Chapter I

Overview of the Finances of the State

Chapter I: Overview of the Finances of the State

This chapter provides a snapshot of Rajasthan's finances for 2024-25, covering demographics, economic indicators, and the State's fiscal structure. It analyses trends in revenue and expenditure, debt levels, and fiscal deficits, highlighting persistent imbalances and reliance on borrowings. The chapter flags issues like high committed expenditure, low returns on investments *etc*.

1.1 Profile of the State

Rajasthan represents a fusion of tradition and modernity, where a rich cultural heritage meets robust economic development. It is strategically located in the northwestern part of India covering 3.42 lakh sq. km. and comprising of 41 districts and 44,672 (as per 2011 census) villages. As of 31 March 2025, its population stood at 8.27 crore (5.85 % of India's total), with a density of 242 persons per sq. km (as per 2025 census). This section provides an overview of the State's demography, GSDP, and per capita income of the State.

1.1.1 Demography of the State

The State's demographic details *vis-à-vis* national average are presented in the **Table 1.1** below.

Table 1.1: Demographic profile of the State

	Rajasthan	National Average
Rural Population (*per cent*) *(population projection 2011-2036)*	73.10	64.30
Urban Population (*per cent*) *(population projection 2011-2036)*	26.90	35.70
Population density *(Census of India, 2011)*	242	430
Sex Ratio per 1,000 Males *(Census of India, 2011)*	952	947
Infant Mortality Rate per 1,000 Live births *(Sample Registration System, Statistical Report September 2025)*	32	28
Maternal Mortality Rate per lakh women in the age group of 15-49 *(SRS Bulletin on Maternal Mortality in India 2021-23)*	7	5
Total Fertility Rate *(NFHS-5, 2019-21), MoHFW*	2.01	1.99
Life Expectancy at Birth (in years) *(SRS based Abridged life table 2019-2023)*	70.4	70.3
Population below Poverty Line (Headcount Ratio) *(Multidimensional Poverty Index, 2023, NITI Aayog)*	15.31	14.96
Literacy Rate (*per cent*) *Periodic Labour Force Survey 2023-24))*	75.8	80.9

Source: Ministry of Statistics and Programme Implementation, GoI

Above table shows that while the State performed better than the national average in the demographic indicators viz.-Total Fertility Rate, Life Expectancy at Birth, Sex ratio, the State's literacy rate was lower than the national average.

State can address low performance in demographic indicators compared to central government targets through a comprehensive approach focused on improving social determinants like education and health, enhancing family planning services, and implementing region-specific strategies.

1.1.2 Economy of the State

Gross State Domestic Product (GSDP) and per capita income are important indicators of the State's economy as discussed in succeeding paragraphs.

1.1.2.1 Gross State Domestic Product and Per capita Income

Gross Domestic Product (GDP) refers to the total value of goods and services produced within a country, while GSDP measures the same at the State level, and both reflect economic development and overall progress. Trends of GSDP and GDP is given in **Table 1.2.** Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in **Chart 1.1** and Per capital income of the country and Per capita income (PCI) of the State is depicted in **Chart 1.2**.

Table 1.2: Trends in GSDP compared to GDP of India (at current prices)

Year	2020-21	2021-22	2022-23	2023-24	2024-25
GDP (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956	3,30,68,145
GSDP (₹ in crore)	10,17,917	11,95,641	13,56,480*	15,21,510*	17,04,339*
PCI of Rajasthan (in ₹)	1,14,925	1,34,143	1,50,020	1,66,647	1,85,053
PCI of India (in ₹)	1,29,077	1,50,906	1,69,145	1,88,892	2,05,324

Source: Ministry of Statistics and Programme Implementation, GoI
**** Provisional Estimates (PE) for 2022-23, Quick Estimates (QE) for 2023-24 and Advance Estimates (AE) for 2024-25***

Chart 1.1: Y-oY growth of GDP & GSDP and GSDP as percentage of GDP

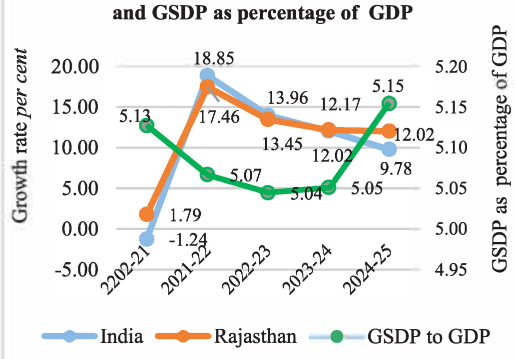
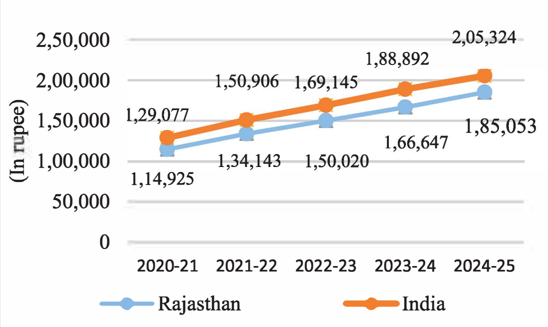


Chart 1.2: Per capita Income of India and the Rajasthan



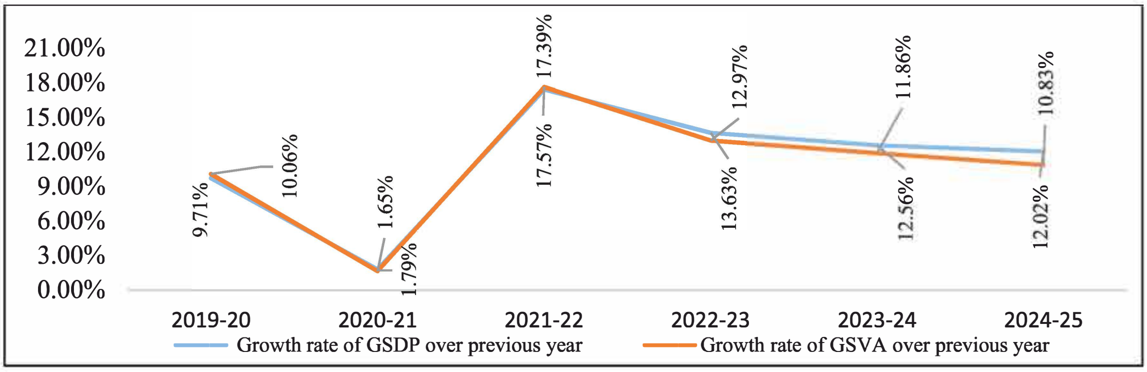
The GSDP at current prices grew at 12.02 *per cent* in 2024-25 over the previous year and was ₹ 17,04,339 crore. The GSDP growth rate of 12.02 *per cent* was higher than the growth rate (9.78 *per cent*) of GDP. The State's GSDP constituted 5.15 *per cent* of India's GDP.

The PCI is a crucial indicator of standard of living. The per capita income of the State for 2024-25 was ₹ 20,271 lower than India's per capita income of ₹ 2,05,324. However, the growth in per capita income of the State (61.02 *per cent*) during the period 2020-21 to 2024-25 was marginally higher than the growth in per capita income of the country (59.07

per cent) during the same period. The growth rate of the GSDP during 2024-25 can be attributed mainly to increased growth in Agriculture and Service sector in the State.

The trend of GSDP and GSVA for the period from 2019-20 to 2024-25 is indicated in the **Chart 1.3** below:

Chart 1.3: Growth rate of GSDP vs GSVA at current prices (2019-20 to 2024-25)



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

1.1.2.2 Sectoral contribution to GSVA

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

The sectoral contribution by various sectors during 2024-25 and sectoral growth in GSVA during the last five years are depicted in **Chart 1.4** and **Chart 1.5** respectively. Changes in sectoral contribution to the GSVA is also important to understand the changing structure of economy. The sectoral economic activity in the State is divided into Agriculture, Industry and Service sectors.

Chart 1.4: Sectoral Contribution 2024-25

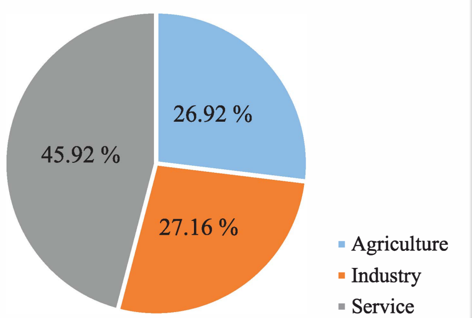
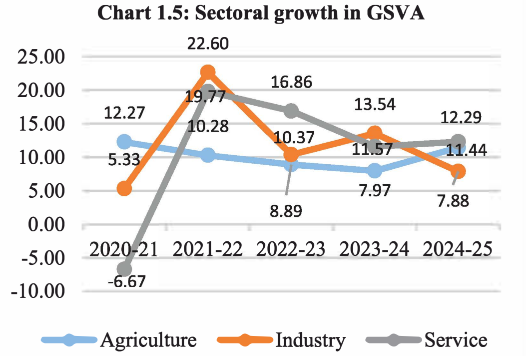


Chart 1.5: Sectoral growth in GSVA



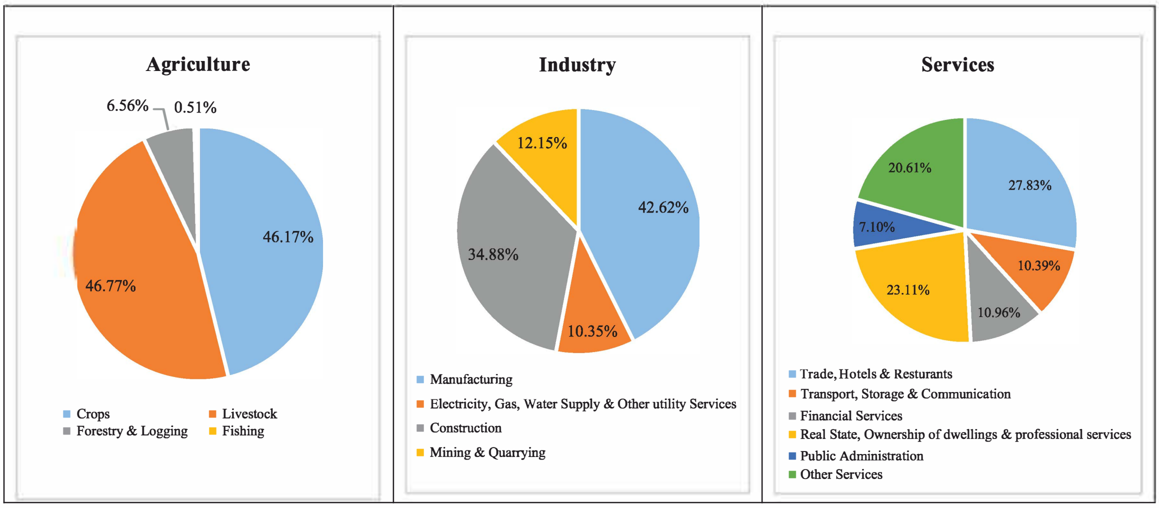
Source: Economic Review 2024-25, Department of Economics and Statistics, GoR

For the year 2024-25 at current prices the agriculture sector which includes crops, livestock, fishing and forestry, accounts for 26.92 *per cent* of the GSVA. The Industrial sector includes mining, manufacturing, electricity & gas water supply and construction, contributes 27.16 *per cent*. The Services sector which includes transport, storage and communication, financial services, real state, professional services, public administration ministration and other services is the largest contributor at 45.92 *per cent* of GSVA at current prices.

Chart 1.5 shows that in the last five years, the share of Industry and Service sector had seen a rise in 2021-22 and thereafter, it has dropped steadily except a jump in Industry Sector during 2023-24. The sectoral growth of Agriculture has shown a decreasing trend till 2023-24 and then a marginal increase in 2024-25.

Chart 1.6 shows the composition of each sector during Financial Year 2024-25, in terms of its major contributing segments.

Chart 1.6: Sector-wise distribution during 2024-25



Source: Economic Review 2024-25, GoR

During 2024-25, service sector emerged as most important sector for the State's Socio-Economic progress as it contributed 45.92 *per cent* in the GSVA of the State. The rise was mainly in its sub-sectors comprising of Trade, Hotels & Restaurants, Transport, Storage & Communication, Financial Services, Real estate, Ownership of dwellings & Professional Services, Public Administration and Other Services.

1.1.3 Snapshot of Finances

The following table provides the details of actual financial results for the year 2023-24 and 2024-25 vis-a-vis Budget Estimates, Revised Estimates and GSDP for the year 2024-25.

Table 1.3: Snapshots of Finances

(₹ in crore)

S. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1.	Tax Revenue	1,62,149.15	2,05,111.93	1,98,025.99	1,80,857.73	88.18	10.61
(i)	*Own Tax Revenue*	94,085.94	1,25,524.82	1,20,478.23	1,03,309.97	82.30	6.06
(ii)	*Share of Union taxes/duties*	68,063.21	79,587.11	77,547.76	77,547.76	97.44	4.55
2.	Non-Tax Revenue	18,679.58	22,665.40	26,917.29	23,502.51	103.69	1.38

S. No.	Components	2023-24 (Actuals)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
3.	Grants-in-aid and Contributions	22,447.55	36,683.96	37,675.00	22,889.78	62.40	1.34
4.	**Revenue Receipts (1+2+3)**	**2,03,276.28**	**2,64,461.29**	**2,62,618.28**	**2,27,250.02**	**85.93**	**13.33**
5.	Recovery of Loans and Advances	404.74	305.53	529.46	516.72	169.12	0.03
6.	Other Receipts	14.24	20.00	20.00	7.35	36.75	0.00
7.	Borrowings and other liabilities*	65,580.00	70,009.48	70,090.84	72,419.95	103.44	4.25
8.	**Capital Receipts (5+6+7)**	**65,998.98**	**70,335.01**	**70,640.30**	**72,944.02**	**103.71**	**4.28**
9.	**Total Receipts (4+8)**	**2,69,275.26**	**3,34,796.30**	**3,33,258.58**	**3,00,194.04**	**89.66**	**17.61**
10.	**Revenue Expenditure**	**2,42,230.88**	**2,90,219.4**	**2,94,557.43**	**2,69,200.06**	**92.76**	**15.79**
11.	Interest payments	34,127.78	37,537.83	39,118.14	38,344.64	102.15	2.25
12.	Capital Expenditure	26,645.72	44,216.48	38,288.19	30,726.64	69.49	1.80
13.	Loans and advances	398.21	360.42	412.96	267.34	74.17	0.02
14.	**Total Expenditure (10+12+13)**	**2,69,274.81**	**3,34,796.30**	**3,33,258.58**	**3,00,194.04**	**89.66**	**17.61**
15.	**Revenue Surplus (+)/Deficit (-) (4-10)**	**(-)38,954.60**	**(-)25,758.11**	**(-)31,939.15**	**(-)41,950.04[1]**	162.86	**-2.46**
16.	**Fiscal Surplus (+)/Deficit (-) {(4+5+6)-14}**	**(-)65,579.55**	**(-)70,009.48**	**(-)70,090.84**	**(-)72,419.95**	103.44	**-4.25**
17.	**Primary Deficit (-)/ Surplus(+) (16-11)**	**(-)31,451.77**	**(-)32,471.65**	**(-)30,972.70**	**(-)34,075.31[2]**	104.94	**-2.00**

Source: Finance Accounts and budget document.

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

The details of State Government Finances for the FY 2015-16 to 2024-25 is given in ***Appendix 1.1.***

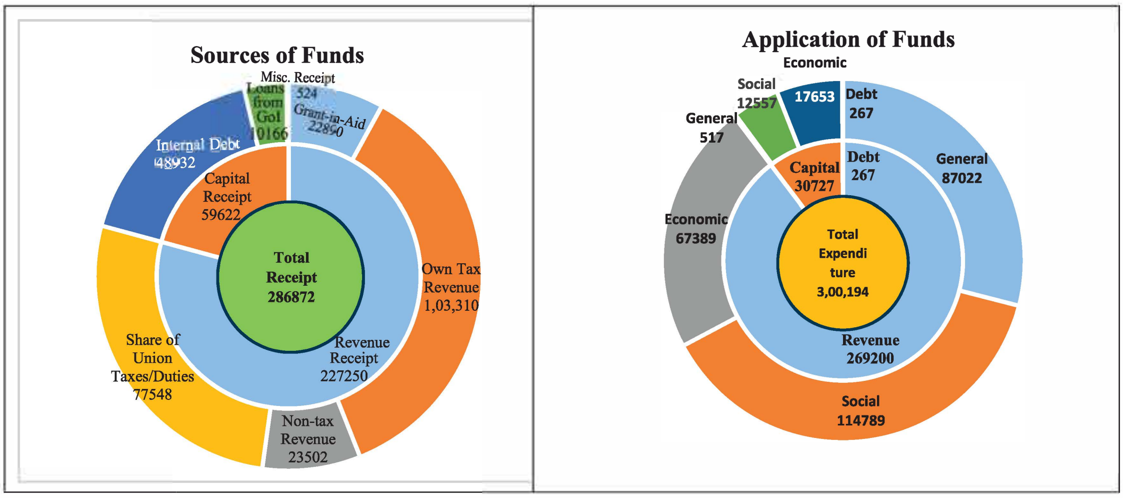
During the year 2024-25, the actual revenue receipts of the State increased by 11.79 *per cent* over the previous year but fell short by 14.07 *per cent* in comparison to the budget estimates. During the year, revenue expenditure (₹ 2,69,200.06 crore) was more than revenue receipts (₹ 2,27,250.02 crore), resulting in revenue deficit of ₹ 41,950.04 crore. During 2024-25, the actual Revenue receipts were less than the budget estimate and revised estimates by ₹ 37,211.27 crore and ₹ 35,368.26 crore respectively. However, actual Revenue deficit and Fiscal deficit were higher than the budget estimates by 62.86 *per cent* and 3.44 *per cent* respectively.

1.1.4 Sources and Applications of funds

Comparison of components of the sources and application of funds of the State during the current year is given in **Chart 1.7.**

Chart 1.7: Details of sources and application of funds during 2024-25

(₹ in crore)



Source: Finance Accounts

1. Post Audit adjusted Revenue Deficit is ₹ 43,241.90 crore.
2. Post Audit adjusted Primary Deficit is ₹ 34,435.24 crore.

Appendix 1.2 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

1.1.5 Snapshot of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.3*** gives an abstract of such liabilities and assets, as on 31 March 2025, compared with the corresponding position of the previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the Public Account and Reserve Funds. Assets comprise mainly of the Capital Expenditure, and loans and advances, given by the State Government and cash balances. A summarised position of assets and liabilities, for the financial years 2023-24 and 2024-25, is given in **Table 1.4.**

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

	Liabilities					**Assets**			
		2023-24	**2024-25**	**Percent increase/ decrease**			**2023-24**	**2024-25**	**Percent increase/ decrease**
				Consolidated Fund					
A	Internal Debt	3,99,857.54	4,48,790.01	12.24	A	Gross Capital Expenditure	2,88,596.62	3,19,315.92	10.64
B	Loans and Advances from GoI	46,794.09	53,606.51*	14.56	B	Loans and Advances	7,961.69	7,712.31	(-)3.13
	Contingency Fund	**1000.00**	**1000.00**	**0.00**					
				Public Account					
A	Small Savings, Provident Funds, etc.	70,219.43	75,981.40	8.21	A	Advances with Departmental officers	3.05	3.59	17.70
B	Deposits	46,211.77	52,929.43	14.54	B	Remittances	7.91	9.41	18.96
C	Reserve Funds	18,446.21	18,743.25	1.61	C	Suspense and Miscellaneous	17.38	-	
D	Remittances	--	--	0.00		**Cash balance (including investment in Earmarked Funds)**	**10,544.81**	**10,029.29**	**(-)4.89**
E	Suspense and Miscellaneous		14.15	0.00		**Total**	**3,07,131.45**	**3,37,070.52**	**9.75**
						Difference on account of rounding-off	**0.00**	**0.00**	**0.00**
						Deficit in Revenue Account	**2,75,397.59**	**3,13,994.25**	**14.01**
	Total	**5,82,529.04**	**6,51,064.75**	**11.77**			**5,82,529.04**	**6,51,064.75**	**11.77**

Source: Finance Accounts of respective Years

** Includes balances of back to back loan of ₹ 8,518.91 crore provided during 2020-21 and 2021-22 after proforma reduction of ₹ 3,353.38 crore during 2024-25.*

The State's balance sheet expanded by 11.77 *per cent* during 2024-25, with total liabilities rising from ₹ 5,82,529 crore to ₹ 6,51,065 crore. The increase was driven primarily by growth in Internal Debt (12.24 *per cent*) and Loans and Advances from GoI (14.56 *per cent*), while Gross Capital Expenditure grew at a comparatively lower rate of 10.64 *per cent.*

Notably, the deficit in Revenue account widened by 14.01 *per cent*, outpacing both capital formation and overall balance sheet growth, indicating continued reliance on borrowings to finance revenue expenditure. Simultaneously, cash balances declined despite higher borrowings, suggesting limited liquidity buffer creation. The emerging trend points to a gradual deterioration in fiscal sustainability, with rising debt levels not being matched proportionately by asset creation, thereby increasing future repayment pressures and constraining fiscal space.

1.2 Consolidated Fund of the State

All revenues received by the State Government, all loans raised by the State Government, ways and means advances extended by the Reserve Bank of India and all money received by the State Government in repayment of loans forms part of the Consolidated fund of the State. No moneys can be appropriated from this Fund except in accordance with the law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments etc.) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

1.2.1 Revenue Receipts

Trends and growth of revenue receipts with respect to Gross State Domestic Product (GSDP) over the five-year period (2020-25) are shown in **Table 1.5**.

Table 1.5: Trend in Revenue Receipts

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**1,34,308**	**1,83,920**	**1,94,988**	**2,03,276**	**2,27,250**
Tax Revenue	**95,859**	**1,28,839**	**1,44,577**	**1,62,149**	**1,80,858**
Own Tax Revenue	*60,283*	*74,808*	*87,346*	*94,086*	*1,03,310*
State's share in Union taxes and duties	*35,576*	*54,031*	*57,231*	*68,063*	*77,548*
Non-Tax Revenue	**13,653**	**18,755**	**20,564**	**18,680**	**23,502**
Grants- in aid from GoI	**24,796**	**36,326**	**29,846**	**22,448**	**22,890**
State's Own Revenue (Own Tax and Non-Tax Revenue)	73,936	93,563	1,07,910	1,12,766	1,26,812
GSDP (2011-12 series)	10,17,917	11,95,641	13,56,480#	15,21,510#	17,04,339#
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	(-)4.14	36.94	6.02	4.25	11.79
State's Own Revenue	(-)1.36	26.55	15.33	4.50	12.46
GSDP	1.79	17.46	13.45	12.17	12.02
Buoyancy Ratios[3]					
Revenue Buoyancy w.r.t GSDP	--*	2.12	0.45	0.35	0.98
State's Own Revenue Buoyancy w.r.t GSDP	--*	1.52	1.14	0.37	1.04

Source: Finance Accounts and Central Statistical Office (CSO), MoSPI, GoI for GSDP figures
 # Provisional Estimates (PE) for 2022-23, Quick Estimates (QE) for 2023-24 and Advance Estimates (AE) for 2024-25
**** Buoyancy ratios cannot be calculated due to negative growth rate.***

Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts is given in **Chart 1.8** and **Chart 1.9**.

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

Chart 1.8: Revenue Receipts as percentage of GSDP

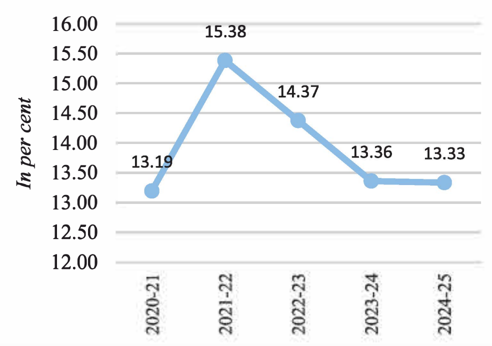
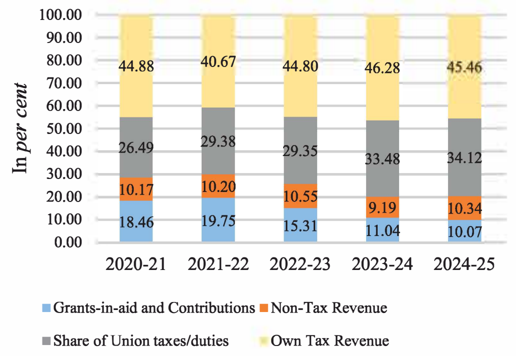


Chart 1.9: Contributions in Revenue Receipts



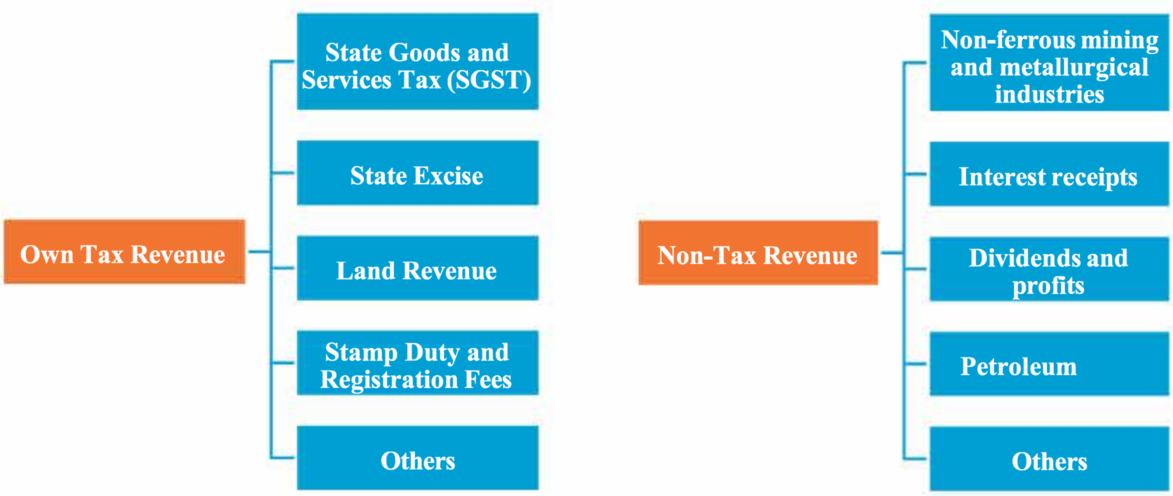
The rate of growth of Revenue Receipts showed an irregular trend during the five-year period and was 13.33 *per cent* of the GSDP during 2024-25.

The Revenue Buoyancy and State's Own Revenue Buoyancy with reference to GSDP turned negative during 2020-21 due to the reduced receipt of the GoI funds and Covid pandemic affects. However, these increased significantly during 2024-25 in comparison to the previous year (0.35 *per cent* and 0.37 *per cent*) and remained at 0.98 *per cent* and 1.04 *per cent* respectively. The sharp fluctuation in buoyancy in the preceding two years indicates revenue vulnerability to economic cycles, underscoring the need for sustained tax administration reforms and diversification of non-tax revenue to ensure predictable and resilient revenue growth.

Grant-in-aid from GoI decreased by 36.99 *per cent* from 2021-22 to 2024-25. The decrease was mainly due to substantial decrease in Revenue Deficit grant and GST compensation grant. Nevertheless, during 2024-25, 55.80 *per cent* of the Revenue Receipts came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 44.20 *per cent* indicating dependency of Rajasthan's fiscal position on tax transfers and Grants-in-Aid from GoI.

A. State's Own Resources

Details of State's Own Revenue



(i) Own Tax Revenue

Own Tax Revenue is the revenue collected by the State Government through taxes it is empowered to levy under the Constitution. Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Own Tax Revenue for the FY 2024-25 is given in **Table 1.6**.

Table 1.6: Own Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE and Actuals)

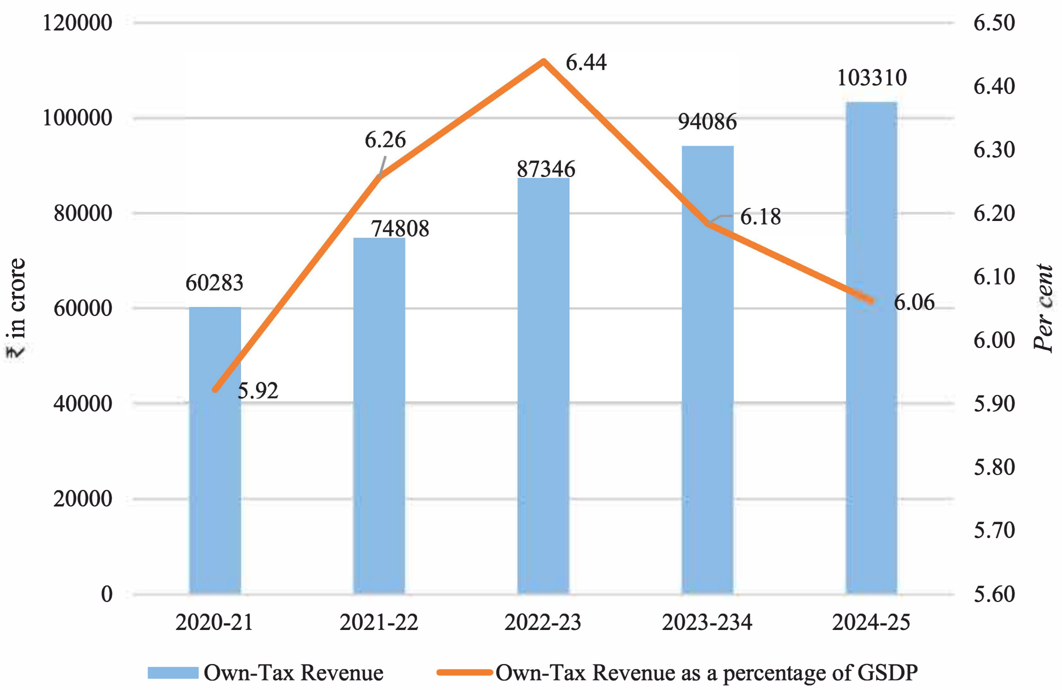
(₹ in crore)

Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
State Goods and Services Tax (SGST)	38,016	55,800	52,100	42,518
State Excise	13,225	17,100	17,000	15,104
Land Revenue	469	721	776	869
Stamp Duty and Registration Fees	9,181	11,000	11,900	10,542
Taxes on Sales, Trades etc.	23,473	19,290	27,000	23,369
Vehicle Tax	6704	8100	8500	7574
Others (including Electricity duty)[4]	3,018	13,514	3,202	3,334
Total	**94,086**	**1,25,525**	**1,20,478**	**1,03,310**

Source: Finance Accounts and Budget documents of the State

Trends of own tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.10** and **Chart 1.11** respectively.

Chart 1.10: Trends of Own Tax Revenue during FY 2020-21 to FY 2024-25

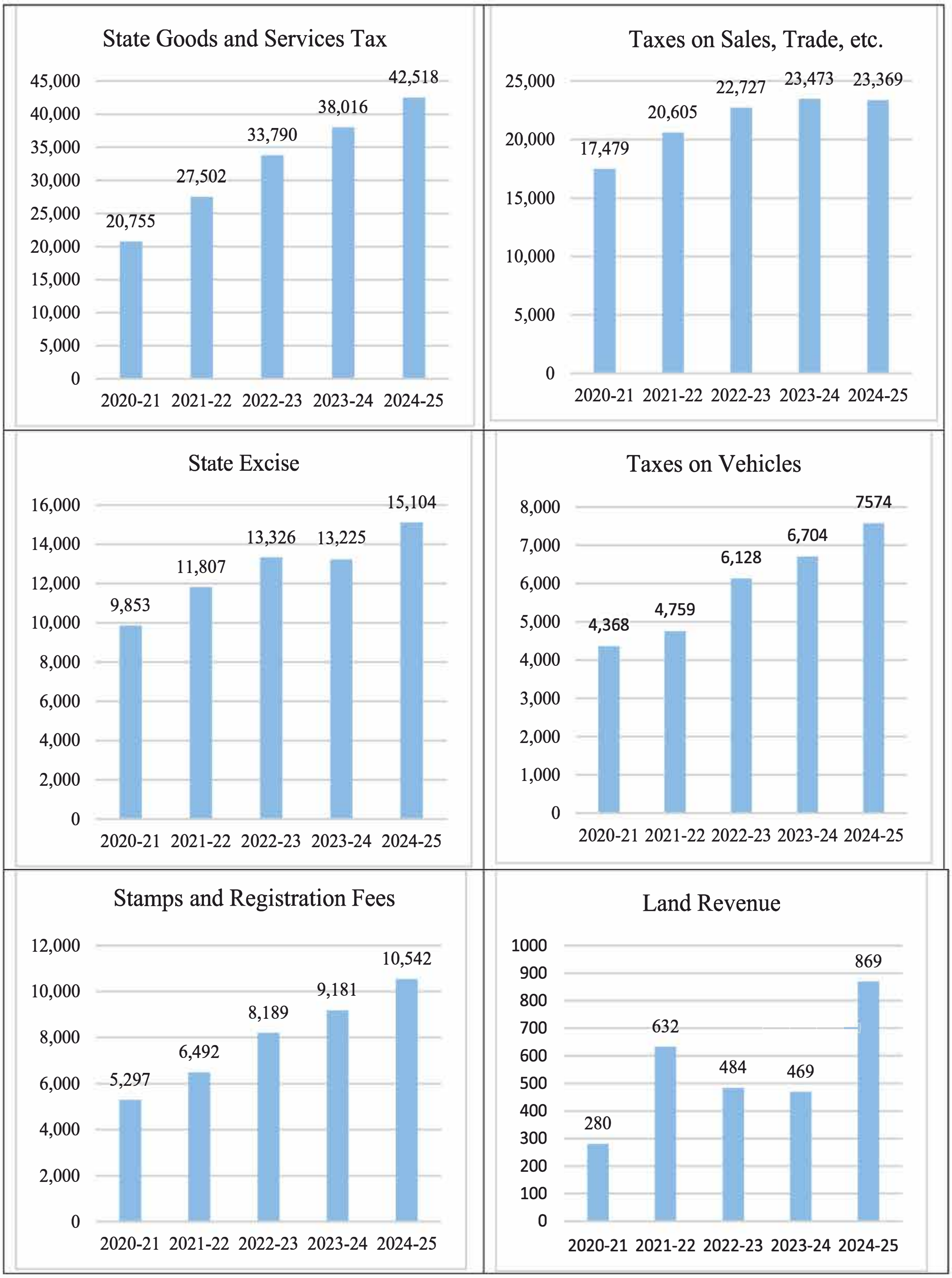


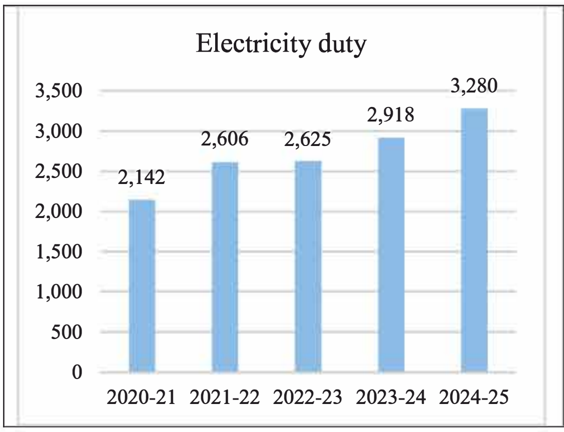
Source: Finance Accounts

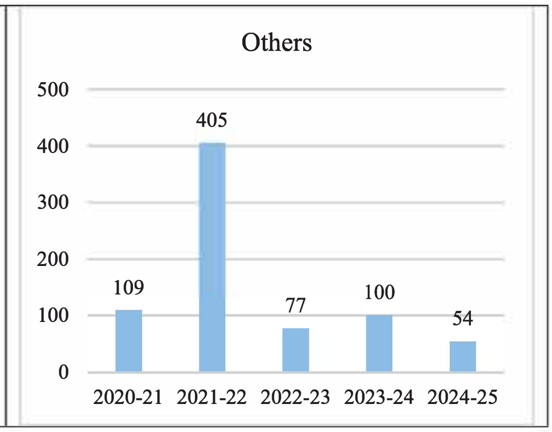
4. Other taxes include taxes on immovable property, other than agriculture land, taxes and duties on electricity and other taxes and duties on commodities and services (excluding Entertainment Tax and Luxury Tax).

Chart 1.11: Major components of State's Own Tax Revenue

(₹ in crore)







Own Tax Revenue of the State increased by ₹ 43,027 crore from ₹ 60,283 crore in 2020-2021 to ₹ 1,03,310 crore in 2024-25 at CAGR of 14.42 *per cent*. During 2024-25, the growth rate of own tax revenue in the State was 9.80 *per cent* over the previous year and it constituted 45.46 *per cent* of Revenue Receipts. As a percentage of GSDP, it decreased to 6.06 *per cent* in 2024-25 over the previous year (6.18 *per cent*).

During the year 2024-25, the actual own tax revenue was significantly lower (17.70 *per cent*) than the budget estimates.

The SGST, Tax on Sales, trades etc, Stamp and Registration and State Excise were the prominent contributors in State's own tax revenue. During the year 2024-25, SGST alone contributed around 41.16 *per cent* of own tax revenue.

During 2024-25, the State Goods and Services Tax, Stamps and Registration Fees, State Excise and Taxes on Vehicles increased over the previous year by 11.84 *per cent,* 14.82 *per cent,* 14.21 *per cent* and 12.98 *per cent* respectively.

Though the State collected lower Tax Revenue compared to the budgeted amount, with broad-based decrease in almost all tax components, the increase growth in the GST collections in the State could be one of the reasons for higher collection of own tax revenues which was 11.84 *per cent* higher than previous year. This was increased due to significant increase against Input tax credit gross utilisation of SGST & IGST[5] and its Apportionment.

During the year 2024-25, the collections under Stamps and Registration increased by ₹ 1,361 crore due to more collection in surcharge on Stamp fees, surcharge on Conservation of Cow and sale of stamps etc.

During the year 2024-25, the collections from State Excise increased by ₹ 1879 crore (14.21 *per cent*) due to more collections in Malt Liquor (24.42 *per cent*), Foreign Liquors and Spirits (15.31 *per cent*), fines and confiscations (74.03 *per cent*). Further, reasons for increased receipt in State Excise under Minor Head 800-Other Receipt (46.35 *per cent*) could not be ascertained.

5. Minor Head 101-Tax, 105-Input tax credit gross utilisation of SGST and IGST, 106-Apportionment of IGST-Transfer in of Tax component of SGST were major contributors under SGST 2024-25.

During the year 2024-25, the collection for Taxes on Vehicles increased by ₹ 870 crore (12.98 *per cent*) due to registration of more number of vehicles.

Despite year-on-year growth, actual collections were 17.70 *per cent* below budget estimates, indicating forecasting gaps. While key components such as Stamps, Excise and Vehicle Taxes recorded double-digit growth driven largely by consumption and surcharge-based collections, Own Tax Revenue as a percentage of GSDP marginally declined, suggesting that revenue mobilisation is not fully keeping pace with economic growth. Overall, the trend reflects stable but consumption-driven revenue expansion.

(ii) Non-Tax Revenue

Non-Tax Revenue of a State refers to the rent, fees, royalties and other receipts of the State Government from sources other than taxes.

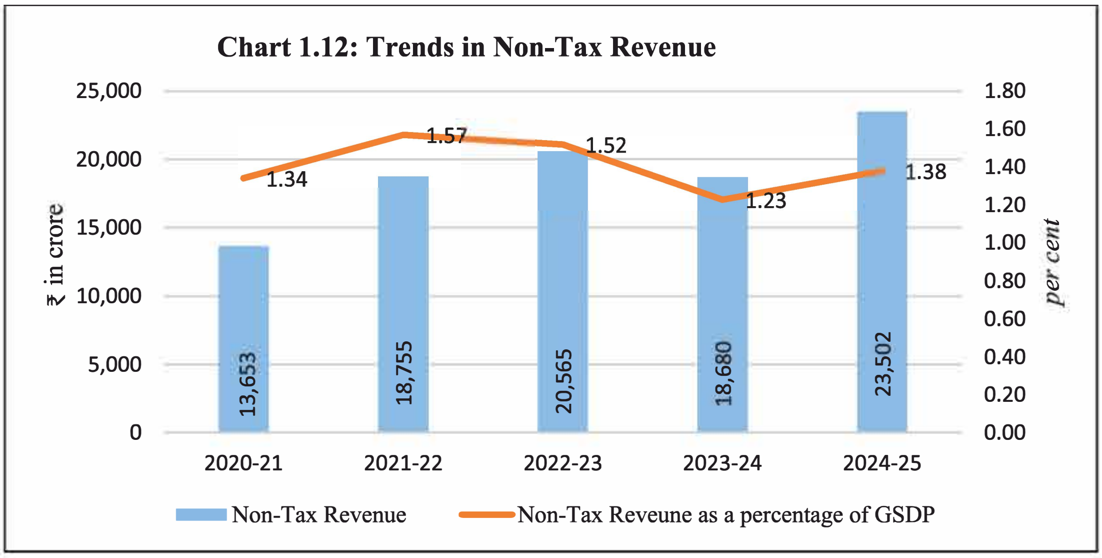
Actuals for FY 2023-24, Budget Estimate (BE), Revised Estimate (RE), and Actuals of Non-Tax Revenue for the FY 2024-25 is given in **Table 1.7**.

Trends of non-tax revenue and its components during the period 2020-21 to 2024-25 are shown in **Chart 1.12** and **Chart 1.13** respectively.

Table 1.7: Major Non-Tax Revenue: 2023-24 (Actuals) and 2024-25 (BE, RE, and Actuals)

(₹ in crore)

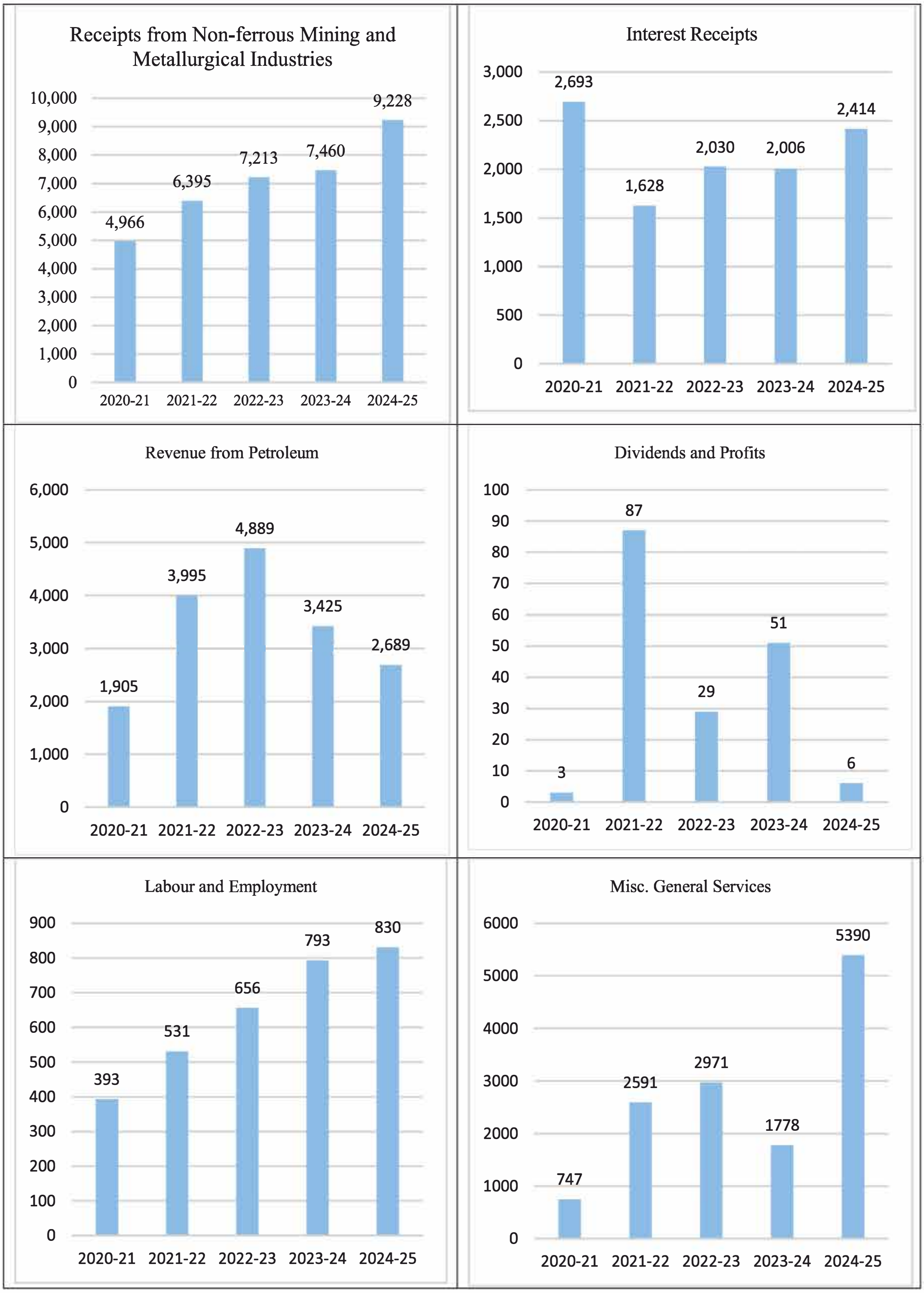
Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest Receipts	2006.13	2543.63	2457.30	2413.59
Dividends and Profits	50.71	32.91	52.50	6.41
Revenue from Petroleum[6]	3425.08	4000.00	2900.00	2688.91
Non-ferrous Mining and Metallurgical Industries	7460.48	9500.00	11000.00	9228.40
User charges	880.00	904.95	1174.74	1219.74
Others	4857.17	5683.91	9334.75	7945.46
Total	**18679.57**	**22665.40**	**26919.29**	**23502.51**

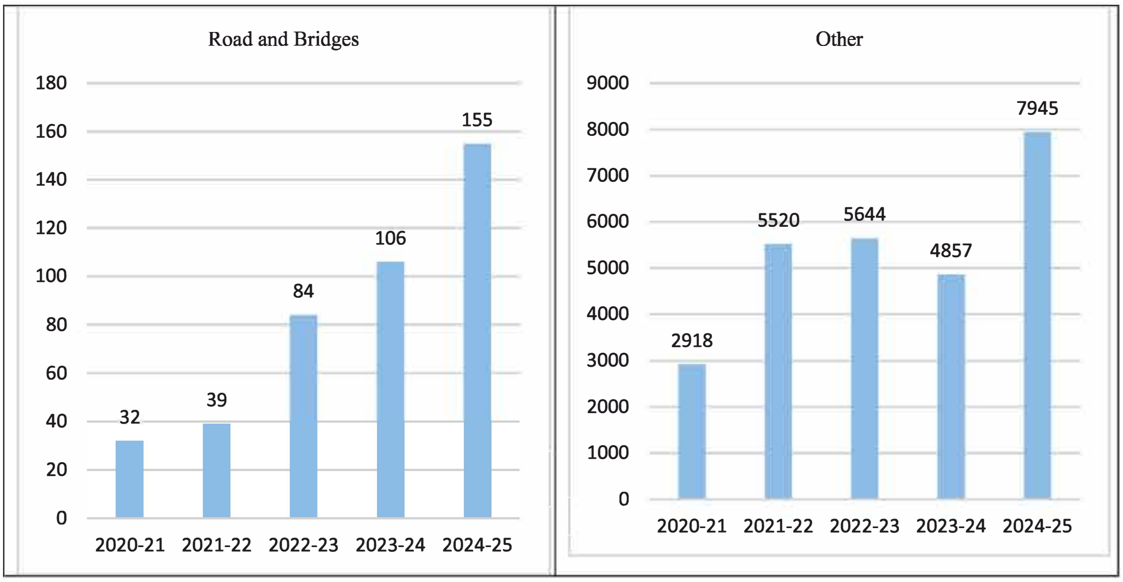


6. Revenue from royalties on Crude Oil produced in Barmer-Sanchor Bassin.

Chart 1.13: Major components of State's Non-Tax Revenue

(₹ in crore)





Non-Tax Revenue ranged from 9.19 *per cent* to 10.55 *per cent* of the total Revenue Receipts of the State during the last five years. CAGR of non-tax revenue of the state for the five-year period (2020-21 to 2024-25) was 14.54 *per cent*. During 2024-25, the Non-Tax Revenue (₹ 23,502 crore) increased by 25.81 *per cent* (₹ 4,822 crore), as compared to the previous year mainly due to substantial increase in revenue from Non-ferrous Mining and Metallurgical industries by ₹ 1,768 crore and miscellaneous General Services by ₹ 3,162 crore.

Increase in receipts under non-ferrous Mining and Metallurgical industries is due to more receipts under royalties, other Miscellaneous Receipts, compounding fees on account of environmental loss due to illegal mining and supplying of Bajri and receipt from penalty and fees.

Abnormal increase in receipts under miscellaneous General Services (MH 0075) is mainly due to transfer of guarantee fees from Guarantee Redemption Fund.

However, substantial decrease in Revenue from Petroleum Receipts (royalty) from royalties on crude oil by ₹ 736 crore (21.49 *per cent*) as compared to the previous year was due to less production of crude oil and natural gas.

The State Government has been classifying huge amounts of receipts as other receipts in the Non-Tax Revenue.

B. State's share in Union Taxes and Duties

Trends in the components of State's share in Union taxes and duties are shown in **Table 1.8.**

Table 1.8: State's share in Union Taxes and Duties

(₹ in crore)

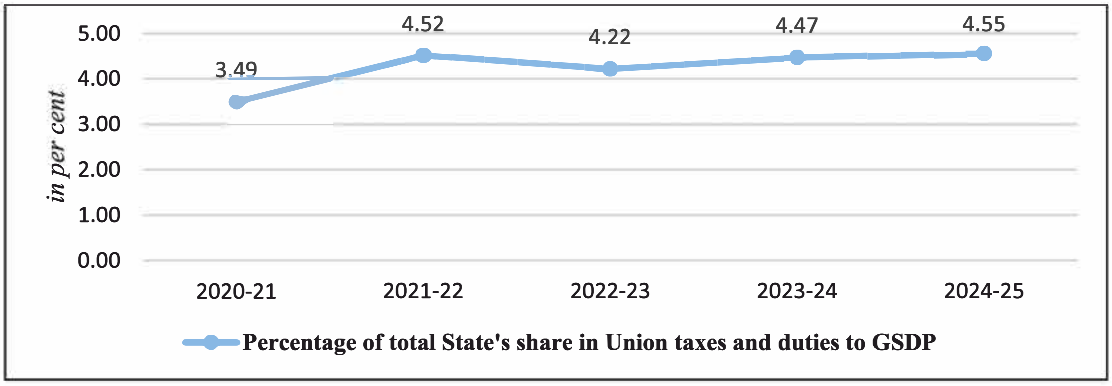
Components	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	10602.62	15,261.33	16,169.85	20,656.36	22,648.68
Integrated Goods and Services Tax (IGST)	0.00	0.00	0.00	0.00	0.00

Components	2020-21	2021-22	2022-23	2023-24	2024-25
Corporation Tax	10,711.19	16,172.11	19,192.10	20,429.54	22,004.65
Taxes on Income other than Corporation Tax	10,978.32	15,877.16	18,730.00	23,593.45	28,062.48
Customs	1,910.39	3863.52	2249.47	2385.19	3,945.36
Union Excise Duties	1,198.76	2097.63	705.74	902.60	759.32
Service Tax	150.00	701.37	89.45	12.68	2.53
Other Taxes[7]	24.49	57.49	94.18	83.39	124.74
Total	**35,575.77**	**54,030.61**	**57,230.79**	**68,063.21**	**77,547.76**

Source: Finance Accounts

Percentage of total State's share in Union taxes and duties to GSDP is given in **Chart 1.14**

Chart 1.14: Percentage of total State's share in Union taxes and duties to GSDP



Net proceeds of the State's share of Central Taxes constituted 34.12 *per cent* of the total revenue receipts for the State in the year 2024-25. During 2024-25, share of Central Tax transfers increased by ₹ 9,484.55 crore (13.93 *per cent*).

The share of Union taxes/duties has shown an increase in all the components during the last three years except in union excise duties and service tax. This was mainly due to increase in CGST by ₹1,992.32 crore, Corporation Tax by ₹1,575.11 crore, Customs by ₹1,560.17 crore and Taxes on Income other than Corporation Tax by ₹4,469.03 crore.

As percentage of GSDP, Central Tax transfer increased by 0.08 points over the previous year (4.47 *per cent*). The CAGR of State's share for the five-year period (2020-21 to 2024-25) of Union Taxes of the State was 21.51 *per cent.*

The State's share in Union Taxes has grown robustly over the past five years, more than doubling to ₹ 77,548 crore in 2024-25, with its ratio to GSDP rising to 4.55 *per cent*, indicating enhanced fiscal support through central devolution. Transfers are increasingly driven by income taxes and GST components, while legacy taxes such as Union Excise Duties and Service Tax have declined structurally. Although this trend has strengthened the State's revenue position, it also heightens sensitivity to national tax performance and macroeconomic conditions.

C. Grants-in-aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 1.9**

7. Include Other Taxes and Duties on Commodities and Services

Table 1.9: Grants-in-aid from Government of India

(₹ in crore)

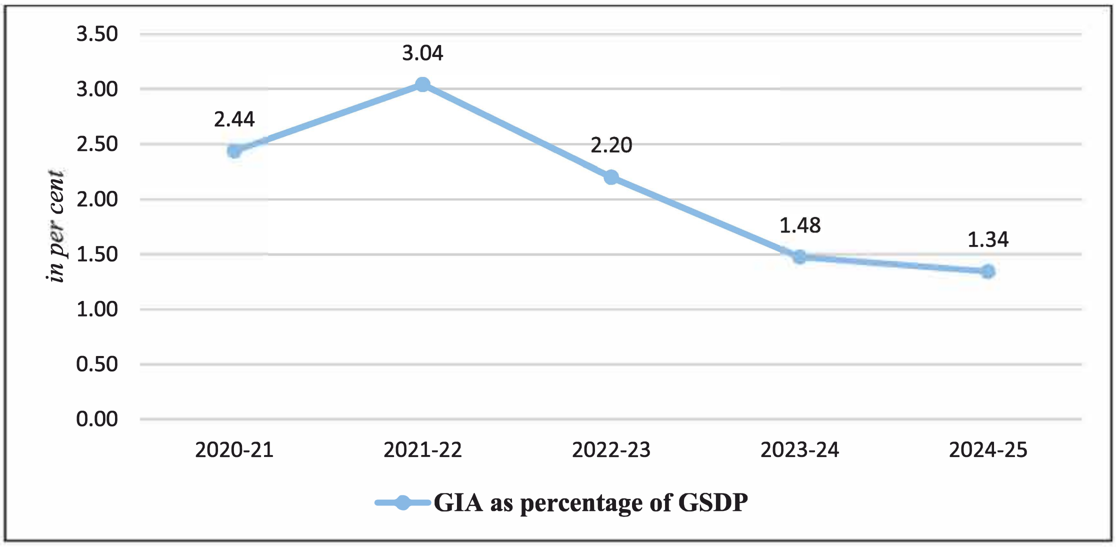
Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Plan Schemes	-	-	-	-	-
Grants for Centrally Sponsored Schemes	12,595.43	14,965.25	14,554.31	14,262.92	14,424.31
Finance Commission Grants	6,236.50	17,210.67	10,507.74	5,590.55	6,677.06
Other transfers/Grants to States/Union Territories with Legislature	5,963.72	4,150.56	4,784.29	2,594.08	1,788.42
Total	**24,795.65**	**36,326.48**	**29,846.34**	**22,447.55**	**22,889.79**

Source: Finance Accounts

Grants-in-aid from GoI peaked in 2021-22 due to a surge in Finance Commission transfers but have since moderated and stabilised at ₹22,890 crore in 2024-25. Centrally Sponsored Schemes now form the dominant component of grants, while Finance Commission and other discretionary transfers have declined significantly. The overall trend reflects reduced untied fiscal support and greater dependence on scheme-based transfers.

Percentage of Grant-in-aid from Government of India to GSDP is given in **Chart 1.15**

Chart 1.15: Percentage of Grant-in-aid from Government of India to GSDP



During the year 2024-25, GIA constituted 10.07 *per cent* and 1.34 *per cent* as percentage of Revenue Receipts and GSDP respectively. GIA from GoI decreased by ₹ 13,436.69 crore (36.99 *per cent)* from 2021-22 to 2024-25. This decrease was mainly due to non-allotment of reimbursement for loss of revenue arising out of implementation of GST and Revenue deficit grants during the period.

During the year 2024-25, State Government estimated the GIA from GoI at ₹ 36,683,96 crore but GoI released only ₹22,889.79 crore.

(i) Grant for Centrally Sponsored Schemes

Out of the Grants of ₹ 14,424.31 crore for Centrally Sponsored Schemes during 2024-25, major allocations were made to the schemes shown in **Table 1.10**.

Table 1.10: Major Schemes receiving grants

(₹ in crore)

Name of the Scheme	2024-25 Amount	2023-24 Amount	Percentage change over previous year
Mahatma Gandhi National Rural Guarantee Program	1370.76	2,193.90	(-) 37.52
Pradhan Mantri Awas Yojna (PMAY)- Rural	1239.90	67.57	(+) 1734.99
Samagra Shiksha	3,093.05	3,202.97	(-) 3.43
Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission	2,195,29	2,743.59	(-) 19.98
Pradhan Mantri Poshan Shakti Nirman (Erstwhile National Programme of Mid-Day Meal in Schools)	597.87	317.28	(+) 88.44
Saksham Anganwadi and Poshan 2.0 (Umbrella ICDS-Anganwadi Services Poshan Abhiyan Scheme for Adolescent Girls National Creche Scheme)	816.83	1,091.96	(-) 25.20

Source: Finance Accounts

Grant flows to major schemes in 2024-25 reveal significant sectoral shifts, with PMAY (Rural) witnessing an extraordinary surge, while MGNREGS, health programmes, and Anganwadi-related schemes experienced substantial declines. Education funding remained broadly stable, and PM Poshan recorded notable growth. The pattern suggests reprioritisation of central assistance towards housing and school nutrition, accompanied by contraction in employment and health-related transfers, highlighting volatility in scheme-wise allocations and potential implications for sectoral planning and service delivery.

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (XV-FC) submitted its report for the period 2021-26 in November 2020. The XV-FC recommended grants/ transfer of funds to States on account of Post-devolution Revenue Deficit Grant, grant to Local Bodies, Disaster Related Grants, Grants to States for Specific Sectors and State specific grants. XV-FC recommended total Grant-in-Aid (GIA) of ₹59,374.06 crore to Rajasthan for the period 2021-26. Details of grants provided by GoI are given in **Table 1.11.**

Table 1.11: Recommended amount, actual release and transfers of Grant-in- aid

(₹ in crore)

S. No	Name of Grant	Recommendation of XV-FC	Actual Release by GoI to GoR	Onward release by GoR to implementing
		2024-25	2024-25	2024-25
	Grants for Local Government	**4,797.00**	**4,188.24**	**4,188.24**
1.	**(i) Grant to Rural Local Bodies (RLBs)**	**3,166.00**	**2855.71**	**2855.71**
	a) Basic/Untied Grant	1266.40	1142.52	1142.52
	b) Performance/Tied Grant	1899.60	1713.19	1713.19
2.	**(ii) Grant to Urban Local Bodies (ULBs)**	**1631.00**	**1,332.53**	**1,332.53**
	A. Million Plus Cities (Jaipur, Jodhpur, Kota)	**493.00**	**416.92**	**416.92**

S. No	Name of Grant		Recommendation of XV-FC	Actual Release by GoI to GoR	Onward release by GoR to implementing
			2024-25	2024-25	2024-25
	a) Air Quality		165.00	88.92	88.92[8]
	b) Solid Waste Management sanitation		328.00	328.00	328.00
	B. Non-Million Plus Cities		**1138.00**	**915.61**	**915.61[9]**
	a) Basic/Untied Grant		455.20	366.24	366.24
	b) Performance/Tied Grant		682.80	549.37	549.37
3.	**Grant for Health Services**		**918.34**	**773.80**	**773.80[10]**
	A. Rural Areas		**770.27**	**667.31**	**667.31**
	Support to Diagnostic Infrastructure in primary Health care facilities of the Sub-Centres		110.75	48.68	48.68
	Support to Diagnostic Infrastructure in primary Health care facilities of the PHCs		128.16	168.00	168.00
	Block level public health Units		30.21	27.40	27.40
	Building-less sub-Centres, PHCs & CHCS		210.98	191.39	191.39
	Conversion of Rural PHCs and SCs in Health care and Wellness Centre		290.17	231.84	231.84
	B. Urban Areas		**148.07**	**106.49**	**106.49**
	Support to Diagnostic Infrastructure in primary Health care facilities of the Urban PHCS		30.66	0.00	0.00
	Urban Health and Wellness Centers (UHWCs)		117.41	106.49	106.49
	Total (1+2+3)		**5715.34**	**4,962.04**	**4,962.04**
4.	**State Disaster Response Fund (SDRF) (Central Government's Share 75%)**	**Central Share**	**1715.00 (Central)**	**1372.00**	**1372.00**
		State Share			**456.80***
	State Disaster Mitigation Fund (SDMF)	**Central Share**	**571* (State)**	**343.00**	**506.40[11]**
		State Share			**114.20***
	Total (SDRMF)		**2,286.00**	**1,715.00**	**2449.40**
	Total (1+2+3+4) (*excluding state share)		**7430.34**	**6,677.04**	**7,411.44**
5	**Revenue Deficit Grant**		**0.00**	**0.00**	**0.00**
6	**Others**		**0.00**	**0.00**	**0.00**
	Grand Total (4+5+6)		**7,430.34**	**6,677.04@**	**7,411.44**

Source: XV-FC Report, Finance Account and information provided by concerned department
@ Differ from rounding off of absolute figure by (-) 0.02 crore.

As per the recommendations of XV-FC for the year 2024-25, an amount of ₹ 6,677.04 crore was transferred by GoI against ₹ 7,430.34 crore allocated for health, disaster management, improving

8. This includes Air Quality Improvement grant of ₹ 37.92 crore pertaining to year 2023-24, transferred by GoI on 05.06.2024 and ₹ 51.00 crore pertaining to year 2024-25, transferred by GoI on 31.03.2025 and further released by GoR on 16-04-2025.
9. This Grant includes ₹541.11 crore pertaining to year 2024-25, transferred by GoI on 31-03-2025 and further released by GoR on 08-04-2025 and ₹ 374.50 crore (2nd instalment of tied grant: ₹ 224.70 crore and untied grant: ₹149.80 crore) pertaining to year 2023-24, transferred by GoI on 30 May 2024 and further released by GoR on 21.06.2024.
10. This Grant includes ₹773.80 crore pertaining to year 2022-23, transferred by GoI on 25.02.2025 & 28-03-2025 and further released by GoR on 18-03.2025 & 27-05-2025.
11. This includes ₹ 163.40 crore pertaining to second instalment of 2023-24 transferred by GoI on 29.03.2024 and further released by GoR on 09.04.2024.

air quality, solid waste management/sanitation plan etc. Thus, there was a short release of ₹ 753.30 crore by GoI under all grants to State Government.

Local Self Government Department, Rajasthan attributed (June 2025) the short release of grants to non-fulfilment of the performance conditions for release of grants by Municipal Corporation and Municipalities as prescribed by GoI.

XV-FC recommended that the State shall transfer GIA to the concerned Rural Local Bodies within 10 working days of receipt from the GoI. Any delay beyond 10 working days will require the State Government to release the grant with interest as per the effective rate of average interest on market borrowing/State Development Loans for the previous year.

It was observed that Rural Development and Panchayati Raj Department transferred First/Second instalments of un-tied and tied XV-FC grants pertaining to year 2024-25 to Zila Parishads/ Panchayat Samitis/Gram Panchayats with a delay of five and ten days respectively which resulted in an interest liability of ₹ 7.63 crore to the State Government.

For Health Sector grant under the XV-FC, during 2024-25, an amount of ₹773.80 crore was released against ₹ 918.34 crore by the State Government with delay ranging from one to three months causing an interest liability for the delayed period. It was further observed that grants amounting to ₹ 832.74 crore pertaining to years 2021-22 and 2022-23 were released/transferred by the State Government with a delay of seven to 675 days. An interest of ₹ 24.53 crore was paid by GoR for delayed transfer of release up to 13 October 2022. Further, grant amounting to ₹1,852.30 crore pertaining to period 2021-22 to 2023-24 is yet to be received from GoI.

In case of grant pertaining to "Urban Health and Wellness Centres", it was observed that out of total received grant of ₹1,606.54 crore, an amount of ₹ 106.49 crore each for 2021-22 and 2024-25 were transferred to ICICI bank account of Medical Health Department instead of PD Account, *i.e.* parked out of Government account.

Further, with respect to Grant of ₹ 263.19 crore pertaining to "Construction of Rural PHCs and CSCs in Health Care and Wellness Centre" for the year 2021-22, only ₹ 10 lakh has been transferred to PD Account of Rajasthan State Health Society (4008) under National Health Mission by the department. Reason for short transfer of this grant for the year 2021-22 was not intimated by the department.

Director (Finance), National Health Mission, Rajasthan intimated (July 2025) that grant pertaining to year 2021-22 was released in 2024-25.

Further, actual utilisation of these grants through PD account and Bank account were not provided by the concerned Departments.

1.2.2 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.

Trends of capital receipts and its components during 2020-21 to 2024-25 are shown in **Table 1.12.**

Table 1.12: Trends in growth and composition of net capital receipts

(₹ in crore)

Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	**49,328.60**	**47,640.01**	**35,263.81**	**58,686.98**	**59,622.32**
Miscellaneous Capital Receipts	14.08	31.42	16.20	14.24	7.35
Recovery of Loans and Advances	373.52	2,373.59	419.61	404.74	516.72
Net Public Debt Receipts	48,941.00	45,235.00	34,828.00	58,268.00	59,098.25
*Internal Debt**	*42,712.00*	*37,018.00*	*29,154.00*	*48,896.00*	*48,932.46*
Loans and advances from GoI	*6,229.00*	*8,217.00*	*5,674.00*	*9,372.00*	*10,165.78*
Year-on Year growth rates (in per cent)					
GSDP	1.79	17.46	13.45	12.17	12.02
Capital Receipts	17.92	(-)3.42	(-)25.98	66.42	1.59
Net Debt Capital Receipts	87.22	(-)7.57	(-)23.01	67.30	1.42
Internal Debt	87.61	(-)13.34	(-)21.24	67.72	0.07
Loans and advances from GoI	84.56	31.92	(-)30.95	65.17	8.47

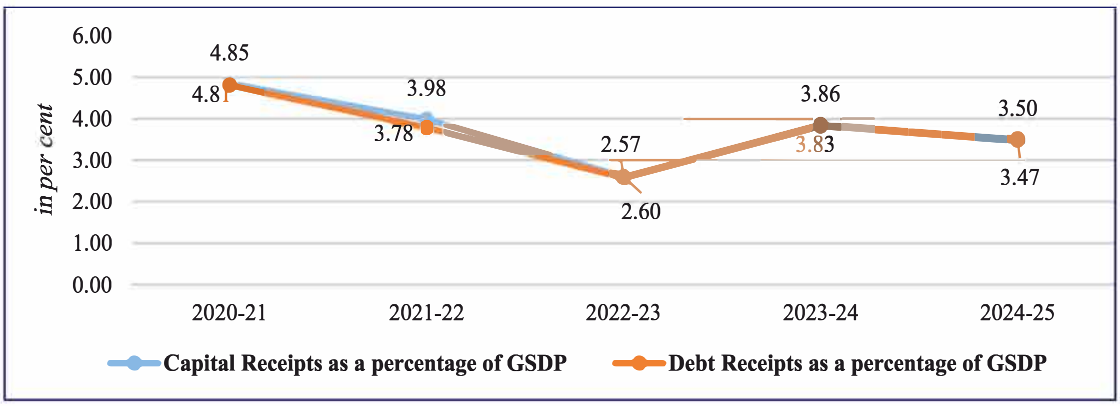
Source: Finance Accounts

**** Including net figure under Ways and Means Advances/Overdraft/Special Drawing Facility***

Capital Receipts in 2024-25 remain overwhelmingly debt-driven, with nearly the entire inflow arising from Net Public Debt Receipts, while recoveries and miscellaneous capital receipts remain negligible. After sharp volatility and a major borrowing surge in 2023-24, growth in capital receipts moderated significantly in 2024-25, rising only 1.59 *per cent* compared to GSDP growth of 12.02 *per cent*, indicating temporary borrowing restraint. Internal debt continues to be the primary financing instrument, supplemented by increasing loans from GoI. The composition underscores structural dependence on borrowings for capital financing, with limited internal capital recycling capacity.

Capital Receipts as percentage of GSDP is depicted in **Chart 1.16**

Chart 1.16: Capital Receipts as percentage of GSDP



As could be seen from the above, the major source of Capital Receipts for the State is Internal Debt which constitutes 82.07 *per cent* of the total Capital Receipts. Capital Receipts increased by 1.59 *per cent* from ₹ 58,687 crore in 2023-24 to ₹ 59,622 crore in 2024-25.

Government has been opting for Market Borrowings year after year as the Market Borrowings are in the nature of untied funds giving freedom to the State Government to spend the money as per their priorities, while the negotiated loans from institutions like NABARD *etc.* are to be spent on identified schemes in specified sectors.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the 15th Finance Commission and actuals for the FY 2020-21 to FY 2024-25 are given in the **Table 1.13**.

Table 1.13: 15th FC Projection vis-à-vis actuals

(₹ in crore)

	2020-21		2021-22		2022-23		2023-24		2024-25	
	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual	Projection	Actual
GSDP (2011-12 Series - Current Prices)	11,28,180	10,17,917	10,50,408	11,95,641	11,43,069	13,56,480	12,54,154	15,21,510	13,83,163	17,04,339
Own Revenue Receipts	99,750	73,936	84,704	93,563	93,662	1,07,911	1,04,577	1,12,766	1,17,481	1,26,812
State's Own Tax Revenue	80,422	60,283	64,384	74,808	71,370	87,346	79,902	94,086	90,014	1,03,310
State's Own Non-Tax Revenue	19,327	13,653	20,320	18,755	22,292	20,565	24,675	18,680	27,467	23,502
State's share in Union Taxes/Duties	51,131	35,576	39,687	54,031	44,148	57,231	49,677	68,063	56,438	77,548
Revenue Deficit* as percentage of GSDP	(-) 0.1	4.59	(-)0.05	2.16	(-) 0.08	2.23	(-) 1.2	2.55	(-)1.7	2.46
Fiscal Deficit as percentage of GSDP	4.50	6.20	4.00	4.03	3.50	3.61	3.00	4.29	3.00	4.25
* Negative values indicate surplus and positive values indicate deficit										

Comparison of 15th FC projections with actuals reveals that while GSDP growth, own tax revenue and central devolution significantly exceeded projections in recent years, the State did not achieve the projected revenue balance or fiscal consolidation path. Revenue deficits persisted despite stronger macroeconomic performance and higher transfers, and fiscal deficits exceeded the Commission's glide path in most years.

1.2.4 Expenditure

Government expenditure is classified into revenue expenditure, capital expenditure, and loans and advances. Revenue expenditure includes cost for maintenance, repairs, and day-to-day functioning of departments, including administrative and establishment expenses. Capital expenditure relates to the initial construction of projects and sanctioned improvements or additions to assets. Loans and advances comprise funds provided by the government to Public Sector Undertakings and other entities, which are recoverable over time. Details of expenditure, total expenditure as percentage of GSDP and share of its components is given in **Table 1.14, Chart 1.17** and **Chart 1.18** respectively

Table 1.14: Total expenditure and its composition

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,94,071	2,34,563	2,46,452	2,69,275	3,00,194
Revenue Expenditure (RE)	1,78,309	2,09,790	2,26,479	2,42,231	2,69,200
Capital Expenditure (CE)	15,270	24,152	19,798	26,646	30,727
Loans and Advances disbursed	491	621	175	398	267
Appropriation to contingency fund	-	-	-	-	-

Source: Finance Accounts

Chart 1.17: Total Expenditure as percentage of GSDP

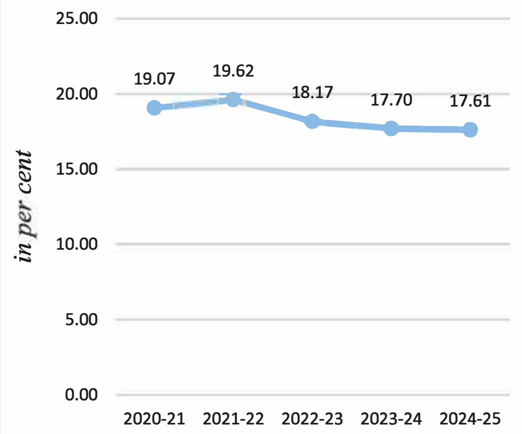
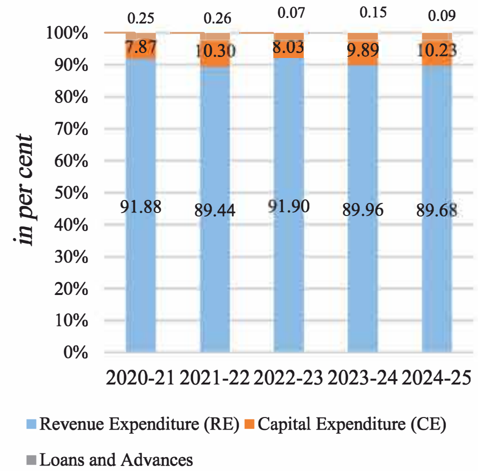


Chart 1.18: Share of components in Total Expenditure



Source: Finance Accounts

Out of the total expenditure of ₹ 3,00,194 crore incurred by the State during the financial year 2024-25, a portion of ₹ 21,859.46 crore pertained to pass-through transactions such as Finance Commission grants (₹ 6,677.06 crore), share contribution of CSS against the Central Fund received (Central share: ₹ 15,182.40 crore).

In absolute terms, Total Expenditure (TE), showed an increasing trend. TE increased by ₹1,06,123 crore (54.68 *per cent*) from ₹1,94,071 crore in 2020-21 to ₹3,00,194 crore in 2024-25. During the year 2024-25, TE increased by ₹30,919 crore (11.48 *per cent*) over the previous year (₹2,69,275 crore).

The increase in TE during the year 2024-25 was due to increase in Revenue Expenditure by ₹26,969 crore (11.13 *per cent*) and Capital Expenditure by ₹4,081 crore (15.32 *per cent*).

State's total expenditure as a portion of GSDP showed an increase in 2021-22, thereafter, steady declined from 19.62 *per cent* to 17.61 *per cent*. This was primarily due to a consistent reduction in Revenue and Capital Expenditure relative to GSDP.

Revenue Expenditure formed major constituent of the total expenditure ranging from 89.44 *per cent* to 91.90 *per cent* during the five years period (2020-2025). During the year 2024-25, relative share of Capital Expenditure was 10.23 *per cent* which had marginally increased over the previous year by 9.89 *per cent*. Higher proportion of Capital Expenditure to TE is desirable as it would help in boosting in infrastructure growth and thereby lead to overall development of the economy.

The percentage increase of 101.21 *per cent* in Capital Expenditure during 2020-21 to 2024-25 is more than the percentage increase of 50.97 *per cent* in Revenue Expenditure, indicating that the Government has been focussing more on improving the infrastructure in the State.

Sector-wise Total Expenditure

Sector-wise composition of expenditure is given in **Table 1.15** and relative share of various sectors in total expenditure is depicted in **Chart 1.19.**

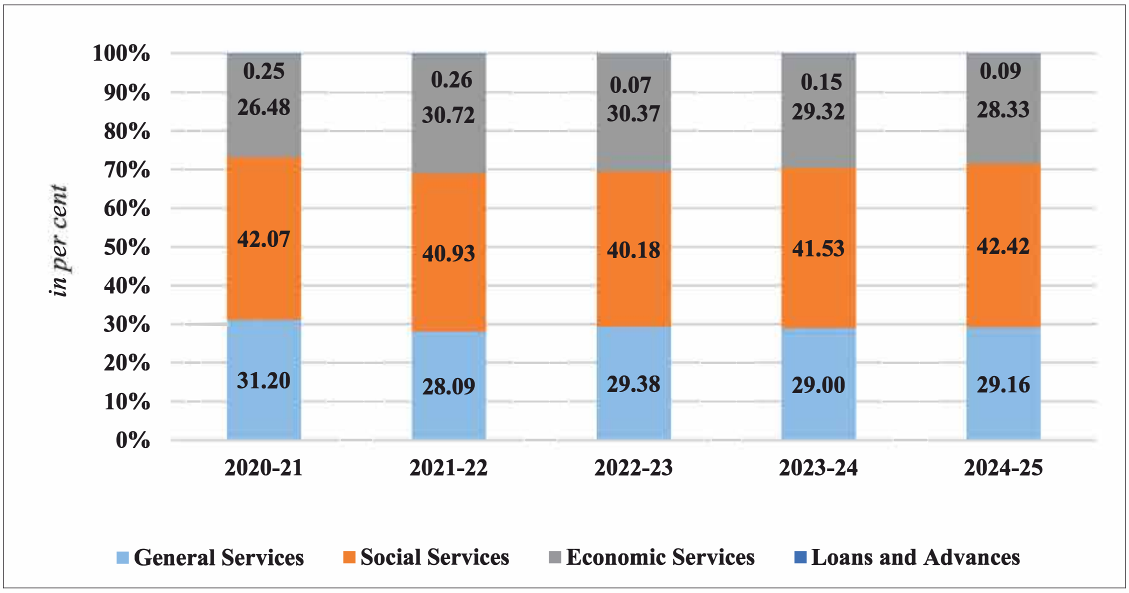
Table 1.15: Sector-wise total expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	60,542	65,890	72,417	78,085	87,539
Social Services	81,651	96,005	99,019	1,11,833	1,27,346
Economic Services	51,387	72,047	74,841	78,959	85,042
Grants to Local Bodies	0	0	0	0	0
Loans and Advances	491	621	175	398	267

Source: Finance Accounts

Chart 1.19: Relative share of various sectors in Total expenditure



Source: Finance Accounts

Social sector remained dominant sector in all the five years as its share in the total expenditure remained more than 40 *per cent* which indicates that more resources have been allocated for this sector. Prioritisation of expenditure on Social Sector boosts the status of its social indicators like literacy rate, enrolment ratio *etc.* for expenditure in education and infant mortality rate, child sex ratio, availability of health infrastructure etc. for expenditure in health.

However, as can be seen from the chart above, relative share of economic sector in total expenditure has decreased from 29.32 to 28.23 *per cent* over the previous year indicating allocation of lesser resources towards Economic activities which contributes to the infrastructure and employment growth in the State.

1.2.4.1 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Growth of revenue expenditure, its ratio to total expenditure, GSDP and revenue receipts are shown in **Table 1.16**.

Table 1.16: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	1,94,071	2,34,563	2,46,452	2,69,275	3,00,194
Revenue Expenditure (RE)	1,78,309	2,09,790	2,26,479	2,42,231	2,69,200
RE as percentage of Revenue Receipts	132.76	114.07	116.15	119.16	118.46
RE as percentage of TE	91.88	89.44	91.90	89.96	89.68
RE/GSDP (*per cent*)	17.52	17.55	16.70	15.92	15.79
Year-on-year growth (in *per cent*)					
Revenue Expenditure	1.03	17.66	7.96	6.96	11.13
GSDP Growth	1.79	17.46	13.45	12.17	12.02

Source: Finance Accounts

Revenue Expenditure constituted 89.68 *per cent* of total expenditure during 2024-25. It increased from ₹ 1,78,309 crore in 2020-21 to ₹ 2,69,200 crore in 2024-25. During 2024-25, the revenue expenditure increased by 11.13 *per cent* (₹ 26,969 crore) over the previous year. Major portion of Revenue Expenditure was on Social Services (42.64 *per cent*) followed by revenue expenditure on General Services (32.33 *per cent*) like Administrative Services (4.30 *per cent*), pension liabilities (10.89 *per cent*) and Interest Payment (14.24 *per cent*).

RE as a percentage of revenue receipts was more than 100 *per cent* in all the years during 2020-21 to 2024-25 indicating that the revenue receipts were not sufficient to meet the Revenue expenditure resulting in deficits.

A. Sector-wise Revenue Expenditure

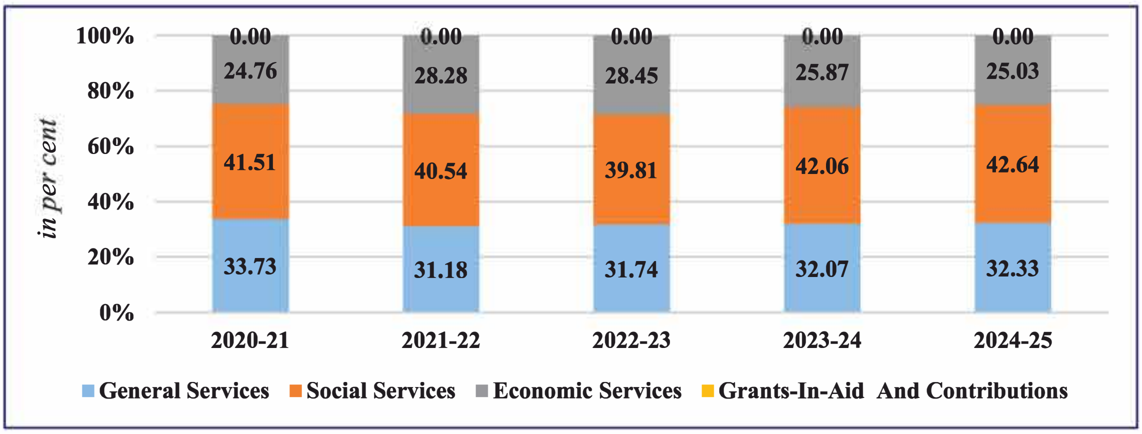
Sector-wise composition of Revenue expenditure is given in **Table 1.17** and relative share of various sectors in Revenue expenditure is depicted in **Chart 1.20**. Detailed Sector-wise expenditure is given in ***Appendix 1.2.***

Table 1.17: Sector-wise Revenue expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	60,144	65,406	71,875	77,678	87,022
Social Services	74,009	85,054	90,168	1,01,884	1,14,789
Economic Services	44,156	59,330	64,436	62,669	67,389
Grants-in-aid and Contributions	0.07	0.04	0.04	0.05	0.06

Chart 1.20: Relative share of various sectors in Revenue expenditure



Source: Finance Accounts

Sector-wise analysis of Revenue Expenditure reveals that there was an increase in General Service by ₹26,878 crore (44.69 *per cent*), Social Service by ₹40,780 crore (55.10 *per cent*) and Economic Service by ₹23,233 crore (52.62 *per cent*) from 2020-21 to 2024-25. Social Services experienced higher growth rate than that of other Services.

During 2024-25, Revenue Expenditure increased by ₹26,969 crore (11.13 *per cent*) over the previous year due to increase in expenditure under General Service by ₹9,344 crore (12.03 *per cent*) Social Services by ₹12,905 crore (12.67 *per cent*) and Economic Services by ₹4,720 crore (7.53 *per cent*).

Major changes in Revenue Expenditure

Variation under significant Heads of account with regard to Revenue Expenditure of the State during the current year vis-a-vis the previous year is shown in **Table 1.18**.

Table 1.18: Head-wise variations in Revenue Expenditure over the previous year

(₹ in crore)

Major Head of Accounts	2023-24	2024-25	Variation
Increase			
General Sector			
2049-Interest Payment	34,127.77	38,344.64	4,216.87
2071- Pension and Other liability	27,203.19	29,317.78	2,114.59
2055-Police	8,438.14	9,072.80	634.66
Social Sector			
2202-General Education	48,435.25	53,030.54	4,595.29
2210-Medical and Public Health	14,931.41	17,852.00	2,920.59
2235-Social Security and Welfare	13,298.17	14,987.89	1,689.72
2217- Urban Development	6,842.94	7,632.82	789.88
2215- Water Supply and Sanitation	4,643.38	5,376.31	732.93
Economic Services			
2801-Power	27,037.97	32,571.65	5,533.68
2425-Co-operation	1,596.04	2,588.61	992.57
2515-Other Rural Development Programme	9,256.83	10,032.75	775.92
Decrease			
General Sector			
2075-Misc General Services	917.62	10.26	-907.36
Economic Sector			
3454-Census Surveys and Statistics	2,615.11	724.99	-1,890.12
3054-Roads and Bridges	4,553.35	3,221.39	-1,331.96
2401-Crop Husbandry	4,257.41	3,486.83	-770.58

Composition of Major items of Revenue Expenditure on Social Services are given in **Table 1.19**.

Table 1.19: Trend of Major share of expenditure under Revenue in Social Services

(₹ in crore)

Particulars	2020-2021	2021-2022	2022-23	2023-24	2024-25
General Education	34,506.82	39,738.75	43,705.47	48,435.25	53,030.54
Medical and Public Health	8,391.59	10,426.37	10,144.84	14,931.42	17,852.00
Social Security and Welfare	9,647.75	12,079.02	13,393.05	13,298.18	14,987.89
Water Supply and Sanitation	3,496.80	4,072.35	4,295.35	4,643.38	5,376.31
Urban Development	5,982.22	6,470.86	7,036.57	6,842.94	7,632.82

During the years 2020-21 to 2024-25, General Education is the prominent contributor in Revenue Expenditure under Social Services followed by Medical and Public Health and Social Security and Welfare. During the year 2024-25, General Education, Medical and Public Health and Social Security & Welfare contributed 46.20 *per cent,* 15.55 *per cent* and 13.05 *per cent* respectively.

Composition of Major items of Revenue Expenditure on Economic Services are given in **Table 1.20**.

Table 1.20: Trend of Major items of Revenue Expenditure on Economic Services

(₹ in crore)

Head of Account	2020-2021	2021-2022	2022-23	2023-24	2024-25
Crop Husbandry	4,049.76	4,460.66	3,958.79	4,257.42	3,486.83
Co-operation	5,166.31	4,355.17	1,679.37	1,596.04	2,588.61
Other Rural Development Programme	6,216.41	10,502.45	8,475.87	9,256.83	10,032.75
Power	14,264.26	22,644.27	24,515.16	27,037.97	32,571.65
Roads and Bridges	1,464.00	2,991.02	4,360.32	4,553.35	3,221.39
Animal Husbandry	1,605.96	1,717.49	2,133.85	2,798.79	2,708.21

In respect of Economic Services, Power, Road and Bridges, Crop Husbandry and Other Rural Development Programme were the major contributors in the past five years.

B. 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. The component of committed expenditure is given in **Table 1.21** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in **Chart 1.21.**

Table 1.21: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages[12]	56,303	63,757	67,242	74,408	80,601
Expenditure on Pensions	22,440	23,391	25,381	27,203	29,318
Interest Payments	25,202	28,100	30,602	34,128	38,345
Total	**1,03,944**	**1,15,249**	**1,23,225**	**1,35,739**	**1,48,264**
Committed Expenditure as a percentage of Revenue Expenditure	**58.29**	**54.94**	**54.41**	**56.04**	**55.08**
Committed expenditure to RR	**77.39**	**62.66**	**63.20**	**66.78**	**65.24**

Source: Finance Accounts

12. Includes GIA (Salary): 2020-21 (₹ 4,684 crore); 2021-22 (₹ 6,639 crore); 2022-23 (₹ 7,468 crore); 2023-24 (₹ 9,009 crore) and 2024-25 (₹ 9,810 crore).

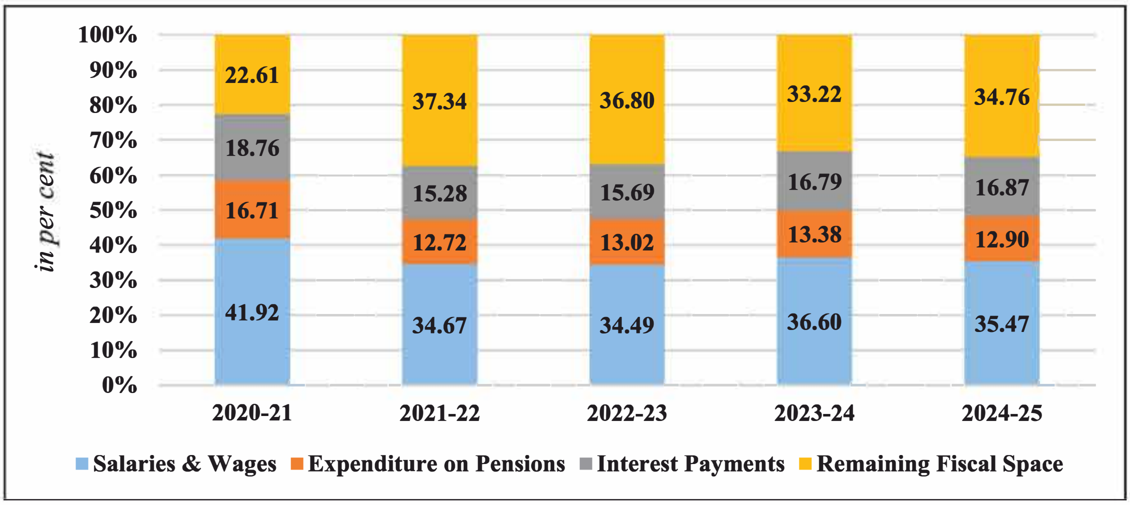
Committed expenditure increased by ₹ 44,320 crore (42.64 *per cent*) from ₹1,03,944 crore in 2020-21 to ₹1,48,264 crore in 2024-25. In absolute terms, Committed Expenditure increased by ₹12,525 crore during the year 2024-25 over the previous year.

The share of committed expenditure to revenue expenditure decreased from 58.29 *per cent* in 2020-21 to 55.08 *per cent* in 2024-25 and it also decreased slightly over the previous year (56.04 *per cent*). The high share of the committed expenditure in the total revenue expenditure indicates that Government incurred less amount for economic development and social welfare schemes.

As can be seen from above table, the committed expenditure hover around 62.66 to 77.39 *per cent* of Revenue Receipts over the past five years. During the year 2024-25, Committed Expenditure constituted about 65.24 *per cent* of Revenue Receipts resulting in lesser resource availability for economic and social welfare development activities.

The share of committed expenditure in Total Revenue Expenditure and remaining fiscal space during the last five years is depicted in **Chart 1.21**.

Chart 1.21: Committed Expenditure as a percentage of Revenue Receipts and remaining fiscal space



Source: Finance Accounts

In monetary terms, the interest payment increased by ₹ 13,143 crore (52.15 *per cent*) from ₹ 25,202 crore in 2020-21 to ₹ 38,345 crore in 2024-25. The increase over previous year was₹ 4,217 core (12.36 *per cent*). This indicates that State did not maintain fiscal discipline with regard to borrowings and its costs. Greater reliance on market borrowings by Government in recent years has led to increased committed liabilities on Interest Payments.

Increase in committed expenditure from the last year was due to increase in Salaries (₹6,193 crore), expenditure on Pensions (₹2,115 crore) and Interest payment (₹ 4,217 crore).

- ***Pension Liabilities of Government of Rajasthan***

Expenditure on salaries, pensions and interest payments constitutes committed expenditure of the State Government and represents the first charge on its revenue resources. In 2024-25, these three components together accounted for 49 *per cent* of the State's total expenditure (including revenue expenditure, capital outlay and disbursement of loans and advances), thereby limiting fiscal flexibility in the short to medium term.

Policy Shift Context

The State implemented the New Contributory Pension Scheme (NPS) for employees appointed on or after 01 January 2004. Under NPS, employees contributed 10 *per cent* of basic pay and dearness allowance, with a matching contribution by the State Government (14 *per cent* in respect of AIS officers). The Government of Rajasthan, however, notified reversion to the Old Pension Scheme (OPS) with effect from 01 April 2022, under which 5,25,713 State Government employees (excluding AIS officers) were shifted from NPS to OPS.

Immediate Fiscal Impact

During 2020-21 and 2021-22, expenditure on the employer's contribution for NPS employees was ₹ 2,132 crore and ₹ 1,911 crore respectively. Under OPS, the State is no longer required to make employer contributions under NPS, resulting in short-term reduction in cash outgo. However, pension expenditure has continued to rise. Expenditure on pension and other retirement benefits increased from ₹ 22,440 crore in 2020-21 to ₹ 29,318 crore in 2024-25, registering a growth of 7.77 *per cent* over the previous year. During 2024-25, pension expenditure constituted 10.89 per cent of revenue expenditure and 12.90 *per cent* of revenue receipts. The number of pensioners increased from 4.12 lakh in 2017-18 to 4.97 lakh in 2024-25, and annual growth in pension expenditure remained in the range of seven to eight *per cent* in recent years. These trends indicate a structurally expanding committed liability.

Future Liability Expansion

As on March 2022, the State had 4,73,811 existing pensioners and 5,25,713 NPS subscribers who were shifted to OPS. The reversion has thus substantially expanded the future beneficiary base under the defined benefit system. Projections under the FRBM framework (2024-25), covering a period of ten years from 2025-26 to 2034-35, indicate that pension expenditure is expected to rise to around ₹ 40,000 crore by 2026-27 and remain in the range of ₹ 38,000 to ₹ 40,000 crore thereafter, reflecting growing long-term obligations.

NPV Risk – Quantified Fiscal Burden

The Pension Fund Regulatory and Development Authority (PFRDA), in its analysis (October 2025), highlighted the long-term fiscal implications of reverting to OPS. As per the Net Present Value (NPV) estimates at a discount rate of six per cent (as on 01 April 2025), the NPV of pension liabilities for Rajasthan's NPS employees would be ₹ 2,27,895 crore under NPS, ₹ 3,25,466 crore under UPS and ₹10,29,201 crore under OPS. The present value of liabilities under OPS is thus 4.52 times that under NPS. This reflects the shift from a funded defined contribution system to an unfunded defined benefit system, whereby future obligations are borne entirely from budgetary resources.

Structural Fiscal Risk

While reversion to OPS reduces immediate employer contribution under NPS, the resulting fiscal relief is temporary. From around 2034 onwards, when employees recruited after 2004 begin to retire, pension payments are expected to increase significantly and will be fully charged to the revenue account, with liabilities indexed to inflation. The fiscal impact, therefore, is deferred rather than eliminated. In the absence of actuarial assessment, periodic liability estimation and creation of a dedicated pension corpus, the shift to OPS poses material risks to long-term fiscal sustainability and inter-generational equity.

A. Subsidies

The subsidies during the current year increased by ₹ 5,621.99 crore (19.79 *per cent*) from the previous year. The increase was mainly due to increase of ₹ 5,533.68 crore on account of power subsidy.

Department-wise major subsidies for FYs 2020-21 to 2024-25, are shown in **Table 1.22**.

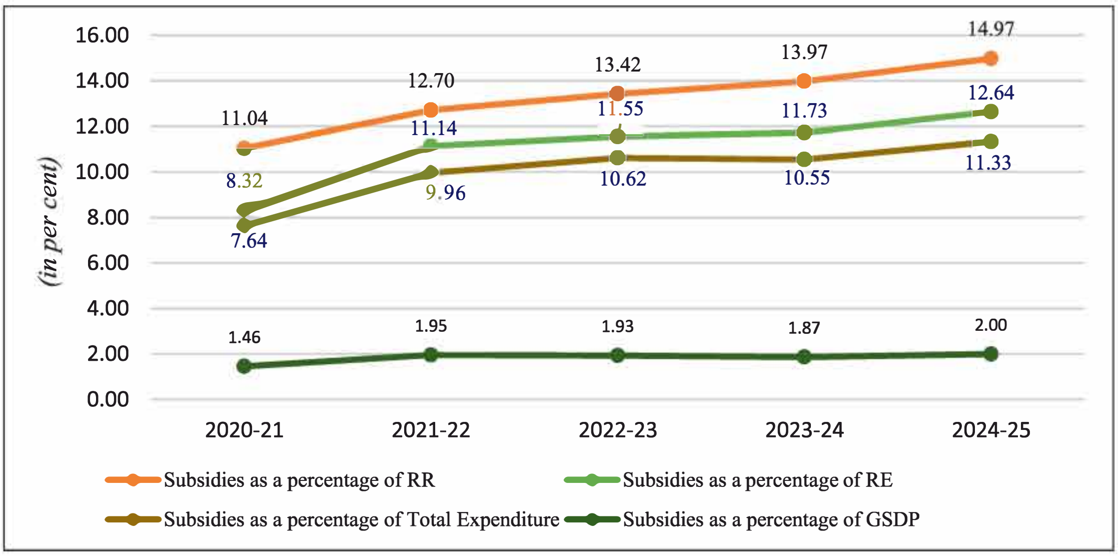
Table 1.22: Department-wise Subsidies during FYs 2020-21 to 2024-25

(₹ in crore)

S. No.	Departments- Sector	2020-21	2021-22	2022-23	2023-24	2024-25
1	Finance (Ways and Means)- Power Sector	14,264.25	22,644.27	25,405.16	27,037.97	32,571.65
2	Horticulture	292.51	551.30	649.31	671.89	955.91
3	Food, Civil Supplies and Consumer Affairs Department, Jaipur	210.90	113.64	68.23	616.86	407.20
4	Industries - Village and Small industries	26.91	26.29	17.03	18.75	23.85
5	Water Resource Department- Minor irrigation	18.13	19.33	17.30	24.98	27.48
6	Women Empowerment	1.11	2.11	6.30	30.00	30.00
7	Civil Aviation	14.68	6.97	2.80	1.98	8.33
	Total Subsidy	**14,828.49**	**23,363.91**	**26,166.13**	**28,402.43**	**34,024.42**

Source: Finance Accounts of respective years

Chart 1.22: Trend analysis of Subsidies



Subsidy in absolute terms and as a *per cent* of revenue receipts and revenue expenditure increased continuously from 2020-21 to 2024-25. During 2024-25, subsidy as percentage of revenue receipts and revenue expenditure was 14.97 *per cent* and 12.64 *per cent* respectively. Payment on subsidies during 2024-25 (₹ 34,024 crore) increased by 19.79 *per cent* over the previous year (₹ 28,402 crore).

The biggest component of the subsidy outgo of the GoR was the subsidy to the Power Sector which accounted for 95.73 *per cent* (₹ 32,572 crore) of the total subsidy during the year. The subsidy to Power Sector ranged from 95.20 *per cent* to 97.09 *per cent* of the total subsidy provided by GoR during 2020-21 to 2024-25.

During 2024-25, subsidy was given to the Power Sector mainly on account of non-increase of Power Tariff (₹ 22,820 crore), Grant for acquisition of loss (₹ 2,682 crore) and grants (tariff grant) receivable from the State Government to the electricity distribution companies (₹ 6,880 crore). The other major components of Subsidies in 2024-25 were Crop Husbandry (₹ 956 crore) and subsidy under *Rasoi Gas Cylinder Subsidies Yojana* (₹ 402 crore).

Revenue deficits have become persistent, and fiscal space has reduced as the State have been spending over 12.64 *per cent* of their revenue expenditure on subsidies, while their fiscal space (budgetary room available to state after meeting committed expenditures) has shrunk to less than 40 *per cent* of revenue receipts. Committed expenditures – including salaries, pensions, and interest payments – now consume over 65.24 *per cent* of revenue receipts. This leaves limited room for developmental spending.

Power sector reforms are critical. The practice of accumulating unpaid power subsidies effectively converts explicit subsidies into public debt, compromising both power sector viability and state finances. The experience of the Ujjwal DISCOM Assurance Yojana (UDAY) scheme implementation shows that without fundamental reforms in subsidy delivery and targeting, financial restructuring alone provides only temporary relief.

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

Assistance provided by way of grants to the local bodies and other institutions during the period 2020-21 to 2024-25 is presented in **Table 1.23.**

Table 1.23: Financial assistance to Local Bodies and other institutions

(₹ in crore)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
(A) Local Bodies					
Municipal Corporations and Municipalities	5,205.98	5,542.19	6,229.12	5,626.23	7,355.34
GIA for creation of Capital assets to Municipal Corporations and Municipalities (i)	5	0	0	0	0
Zilla parishads and other Panchayati Raj Institutions	14,543.19	21,585.50	20,766.58	17,536.45	20,253.14
GIA for creation of Capital assets to PRIs (ii)	153.85	348.11	241.09	247.06	245.83
Total (A) excluding GIA for creation of capital assets	**19,749.17**	**27,127.69**	**26,995.70**	**23,162.68**	**27,608.48**
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	1,267.73	1,393.81	1,892.14	2,213.56	2,405.14
Development Authorities	12.87	28.48	39.02	44.33	32.02
Hospitals and Other Charitable Institutions	430.43	1,539.23	1,859.75	2,343.24	2,689.80

(*₹ in crore*)

Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
Other Institutions[13]	18,284.48	19,037.44	18,657.08	20,564.73	22,084.03
GIA for creation of Capital assets to others (iii)	835.87	230.58	26.26	303.88	451.47
Total (B) excluding GIA for creation of capital assets	**19,995.51**	**21,998.96**	**22,447.99**	**25,165.86**	**27,210.99**
Total (A+B)	**39,744.68**	**49,126.65**	**49,443.69**	**48,328.54**	**54,819.47**
Total GIA for creation of Capital assets (i)+(ii)+(iii)	**989.72**	**578.69**	**267.35**	**550.94**	**697.30**
Revenue Expenditure	1,78,309	2,09,790	2,26,479	2,42,231	2,69,200
Assistance as percentage of Revenue Expenditure	22.29	23.42	21.83	19.95	20.36

During the current year, financial assistance to the local bodies and other institutions increased by ₹ 6,490.93 crore (13.43 *per cent*) over the previous year. The increase was mainly due to increase in assistance to Municipal Corporations and Municipalities (₹ 1729.11 crore: 30.73 *per cent*) and Panchayati Raj Institutions (₹ 2,716.69 crore: 15.49 *per cent*). During the year, new/more assistance to Municipal Corporations and Municipalities and Panchayati Raj Institutions was mainly on account of Shree Annpurna Rasoi Yojana (Urban), Swachh Bharat Mission- Urban 2.0 (Capacity Building) etc., more grants under recommended by the Finance Commission and more grants to Statutory Corporation (Rajasthan Water Supply and Sewerage Corporation). The overall quantum of financial assistance to the local bodies and other institutions as percentage to revenue expenditure increased to 20.36 *per cent* during the current year from 19.95 *per cent* of the previous year.

Implementation of Recommendations of Sixth State Finance Commission

Article 243-I and 243-Y of the Constitution of India have a provision that it is mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the Constitution 73rd Amendment Act 1992 and thereafter on expiry of every five years to review the financial position of the Panchayats and Municipalities. These articles have provision that the State Finance Commission (SFC) shall recommend the principles governing the distribution between the State and the panchayats and the municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them. The Commission shall also recommend grants to the panchayats and municipalities from the consolidated funds of the State and measures to improve the financial position of the local bodies. The Interim Report of the 6th SFC for the years 2020-21 and 2021-22 was summited to the State Government in June 2021 and recommendations of SFC were accepted by the State Government in September 2021.

Further, the Final Report of the 6th SFC was submitted in September 2023 which contained 68 recommendations and suggestions including 22 recommendations pertaining to devolution of funds to Local Bodies. As per Action Taken Report, 20 recommendations were accepted by the State Government and submitted to the Governor.

13.It included mainly grants given for (i) General Education: ₹ 6,022.98 crore; (ii) Family Welfare: ₹ 3,114.71 crore; (iii) Crop Husbandry: ₹ 1,249.81 crore; (iv) Relief on account of Natural Calamities: ₹ 692.72 crore ; (v) Animal Husbandry: ₹ 1,236.23 crore; (vi) Government Companies: ₹ 1,027.75 crore; (vii) Co-operative Institutions: ₹ 1,410.09 crore; (viii) Statutory Corporations: ₹ 1,423.54 crore; (ix) Labour, Employment and Skill Development: ₹ 761.14 crore and (x) Taxes on Sales, Trade etc.: ₹ 961.93 crore.

The Final Report on 6th SFC recommended devolution of 6.75 *per cent* of net proceeds of the Own Tax Revenue of the State to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) up to 2023-24 and thereafter, 7.00 *per cent* for 2024-25 and the further distribution of the amount between them in the ratio of 75.1:24.9 up to 2023-24 and thereafter, ratio of 73.2:26.8 for 2024-25 respectively.

Details of net proceeds of the Own Tax Revenue of the State, devolve funds to be transferred to Local Bodies and actual release by the State Government during the period 2020-25 is given in **Table 1.24.**

Table 1.24: Devolution of funds to Local Bodies during 2020-25.

(₹ in crore)

S. No.	Particulars	Years					
		2020-21	2021-22	2022-23	2023-24	2024-25	Total
1.	Own Tax Revenue	60283.44	74807.98	87346.38	94085.94	103309.97	**419833.71**
2.	Deduct: Cost of Collection	2672.01	2697.04	2517.50	2547.19	3278.76	**13712.50**
3.	**Net Proceeds**	**57611.43**	**72110.94**	**84828.88**	**91538.75**	**100031.21**	**406121.21**
4.	Total Devolution of funds 6.75 % and 7.00 % of net Own Tax Revenue	3888.77	4867.49	5725.94	6178.88	7002.18	**27663.26**
5.	**Share of PRIs in total devolution**	**2920.47**	**3655.48**	**4300.18**	**4640.34**	**5125.60**	**20642.06**
	(a) Zila Parishads (5%)	146.02	182.77	215.01	232.02	256.28	**1032.10**
	(b) Panchayat Simitis (20%)	584.10	731.10	860.04	928.07	1025.12	**4128.42**
	(c) Gram Panchayats (75%)	2190.35	2741.61	3225.13	3480.25	3844.20	**15481.54**
6	**Share of ULBs in total devolution**	**968.30**	**1212.01**	**1425.76**	**1538.54**	**1876.58**	**7021.20**
	(i) Municipal Corporation (28.47% and 26.8 %)	275.71	345.06	405.91	438.02	534.26	**1998.93**
	(ii) Municipalities Municipal Councils (71.53% and 73.2 %)	692.59	866.95	1019.85	1100.52	1342.32	**5022.27**
7.	**Grants actually transferred**	**4203.81**	**5678.27**	**5207.48**	**3385.61**	**5761.05**	**24236.22**
	(a) PRIs	2539.43	4479.63	3951.63	2455.38	3965.46	**17391.53**
	(b) ULBs	1664.38	1198.64	1255.85	930.23	1795.59	**6844.69**
8.	**Short devolution (7-4)**	**315.04**	**810.78**	**-518.47**	**-2793.26**	**-1241.13**	**-3427.04**
	(a) PRIs	-381.03	824.15	-348.56	-2184.95	-1160.17	**-3250.53**
	(b) ULBs	696.07	-13.37	-169.91	-608.31	-80.99	**-176.51**

The above table reveals that during 2020-25, the State Government short devolved ₹ 3,427.04 crore to Local Bodies against the total devolution as per recommendations of 6th SFC. Although devolution to Local Bodies increased in line with growth in net own tax revenue during 2020-21 to 2024-25, actual transfers fell short of earmarked amounts in recent years, resulting in a cumulative short devolution of ₹ 3,427 crore.

Further, review of the position of funds received and utilised by the Zila Parishads (ZPs) against 6th SFC devolution during the year 2020-25, based on the information provided by seven ZPs, is given in the **Table 1.25** below:

Table 1.25: Details of funds transferred and utilised by ZPs

(₹ in crore)

S. No	Name of ZP	During the year 2020-25			During the current year i.e. 2024-25		
		Funds transferred by the State Government	Funds Utilised	% of utilisation	Funds transferred by the State Government	Funds Utilised	% of utilisation
1	Tonk	347.53	283.10	81.46	132.37	74.91	56.59
2	Baran	18.60	12.03	64.68	5.87	1.66	28.28
3	Chittorgarh	21.53	16.14	74.97	6.97	4.40	63.13
4	Alwar	31.46	11.95	37.98	12.21	4.16	34.07
5	Barmer	42.73	23.06	53.97	14.22	12.93	90.92
6	Bhilwara	625.69	625.70	100.00	108.02	108.02	100.00
7	Pali	447.16	414.31	92.66	105.92	101.62	95.94

Fund utilisation by selected Zila Parishads during 2020–25 shows significant inter-district variation, with Bhilwara and Pali demonstrating consistently high absorption, while Alwar and Baran recorded comparatively low utilisation. In 2024-25, utilisation declined sharply in several districts, notably Tonk, Baran and Alwar, indicating possible implementation delays or capacity constraints.

Percentage utilisation of funds by the ZPs against the funds transferred by the State Government was between 37.98 to 100 *per cent* during the period 2020-25 whereas during the current year it was 28.28 to 100 *per cent*.

ZP Chittorgarh and Alwar stated that sanctions are being issued and adjustments are in progress. Utilisation of SFC grant by remaining ZPs are still awaited (September 2025).

Further, it was also noticed that grant for Gender Friendly Spaces (2%) and Incentive Grant/Performance Grant (3%) was not provided by Urban Local Bodies during 2024-25 and Incentive Grant/Performance Grant (3%) was not provided by Rural Local Bodies.

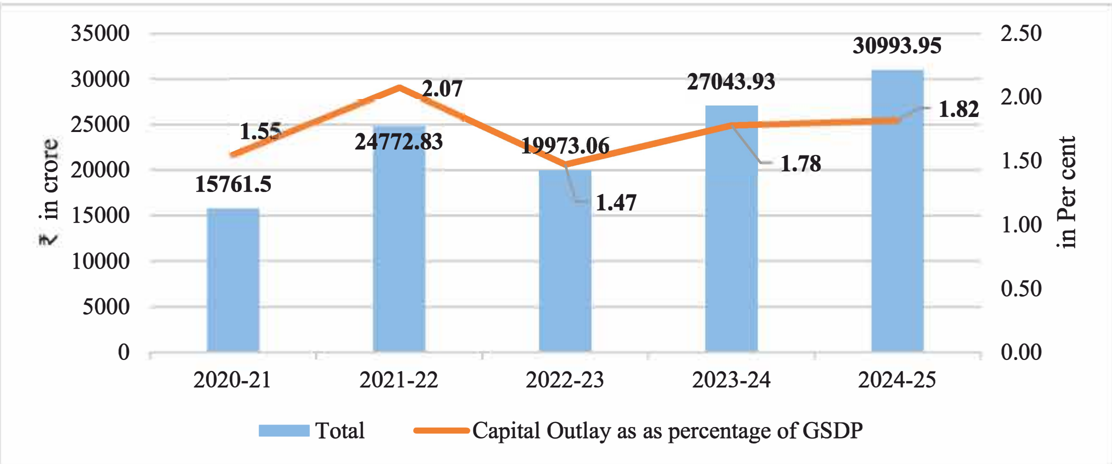
The uneven absorption of transferred funds may affect timely execution of developmental programmes and warrants closer monitoring and capacity strengthening at district level. Thus, the State Government/ Head of Department should take necessary steps for the establishment of structured arrangements for monitoring and timely utilisation of SFC fund.

1.2.4.2 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc*. Capital Expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget borrowings. It also includes investments made by the State Government in Companies/Corporations.

Capital Expenditure depicts expenditure on Capital Outlay plus disbursement of Loans and Advances by the State. Trend of capital Expenditure in the State over the last five years *i.e.* 2020-25 is given in **Chart 1.23.**

Chart 1.23: Capital Expenditure in the State



Source: Finance Accounts and Annual Financial Statements of respective years

During 2020-25, the percentage of Capital Expenditure to Total Expenditure ranged between 7.87 *per cent* and 10.30 *per cent*. It was 10.24 *per cent* in 2024-25.

Apart from Capital Expenditure of ₹ 30,993.95 crore, State Government also transferred ₹ 697.30 crore (from State Fund: ₹ 631.23 crore and Central Assistance: ₹ 66.07 crore) as Grant-in-Aid for creation of capital assets to the local bodies and other institutions. Further, percentage of Capital Expenditure as compared to Total Debt and other liability receipts (₹ 4,02,564 crore) was only 7.70 *per cent*, which indicates that the borrowings were not proportionately converted to infrastructural development.

The CAGR of Capital Expenditure for the past five year (2020-21 to 2024-25) was 18.42 *per cent* which was higher than that of Revenue expenditure (10.85 *per cent*).

Capital outlay nearly doubled over the period 2020-21 to 2024-25, reflecting an increasing emphasis on asset creation, particularly in the last two years. However, capital expenditure as a percentage of GSDP has fluctuated, peaking in 2021-22 and recovering to 1.82 *per cent* in 2024-25 after a decline in 2022-23. While the upward trend in absolute capital spending is positive from a developmental perspective, its relative share in GSDP indicates moderate capital intensity, underscoring the need to balance growth-oriented expenditure with fiscal sustainability considerations.

A. Sector-wise Capital Expenditure

Sector-wise composition of Capital expenditure is given in **Table 1.26**. Detailed Sector-wise expenditure is given in **Appendix 1.2.**

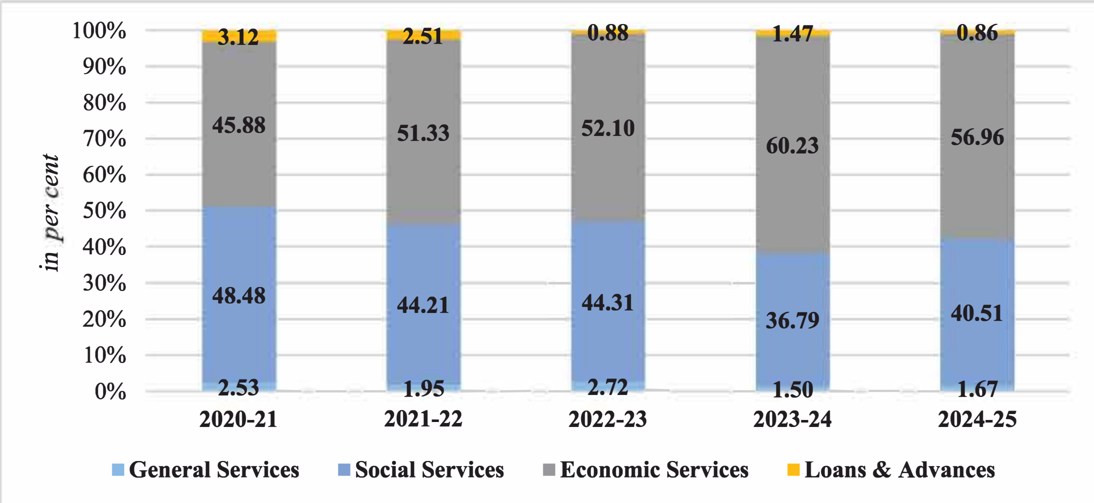
Table 1.26: Sector-wise Capital expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	398	484	542	407	517
Social Services	7,642	10,951	8,851	9,950	12,556
Economic Services	7,231	12,717	10,405	16,289	17,653
Loans & Advances	491	621	175	398	267

Source: Finance Accounts

Chart 1.24: Relative share of various sectors in Capital expenditure



Source: Finance Accounts

During 2024-25, the Capital Outlay (₹ 30,727 crore) increased by ₹4,081 crore over the previous year (₹26,646 crore). This was due to increase in expenditure on General Sector by ₹110.30 crore, Social Sector by ₹ 2,606.78 crore and Economic Sector by ₹ 1,363.81 crore. Major contributor in Capital Expenditure during the five-year period was Economic sector. The share of Social and General Sectors in Capital Expenditure showed fluctuating trend during the past five- year periods. High share of Economic and Social Sector in Capital Expenditure boosted the Economic growth of the State and improved the quality of Social Services.

Major contributor under General Sector was Public Works (₹103.50 crore). Under Social Sector, expenditure under Medical and Public Health increased by ₹1,240.07 crore, Urban development by ₹ 196.58 crore, and Water Supply & Sanitation by ₹1,978.08 crore.

Further, during 2024-25, under Economic Sector, more Capital Expenditure was incurred in other Rural Development programme (by ₹ 157.85 crore), Major Irrigation (by ₹ 601.73 crore) and Road and Bridges (by ₹ 3,148.30 crore) in comparison to previous year. However, no expenditure was incurred on Petroleum and Road Transport during the year in comparison to previous year.

Sector-wise capital expenditure during 2020-21 to 2024-25 reflects a clear emphasis on Economic Services, which consistently received the largest share and peaked at over 60 *per cent* in 2023-24, before moderating slightly in 2024-25. The share of Social Services declined in recent years but showed partial recovery in 2024-25, while allocations to General Services and Loans & Advances remained minimal. The overall trend indicates a shift towards growth-oriented capital spending, with periodic adjustments in social sector investment priorities.

Major changes in Capital Expenditure

As there was increase of ₹ 4,080.92 crore during the current year, over the previous year. **Table 1.27** highlight the cases of significant increase in various head of account of capital expenditure during 2024-25 vis-a-vis the previous year.

Table 1.27: Capital Expenditure during 2024-25 compared to 2023-24

(₹ in crore)

Major Head of Accounts	2023-24	2024-25	Variation
Increase			
5054-Capital Outlay on Roads and Bridges	6,472.88	9,621.18	3,148.30
4215-Capital Outlay on Water Supply and Sanitation	3,176.16	5,154.24	1,978.08
4210-Capital Outlay on Medical and Public Health	2,002.84	3,242.91	1,240.07
4700- Capital Outlay on Major Irrigation	3,465.45	4,067.18	601.73
4217-Capital Outlay on Urban Development	2,033.00	2,229.58	196.58
4515-Capital Outlay on Other Rural Development	842.18	1,000.03	157.85
Decrease			
4802-Capital Outlay on Petroleum	1,196.00	0.00	(-) 1,196.00
4202-Capital Outlay on Education, Sports, Arts and Culture	1,942.48	1,135.78	(-) 806.70
5055-Captial Outlay on Road Transport	648.49	0.00	(-) 648.49

The increase in expenditure over the previous year was due to more expenditure on Rural and PMGSY roads, water supply schemes, construction of new medical colleges, various irrigation projects, AMRUT 2.0 scheme, MLA Local Area Development Programmes etc.

Further, decrease in expenditure was due to non-investment in HPCL Rajasthan Refinery Ltd, less construction work for Samgra Shiksha Abhiyan and less recoupment of expenditure from dedicated Road Safety Fund.

Analysis of the data pertaining to five-year period of 2020-2025 revealed that major capital expenditure occurred on the following item under Social and Economic Sector as depicted in **Table 1.28**.

Table 1.28: Major contribution of capital expenditure in Social & Economic sector during 2020-25

(₹ in crore)

Head of Account	2020-2021	2021-2022	2022-23	2023-24	2024-25
Social Sector					
General Education	1,280.49	627.20	1,446.63	1,942.48	1,303.27
Medical and Public Health	631.85	1,961.64	2,300.49	2,002.84	3,242.91
Water Supply and Sanitation	3,832.74	4,917.78	2,372.73	3,176.16	5,154.24
Urban Development	1,483.67	3,067.98	1,945.62	2,033.00	2,229.58
Economic Sector					
Other Rural Development programme	239.15	1,000.65	1,033.20	842.18	1,000.03
Major Irrigation	1,878.99	2,820.89	2,394.81	3,465.45	4,067.18
Minor Irrigation	372.02	445.37	586.57	986.91	1,131.15
Roads and Bridges	3004.93	4,161.86	2,596.28	6,472.88	9,621.18

Pro rata charges

Pro rata charges are expenses which are charged to a capital project when a regular establishment is involved in supervision of said work as also in providing work charged staff and usage of Division's plant and machinery. State Budget Manual and Public Works Financial and Accounts Rules prescribed that each capital project/ transaction under a capital head of account shall be charged 13 *per cent* over and above contactor's claim (8 *per cent* towards establishment cost, 3 *per cent* towards works charged staff and 2 *per cent* towards use of Division's plant and machinery). The sum charged to capital projects under pro rata charges is shown as minus expenditure under relevant revenue head of account.

The position of pro rata charges and its adjustment during 2024-25 is given in **Table 1.29.**

Table 1.29: Impact of pro rata charges

(₹ in crore)

Head of Account (Revenue side)	Relevant sub-Head of Account in which Pro rata charges deducted	Actual expenditure on Establishment/ plant & machinery/ Staff	Pro rata charges charged on capital works @ 13% under capital expenditure	Net Expenditure under Revenue head after adjustment of prorate charges
(1)	(2)	(3)	(4)	(5)= (3)-(4)
2059	80-001 and 052	434.66	691.42	(-) 256.76
3054	03-337	66.11	207.43	(-) 141.32
2700	02-001	18.04	32.49	(-) 14.45
2701	80-001	203.88	470.55	(-) 266.67
Total		**722.69**	**1,401.89**	**(-) 679.20**

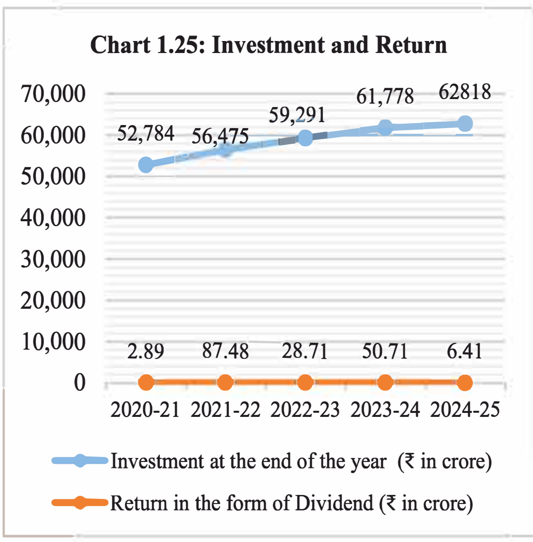
Audit observed that excess adjustment of pro rata charges at the rate of 13 *per cent* of the capital expenditure, irrespective of the amount actually incurred under the relevant revenue head, resulted in negative expenditure in respective revenue heads due to which true and fair picture of expenditure is not depicted in accounts.

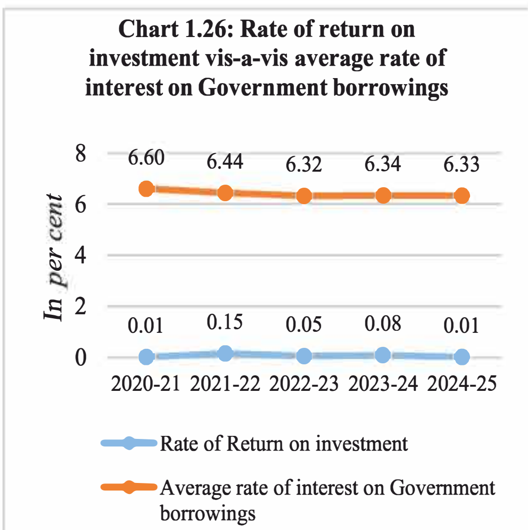
Thus, negative expenditure in relevant revenue heads indicates that pro rata charges are not charged in accordance with the actual expenditure figures.

B. Quality of investments in the companies, corporations and other bodies

As of 31 March 2025, the State Government's investment in companies, corporations and other bodies stood at ₹ 62,818.06 crore, comprising Government Companies (₹ 53,962.64 crore), Co-operative Societies (₹ 541.13 crore), Statutory Corporations (₹ 3,805.94 crore), Joint Venture Companies (₹ 4,334.22 crore), Other Joint Stock Companies and Partnerships (₹ 100.44 crore) and Rural Banks (₹ 73.69 crore).

Trends of investment at the end of the year in companies, corporations, and co-operative banks and societies, and return on this investment is depicted in **Chart 1.25**. Rate of return on investment made *vis-à-vis* average rate of interest on government borrowing is depicted in **Chart 1.26.**





During 2024-25, the return on investment was ₹ 6.41 crore[14] (0.01 *per cent*) (based on historical cost and not on net present value basis). The return was only between 0.01 *per cent* and 0.15 *per cent* during 2020-25 while the average rate of interest paid by the State Government on its borrowings was between 6.32 *per cent* and 6.60 *per cent* during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹ 18,585.64 crore.

Up to FY 2024-25, ₹ 62,818 crore was invested in State PSUs, from which return of ₹ 6.41 crore was received during the FY 2024-25 which was only 0.1 *per cent* of the total investment. However, Government borrowed funds at an average rate of interest of 6.33 *per cent.*

The very low yield on substantial public investment indicates weak financial returns from State-owned entities and highlights the need for periodic review of investment performance to ensure efficient utilisation of public funds. The sustained negative spread between investment returns and borrowing costs indicates that borrowed funds are not generating adequate financial returns, highlighting concerns regarding efficiency of public investments and their implications for fiscal sustainability.

Dividend Policy and Its Impact

A well-defined dividend policy mandating a minimum return from profit- making enterprises, enables the State Government to optimise its returns from investments in SPSEs and enhances monitoring of the SPSEs financial performance. It was observed that the state has formulated or enforced (2004) a dividend policy for its Public Sector Undertakings (PSUs). As per the existing State policy, profit making State PSUs are required to pay a minimum return of 10 per cent on the paid-up share capital or 20 percentage of the profit after tax, whichever is lower to the Government.

Forgone Revenue from Non-realisation of Dividends

State Government has infused equity in 35 State Public Sector Undertakings (SPSUs). During the previous financial year (2023-24), 22 out of 35 State PSUs registered profits during the year. However, the State Government did not ensure the timely and full collection of dividends from these entities. Against the total eligible dividend of ₹ 118.45 crore from 22 profit making SPSUs, only ₹ 41.64 crore was actually received from five SPSUs. Of these, one SPSUs (RSSCL) declared dividend lesser than the prescribed limit while four SPSUs (RIICO, RMSCL, RPIDCL, RSMML) declared dividend as per the dividend policy.

Of the 35 SPSUs, three were inactive (Rajasthan Jal Vikas Nigam Limited & Rajasthan Civil Aviation Corporation Limited are non-functional and Rajasthan State Agro Industries Corporation Limited is under liquidation) and investment of ₹ 11.77 crore therein had remained un-recouped. Of the remaining 32 active entities, 27 SPSUs had not paid any dividend during the year.

The State Government may ensure meticulous enforcement of the existing dividend policy by mandating all profit-making SPSUs to declare and remit dividends in accordance with prescribed norms. A monitoring mechanism may be instituted to track compliance and address cases of non or short declaration. Strengthened oversight would enhance returns on public investment and augment State revenues.

14. Government Companies (₹ 3.58 crore); Statutory Corporation (₹ 0.21 crore); and Co- operative Banks and Societies (₹ 2.62 crore).

C. Loans and Advances by State Government

In addition to the investments in co-operative societies, corporations and companies, the State Government has also been providing loans and advances to many institutions/ organisations. **Table 1.30** presents the position of outstanding loans and advances as on 31 March 2025 and interest receipts *vis-à-vis* interest payments by the State Government on its borrowings during the last five years.

Table 1.30: Quantum of loans disbursed and recovered during 2020-25

(₹ in crore)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Opening Balance of loans outstanding	9,848	9,966	8,213	7,968	7,962
Amount advanced during the year	491	621	175	398	267
Amount recovered during the year	373	2374	420	405	517
Closing Balance of the loans outstanding	9,966	8,213	7,968	7,962	7,712
Net addition	118	(-)1753	(-)245	(-)7	(-)250
Interest received	1,253	55	238	59	124
Interest rate on Loans and Advances given by the Government	12.65	0.61	2.94	0.74	1.56
Average rate of interest on Government Borrowings (*per cent*)[15]	6.60	6.44	6.32	6.34	6.33
Difference between the rate of interest received and interest paid (*per cent*)	6.05	(-)5.83	(-)3.38	(-)5.60	(-) 4.77

Source: Finance Accounts

Balances of loans and advances given by the government (₹ 7,712 crore) as on 31 March 2025 included balances of loans and advances of ₹ 3,877 crore (50.27 *per cent*) given to Power Projects. The amount of loans disbursed during the year showed an uneven trend from 2020-21. The amount of loans and advances disbursed decreased from ₹ 398 crore in 2023-24 to ₹ 267 crore in 2024-25. Out of the total amount of ₹ 267 crore loans advanced during the year, loans were mainly provided for Tourism, Crop Husbandry, Food Storage & Warehousing and Co-operation under Economic Services. Recovery of loans and advances increased by 27.65 *per cent* from ₹ 405 crore in 2023-24 to ₹517 crore in 2024-25.

During 2020-21 to 2024-25, outstanding loans declined due to higher recoveries than fresh advances; however, interest realisation remained volatile and significantly lower than the average cost of Government borrowings in most years. The resulting negative interest spread indicates that lending operations entail an implicit fiscal cost to the State.

Non-disclosure of complete information regarding Loan account

During audit of loan account of State Government, it was noticed that outstanding loan includes loans of ₹ 2,248.61 crore of which the loanee entities have not made any repayment to the State Government during the last five years. However, fresh loans of ₹ 85.24 crore have been disbursed to this type of entities (five entities) during the financial year 2024-25 as well. Outstanding loans of ₹ 2,248.61 crore include mainly loans given to Rajasthan Pensioners Medical Fund (RPMF) scheme for payment of medical bills, Maharana Pratap Agriculture and Technology University, Udaipur and Swami Keshwanand Agriculture University, Bikaner towards pension payments. Most of the loans given to these entities are for expenditure of recurring nature. Further, complete

15. Average rate of Interest on Government Borrowing = Interest Payment/[Amount of Previous year's Fiscal Liabilities + Current Year's Fiscal Liabilities/2]*100

details of terms and conditions of the loans disbursed are not available in the finance account, due to which the impact of loan over-due/ non-recovery of principal and interest could not be ascertained.

1.3 Contingency Fund

The Contingency Fund of the Government of Rajasthan is intended to provide advances for meeting unforeseen expenditure, pending its authorisation by the State Legislature. The fund is recouped once the Legislature approves the additional expenditure. The corpus of the Fund is ₹ 1,000 crore. During the year, there was no transaction from the Contingency Fund. As on 31 March 2025, Contingency Fund has balance of ₹ 1,000 crore.

1.4 Public Account

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

1.4.1 Net Public Account Balances

The component-wise net balances in Public Account of the State is given in **Table 1.31**.

Table 1.31: Component-wise net balances* in Public Account

(₹ in crore)

Sector	Sub-Sector	2020-21	2021-22	2022-23	2023-24	2024-25
Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	4,857	2,461	5,337	6,097	5,762
Reserve Funds	(a) Reserve Funds bearing Interest	697	188	628	1046	2,195
	(b) Reserve Funds not bearing Interest	664	1,156	1,843	2,342	(-) 1,898
Deposits and Advances	(a) Deposits bearing Interest	3,604	2,181	4,853	1,466	2,402
	(b) Deposits not bearing Interest	(-)733	5280	(-)3405	(-)877	4,316
	(c) Advances	-	-	-	-	(-)1
Suspense and Miscellaneous	(a) Suspense	125	-72	-41	126	45
	(b) Other Accounts	(-)9	(-)9	(-)11	(-)6	(-)13
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
Remittances	(a) Money Orders, and other Remittances	-	-	(-)1	(-)9	(-)2
	(b) Inter- Governmental Adjustment Account	12	-	-	-	-
Total		**9,217**	**11,185**	**9,203**	**10,185**	**12,806**

Note: +ve figures denote debit balance and –ve figures denote credit balances

Source: Finance Accounts

**** Net balance means difference between receipts and disbursements under the respective components during the year.***

The net Public Account Receipts of the State increased from ₹ 9,217 crore in 2020-21 to ₹ 12,806 crore in 2024-25, however, it increased by 38.94 *per cent* over the previous year (₹ 2,621 crore) which led to increase in the liability of the government. Net balances under the Public Account increased significantly to ₹12,806 crore in 2024-25, primarily due to movements in deposits and reserve funds. While balances under small savings and reserve funds remained substantial, deposits, particularly non-interest-bearing deposits, exhibited considerable volatility. Although suspense and remittance balances were relatively small, periodic fluctuations underscore the need for timely adjustment and strengthened financial control.

1.4.2 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.

There were three interest bearing funds and eight Reserve Funds not bearing interest as on 31 March 2025. The fund balances lying in these Reserve Funds as on 31 March 2025 are given in **Table 1.32**.

Table 1.32: Details of Major Reserve Funds

(₹ in crore)

S. No..	Name of Reserve Fund	Opening Balance	Receipts during the year	Interest receipts	Repayments during the year	Balance as on 31 March 2025
A	**Reserve Funds bearing Interest**	**6,391.14**	**2,670.92**	**486.33**	**961.90**	**8,586.49**
1.	State Disaster Response Fund	3,493.98	1,828.80	311.31	837.21	4,796.88
2.	State Disaster Mitigation Fund	1,533.12	675.00	130.73	0.00	2,338.85
3.	State Compensatory Afforestation Fund	1,364.04	167.12	44.29	124.69	1,450.76
B	**Reserve Funds not bearing Interest**	**12,055.07**	**5,909.00**	**707.62**	**8,514.94**	**10,156.75**
1	Sinking Fund	0.00	1,834.51	0.00	0.00	1,834.51
2	Guarantee Redemption Fund	8,968.62	0.00	707.62	3,426.00	6,250.24
3	Rajasthan Transport Infrastructure Development Fund	1,475.05	0.00	0.00	1,185.24	289.81
4	Water Conservation Cess Fund	541.08	319.98	0.00	67.55	793.51
5	Dedicated Road Safety Fund	400.73	33.00	0.00	60.86	372.87
6	Rajasthan Cow Protection and Promotion Fund	232.21	1,114.60	0.00	1,216.89	129.93
7	Natural and Man-made Disaster Relief Fund	135.87	595.48	0.00	568.62	162.72
8	State Road and Bridges Fund	7.92	1,650.00	0.00	1,628.51	29.41
9	Other Reserve Funds	293.59	361.43	0.00	361.27	293.75
	Grand Total	**18,446.21**	**8,579.92**	**1,193.95**	**9,476.84**	**18,743.24**

Sources: Finance Accounts

As on 31 March 2025, there was ₹ 18,743.24 crore in 25 Reserve Funds in Public Accounts including ₹ 8,586.49 crore in three interest bearing funds.

During 2024-25, a sum of ₹ 9,773.87 crore was credited (including interest receipts) to the Reserve Funds of the state which mainly included State Road and Bridges Fund (₹ 1,650 crore), State Disaster Response Fund (₹ 2,140.11 crore), Guarantee Redemption Fund (₹ 707.62 crore), Rajasthan Cow Protection and Promotion Fund (₹ 1,114.60 crore) and State Disaster Mitigation Fund (₹ 805.73 crore).

As per Finance Accounts 2024-25, two[16] non-interest bearing Reserve Funds (₹ 3.27 crore) were inactive for more than seven years.

The total balance in Reserve Funds remained broadly stable at ₹18,743 crore as on 31 March 2025, with growth in interest-bearing funds, particularly disaster-related funds, accompanied by notable reductions in selected non-interest-bearing funds such as the Guarantee Redemption Fund and infrastructure-related funds. The creation of a Sinking Fund and strengthening of disaster mitigation reserves indicate proactive fiscal management, while substantial repayments reflect utilisation of earmarked funds for intended purposes. The overall pattern suggests active reserve management with balanced inflows and outflows during the year.

State Disaster Risk Management Fund

Fifteen Finance Commission (XV-FC) recommended the creation of State Disaster Risk Management Fund (SDRMF) by clubbing State Disaster Mitigation Fund (SDMF) and State Disaster Response Fund (SDRF) w.e.f. April 2020. The sharing pattern of contribution to the fund is 75:25 for the Central and the State Governments respectively. Disaster Management, Relief and Civil Defence Department, GoR is the nodal department for the fund. The coverage of this fund recommended by the XV-FC goes beyond the disaster response funds that already exist at national (National Disaster Response Fund) and State (State Disaster Response Fund-SDRF) levels constituted under the Disaster Management Act, 2005. Further SDRMF (Fund) consists of two components viz. SDRF and SDMF with the allocation in the proportion of 80 per cent and 20 per cent respectively.

On receipt of Central share for SDRMF, the contributions are to be transferred to the Public Account within 15 days of its receipts, otherwise, interest (at Bank rate prescribed by Reserve Bank of India) for the period of the delay is to be transferred to the Fund.

As per guidelines for the administration of Fund, the accretions to the Fund together with the income earned on the investment of the Fund are to be invested in Central Government Dated Securities, Auctioned Treasury Bills, and other interest-earning deposits with Scheduled Commercial Banks. The State Government is required to pay interest at the rate applicable to overdrafts under the Overdraft Regulation Guidelines of the RBI on the amount not invested. The interest is to be credited on a half-yearly basis.

Scrutiny of information received from the Disaster Management, Relief and Civil Defence Department, GoR revealed the following:

16. (i) Deposit of Special Fees (Peripheral) for the Development of Converted Residential/Urban Land: ₹ 324.59 lakh, (ii) Transfer from/to Capital Account- Amount received from KFW Germany for Water Supply Scheme PMC Churu: ₹ 2.22 lakh.

- As per recommendation of XV-FC, the GoR transferred ₹ 1,828.80 crore (Central Share: ₹1,372.20 crore and State Share: ₹ 456.80 crore) to SDRF during the year.
- On the recommendation of XV-FC, the State government constituted the SDMF on 03 May 2021 for funding the projects exclusively for the purpose of mitigation. GoR transferred ₹ 675.00[17] crore (Central share: ₹506.40 crore and State share: ₹ 168.60 crore) to the SDMF during 2024-25.
- GoI had issued (14 January 2025) sanction for ₹171.50 crore towards the second instalment of SDMF which was transferred on 14 February 2025 by the State Government along with its share (₹ 57.10 crore) after a delay of Sixteen days.
- The State government paid interest of ₹287.26 crore and ₹106.67 crore on un-invested amount of the SDRF/ SDMF fund respectively during 2024-25. Non-investment of the unspent balance of the fund in the instruments prescribed as per guidelines resulted in loss of revenue for the State Government.
- During 2024-25, expenditure of ₹ 841.97 crore (excluding Administration expenses of ₹ 9.45 crore) was incurred on the budget head 'Relief on Account of Natural Calamities', which was met from SDRF. The details are given in **Table 1.33**.

Table 1.33: Details of expenditure charged to SDRF

(₹ in crore)

S. No.	Major Head of Account	Minor Head of Account	Amount
1	2245- Relief on Account of Natural Calamities 01-Drought	102-Drinking Water Supply	6.76
		104-Supply of Fodder	(-)0.01
		800-Other Expenditure	281.82
		Sub Total	**288.57**
2	2245- Relief on Account of Natural Calamities 02-Floods, Cyclones etc.	101-Gratuitous Relief	2.93
		106-Repairs and Restoration of Damaged Roads and Bridges	144.83
		107-Repairs and restoration of damaged Government Office Buildings	22.63
		111-Ex-gratia payment to bereaved families	1.45
		113-Assistance for repairs/reconstruction of Houses	4.73
		114- Assistance to farmers for purchase of Agriculture Inputs	374.61
		117- Assistance to farmers for purchase of livestock	0.30
		122-Repairs and Restoration of Damaged Irrigation and Flood Control Works	3.86
		282-Public Health	(-)1.94
		Sub Total	**553.40**
		Total	**841.97**
3	2245-Relief on Account of Natural Calamities 80-General	800-Other Expenditure (Administration Expenses)	9.45
		Sub-Total	**9.45**
		Grand Total	**851.42**

Source: Finance Accounts.

During 2024-25, SDRF expenditure totalled ₹851.42 crore, with the majority allocated to flood-related relief measures, particularly assistance to farmers and restoration of damaged infrastructure. Drought-related expenditure also remained significant, though largely classified under "Other Expenditure." Administrative expenses constituted a minimal proportion of total spending. The presence of negative entries under certain heads indicates adjustments of refunds of unspent balances. Overall, the expenditure

17. This includes ₹ 217.80 crore (Central share: ₹163.40 crore and State share: ₹ 54.40 crore) pertaining to second instalment of 2023-24 transferred by GoI on 29.03.2024 and further released by GoR on 09.04.2024.

pattern reflects a focus on agricultural recovery and infrastructure restoration in response to natural calamities.

Guarantee Redemption Fund

The State Government had set up the 'Guarantee Redemption Fund (Fund)' in 1999-2000 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries.

According to Finance Department (Ways & Means), GoR order (December 2007), accumulations in this fund including interest earned on invested funds are to be invested through RBI into Treasury Bills of 364 days of GoI.

The corpus of the Fund was to be gradually increased to the desired level of 5 *per cent* of outstanding guarantees in terms of the guidelines of the RBI which administers the Fund. The Guarantee Redemption Fund had a balance of ₹ 6,250.24 crore as on 31 March 2025 which was 5.35 *per cent* of outstanding guarantees (₹ 1,16,800.35 crore).

As of 1st April 2024, the opening balance in the Fund was ₹ 8,968.62 crore. During the year 2024-25, State Government did not transfer guarantee commission[18] to the fund and no guarantee was invoked. In addition to this, an amount of ₹ 707.62 crore was received by the Government as interest on investment made from the Fund during 2024-25. Further, the State Government withdrew (February 2025) ₹ 3,426.00 crore (excess amount from the desirable level of fund) from the fund and deposited in Major head 0075-800 (Miscellaneous receipt).

As of 31st March 2025, the closing balance in the Fund was ₹ 6250.24 crore, out of which ₹ 5,394.29 crore was invested in the Treasury Bills of 364 days and remaining funds of ₹ 855.95 crore were lying un-invested.

Consolidated Sinking Fund

The Government of Rajasthan set up the Consolidated Sinking Fund in 2024-25 for amortization of loans. According to the guidelines of the fund, the State Government shall contribute towards building up the Consolidated Sinking Fund corpus to 5 *per cent* of their outstanding liabilities (Internal debt plus Public Account liabilities).

In the year 2024-25, Government contributed only ₹ 1,834.51 crore. The total accumulation of the fund was ₹ 1,834.51 crore as on 31 March 2025, which was 0.32 *per cent* of total outstanding liabilities during 2024-25.

1.4.3 Cash Balances

As per the agreement with Reserve Bank of India (RBI), State Governments must maintain a minimum daily cash balance of ₹2.34 crore with the Bank/RBI. If the balance falls below this minimum, the shortfall is met through instruments like Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/ Special Drawing Facility (SDF)/ Overdrafts (OD), with the WMA limit revised periodically by RBI.

The State Government invests surplus cash balances, including those from earmarked reserve funds in GoI securities and Treasury Bills. Earnings from these investments are credited under '0049-Interest Receipts'.

18. ₹ 944.54 crore received under head '0075-108' against receivable guarantee fee of ₹ 944.80 crore.

It is undesirable for the State Government to raise market loans while holding large unutilized cash balances, as it leads to idle funds rather than productive use. Cash balance and investment details for 2023-24 and 2024-25 are provided in **Table 1.34.**

Table 1.34: Cash Balances and their investment

(₹ in crore)

	Opening balance as on 1 April 2024	Closing balance as on 31 March 2025
A. General Cash Balances		
Deposits with Reserve Bank of India	10.75	18.75
Investments held in Cash Balance Investment Account	627.51	799.68
Cash in Treasuries	0.06	0.06
Remittances in Transit-Local	(-) 8.42	(-) 19.72
Total (A)	**629.90**	**798.77**
B. Other Cash Balances and Investments		
Cash with departmental officers *viz.* Forest and Public Works	0.51	0.50
Permanent advances with departmental officers for contingent expenditure	23.86	23.87
Investment of earmarked funds	9,890.55	9,206.15
Total (B)	**9,914.92**	**9,230.52**
Total (A + B)	**10,544.82**	**10,029.29**
Interest realised	**(-)1.10***	**0.17**

Source: Finance Accounts

****Minus figure is due to rediscounting of the investment before maturity***

Cash Balances of the State Government increased by ₹172.17 crore from ₹ 627.51 crore in 2023-24 to ₹799.68 crore in 2024-25. There was a net difference of ₹1.89 crore (Credit) at the end of accounting year 2024-25 between the General Cash Balance as worked out by the Accountant General ₹18.75 crore (Debit) and that reported by the RBI ₹16.86 crore (Credit). A net difference of ₹ 17,541 only as on 31 July 2025 which is under reconciliation.

Details of Cash Balance Investment Account during the last five years is given in **Table 1.35**.

Table 1.35: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / Decrease (-)	Interest earned
2020-21	5,807.73	4,440.13	(-)1,367.60	23.38
2021-22	4,440.13	8,218.92	3,778.79	43.69
2022-23	8,218.92	103.30	(-)8,115.62	14.08
2023-24	103.30	627.51	524.21	(-)1.10
2024-25	627.51	799.68	172.17	0.17

Source: Finance Accounts

The surplus cash balances of the State Government are automatically invested in 14-day Treasury Bills and partly in 91, 182 and 364-day Treasury Bills of the Government of India. As on 31 March 2025, ₹799.51 crore was invested in GoI Treasury Bills. The interest earned on such investments is credited under the head '0049 – Interest Receipts'. During 2024-25, interest of ₹0.17 crore was realised on these investments. In addition, ₹9,206.15 crore was invested in earmarked funds, including Government securities and Reserve Funds.

The limit for Normal Ways and Means Advances (WMA) was ₹3,585 crore from 01 July 2024 to 31 March 2025. The Reserve Bank of India also provided Special Ways and Means Advances against pledge of Government securities. The limit for Special WMA was ₹9,357.51 crore as on 01 April 2024 and ₹3,975.32 crore as on 31 March 2025.

The balance under the Cash Balance Investment Account fluctuated significantly during 2020-21 to 2024-25. It declined sharply from ₹8,218.92 crore in 2021-22 to ₹103.30 crore in 2022-23, and thereafter increased to ₹799.68 crore in 2024-25. Despite this, interest earnings remained minimal, indicating limited return from temporary cash investments.

The extent to which the Government maintained the Minimum Cash Balance with the RBI during 2024-25 is given below:

(i) ***Special Ways and Means Advances:*** The balance under Special Ways and Means Advances as on 1 April 2024 was Nil. During 2024-25, the State Government obtained ₹ 91,250.55 crore by Special Ways and Means Advances on 133 occasions for 271 days from RBI and paid ₹ 160.58 crore as interest. The balance at the end of the year 2024-25 was *Nil*.

(ii) ***Normal ways and means Advances***: The balance under Normal ways and means Advances as on 1 April 2024 was Nil. During 2024-25, the State Government obtained ₹ 31,028.90 crore by Normal ways and Means Advances on 57 occasions for 101 days from RBI and paid ₹ 19.43 crore as interest. In these 101 days the State Government also obtained Special Ways and Means Advances. The balance at the end of the year 2024-25 was *Nil*.

(iii) ***Overdrafts*****:** The Overdrafts outstanding at the end of the previous year i.e. 2023-24 was Nil. No overdraft was taken during the year 2024-25. The balance at the end of the year 2024-25 is also Nil.

During 2024-25, the State Government availed Ways and Means for 271 days on 133 occasions and paid an interest of ₹ 180.01 crore. This indicates insufficient cash management by the State.

1.5 Fiscal Sustainability

Fiscal Sustainability is the ability of a government to manage its revenue and expenditure in a manner that ensures it can meet its current and future obligations such as public services, infrastructure, and debt repayments without excessive borrowing or accumulating unsustainable debt. It implies maintaining a stable balance between revenue generation and expenditure over the long term. **Chart 1.27** and **Chart 1.28** shows receipts and expenditure of the State as a percentage of GSDP, during FY 2020-25 respectively

Chart 1.27: Receipts of the State

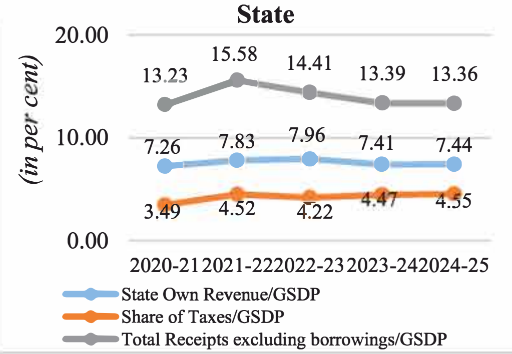
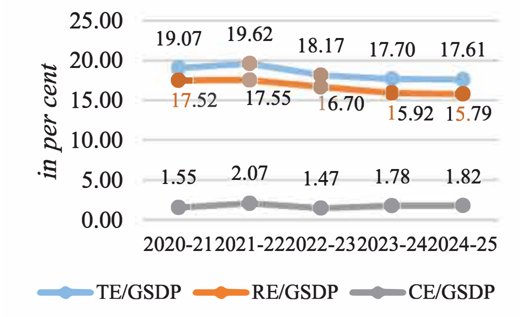


Chart 1.28: Expenditue of the State

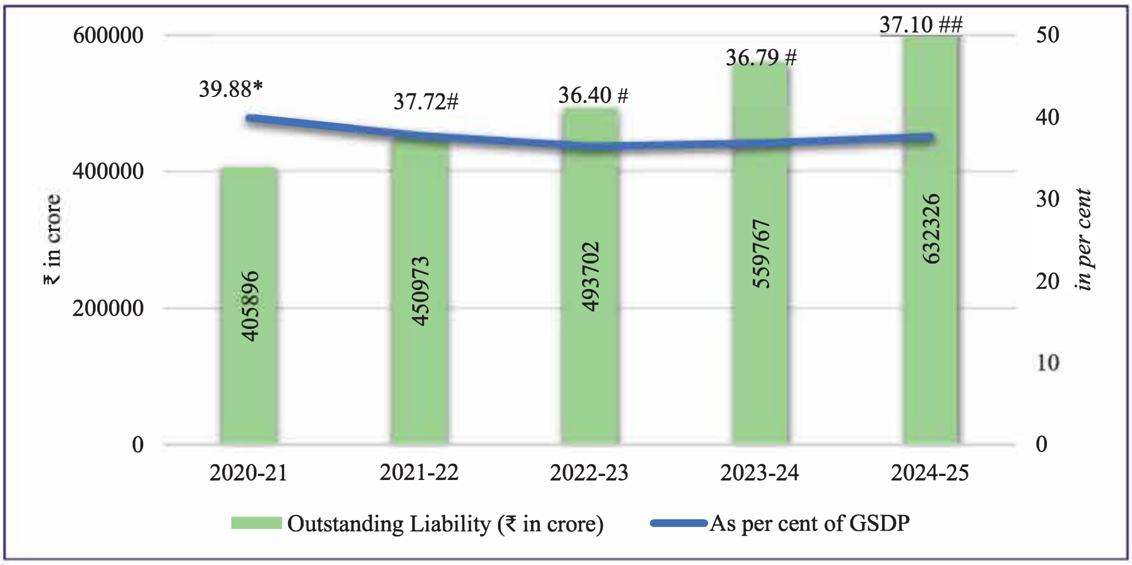


Above graphs show that the revenue receipts of the State were not sufficient to meet its revenue expenditure as there is a gap of around four *per cent* in the percentage of Total Receipts to GSDP and Total Expenditure to GSDP in all the five years. While revenue mobilisation relative to GSDP remained broadly stable and central transfers improved, total receipts (excluding borrowings) showed moderation in recent years. On the expenditure side, the ratio of total and revenue expenditure to GSDP declined, while capital expenditure share improved modestly. The trend indicates gradual fiscal consolidation alongside incremental enhancement in capital spending intensity.

1.5.1 Public Liability Management

Debt management is the process of establishing and executing a strategy for managing the Government's liability 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 enactments or any other annual budget announcements. Outstanding liability of the State along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in **Chart 1.29.**

Chart 1.29: Outstanding Public Liability and its percentage to GSDP



Source: Finance Account

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

\# *Arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back-to-back loans under debt receipts from the total outstanding liabilities.*

\## *Arrived at after exclusion of GST compensation of ₹ 8,518.91 crore received as back-to-back loans under debt receipts from the total outstanding liabilities* (after adjusting Proforma reduction of ₹ 3,353.38 crore during current year, as per GoI guidelines).

The total liability of the State Government increased from ₹ 4,05,896 crore in 2020-21 to ₹ 6,32,326 crore in 2024-25. During 2024-25, it increased by 12.96 *per cent* over the previous year. These liabilities were approximately thrice the revenue receipts (₹ 2,27,250 crore) and more than five times the State's own resources (₹,1,26,812 crore) during 2024-25.

Outstanding Public Liabilities increased steadily in absolute terms during 2020-21 to 2024-25. At 37.10 *per cent* in 2024-25 (after exclusion of GST compensation loans), the ratio remains below the 2020-21 level but indicates a recent upward trend, suggesting the need for continued monitoring of debt sustainability.

1.5.1.1 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 component-wise liability trends of the State for the period of five years beginning from 2020-21 are presented in **Table 1.36.**

Table 1.36: Component-wise liability trends

(₹ in crore)

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability*	**4,05,896**	**4,50,973**	**4,93,702**	**5,59,767**	**6,32,326**
Public Debt	3,03,717	3,41,684	3,76,512	4,34,780	4,93,878
Internal Debt	*2,84,789*	*3,21,807*	*3,50,962*	*3,99,858*	*4,48,790*
*Loans from GoI***	*18,928*	*19,877*	*25,550*	*34,922*	*45,088*
Public Account Liabilities	1,02,179	1,09,289	1,17,190	1,24,987	1,38,448
Small Savings, Provident Funds, etc.	*56,326*	*58,786*	*64,123*	*70,220*	*75,981*
Reserve Funds bearing Interest	*4,529*	*3,345*	*4,668*	*5,039*	*6,651*
Reserve Funds not bearing Interest	*4,610*	*2,984*	*2,776*	*3,516*	*2,886*
Deposits bearing Interest	*11,270*	*13,451*	*18,304*	*19,770*	*22,172*
Deposits not bearing Interest	*25,444*	*30,723*	*27,319*	*26,442*	*30,758*
Rate of growth of outstanding total liability (*per cent*)	15.08	11.11	9.47	13.38	12.96
Gross State Domestic Product (GSDP)	10,17,917	11,95,641	13,56,480	15,21,510	17,04,339
Outstanding Total Liability/GSDP (*per cent*)	39.88	37.72	36.40	36.79	37.10
Borrowings and Other Liabilities					
Total Receipts	2,68,770	3,02,174	2,90,718	3,64,764	4,02,564
Total Repayments	2,10,972	2,49,829	2,47,990	2,98,699	3,30,004
Net funds available	57,798	52,345	42,728	66,065	72,560
Repayments/ Receipts (per cent)	78.50	82.68	85.30	81.89	81.98

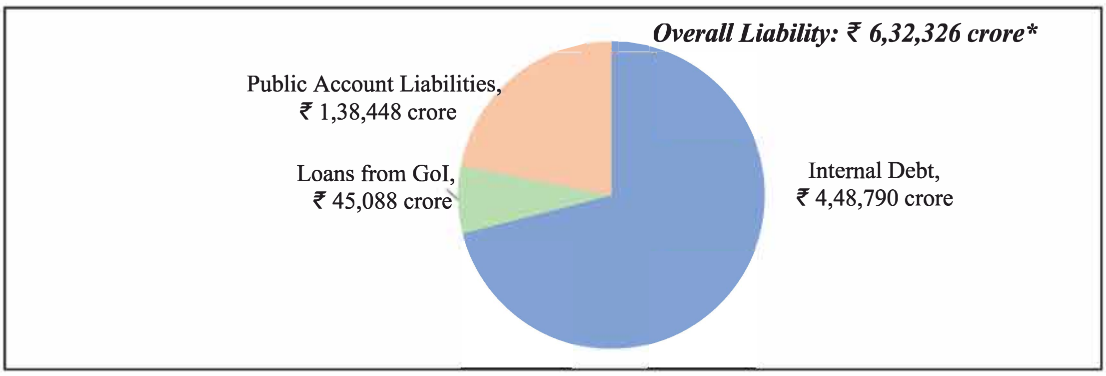
Source: Finance Accounts

* *Including outstanding UDAY loans for 2019-20: ₹ 44,730 crore, 2020-21: ₹ 37,825 crore,2021-22: ₹ 30,919 crore, 2022-23: ₹ 24,013 crore, 2023-24: ₹ 17,107 crore and 2024-25: ₹ 10,202 crore*

** *During the year 2020-21, 2022-2024 and 2024-25, it excludes ₹ 4,604 crore, ₹ 11,872.29 crore (₹ 4,604 crore+ ₹ 7,268.29 crore) and ₹ 8,518.91 crore respectively, 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.*

Break-up of outstanding total liabilities at the end of 2024-25 is shown in **Chart 1.30.**

Chart 1.30: Break-up of outstanding total liabilities at the end of 2024-25



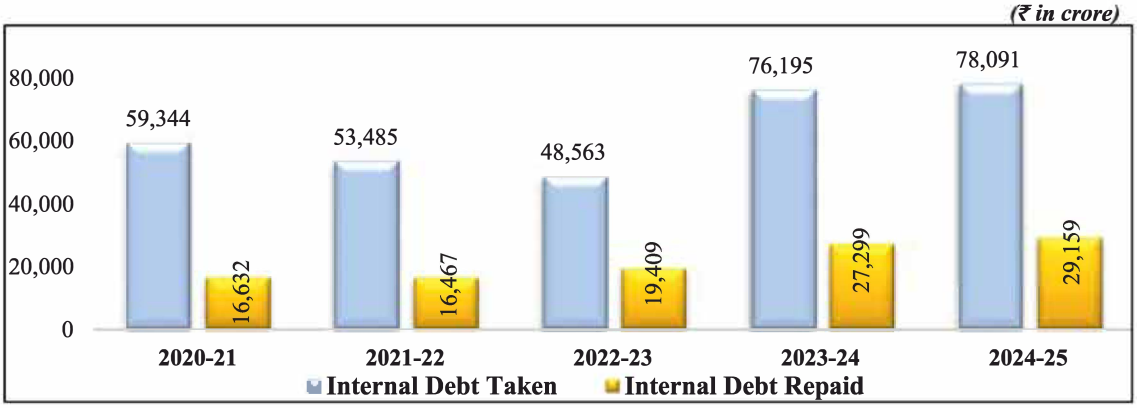
Source: Finance Accounts

**** It excludes back to back loan of ₹ 8,518.91 crore received in lieu of shortfall in GST Compensation as debt received to the State Government with no repayment liability for the state.***

Chart 1.31 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years i.e. 2020-25.

Chart 1.31: Internal debt taken *vis-a-vis* repaid

(₹ in crore)



Source: Finance Accounts

During 2024-25, the overall liabilities increased by ₹ 72,559 crore from previous year mainly due to increase in public debt by 13.59 *per cent* (₹ 59,098 crore).

The overall liability-GSDP ratio slightly increased from 36.79 *per cent* in 2023-24 to 37.10 *per cent* in 2024-25, however, the State is within the target limit (38.20 *per cent*) fixed under FRBM Act.

Internal debt of the State Government increased by ₹ 1,64,001 crore (57.59 *per cent*) from ₹ 2,84,789 crore in 2020-21 to ₹ 4,48,790 crore in 2024-25. An amount of ₹ 31,010 crore was paid towards interest on internal debt during 2024-25.

The internal debt receipt has increased from ₹ 59,344 crore in 2020-21 to ₹ 78,091 crore in 2024-25 at CAGR 7.10 *per cent*. However, the internal debt repaid has increased at higher CAGR of 15.07 *per cent* from ₹ 16,632 crore in 2020-21 to ₹ 29,159 crore in 2024-25. This indicates that liability on account of repayment of loans increases from year to year. This also indicates that during 2024-25, 37.34 *per cent* of the new borrowing was used for repayment of Principle of old borrowing (excluding interest payment) and a balance of ₹ 48,932 crore of new internal borrowing was available with the State.

1.5.1.2 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 a healthy trend. **Table 1.37 and Chart 1.32** depicts the utilisation and trends of borrowed funds during 2020-25 respectively.

Table 1.37: Utilisation of borrowed funds and other obligations

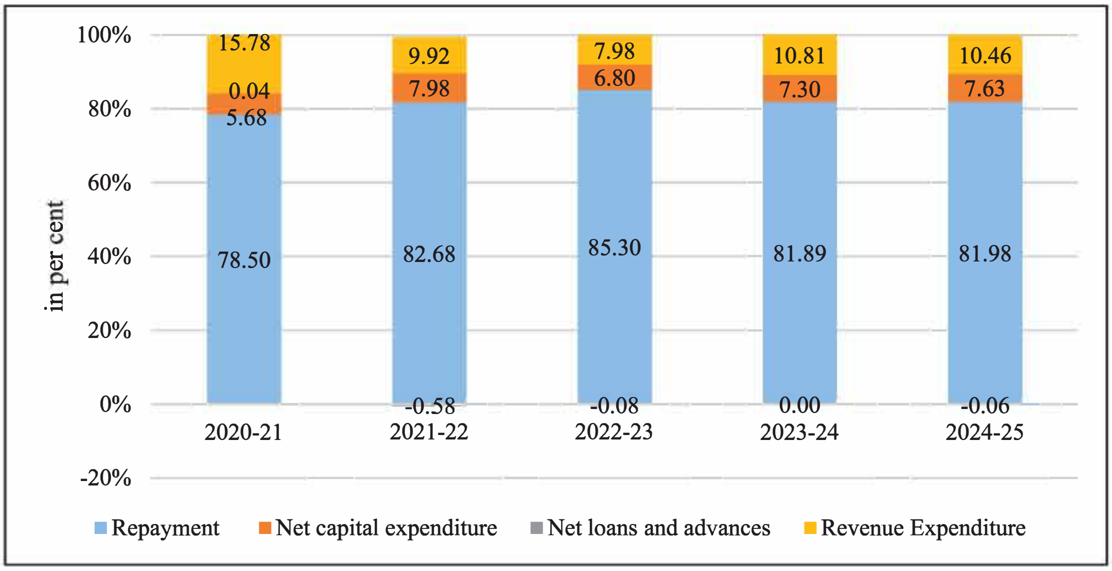
(₹ in crore)

S. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings (Public Debt and other obligations during the year)*	2,68,770	3,02,174	2,90,718	3,64,764	4,02,564
2.	Repayment of earlier borrowings (Principal) and other obligations	2,10,972	2,49,829	2,47,990	2,98,699	3,30,004
3.	Net capital expenditure	15,257	24,121	19,782	26,632	30,720
4.	Net loans and advances	118	-1753	-245	-7	-250
5.	Portion of Revenue expenditure met out of net available borrowings	42,423	29,977	23,191	39,440	42,090

Source: Finance Accounts

**** Excluding Ways and Means advances during the year***

Chart 1.32: Trends of utilisation of borrowed funds



Source: Finance Accounts

The percentage of repayment of earlier borrowings (principal) and other obligations to total borrowing (public debt and other obligation) marginally increased from 78.50 *per cent* in 2020-21 to 81.98 *per cent* in 2024-25.

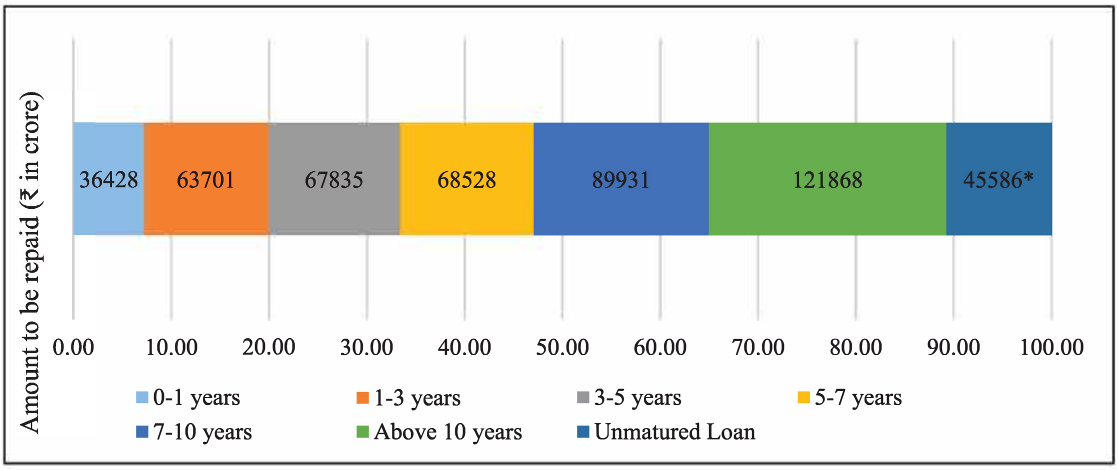
Analysis of utilisation of borrowed funds during 2020-21 to 2024-25 indicates that a substantial portion of borrowings was used for repayment of earlier loans rather than for capital formation. In 2024-25, 81.98 *per cent* of total borrowings (public debt and other obligations) was utilised for repayment of earlier borrowings (principal) and other obligation, leaving limited fiscal space for developmental expenditure. Further, ₹ 42,090 crore of borrowings was deployed to meet revenue expenditure, reflecting use of capital receipts for financing current consumption.

The pattern suggests increasing reliance on debt to manage both past liabilities and current expenditure, with relatively modest allocation towards net capital expenditure. Such utilisation weakens the quality of fiscal adjustment, constrains investment in productive assets, and poses risks to long-term fiscal sustainability. Continued dependence on borrowings for routine expenditure may lead to a structural debt cycle, warranting corrective fiscal measures to improve the composition of expenditure and strengthen revenue generation.

1.5.1.3 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Chart 1.33.**

Chart 1.33: Maturity Profile of Public Debt



Source: Finance Accounts

** Excluding ₹ 8.519 crore back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.*

The maturity profile of outstanding stock of public debt as on 31 March 2025 indicates that out of the outstanding public debt of ₹ 4,93,878 crore, 47.88 *per cent* (₹ 2,36,492 crore) is payable within the next seven years, 42.88 *per cent* (₹ 2,11,799 crore) is in the maturity bracket of more than seven years while the repayment schedule of the remaining amount (₹ 45,586 crore) is not available.

A concentrated short- to medium-term maturity profile indicates potential rollover risks and liquidity pressure. Although the current maturity pattern reduces immediate repayment pressure, continued increase in total debt will raise future repayment and interest obligations. This highlights the need for careful debt management and controlled borrowing.

1.5.1.4 Financing pattern of fiscal deficit

Table 1.38 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.38: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Fiscal Deficit		**59,376**	**48,238**	**51,028**	**65,580**	**72,420**
1	Revenue Deficit	44,001	25,870	31,491	38,955	41,950
2	Net Capital Expenditure	15,257	24,121	19,782	26,632	30,720
3	Net loans and advances	118	(-)1,753	(-)245	(-)7	(-)250
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	51,179	45,149	37,016	56,624	56,385
2	Loans from GoI	6229	8217	5673	9,372	10,166
3	Special Securities issued to NSSF	(-)1584	(-)1585	(-)1585	(-)1585	(-)1585
4	Loans from Financial Institutions	(-)6882	(-)6546	(-)6277	(-)6143	(-)5868
5	Small Savings, PF, etc.	4,857	2,461	5337	6097	5,762
6	Deposits and Advances	2871	7461	1,448	589	6,717
7	Suspense and Miscellaneous	116	(-)81	(-)52	120	32
8	Remittances	12	0	(-)1	(-)9	(-)2
9	Reserve Funds	1361	1344	2471	3388	297
10	**Overall Deficit**	**58,159**	**56,420**	**44,030**	**68,453**	**71,904**
11	Increase/Decrease in cash balance	1217	(-)8182	6998	(-)2873	516
12	**Gross Fiscal Deficit**	**59,376**	**48,238**	**51,028**	**65,580**	**72,420**

Source: Finance Account

* The balances represent *net of disbursements and receipt during the year*.

Fiscal deficit is the gap between the total expenditure and total non-debt receipt of the State. Financing pattern of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above Revenue and non-debt Receipts.

The fiscal deficit increased from ₹59,376 crore in 2020-21 to ₹72,420 crore in 2024-25, with a rising trend in the last two years. A significant portion of the deficit arose from revenue deficit, indicating that borrowings were used not only for capital formation but also to finance current expenditure.

Market borrowings constituted the principal source of financing throughout the period, followed by loans from the Government of India. Contributions from small savings, deposits and reserve funds supplemented financing in certain years. Negative entries under loans from financial institutions and special securities to NSSF reflect net repayments under those heads.

The increasing reliance on market borrowings, coupled with a persistent revenue deficit, suggests structural pressure on public finances. The financing pattern indicates dependence on debt instruments to meet fiscal requirements, underscoring the need for strengthening revenue mobilisation and improving expenditure quality to contain future fiscal stress.

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the year 2024-25, the Revenue Deficit of the state was 41,950 crore (2.46 *per cent* of GSDP), fiscal deficit was 72,420 crore (4.25 *per cent* of GSDP) whereas primary deficit was ₹ 34,075 (2.00 *per cent* of GSDP). However, Audit found that, during 2024-25, the State Government misclassified ₹ 931.66 crore of Revenue nature as capital expenditure (Details discussed in paragraph 2.5.6 of Chapter-II). Further, short/ excess transfer of cess/ surcharges and interest was also noticed resulting in understatement/overstatement of Revenue deficit and fiscal deficit to that extent, as per details given in **Table 1.39**.

Table 1.39: Revenue and Fiscal Deficit, post examination by Audit

(₹ in crore)

S.No.	Particulars	Impact on Revenue Deficit		Impact on Fiscal Deficit	
		Overstated	Understated	Overstated	Understated
	Other transfers				
1.	Misclassification between Revenue and Capital Expenditure (para 2.5.6)	-	931.66	-	-
2.	Interest Adjustment (para 3.2.1)	-	84.69	-	84.69
	Total	**Understated 1,016.35**		**Understated 84.69**	
	Transfer of Cess/surcharge to Reserve fund/Deposit Fund				
3.	Short-transfer to Building and other Construction Workers Welfare Cess (para 3.2.3)	-	24.44	-	24.44
4.	Short-transfer to Rajasthan Cow Protection and Promotion Fund (para 3.2.5)	-	318.91	-	318.91
5.	Excess transfer of Rajasthan State Road Development Fund (para 3.2.6)	22.52	-	22.52	-
6.	Short-transfer of Water Conservation Cess (para 3.2.7)	-	9.00	-	9.00
7.	Excess transfer of Urban Development Cess Fund (para 3.2.8)	54.28	-	54.28	-
	Total (Cess/surcharge)	**(net) Understatement 275.55**		**(net) Understatement 275.55**	
	Grand Total	**(net) Understatement 1,291.90**		**(net) Understatement 360.24**	

Source: Finance Accounts for the year 2024-25 and analysis

As evident from the table above, the revenue deficit (₹ 41,950 crore) of the State Government was understated by ₹ 1,291.90 crore and the fiscal deficit (₹ 72,420 crore) was understated by ₹ 360.24 crore.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

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

As per the FRBM Act of Rajasthan and its amendments aligned with the 15th Finance Commission, the State aims to:

- Eliminate revenue deficit;
- Maintain the fiscal deficit within the ceiling of 3 *per cent* of GSDP, with an additional 0.5 *per cent* permitted on fulfilling reform milestones.
- Outstanding liability-to-GSDP ratio is to be contained below 38.20 *per cent.*

Review of fiscal situation of the State revealed the following:

(i) As per the provision contained in Section 6(a) of the FRBM (Amendment) Act 2011, the State Government had to achieve Zero Revenue Deficit from the financial year 2011-12 and thereafter, maintain it or to attain revenue surplus. However, the State Government could maintain the revenue surplus only during the years 2011-12 and 2012-13 and thereafter, there has been revenue deficit during the last twelve consecutive years upto 2024-25.

The Budget Estimates (BE), Revised Estimates (RE) and Actual Revenue Deficit during last five years are summarised in **Table 1.40**.

Table 1.40: Position of Revenue deficits/surplus in the context of BE/RE and Actual

(₹ in crore)

S. No.	Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Budget Estimates	(-) 12,346	(-) 23,750	(-)23,489	(-) 24,896	(-)25,758.11
2.	Revised Estimates	(-) 41,722	(-) 35,689	(-) 32,310	(-) 30,072	(-)31,939.15
3.	Actual	(-) 44,001	(-) 25,870	(-) 31,491	(-) 38,955	(-)41,950(04

Source: Finance Accounts and Budget document.

It is seen from the above table that the revenue deficit was ₹ 41,950.04 crore which was higher than the projection made in BE (₹25,758.11 crore) by ₹ 16,192 crore and RE (₹ 31,939.15 crore) by ₹ 10,011 crore.

The actual revenue receipt declined to ₹ 2,27,250#crore against the BE of ₹2,64,461 crore i.e. a decline of ₹ 37,211 crore (14.07 *per cent*) whereas the actual revenue expenditure witnessed relatively lesser decline to ₹ 2,69,200 crore against the BE of ₹ 2,90,219 crore i.e. decline of ₹ 21,019 crore (7.24 *per cent*).

(ii) Section 6(b) of the FRBM (Amendment) Act 2011, envisaged achieving fiscal deficit of 3 *per cent* of GSDP by the financial year 2011-12 and thereafter, to maintain the said ratio or reduce it. Further, as per the FRBM (amendment) Act[19] 2021, the State is eligible for the additional borrowing of 0.50 *per cent* of GSDP for the period 2021-22 to 2024-25, allowed by Central Government, based on certain performance criteria in the power sector. However, though the FRBM Act was amended to provide for the additional borrowing of 0.50 *per cent*, the Act has not been amended to modify the Fiscal deficit target. Additionally, the State was allowed ₹ 9,139.21 crore (0.5362 *per cent* of GSDP) interest free capital loan for 50 years over and above the normal ceiling by the GoI. Thus, the fiscal space or the borrowing ceiling allowed to the State for 2024-25 was 4.04 *per cent* of GSDP.

The following table shows the trend of Fiscal Deficit-GSDP ratio during the last three years:

Table 1.41: Position of Fiscal Deficit in the context of BE/RE and Actual

(In *percent*)

S. No.	Years	Budget Estimates	Revised Estimates	Actual
1.	2022-23	4.36	4.33	3.76
2.	2023-24	3.98	4.26	4.31*
3.	2024-25	3.93	4.11	4.25

Source: BE and RE from Budget documents

**Percentage changed due to revision in GSDP estimates figures.*

It is evident from the above table that Fiscal Deficit of the State in 2024-25 (4.25 *per cent* of GSDP) was in excess of the target fixed in the FRBM Act (3.5 *per cent* of GSDP, including extra borrowing limit of 0.50 *per cent* of GSDP for power sector reforms). It even exceeded the overall fiscal space allowed by the Central Government to the state (4.04 *per cent* of GSDP). The Fiscal Deficit stood at ₹ 72,420 crore (4.25 *per cent* of GSDP) which was higher than the projections in BE (₹ 70,009 crore) as well as in RE (₹ 70,091 crore).

(iii) The State Government amended (March 2021) the provisions of Section 6(c) of the FRBM Act and prescribed the limit of total outstanding debt (liability) as 38.20 *per cent* of GSDP to be achieved within a period of six years beginning from 1 April 2020 and thereafter, to maintain the said ratio or reduce it. The Liability-GSDP ratio during 2024-25 was 37.10 *per cent*[20] which was within the limit fixed by the FRBM Act.

Achievements, *vis-à-vis* the fiscal targets, prescribed in the State FRBM Act for the FY 2020-21 to 2024-25, post Audit are detailed in **Table 1.42.** Further, ten-year analysis of

19. Section 6 (f) was inserted on 25 September 2021.
20. Arrived at after excluding ₹ 8,519 crore received as loan in lieu of shortfall in GST compensation from the outstanding liabilities.

major fiscal and economic parameters is given in ***Appendix 1.4***.

Table 1.42: Compliance with provisions of FRBM Act

(₹ in crore)

S. No.	Fiscal Parameters	Fiscal targets set in the Act	Achievement									
			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1.	**Revenue Deficit (-) / Surplus (+)**	Revenue Surplus	(-) 5,954	(-)9,114	(-) 6,535	(-) 16,900	(-) 36,371	(-)44,001	(-)25,870	(-)31,491	(-)38,955	(-)41950
			✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
2.	**Fiscal Deficit (-)/ Surplus (+) (as *percentage of GSDP*)**	3 *percent**	63,070 (9.25)	46,318 (6.09)	25,342 (3.04)	34,473 (3.78)	37,654 (3.77)	(-)59,376 (5.83)	(-)48,238 (4.03)	(-)51,028 (3.76)	(-)65,580 (4.31)	(-)72420 (4.25)
			✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
3.	**Ratio of total outstanding liability to GSDP (in *percent*)**	Target	36.50	36.50	35.50	35.00	34.00	38.20	38.20	38.20	38.20	38.20
		Achievement	30.72	33.53	33.77	34.16	35.27	39.88	37.72	36.40	36.79	37.10
			✓	✓	✓	✓	✓	✗	✓	✓	✓	✓

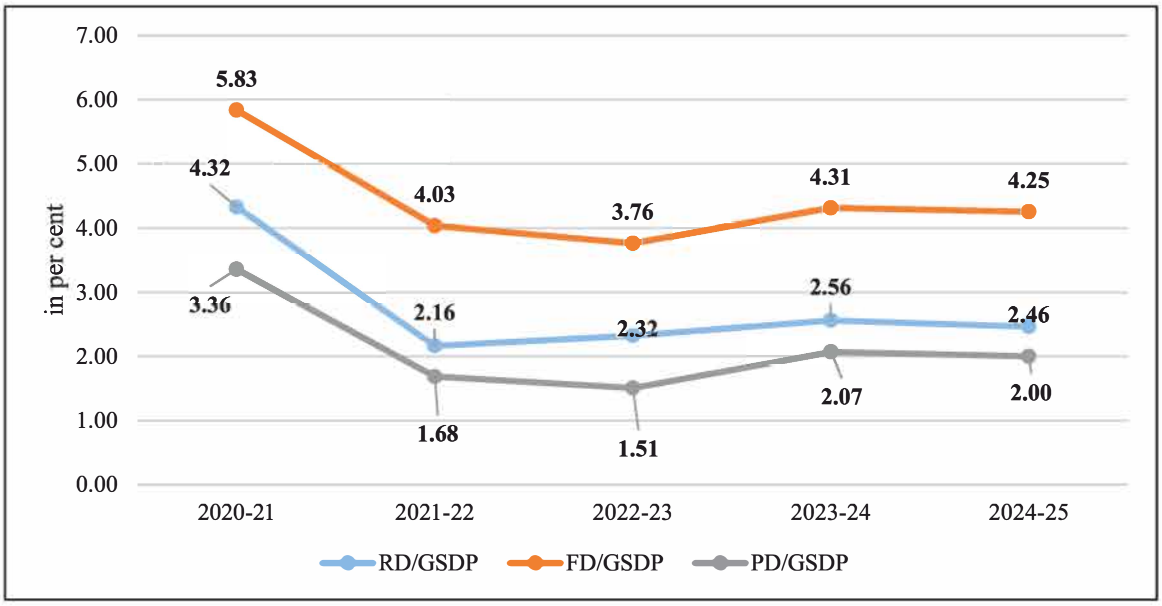
* *Additional borrowing limit of 0.50 per cent of GSDP was allowed for the period 2021-22 to 2024-25 for power sector reforms*

The State did not achieve the fiscal targets prescribed under the FRBM Act during 2015-16 to 2024-25 in respect of revenue balance and fiscal deficit. The Act envisages maintenance of revenue surplus; however, the State recorded revenue deficit in all the years during 2015-16 to 2024-25, indicating continued reliance on borrowings to meet revenue expenditure.

Similarly, the fiscal deficit exceeded the stipulated ceiling in each year during the last ten years and ranged between 3.04 *per cent* and 9.25 *per cent*.

With regard to the ratio of total outstanding liabilities to GSDP, the State achieved the prescribed target in all the years during 2015-16 to 2024-25, except in 2020-21 when the ratio exceeded the prescribed target. While the debt ratio remained within the target in recent years, persistent revenue deficit and breach of fiscal deficit limits indicate structural fiscal stress and incomplete adherence to the consolidation path envisaged under the FRBM framework.

Chart 1.34: Trend analysis of deficits



The targets set by Fifteenth Finance Commission (XV-FC) and those projected in the State budget vis-a-vis achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Table 1.43.**

Table 1.43: Targets vis-a-vis achievements in respect of major fiscal aggregates for the year 2024-25

Fiscal Variables	Target as prescribed by XV-FC	Target in Budget	Actual	Percentage variation of actual over	
				Target of XV-FC	Target in Budget
(1)	(2)	(3)	(4)	(4-2=5)	(4-3=6)
Revenue Deficit/ GSDP (*per cent*)	1.7	(-)1.51	(-) 2.46	(-)4.16	(-) 0.95
Fiscal Deficit/ GSDP (*per cent*)	(-) 3.5*	(-)3.93	(-) 4.25	(-)0.75	(-) 0.32
Total Outstanding liability/ GSDP (*per cent*)	38.9	35.97	37.10$	(-)1.8	1.13

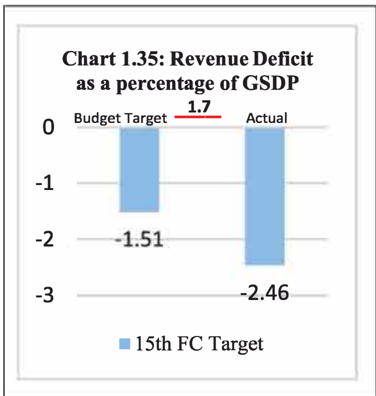
Source: Recommendations of XV-FC, Budget and Finance Accounts

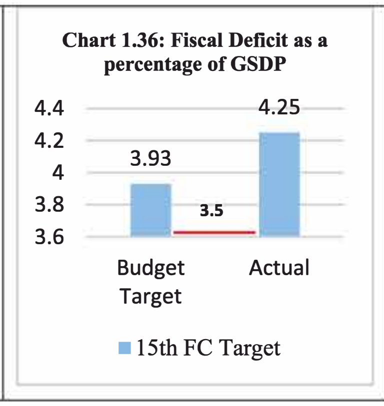
Note: Deficit figures have been shown in minus.

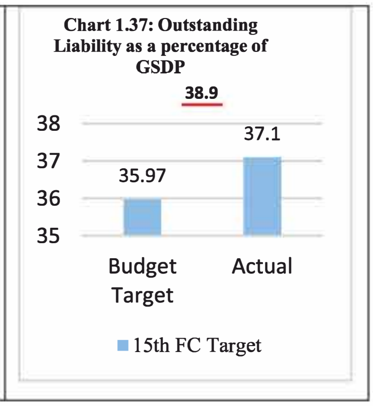
$ Excluding back-to-back loan of ₹ 8,519 crore received from GoI in lieu of GST Compensation

**** Including extra borrowing limit 0.50 per cent of GSDP for power sector reforms***

The targets set by 15th FC and those projected in the State budget *vis-à-vis* achievements in respect of major fiscal aggregates with reference to GSDP during 2024-25 are given in **Chart 1.35**, **Chart 1.36** and **Chart 1.37**.







Source: Finance Accounts and budget documents

During the year 2024-25, the Government was unable to contain the revenue deficit-GSDP and fiscal deficit-GSDP ratios within the levels fixed by 15th FC and those projected in the budget estimates, but total outstanding debt-GSDP ratio remained within the levels fixed.

Comparison of targets for fiscal parameters projected in Medium Term Fiscal Plan (MTFP) presented to the State Legislature with actuals for the current year is provided in the **Table 1.44.**

Table 1.44: Actuals vis-à-vis projection in MTFP for 2024-25

(₹ in crore)

S. No.	Fiscal Variables	Projection as per MTFP	Actuals (2024-25)	Variation (in *per cent*)
1	Own Tax Revenue	1,25,525	1,03,310	(-) 17.70
2	Non-Tax Revenue	22,665	23,502	3.70
3	Share of Central Taxes	79,587	77,548	(-) 2.56
4	Grants-in-aid from GoI	36,684	22,890	(-) 37.60
5	Revenue Receipts (1+2+3+4)	2,64,461	2,27,250	(-) 14.07

S. No.	Fiscal Variables	Projection as per MTFP	Actuals (2024-25)	Variation (in *per cent*)
6	Capital Receipt	326	524	60.74
7	Revenue Expenditure	2,90,219	2,69,200	(-) 7.24
8	Revenue Deficit (-)/Surplus (+) (5-6)	(-)25,758	(-) 41,950	62.86
9	Fiscal Deficit (-)/ Surplus (+)	(-)70,009	(-) 72,420	3.44
10	Primary Deficit	(-)32,472	(-) 34,075	4.94
11	Debt (Liability)-GSDP ratio (*per cent*)	35.97	37.10	3.14
12	GSDP growth rate at current prices (*per cent*)	12.02	12.02	0.00

Source: Finance Accounts and budget document.

It can be seen from the table above, the actual Revenue Deficit, Fiscal Deficit and actual Liability-GSDP ratio had exceeded the projections of MTFP.

The State Government needs to make medium term corrections on the expenditure side to moderate expenditure and simultaneously mobilise State revenues to bring down the debt level.

1.5.4 Debt Sustainability Analysis (DSA)

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters and compliance of macro-fiscal parameters to the respective FRBM targets.

Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 1.45.**

Table 1.45: Trends in Debt Sustainability Indicators

(Rs in crore)

S. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Effective Overall Liabilities or Overall Debt*, of which	**405896.00**	**450973.00**	**493702.00**	**559767.00**	**632325.54**
2	Rate of Growth of Overall Debt (*per cent*)	15.08	11.11	9.47	13.38	12.96
3	GSDP (in nominal terms)	1017917	1195641	1356480	1521510	1704339
4	**Nominal GSDP growth (*per cent*)**	**1.79**	**17.46**	**13.45**	**12.17**	**12.02**
5	**Overall Debt/GSDP (*per cent*)##**	**39.88**	**37.72**	**36.40**	**36.79**	**37.10**
6	Repayments to Gross Borrowings (*per cent*)	87.87	91.98	95.83	91.24	91.50
7	Net borrowings available as a percentage of Gross Borrowings#	12.13	8.02	4.17	8.76	8.50
8	Interest payments on Overall Debt	25202.00	28100.00	30602.00	34128.00	38344.64
9	**Effective rate of interest on Overall Debt (*per cent*)**[21]	**7.23**	**7.11**	**7.02**	**7.03**	**7.05**
10	Interest payment to Revenue Receipts (*per cent*)	18.76	15.28	15.69	16.79	16.87
11	**Primary Revenue Balance (PRB)**	**-18799**	**2230**	**-889**	**-4827**	**-3605**
12	**Fiscal Deficit**	**-59376**	**-48238**	**-51028**	**-65580**	**-72420**
13	**Primary Balance/deficit (PB)**	**-34174**	**-20138**	**-20426**	**-31452**	**-34075**
14	**PB/GSDP (*per cent*)**	**-3.36**	**-1.68**	**-1.51**	**-2.07**	**-2.00**
15	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	50	71	133	170	190
16	Return on Investment (RoI)	12.65	0.61	2.94	0.74	1.58

21 Effective rate of interest on Overall Debt has been calculated adjusting the Reserve Funds, Deposits not bearing interest and 50 years' interest free Central assistance to State for Capital Expenditure. Effective Rate of Interest = Interest Payment/Average of Opening and Closing Stock of Debt (excluding non- interest bearing liabilities) * 100

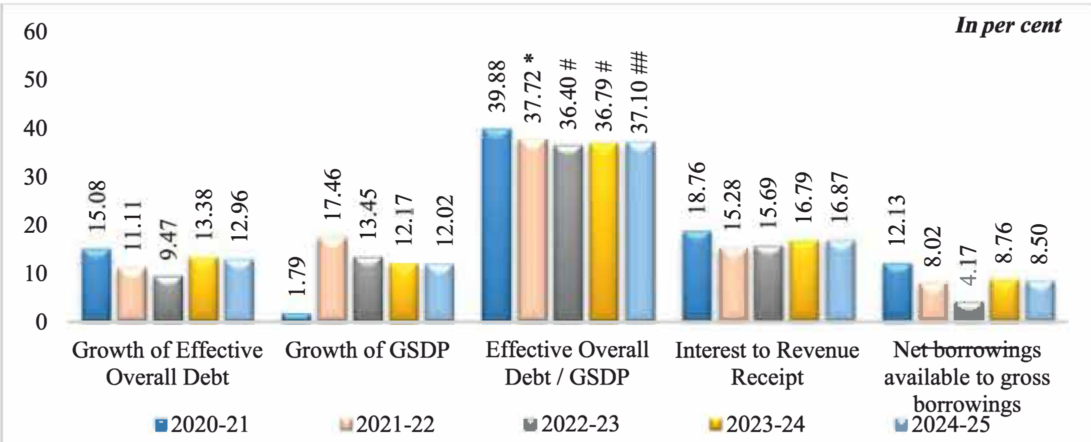
S. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
17	Difference between RoI[22] and effective rate of interest on overall liability	**5.42**	**-6.51**	**-4.08**	**-6.29**	**-5.47**
18	**Debt Stabilisation (Quantum spread[23]+ Primary balance)**	**-54570**	**22871**	**8926**	**-5075**	**-5583**
19	**Domar Gap**					
A	GSDP (in constant terms)	665963	725464	779196	840599	906294
B	**Real Growth (in constant terms)**	**-1.82**	**8.93**	**7.41**	**7.88**	**7.82**
C	**Inflation based on CPI (*per cent*)**	**3.69**	**4.86**	**6.91**	**6.39**	**4.32**
D	**Effective Rate of interest on Overall Debt as in Sl.No. 9)**	**7.23**	**7.11**	**7.02**	**7.03**	**7.05**
E	**Real effective rate of interest (Effective rate of interest-Inflation) (19d-19c)**	**3.54**	**2.25**	**0.11**	**0.64**	**2.73**
F	**Growth Interest Differential (Real growth-Real effective rate of interest) (19b-19e)**	**-5.36**	**6.68**	**7.30**	**7.24**	**5.08**
G	**Primary Balance (PB)**	**-34174**	**-20138**	**-20426**	**-31452**	**-34075**

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

**** Outstanding liability is the sum of outstanding balances under the Heads 6003-'Internal Debt' and 6004-'Loans and Advances from the Central Government' and Pubic account balances. During 2020-21, 2021-24 and 2024-25. it excluded ₹ 4,604 crore, ₹ 11,872 crore (₹ 4,604 crore+₹ 7,268 crore) and ₹ 8.519 crore respectively 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.***

 # Net debt available to the State Government is calculated as excess of overall debt receipts over overall debt repayment and interest payment on Public debt.

Chart 1.38: Trends of Debt Sustainability indicators



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

\# *Arrived at after exclusion of GST compensation of ₹11,872 crore received as back-to-back loans under debt receipts from the total outstanding liabilities.*

\## *Arrived at after exclusion of GST compensation of ₹ 8,518.91 crore received as back-to-back loans under debt receipts from the total outstanding liabilities.*

Analysis of various debt sustainability indicators as shown in **Table 1.45** and **Chart 1.38** revealed the following:

- **Debt as percentage of GSDP**: The Debt-GSDP ratio remained more than 35 *per cent* during the last five years. Fiscal deficit of the State also remained more than the targeted three *per cent* of GSDP during last five years. More than 88 *per cent* of borrowings were utilised for repayment of outstanding Debt (including interest) during last five years. *High Debt to GSDP Ratio signifies that the State's burden is substantial compared to its economic output and indicates financial vulnerability and reduced fiscal flexibility.*

22. Return on Investment (RoI) as measured by effective rate of interest receipts.
RoI = Interest Receipts/Average of Opening & Closing Stock of Loans and Advances Disbursed*100
23. Quantum Spread = Interest Spread x Debt (excluding non- interest- bearing liabilities).

- **Rate of nominal growth of GSDP and Rate of growth of debt:** Except for 2021-22 and 2022-23, the nominal GSDP rate was less than the rate of growth of overall debt. This implies that debt growth outpaced the nominal growth in, 2020-21, 2023-24 and 2024-25 thereby worsening the debt burden of the state in these years.

- **Primary balances and primary revenue balances:** Primary balances and primary revenue balances remained negative in all the five years (except positive primary revenue balances in 2021-22). *Primary balances continuously increased from ₹ 20,138 crore in 2021-22 to ₹ 34,075 crore in 2024-25 indicating that debt is on a unsustainable path.*

- **Interest payment as percent to revenue receipt and revenue expenditure:** The burden of interest payment on overall debt as percentage of revenue receipts remained more than 15 *per cent* in all the five years. It increased from 15.28 *per cent* in 2021-22 to 16.87 *per cent* in 2024-25. As percentage of revenue expenditure, it remained more than 13 *per cent* during the last five years and showed an increasing trend during the last four years. *This indicates an unsustainable debt trajectory.*
- **Maturity profile and cost of borrowing:** Maturity profile of the state's market loan reveals that 65.99 *per cent* (₹ 3,25,914 crore) of total market loan as on 31 March 2025 is repayable after more than five years indicating a longer horizon of debt. This limits the roll-over risk over the forthcoming short & medium term.

- **Liquidity:** During 2024-25 the State Government availed ₹ 91,250.55 crore special ways and means advances and ₹ 31,028.90 crore normal ways and means advances. The number of occasions of taking Ways and Means advances from RBI has increased from three in 2019-20 to 190 times in 2024-2025. During 2024-25, an amount of ₹180.01 crore was paid as interest on ways and means advance by the State Government. *Consistent use of WMA in large amount indicates poor liquidity management, which indicates poor fiscal management and hinders short term sustainability.*

- **Fiscal imbalances (FB):** During 2024-25, ratio of Overall debt to GSDP increased over previous year. This indicates that the State has no scope for fiscal expansion through borrowings. Since primary balances of the state increased continuously during the last three years, it indicates that the debt is not sustainable.

- **Domar Modal-Rate of real growth of GSDP (at constant prices) and effective real rate of interest on Overall Debt:** During 2021-22 to 2024-25, the rate of real growth was more than real effective rate of interest. With revival of economy, the real growth of GSDP improved significantly from a contraction of -1.82 *per cent* in 2020-21 due to the COVID-19 pandemic to 8.93 *per cent* in 2021-22 and remained stable at more than 7 *per cent* in 2022-23 & 2023-24 and 2024-25 to cover the cost of borrowings in these years. However, the primary balances of the state remained negative during the last five years. The primary deficit showed an unstable trend. With growing interest liability of the State on borrowings, it is too early to conclude that debt is sustainable for the State.

(B) The Details of the achievements vis-à-vis targets set in the MTFP are shown in **Table 1.46.**

Table 1.46: Achievements vis-à-vis targets set in MTFP

Fiscal Parameters		Achievement vis-à-vis targets set in the MTFP/FRBM Act				
		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-)/ Surplus (+) to Revenue Receipt (in *per cent*)	T	(-) 7.12	(-) 12.88	(-) 10.93	(-) 10.64	(-) 9.74
	A	(-) 32.76	(-) 14.07	(-) 16.15	(-) 19.16	(-)18.46
Fiscal Deficit (-)/ Surplus (+) to GSDP (in *per cent*)	T	(-) 2.99	(-) 3.98	(-) 4.36	(-) 3.98	(-) 3.93
	A	(-) 5.83	(-) 4.03	(-) 3.76	(-) 4.31	(-) 4.25
Ratio of total outstanding liability to GSDP (in *per cent*)	T	33.12	38.15	39.80	36.78	35.97
	A	39.88[24]	37.72[25]	36.40[25]	36.79[25]	37.10[26]

Source: Finance Accounts and budget documents

It can be seen from the above table that the State Government was unable to achieve targets of Revenue Deficit to Revenue Receipts continuously for the last five years. The State Government could not achieve the MTFP targets of Fiscal Deficit as percentage of GSDP during 2020-21 to 2021-22, 2023-24 and 2024-25. The MTFP target of outstanding liability to GSDP was not achieved during 2020-21 and 2024-25.

1.5.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund in case of borrower defaults. The State extends guarantees for loans raised by entities like statutory corporations, boards, local bodies, and co-operative institutions As per FRBM Act, 2005 (amended in April 2016) total outstanding Government guarantee on 31 March 2017 shall not exceed 70 *per cent* of estimated receipts in the Consolidated Fund of the State in financial year 2016-17 and thereafter total outstanding government guarantee at the end of each financial year shall not exceed 60 *per cent* of estimated receipts in the Consolidated Fund of the State in that financial year. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in **Table 1.47**.

Table 1.47: Guarantees given by the State Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Estimated Receipts in consolidated Fund	2,19,467	2,46,909	3,38,075	3,82,674	4,86,805
Ceiling applicable to the outstanding amount of guarantees (i.e. 60 *per cent* of estimated receipts in consolidated Fund)	1,31,680	1,48,145	2,02,845	2,29,604	2,92,083
Outstanding amount of guarantees at the beginning of the year	80,631	82,612	95,868	1,04,832	1,10,918
Outstanding guarantees at the end of the year	82,612	95,868	1,04,832	1,10,918	1,16,800

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees increased by 5.30 *per cent* from ₹1,10,918 crore in 2023-24 to ₹ 1,16,800 crore in 2024-25 and were 51.40 *per cent* of the Revenue Receipts (₹ 2,27,250 crore) of the Government.

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24. Arrived at after exclusion of GST compensation of ₹4,604 crore received as back to back loans in 2020-21 under debt receipts from the total outstanding liabilities.
25. Arrived at after exclusion of GST compensation of ₹11,872 crore received as back to back loans during 2020-21 and 2021-22 under debt receipts from the total outstanding liabilities.
26. Arrived at after exclusion of GST compensation of ₹8,519 crore received as back to back loans during 2020-21 and 2021-22 under debt receipts after proforma reduces during the year from the total outstanding liabilities as per GoI guidelines.

The outstanding guarantees for ₹ 1,16,800 crore as on 31 March 2025 was in respect of Power (₹ 86,748.84 crore); Co-operatives (₹ 3,134.09 crore); Road and Trasport (₹ 6,011.69 crore); State Finance Companies/Corporations (₹1,332.50 crore); Urban Development and Housing (₹ 6,782.85 crore); and Others (₹ 12,790.39 crore). The guarantees of Power Companies were given for repayment of loans/ overdraft, amount raised by issue of bonds/debentures and payment of interest at stipulated rates.

The Government gave guarantees within the limits prescribed in the FRBM Act during 2024-25. The outstanding guarantee to estimated receipts ratio (23.99 *per cent*) during 2024-25 was within the limit fixed under FRBM Act (60 *per cent*).

The outstanding guarantee remained within the permissible limit throughout the years indicating fiscal prudence.

1.5.6 Pathways to Fiscal Stability

Deficits can be improved by enhancing revenues and rationalizing expenditures. This includes strengthening tax compliance, widening the tax base, revising user charges, and monetizing idle government assets. On the spending side, better targeting of subsidies, controlling salary and pension growth, and ensuring proper classification of expenditure are key factors. Prioritizing productive capital investment and improving debt management through transparent and efficient borrowing can further ease fiscal pressure. These measures collectively create fiscal space and help reduce revenue, fiscal, and primary deficits in a sustainable manner. These have been discussed in succeeding paragraphs.

1.5.6.1 Improving revenues of the State

Untapped revenue potential that, if harnessed effectively, could significantly enhance fiscal space and reduce dependence on debt. Inefficiencies in assessment, undervaluation, and limited enforcement mechanisms of key tax streams such as State GST, Stamp Duty, and Excise will lead to subdued revenue growth. Under-realized non-tax revenues, with low user charges, poor cost recovery, and suboptimal returns on public assets and investments also impede the fiscal space. Timely realization of pending arrears is (tax and non- tax) another step towards enhancing the fiscal space.

A. Analysis of arrears of revenue

The arrear of revenue indicates delay in realization of revenue by the Government and the arrear of assessment indicates potential revenue which is blocked due to delayed assessment. Both deprive the Government of potential revenue receipts and ultimately impact the revenue deficit.

The arrears of revenue as on 31 March 2025 relating to certain principal heads of revenue amounted to ₹ 11,958.49 crore, out of which ₹4,139.07 crore was outstanding for more than five years as given in **Table 1.48.**

Table 1.48: Arrears of Revenue

(₹ in crore)

S. No.	Heads of revenue	Total amount outstanding as on 1 April 2024	Total amount outstanding as on 31 March 2025 and percentage of increase in comparison to previous year		Amount outstanding for more than five years as on 31 March 2025
1.	Commercial Taxes *	8,246.60	6,805.18	(-) 17.48	3,373.87
2.	Transport *	43.64	36.07	(-) 17.35	22.30
3.	Land Revenue *	194.55	205.66	(-) 5.71	-
4.	Major and Medium Irrigation *	3.33	3.44	3.30	-
5.	Mines and Geology	252.06	234.94	(-) 6.79	103.82
6.	Registration and Stamps *	1,968.90	1,383.30	(-)29.74	260.55
7.	Land Tax	1,252.32	1,107.93	(-)11.53	190.49
8.	State Excise*	1,970.77	2,181.97	10.72	188.04
Total		**13,932.17**	**11,958.49**	**(-) 14.17**	**4,139.07**

Source: Information provided by the concerned Departments

* *Opening balances differ from the previous year closing balances due to furnishing of updated information by the departments.*

The total arrears of revenue declined from ₹13,932.17 crore as on 1 April 2024 to ₹11,958.49 crore as on 31 March 2025, reflecting an overall reduction of 14.17 *per cent* during the year. Significant reduction was observed under Commercial Taxes and Registration and Stamps, which together account for a substantial portion of arrears.

However, arrears under State Excise increased by 10.72 *per cent* during the year, indicating emerging recovery concerns in that sector. Further, ₹4,139.07 crore, representing a considerable portion of total arrears, remained outstanding for more than five years, particularly under Commercial Taxes, Registration and Stamps and Mines and Geology.

While the overall decline in arrears indicates some improvement in recovery, the persistence of long-pending dues and growth in arrears under certain heads point to the need for strengthened recovery mechanisms and periodic review of outstanding cases to prevent accumulation of uncollected revenue.

Finance (Tax) department intimated (November 2025) that out of outstanding balances of various departments as on 31 March 2024, an amount of ₹ 379.76 crore pertaining to Registration & Stamps department and Land Tax has been recovered and efforts are being made by the Excise department for recovery of outstanding balances.

B Arrears of Assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Departments of Commercial Taxes, Transport, Registration and Stamps, Mines and Geology are given in **Table 1.49.**

Table 1.49: Arrear in Assessment

Name of the Department	Opening balance	New cases due for assessment during 2024-25	Total assessments due	Cases disposed of during 2024-25	Balance at the end of the year	Percentage of disposal (col. 5 / 4)
1	2	3	4	5	6	7
Commercial Taxes *	945	5,118	6,063	4,665	1,398	76.94
Transport	1,154	19,303	20,457	19,525	932	95.44
Registration and Stamps * #	4,646	8,365	13,011	9,597	3,414	73.76
Mines and Geology *	11,427	7,305	18,732	8,980	9,752	47.94

Source: Information provided by the concerned Departments.

**** Opening balances differ from the previous year closing balances due to furnishing of updated information by the departments.***

 # Including Land Tax

During 2024-25, the Departments of Commercial Taxes, Transport, Registration and Stamps, and Mines and Geology reported substantial pendency in assessments. While the Transport Department achieved a high disposal rate of 95.44 *per cent*, thereby reducing its closing balance significantly, other departments recorded moderate to low disposal rates. Commercial Taxes and Registration and Stamps disposed of 76.94 *per cent* and 73.76 *per cent* of total cases due, respectively, leaving considerable balances at the year end.

The Mines and Geology Department recorded the lowest disposal rate at 47.94 *per cent*, resulting in a closing pendency of 9,752 cases, which is more than half of the total cases due during the year. The persistence of high pendency in assessments, particularly in Mines and Geology and Registration and Stamps, indicates the need for strengthening assessment mechanisms and expediting disposal to prevent accumulation of arrears and ensure timely realisation of revenue.

Finance (Tax) department intimated (November 2025) that out of pending cases of arrears of assessment of various departments as on 31 March 2024, 2,251 cases pertaining to Registration & Stamps department have been settled and efforts are being made by the remaining department for settlement of balance cases.

C Details of Evasion of Tax Detected by Departments

The cases of evasion of tax detected by the Departments and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. According to the information furnished by the Commercial Tax Department, 291 cases of tax evasion were noticed during the year 2024-25. In 322 cases, assessment/ investigation was completed, and 370 cases were pending for finalization as on 31 March 2025. Further, in Registration and Stamps Department, 493 cases of tax evasion were noticed during the year 2024-25. As on 31 March 2025, assessment/ investigation was completed for all the cases and no case was pending for finalization. Details of pending cases is given in **Table 1.50.**

Table 1.50: Evasion of Tax Detected

(₹ in crore)

Head of revenue	Cases pending as on 31 March 2024	Cases detected during 2024-25	Total	No. of cases in which assessment /investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2025
				No. of cases	Amount of demand	
Commercial Tax	401	291	692	322	827.42	370
Registration and Stamps*	1,967	493	2,460	2,460	23.59	0

***Source:** Information provided by the concerned Departments.*

** Opening balances differ from the previous year closing balances due to furnishing of updated information by the department.*

It can be seen that in case of Commercial Tax Department, the pendency of cases decreased during the year from 401 as on 31 March 2024 to 370 as on 31 March 2025.

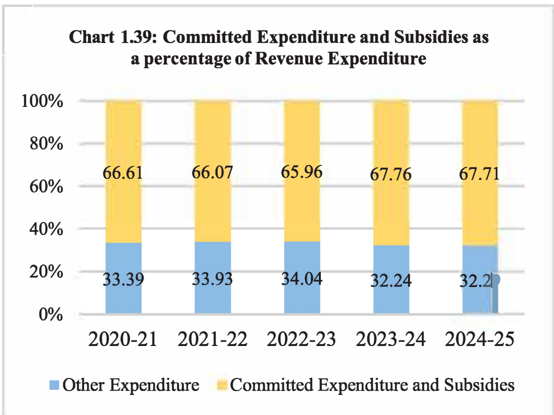
Finance (Tax) department intimated (November 2025) efforts are being made by the department for settlement of balance cases.

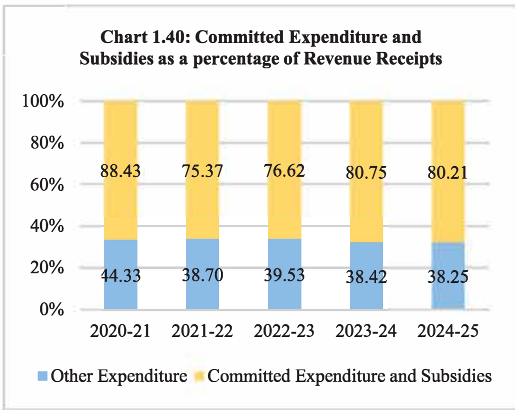
The Department may make concerted efforts for finalization of pending cases.

1.5.6.2 Issues on expenditure side

A. Fiscal stress from committed expenditure and subsidies

Chart 1.39 and **Chart 1.40** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-25 respectively.





In 2024-25, the State's committed expenditure of ₹ 1,48,264 crore comprising salaries and wages (₹ 80,601 crore), pensions (₹ 29,318 crore), and interest payments (₹ 38,345 crore, accounted for approximately 65.24 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 34,024 crore, bringing the total rigid expenditure to ₹1,82,288 crore, which was nearly 80.21 *per cent* of the State's revenue receipts. The percentage of Committed Expenditure and Subsidies to Revenue Expenditure remained above 65 *per cent* in all the five years.

The high and inflexible nature of such expenditure significantly compresses fiscal space, limiting the State's ability to allocate resources towards capital investment and developmental priorities. This structural imbalance increases the risk of persistent revenue and primary deficits, constrains long-term fiscal sustainability, and reduces the government's capacity to respond to emergent socio-economic challenges. There is an urgent need for expenditure reform through rationalization of subsidies, improved targeting, and prudent management of salary and pension commitments, to enhance fiscal flexibility and ensure a sustainable fiscal path.

B Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years would lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 1.51** (based on information provided by the State Government for ***Appendix IX*** of the Finance Accounts for the year 2024-25).

Table 1.51: Capital blocked in incomplete projects

(₹ in crore)

<table>
<tr><th colspan="4">Age profile of incomplete projects as on 31 March 2025</th><th colspan="4">Department-wise profile of incomplete projects Till 31 March 2025</th></tr>
<tr><th>Year (Commencement)</th><th>No. of incomplete projects</th><th>Estimated cost (including revised cost)</th><th>Expenditure (as on 31 March 2025)</th><th>Department</th><th>No. of incomplete projects</th><th>Estimated Cost (including revised cost)</th><th>Expenditure (as on 31 March 2025)</th></tr>
<tr><td>Upto 2015-16</td><td>24</td><td>9,682.71</td><td>8,376.36</td><td rowspan="3">Water Resources</td><td rowspan="3">75</td><td rowspan="3">14619.79</td><td rowspan="3">11,074.62</td></tr>
<tr><td>2016-17</td><td>4</td><td>608.29</td><td>466.33</td></tr>
<tr><td>2017-18</td><td>7</td><td>1,133.94</td><td>967.66</td></tr>
<tr><td>2018-19</td><td>5</td><td>1,487.70</td><td>1,240.24</td><td rowspan="3">Public Works</td><td rowspan="3">219</td><td rowspan="3">7,079.18</td><td rowspan="3">3,601.77</td></tr>
<tr><td>2019-20</td><td>3</td><td>48.32</td><td>28.32</td></tr>
<tr><td>2020-21</td><td>3</td><td>82.90</td><td>51.55</td></tr>
<tr><td>2021-22</td><td>30</td><td>1,273.78</td><td>890.47</td><td rowspan="4">Public Health Engineering</td><td rowspan="4">3</td><td rowspan="4">409.29</td><td rowspan="4">678.87</td></tr>
<tr><td>2022-23</td><td>66</td><td>2,324.41</td><td>1,629.46</td></tr>
<tr><td>2023-24</td><td>153</td><td>5,413.18</td><td>1,704.87</td></tr>
<tr><td>2024-25</td><td>2</td><td>53.03</td><td>0</td></tr>
<tr><td>TOTAL</td><td>297</td><td>22,108.26</td><td>15,355.26</td><td>TOTAL</td><td>297</td><td>22,108.26</td><td>15,355.26</td></tr>
</table>

Out of the estimated cost of ₹ 22,108.26 crore on these 297 ongoing projects, ₹ 15,355.26 crore was spent till 2024-25. Therefore, due to non- completion of these 297 projects, Capital Expenditure of ₹ 15,355.26 crore remained blocked which was 4.81 *per cent* of the cumulative capital outlay (₹ 3,19,315.92 crore) of the State.

Due to incomplete information in ***Appendix-IX*** (Commitments of the Government-List of Incomplete Capital Works) of the Finance Accounts for the year 2024-25 (provided by the State Government), Audit could not ascertain the position of pending payment (future liability), if any, as on 31 March 2025.

Blocking of funds on incomplete projects/works for long period negatively impacts the quality of expenditure and deprives the people of State of the intended benefits. Effective steps need to be taken to expeditiously complete all these projects so that the benefits may reach the people and further cost overruns may be avoided.

C. Undischarged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending. Besides creating lack of transparency and credibility, this impairs the state's ability to raise resources in a sustainable manner, thereby impacting overall fiscal health and long-term sustainability.

Audit observed that the State Government had accumulated several un-discharged liabilities over the years, which have significant implications for fiscal sustainability. During the year these include:

- Short transfer of statutory funds/cess such as Building and Construction Welfare Board amounting to ₹ 24.44 crore.
- Short transfer to Rajasthan Cow Protection and Protection and Promotion Fund to ₹ 318.91 crore
- Short transfer of Water Conservation Cess to ₹ 9.00 crore
- Un-discharged interest liabilities totalling ₹ 84.69 crore.
- Off-budget borrowings and other liabilities not captured in the debt stock amounting to ₹ 9,044.58 crore.

The cumulative value of these un-discharged liabilities amounted to ₹ 9,481.62 crore, which is equivalent to 0.56 *per cent* of the GSDP and 13.09 *per cent* of the Fiscal Deficit for the year 2024-25.

Audit recommends that the State Government disclose and address all un- discharged liabilities transparently and make provisions for timely discharge of these obligations to avoid future fiscal stress.

Further, a case was noticed where the State Government irregularly transferred its liability as discussed below:

Case Study on 'Irregular transfer of liability by State Government to RajMES'

Rajasthan Medical Education Society (RajMES) is a registered society (October 2016) with the Registrar of Cooperative Societies. RajMES was established for the operation and control of the colleges approved under the Centrally Sponsored Scheme "Opening of New Medical Colleges and upgradation of affiliated District Hospitals" run by Government of India (GoI).

Under the scheme, GoI accorded sanction for establishing new Medical Colleges at seven[27] district headquarters in first phase, one[28] district headquarter in the second phase and 13[29]district headquarters in the third phase. Medical Council of India approved 2,580 undergraduate and 200 postgraduate seats in these new Medical Colleges. As per

27. Bharatpur, Churu, Bhilwara, Dungarpur, Pali, Barmer and Sikar
28. Dholpur
29. Sriganganagar, Chittorgarh, Sirohi, Dausa, Hanumangarh, Alwar, Karauli, Bundi, Baran, Banswara, Nagaur, Jhunjhunu and Sawai Madhopur

the guidelines of the scheme, new medical colleges would be set up by the State Government and funds for setting up of these medical colleges will be shared between the Central Government and the State Government in the ratio of 60:40 with the provision to keep the funds in SNA account. In addition to this, the State Government have to bear the entire burden of the increased project cost.

Scrutiny of records/information provided by the RajMES revealed that:

1. State Government transferred funds amounting ₹4,000.59 crore (Central share ₹2,406.27 crore, State share: ₹ 1,594.32 crore) against approved fund of ₹4,355 crore (Central share: ₹ 2,613 crore, State share: ₹ 1742 crore) up to 31 March 2025 resulting in short release of ₹ 354.41 crore (Central share ₹ 206.73 crore, State share ₹ 147.68 crore) by the State Government. This indicates that the State Government did not follow the scheme guidelines (central-state ratio of 60:40) and increased its state receipts to that extent.

2. Initial approved cost of seven Medical Colleges was increased from ₹ 1,323 crore to ₹ 1,623 crore due to increase in seats (100 to 150 in five colleges). However, the State Government decided to meet out this gap by way of loan from the bank through the Executing agency i.e. RajMES.

3. Medical Education Department issued (December 2022) administrative sanction for raising loan of ₹ 897.35 crore by RajMES from Bank of Maharashtra, Jaipur for the additional cost of "Establishment of New Medical Colleges and attached Hospitals" of first phase as state share. It was noticed that out of the total loan ₹ 673 crore (December 2022: ₹ 448 crore and May 2023: ₹ 225 crore) taken so far, amounting to ₹ 628.30 crore has been disbursed[30] to executive agencies for construction works during February 2023 to July 2025 indicating that funds were not necessary for immediate use. Further, an amount of ₹ 3.62 crore out of ₹ 628.30 crore was transferred for construction of RajMES building also.

Since the State share under the scheme is to be borne by the State Government and is being provided through State Budget regularly, the additional cost was to be borne by the State Government only as the assets created under the scheme also belong to the State Government.

Medical Education Department accepted (January 2026) the facts and stated that loans availed from Bank of Maharashtra by RajMES were used to meet the gap funding in the revised cost.

However, the loan raised by RajMES to augment additional cost as State share under the scheme is irregular as the Scheme guidelines provided that the State Government have to bear the entire burden of the increased project cost. Thus, liability of the loan amounting

30. 2022-23: ₹134.38 crore, 2023-24: ₹ 240.59 crore, 2024-25: ₹ 205.10 crore, 2025-26: ₹ 48.22 crore

to ₹ 673 crore raised for gap funding should have been borne by the State Government from its own resources.

1.6 Conclusion

Revenue receipts of the State increased by 11.79 *per cent* over the previous year but fell short by 14.07 *per cent* in comparison to the budget estimates. 55.80 *per cent* of the Revenue Receipts came from the State's own resources, while central tax transfers and Grant-in-aid together contributed 44.20 *per cent* indicating dependency of Rajasthan's fiscal position on tax transfers and Grant-in-aid from GoI.

Capital receipts increased by 1.59 *per cent* in 2024-25 from previous year and remain overwhelmingly debt-driven, with nearly 82.07 *per cent* inflow from internal debt.

Total expenditure increased by 11.48 *per cent* in 2024-25. Revenue expenditure formed major constituent of the total expenditure ranging from 89.44 *per cent* to 91.90 *per cent* during 2020-25. Relative share of capital expenditure in total expenditure was 10.23 *per cent* which had marginally increased over previous year by 9.89 *per cent.*

The share of committed expenditure in revenue expenditure decreased from 58.29 *per cent* in 2020-21 to 55.08 *per cent* in 2024-25 and it is also slightly decreased over the previous year (56.04 *per cent*). The ratio of committed expenditure to revenue receipts has decreased from 77.39 *per cent* in 2020-21 to 65.24 *per cent* in 2024-25 though it is also slightly decreased from the previous year (66.78 *per cent)*.

Subsidy in absolute terms and as a *per cent* of revenue receipts and revenue expenditure increased continuously. During 2024-25, subsidy as percentage of revenue receipts and revenue expenditure was 14.97 *per cent* and 12.64 *per cent* respectively. Payment on subsidies during 2024-25 (₹ 34,024 crore) increased by 19.79 *per cent* over the previous year (₹ 28,402 crore).

For the twelve consecutive years, the State Government was unable to achieve its target of revenue deficit and fiscal deficit envisaged under the FRBM Act. During 2024-25, the revenue deficit increased to ₹ 41,950 crore from ₹ 38,955 crore in 2023-24 and fiscal deficit increased to ₹ 72,420 crore from ₹ 65,580 crore in 2023-24.

During 2020-21 to 2024-25, a substantial portion of borrowings was used for repayment of earlier loans rather than for capital formation. In 2024-25, 81.98 *per cent* of total borrowings (public debt and other obligations) was utilised for repayment of earlier borrowings (principal) and other obligations, leaving limited fiscal space for developmental expenditure, reflecting use of capital receipts for financing current consumption.

The arrears of revenue of ₹ 11,958.49 crore were pending due to delay of assessment as on 31 March 2025, out of which ₹ 4,139.07 crore was outstanding for more than five years.

At the end of March 2025, the cash balance was ₹ 799 crore. Further, the State Government availed normal and special Ways and Means for 271 days and paid an interest of ₹ 180.01 crore.

1.7 Good practices

The good aspects of Fiscal management of the State Government are given below:

- The Government of Rajasthan set up the Consolidated Sinking Fund in 2024-25 for amortization of loans.

- Outstanding Liability-GSDP ratio was within the limit fixed by the FRBM Act.
- Guarantee commission is being regularly deposited to Guarantee Redemption Fund and Corpus of GRF reached as desired level as per guidelines.
- The outstanding guarantee to estimated receipts ratio (23.99 *per cent*) during 2024-25 was within the limit fixed under FRBM Act (60 *per cent*).

1.8 Recommendations

1. Strengthen Revenue Forecasting and Mobilisation

- The Finance Department may institute a quarterly revenue forecasting review mechanism to minimise deviations between Budget Estimates and actuals, particularly in Own Tax Revenue.
- Department-wise variance analysis may be conducted and corrective measures documented before submission of Revised Estimates.
- A targeted roadmap for increasing Own Tax Revenue-to-GSDP ratio may be prepared with measurable annual milestones.

2. Improve Quality of Expenditure

- The Government may ensure that borrowings are progressively aligned towards capital asset creation rather than financing revenue expenditure.
- A minimum threshold for Capital Expenditure as a percentage of Total Expenditure may be prescribed and monitored annually.
- Outcome-based monitoring may be introduced for major revenue expenditure heads.

3. Contain Committed Expenditure

- Periodic review of interest cost through debt restructuring or swap strategies may be considered to reduce interest burden.

Actuarial Valuation of Pension Liabilities

- The State Government may commission an independent actuarial valuation of total pension liabilities under the Old Pension Scheme. The valuation should incorporate appropriate assumptions relating to mortality, life expectancy, inflation indexation, commutation and sensitivity analysis under alternative scenarios. Such valuation may be updated periodically, preferably every two to three years, to ensure realistic assessment of long-term obligations.
- ***Institutionalisation of an Asset–Liability Management framework***

  The State may establish a formal Asset–Liability Management (ALM) framework to comprehensively assess long-term pension liabilities and align them with fiscal sustainability objectives. The projections arising from such assessment may be integrated into the Medium-Term Fiscal Policy Statement (MTFPS) to facilitate informed fiscal planning.

Creation of a Dedicated Pension Corpus Fund

- In the event of continuation of the Old Pension Scheme, the State may consider establishing a ring-fenced Pension Sustainability Fund. Savings arising from cessation of employer contributions under NPS, as well as any balances received from NSDL/PFRDA or other related sources, may be credited to this fund. The fund may be professionally managed with a prudent investment strategy to mitigate the anticipated increase in pension liabilities in the medium to long term.

Enhanced Fiscal Transparency

- The State may provide annual disclosures in the FRBM documents regarding the present value of pension liabilities, implicit pension debt and projected pension-to-revenue ratios. Such disclosures would enhance transparency and facilitate better assessment of long-term fiscal sustainability.

4. Enhance Debt Sustainability

- Debt-to-GSDP trajectory may be aligned with FRBM targets through phased fiscal consolidation.

5. Improve Grant Management and Timely Transfers

- All FC grants may be transferred within prescribed timelines to avoid interest liabilities.
- Departments may maintain a grant tracking dashboard indicating receipt, transfer and utilisation status.
- Parking of grants outside Government accounts may be discontinued.

6. Improve Assessment and Arrear Recovery

- Time-bound disposal targets may be fixed for assessment cases in in revenue generating departments.

7. Improve Cash and Liquidity Management

- The State Government may put in place a more efficient cash management system to minimise availing Ways and Means advances.

8. Timely Reconciliation of Cess

- Ensure fiscal transparency and better fund management by reconciling and timely transferring all cess and levies through designated government accounts, and strictly adhering to FRBM targets with disclosure of off-budget liabilities.

9. Review the Pro rata charges

- The State Government may review and rationalize the levy of pro-rata charges on capital projects to ensure that such charges appropriately reflect the proportionate establishment cost, work charged staff cost and plant and machinery expenditure attributable to these projects, so as to prevent the depiction of revenue expenditure as negative.