of 2.90 *per cent* projected under MTFPS/FRBM Act. Though outstanding liabilities remained within the recommended projections of 15th Finance Commission, it exceeded the level projected in the Budget Estimates, this needs to be seen in the context of outstanding off-budget borrowings and contingent liabilities of the State Government through guarantees. Besides, the State Government also carried forward significant undischarged liabilities in respect of Mineral Development Fund, Central Road and Infrastructure Fund, Infrastructure Development cess and Environment cess, interest liabilities, etc., to the tune of ₹ 6,194.54 crore which amounts to 1.09 *per cent* of GSDP in the FY 2024-25.

Audit through its various reports have already highlighted the increased efforts to be taken by the State in realising the arrears in tax revenue, reducing the compliance risks in the taxations, recycling the capital investments made in the SPSEs and rationalising the revenue expenditure in tune with revenue growth.

The fiscal year also continued to witness large scale savings in 69 grants and excess expenditure in six grants/appropriations. Supplementary provisions of ₹ 27,897.20 crore made during the year remained unutilised as total expenditure contained within the original budget. Excess expenditure of ₹ 1,538.65 crore in the year 2024-25 requires regularisation by legislature. Besides, closing balance of ₹ 1,372.27 crore under 129 PD accounts, pending accounts for autonomous bodies, and substantial use of Minor

Head 800-Other Receipts/Expenditure affecting transparency in financial reporting.

The report notes positive steps like implementation of Single Nodal Agency (SNA) and SNA- SPARSH for better fund tracking in centrally sponsored schemes. However, full migration to these systems was pending.

Good practices were, such as clearance of 97.87 *per cent* utilisation certificates and timely transfer of National Mineral Exploration Trust (NMET) fund.

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There is a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in off-budget borrowings, ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.