Chapter 1

Overview of Finances of the State

Chapter 1: Overview of Finances of the State

This chapter provides a snapshot of Haryana'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

Haryana is located near the National Capital. Out of 22 districts of Haryana, 14 districts are part of the National Capital Region. It is spread over a geographical area of 44,212 sq. km. and ranks 21st among State/UTs in terms of area. As of 2025, its projected population stood at 3.09 crore (2.19 *per cent* of the India's population), with a density of 700 persons per sq. km. 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 ***Table 1.1*** below.

Table 1.1: Demographic profile of the State

	Haryana	National average
Rural Population (*per cent*) (Report on Technical Group on Population Projections on 'Population projection for India and States 2011-2036)	56.74	64.30
Urban Population (*per cent*) (Report on Technical Group on Population Projections on 'Population projection for India and States 2011-2036)	43.26	35.70
Population density (Report on Technical Group on Population Projections on 'Population projection for India and States 2011-2036)	700	430
Sex Ratio per 1,000 Males *(Census of India 2011) (Population Projections for India and State 2011-2036)*	892	947
Infant Mortality Rate per 1,000 Live births *(SRS Bulletin September 2025)*	26	25
Maternal Mortality Rate (per lakh women in the age group of 15-49) *(SRS Bulletin on Maternal Mortality in India 2021-23)*	6	5
Total Fertility Rate (children per woman) *(NFHS-5, 2019-21)*	1.91	1.99
Life Expectancy at Birth (in years) *(SRS Based Abridged Life Tables 2017-21 & 2019-23, RGI of India, GoI)*	68.8	70.3
Population below Poverty Line (in *per cent*) *(Multidimensional Poverty Index, 2015-16 & 2019-21 (Headcount ratio)- NITI Aayog)*	7.07	14.96
Literacy Rate *(in per cent)* *(Periodic Labour Force Survey) (2023-24)*	84.8	80.9

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.*** Ten years trend depicting Year on year growth of GSDP and GDP and GSDP contribution in GDP is given in ***Chart 1.1***. Per capita income of the country and per capita income 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 of India (₹ in crore)	1,98,54,096	2,35,97,399	2,68,90,473	3,01,22,956 (Ist RE)	3,30,68,145 (PE)
GSDP of Haryana (₹ in crore)	7,30,442	8,77,269	9,74,732	10,85,510	12,13,951
Share of GSDP in GDP (in *per cent*)	3.68	3.72	3.62	3.60	3.67
PCI of India (in ₹)	1,27,244	1,50,906	1,69,145	1,88,892	2,05,324
PCI of Haryana (in ₹)	2,25,137	2,65,163	2,89,213	3,19,363	3,53,182

Source: Ministry of Statistics and Programme Implementation, GoI.
RE: Revised Estimates, PE: Provisional Estimates

The economy of the State has shown a steady upward trend in recent years, with its GSDP growing from ₹ 7,30,442 crore in 2020-21 to ₹ 12,13,951 crore in 2024-25. This represents an average annual growth rate broadly in line with the national GDP, though the State's performance has occasionally outpaced the national average, particularly in 2021-22 when the post-pandemic recovery was stronger in the State. Over the last five years, Haryana's share in the national economy has remained stable, indicating consistency in its contribution to overall GDP.

Per capita income (PCI) of the State continues to be significantly higher than the national average, reflecting its relatively strong industrial and agricultural base as explained in Para 1.1.2.2. In 2024-25, Haryana's per capita income is estimated at ₹ 3,53,182, which is notably higher than the national average of ₹ 2,05,324, indicating a significantly stronger economic performance compared to the country.

Chart 1.1: Y-o-Y growth rate of GDP & GSDP and GSDP contribution to GDP

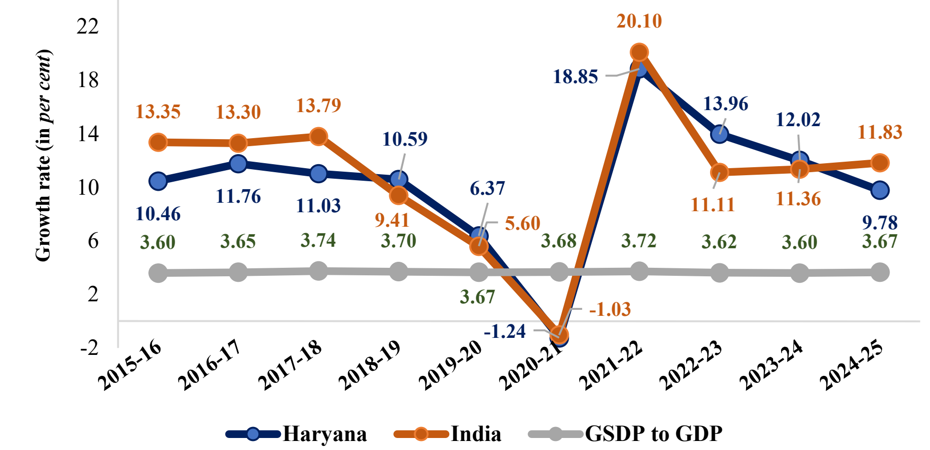
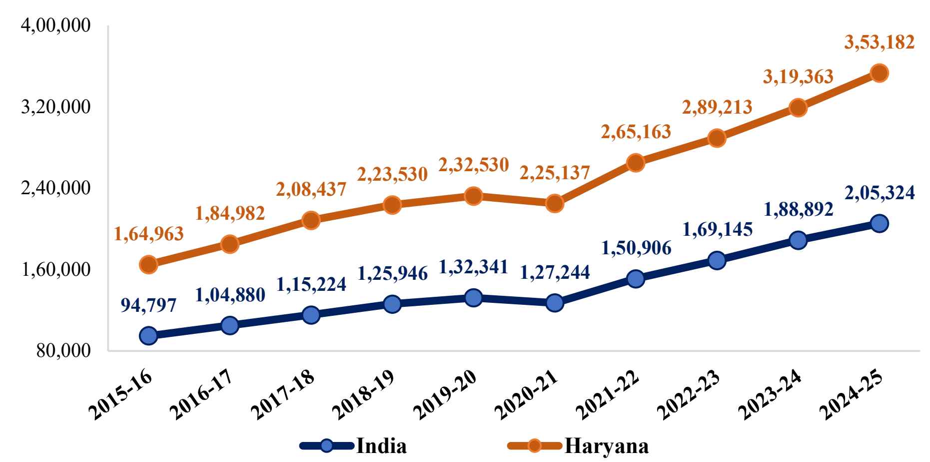


Chart 1.2: Per Capita Income of India and the Haryana (in ₹)



1.1.2.2 Sectoral contribution to GSDP

The sectoral contribution by various sectors during 2024-25 and the sectoral contribution of various sectors to GSDP, measured in terms of their share in GSVA during the last five years, are depicted in ***Chart 1.3*** and ***Chart 1.4*** respectively.

Chart 1.3: Sectoral Contribution 2024-25

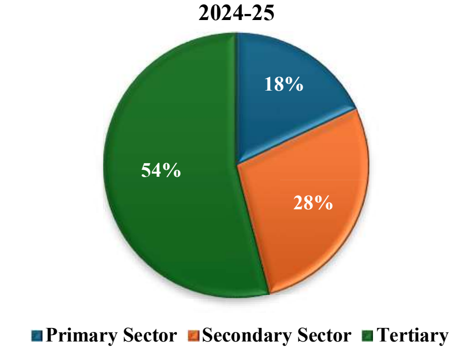


Chart 1.4: Sectoral growth in GSDP

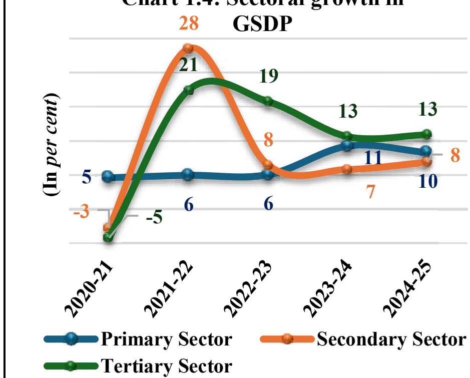
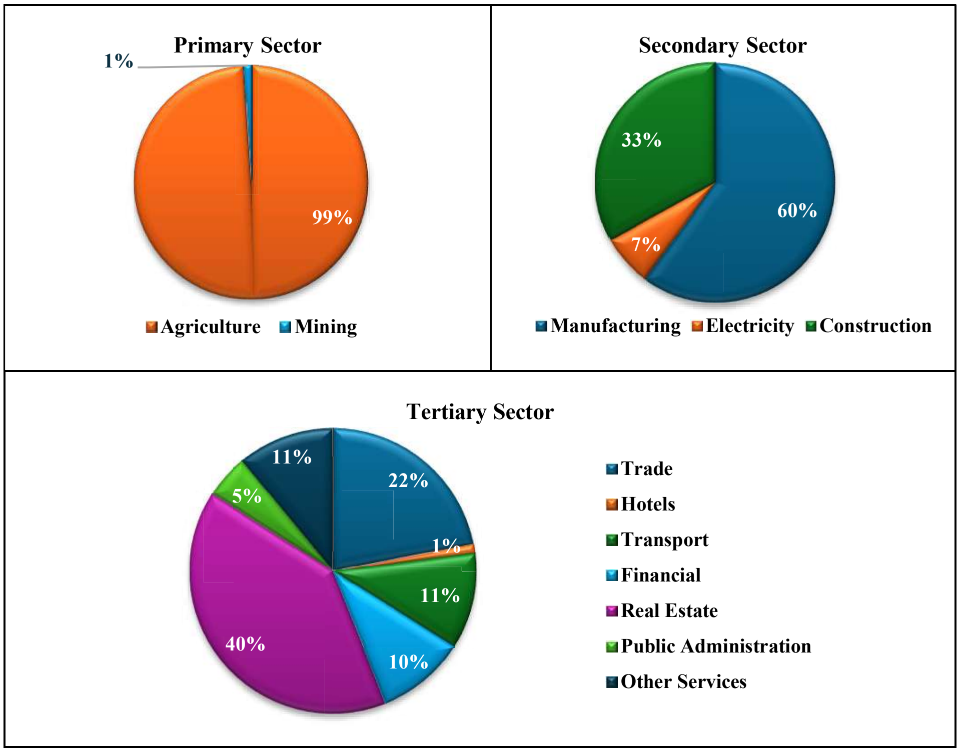


Chart 1.5 shows the composition of each sectors during FY 2024-25, in terms of its major contributing segments.

Chart 1.5: Sector-wise distribution, FY 2024-25



In the State's economy during FY 2024-25, the tertiary sector contributed the largest share of GSDP (54 *per cent*), followed by the secondary (28 *per cent*) and primary sectors (18 *per cent*). Agriculture continues to dominate the primary sector, while manufacturing and construction drive the secondary sector. Within tertiary sector services like real estate, trade and transport are key contributors; proximity to the national capital and a large part coming in the NCR being key drivers in this growth.

Growth trends over the last five years show volatility in the secondary sector, with a sharp rebound in 2021-22 followed by moderation. The primary sector has displayed consistent and stable growth, cushioning the economy against fluctuations, while the tertiary sector has grown at modest but steady levels. Despite some fluctuating trends, the tertiary sector has been more stable than the secondary sector over the last five years.

1.1.3 Snapshot of Finances

Table 1.3 shows the details of actual financial results of State Government of Haryana for the years 2023-24 and 2024-25 *vis-a-vis* Budget Estimates (BE), Revised Estimates (RE) and GSDP for the year 2024-25.

Table 1.3: Snapshot of Finances

(₹ in crore)

Sl. 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	84,856.47	97,883.33	96,009.73	92,008.33	94.00	7.58
(i)	*Own Tax Revenue*	72,511.12	*84,551.10*	*81,944.08*	*77,942.68*	92.18	6.42
(ii)	*Share of Union taxes/duties*	12,345.35	*13,332.23*	*14,065.65*	*14,065.65*	105.50	1.16
2.	Non-Tax Revenue	8,103.00	9,243.46	8,771.62	7,536.20	81.53	0.62
3.	Grants-in-aid and Contributions	8,355.37	9,512.11	7,843.05	6,884.88	72.38	0.57
4.	**Revenue Receipts (1+2+3)**	**1,01,314.84**	**1,16,638.90**	**1,12,624.40**	**1,06,429.41**	**91.25**	**8.77**
5.	Recovery of Loans and Advances	301.15	689.01	689.01	293.88	42.65	0.02
6.	Other Receipts	114.83	4,870.00	700.00	102.36	2.10	0.01
7.	Borrowings and other liabilities (a)	31,441.04	33,634.50	32,555.97	34,665.15	103.06	2.86
8.	**Capital Receipts (5+6+7)**	**31,857.02**	**39,193.51**	**33,944.98**	**35,061.39**	**89.46**	**2.89**
9.	**Total Receipts (4+8)**	**1,33,171.86**	**1,55,832.41**	**1,46,569.38**	**1,41,490.80**	**90.80**	**11.66**
10.	**Revenue Expenditure (b)**	**1,13,195.70**	**1,34,456.36**	**1,30,472.08**	**1,25,849.29**	**93.60**	**10.37**
11.	Interest payments	21,604.97	25,141.70	24,692.59	24,219.24	96.33	2.00
12.	Capital Expenditure	15,920.94	16,280.94	12,752.52	12,480.03	76.65	1.03
13.	Loans and advances	4,055.22	5,095.11	3,344.78	3,161.48	62.05	0.26
14.	**Total Expenditure (10+12+13)**	**1,33,171.86**	**1,55,832.41**	**1,46,569.38**	**1,41,490.80**	**90.80**	**11.66**
15.	**Revenue Surplus (+)/Deficit (-) (4-10)**	**(-) 11,880.86**	**(-) 17,817.46**	**(-) 17,847.68**	**(-) 19,419.88**[1]	**108.99**	**(-) 1.60**
16.	**Fiscal Surplus (+)/Deficit (-) {(4+5+6)-14}**	**(-) 31,441.04**	**(-) 33,634.50**	**(-) 32,555.97**	**(-) 34,665.15**	**103.06**	**(-) 2.86**
17.	**Primary Deficit (-)/Surplus (+) (16-11)**	**(-) 9,836.07**	**(-) 8,492.80**	**(-) 7,863.38**	**(-) 10,445.91**[2]	**123.00**	**(-) 0.86**

Source: Finance Accounts of the respective years and Budget at a Glance

(a) ***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.***

(b) ***Expenditure on Revenue Account includes interest payments.***

The actual receipts under Recovery of Loans and Advances and Other receipts remained significantly lower as compared to the Budget Estimates. Though, the State Government had lowered the Revised Estimates for Other Receipts, actuals remained lower than these estimates. This is indicative of overoptimistic receipt expectation which was not commensurate with the economic growth in the State. The Capital Expenditure was around 77 *per cent* of Budget Estimates, however it remained closer to the Revised Estimates.

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

1.1.4 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year is given in ***Chart 1.6***.

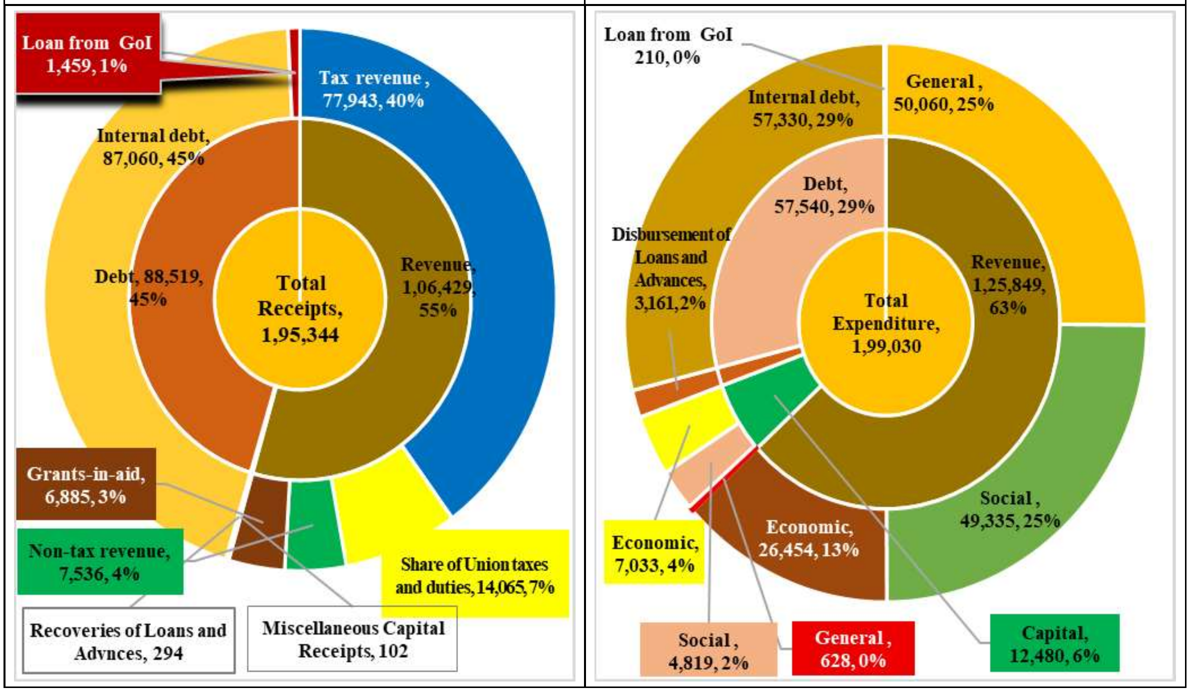
[1] Post Audit adjusted Revenue Deficit is ₹ 21,986.48 crore

[2] Post Audit adjusted Primary Deficit is ₹ 13,012.51 crore

Chart 1.6: Details of sources and application of funds during 2024-25

(₹ in crore)

Sources of funds	Application of funds



Source: Finance Accounts.

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 summarized 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				
		As on 31 March 2024	**As on 31 March 2025**	***Per cent* increase**			**As on 31 March 2024**	**As on 31 March 2025**	***Per cent* increase**
Consolidated Fund									
A	Internal Debt	2,80,772.24	3,10,502.75	10.59	a	Gross Capital Outlay	1,56,410.71	1,67,914.39	7.35
B	Loans and Advances from GoI	15,825.21	13,827.90	(-) 12.62	b	Loans and Advances	14,328.46	18,070.05	26.11
Contingency Fund		**1,000.00**	**1,000.00**	**0.00**	**Contingency Fund (unrecouped)**		**545.95**	**148.93**	**(-) 72.72**
Public Account									
A	Small Savings, Provident Funds, etc.	18,762.25	18,777.29	0.08	a	Advances with Departmental officers	0.74	0.74	0.00
B	Deposits	14,557.39	16,179.92	11.15	b	Remittances	-	-	-
C	Reserve Funds	12,238.55	14,553.25	18.91	c	Suspense and Miscellaneous	19.72	29.96	51.93
D	Suspense and Misc. Balances	-	-	-	**Cash balance (including investment in Earmarked Fund)**		**5,438.02**	**6,057.28**	**11.39**
E	Remittances	336.99	303.55	(-) 9.92	**Total**		**1,76,743.60**	**1,92,221.35**	**8.76**
					Deficit in Revenue Account		**1,66,749.02**	**1,82,923.30**	**9.70**
					Difference on account of rounding-off		**0.01**	**0.01**	
Total		**3,43,492.63**	**3,75,144.66**	**9.21**	**Total**		**3,43,492.63**	**3,75,144.66**	**9.21**

Source: Finance Accounts of the respective years

Table 1.4 shows that the overall liabilities rose by 9.21 *per cent* in the current year over the previous year whereas asset rose by 8.76 *per cent*, resulting in marginal increase in deficit in the revenue account.

1.2 Consolidated Fund of the State

The revenue received, loans raised and money received as repayment of loans by the State Government and ways and means advances extended by the Reserve Bank of India form part of the Consolidated fund of the State.

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: Trends in Revenue Receipts

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Receipts	**67,561**	**78,092**	**89,194**	**1,01,315**	**1,06,429**
Tax Revenue	**48,352**	**63,099**	**73,339**	**84,856**	**92,008**
Own Tax Revenue	41,914	53,377	62,961	72,511	77,943
State's share in Union Taxes and Duties	6,438	9,722	10,378	12,345	14,065
Non-Tax Revenue	**6,961**	**7,394**	**8,742**	**8,103**	**7,536**
Grants-in-aid from GoI	**12,248**	**7,599**	**7,113**	**8,356**	**6,885**
State's Own Revenue (Own Tax and Non-Tax Revenue)	48,875	60,771	71,703	80,614	85,479
GSDP (2011-12 series)	7,30,442	8,77,269	9,74,732	10,85,510	12,13,951
Year-on-year growth rates (in *per cent*)					
Revenue Receipts	(-) 0.44	15.59	14.22	13.59	5.05
State's Own Revenue of the State	(-) 2.69	24.34	17.99	12.43	6.03
GSDP	(-) 1.03	20.10	11.11	11.36	11.83
Buoyancy Ratios[3]					
Revenue Buoyancy w.r.t GSDP	--*	0.78	1.28	1.20	0.43
State's Own Revenue Buoyancy w.r.t GSDP	--*	1.21	1.62	1.09	0.51

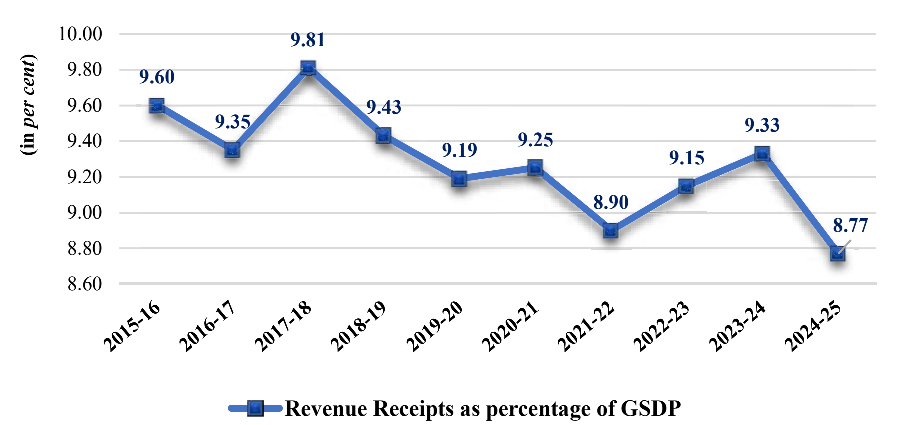
Source: Finance Accounts for Revenue Receipts and Ministry of Statistics and Programme Implementation, GoI for GSDP figures

**** Buoyancy ratio was not calculated as GSDP growth was negative.***

Year-on-year growth was high in 2021-22 (15.59 *per cent*), supported by strong tax collections, but has since moderated to five *per cent* in 2024-25.

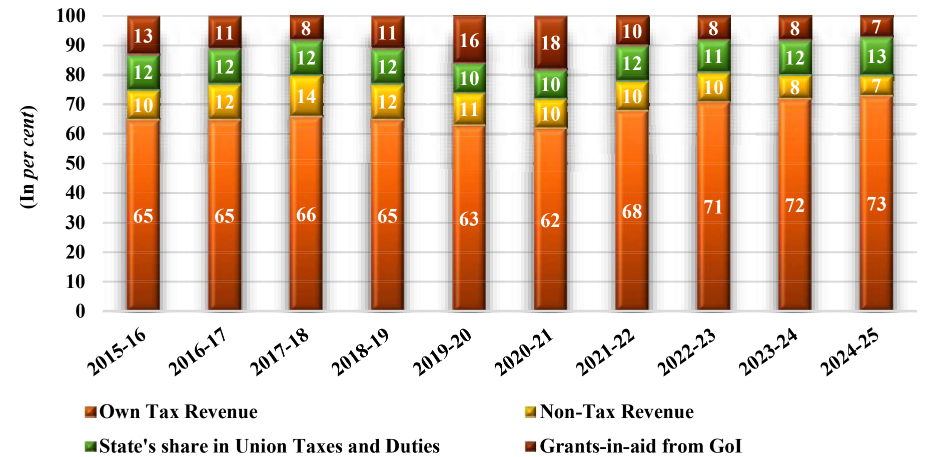
Revenue Receipts as percentage of GSDP and contribution from various sources in revenue receipts is given in ***Chart 1.7*** and ***Chart 1.8***.

Chart 1.7: Revenue Receipts as percentage of GSDP



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

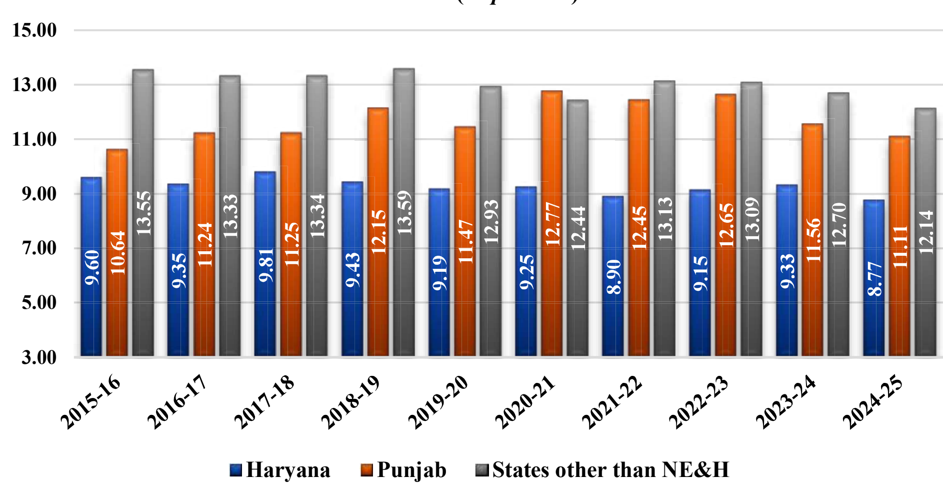
Chart 1.8: Contributions in Revenue Receipts



Revenue receipts of the State increased steadily from ₹ 47,557 crore in 2015-16 to ₹ 1,06,429 crore in 2024-25, reflecting an overall growth of more than two times over a period of ten years (***Appendix 1.1***). The increase was primarily driven by growth in Own Tax Revenue, which rose from ₹ 30,929 crore to ₹ 77,943 crore during 2015-16 to 2024-25. Own Tax Revenue consistently contributed 62 to 73 *per cent*, while non-tax revenue and grants form a small portion. The State's reliance on its own sources is thus quite high, showing fiscal self-reliance, though the slowing buoyancy suggests the need to widen the tax base and enhance/mobilize non-tax revenues.

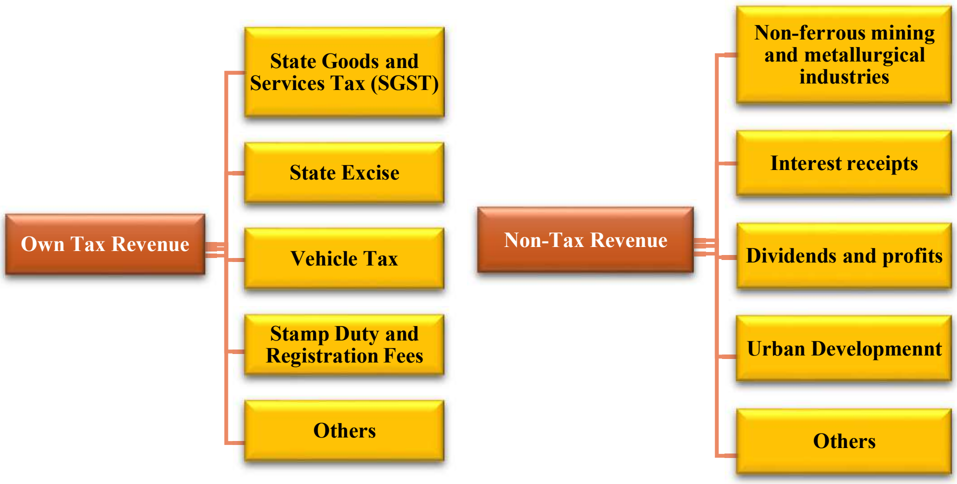
As a proportion of GSDP, the State's revenue receipts showed a fluctuating trend during 2015-16 to 2024-25 and stood at 8.77 *per cent* in 2024-25. This shows that although revenue collections have risen in absolute terms, their contribution to the overall economy has not grown in line with the GSDP.

Chart 1.9: Inter-state comparison of Revenue Receipts as percentage of GSDP (In *per cent*)



A. State's Own Resources

Chart 1.10: 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)

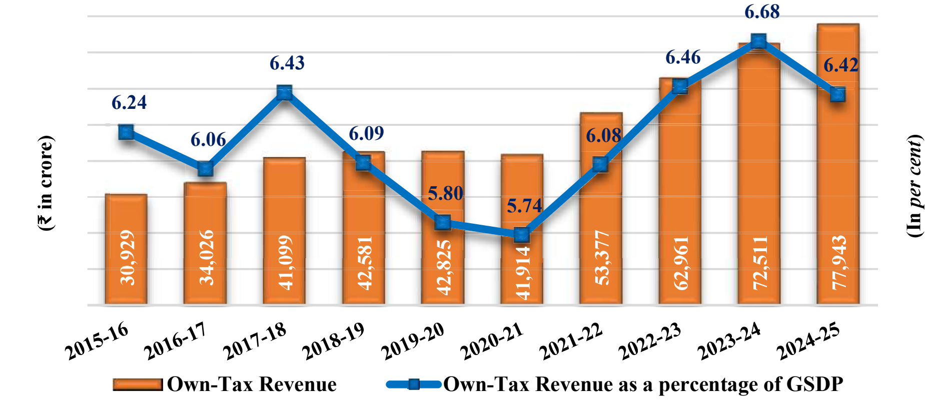
Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
State Goods and Services Tax (SGST)	33,960	37,498	37,500	37,739
State Excise	11,326	12,650	12,650	12,701
Stamp Duty and Registration Fees	10,529	15,101	14,049	10,492
Vehicle Tax	4,904	5,404	5,250	5,268
Taxes on Sales, Trade etc.	11,331	13,200	11,800	11,517
Others[4]	461	698	695	226
Total	**72,511**	**84,551**	**81,944**	**77,943**

Source: Finance Accounts and Budget documents of the State.

[4] Others include Land Revenue, Taxes on Goods & Passengers, Taxes and Duties on Electricity, Other Taxes and Duties on Commodities and Services, Service Tax etc.

Trends of own tax revenue and its components during the period 2015-16 to 2024-25 are shown in ***Chart 1.11*** and ***Chart 1.12*** respectively.

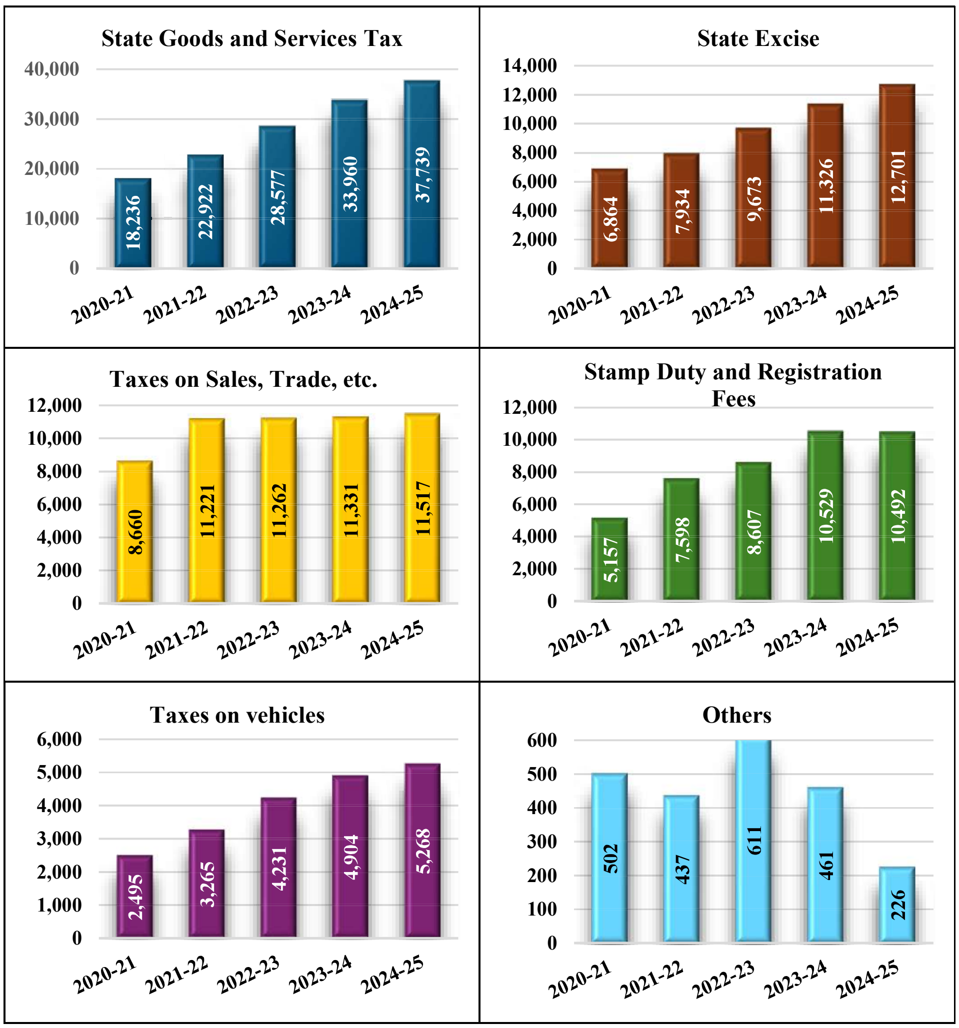
Chart 1.11: Trends of Own Tax Revenue during 2015-16 to 2024-25



Source: Finance Accounts of the respective years.

Chart 1.12: Major components of State's Own Tax Revenue

(₹ in crore)



Source: Finance Accounts of respective years.

Increase in one of the sectors i.e. State Goods and Services Tax (SGST) was mainly due to the increase in registered taxpayers by 10 *per cent* over previous year. This substantial growth has contributed to the notable rise in SGST collections. The increase in the State Excise was *inter alia* due to the implementation of the new Excise Policy and increase in the license fees.

During Exit Conference, the Finance Department stated (19 February 2026) that one of the reasons for negative growth of Stamp Duty and Registration Fees was due to transfer of two *per cent* share directly to Urban and Rural Local Bodies.

(ii) Non-Tax Revenue

Non-Tax Revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. ***Table 1.7*** presents the Actuals for FY 2023-24, along with the Budget Estimates (BE), Revised Estimates (RE) and Actuals of Non-Tax Revenue for FY 2024–25.

Table 1.7: Major Components of Non-Tax Revenue

(₹ in crore)

Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest Receipts	1,645	1,795	1,795	1,793
Dividends and Profits	290	260	260	170
User charges	1,401	1,853	1,652	1,078
Others	4,767	5,335	5,065	4,495
Total	**8,103**	**9,243**	**8,772**	**7,536**

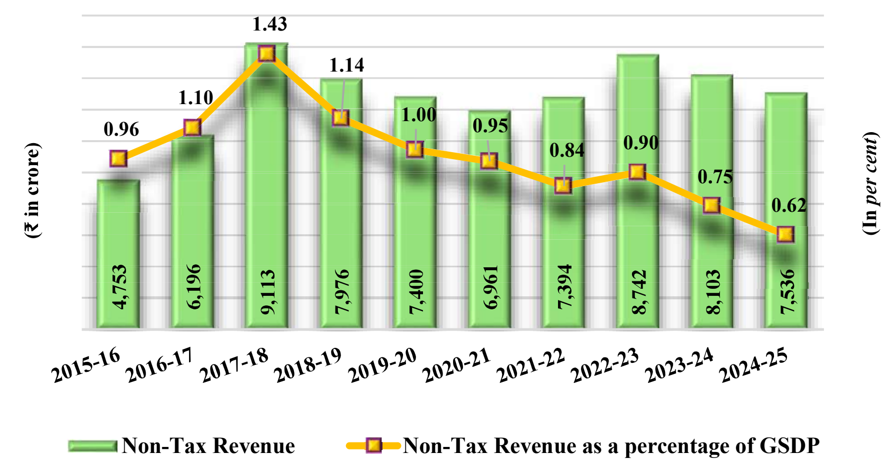
Table 1.8: Components of State's Non-Tax Revenue

(₹ in crore)

Non-Tax Revenue	2023-24 (Actual)	2024-25 (BE)	2024-25 (RE)	2024-25 (Actuals)
Interest Receipts	**1,645**	**1,795**	**1,795**	**1,793**
Dividends and Profits	**290**	**260**	**260**	**170**
Other Non-Tax Receipts	**6,168**	**7,188**	**6,717**	**5,573**
a) Major & Medium Irrigation	618	360	360	409
b) Other Rural Development Programme	03	12	12	06
c) Road Transport	1,368	1,500	1,500	1,427
d) Urban Development	1,560	1,800	1,600	1,331
e) Education Sports, Art and Culture	367	695	695	224
f) Non-ferrous Mining and Metallurgical Industries	811	955	755	737
g) Others	1,441	1,866	1,795	1,439
Total	**8,103**	**9,243**	**8,772**	**7,536**

Trends of Non-Tax revenue and its components during the period 2015-16 to 2024-25 are shown in ***Chart 1.13*** and ***Chart 1.14*** respectively.

Chart 1.13: Trends of Non-Tax Revenue during 2015-16 to 2024-25

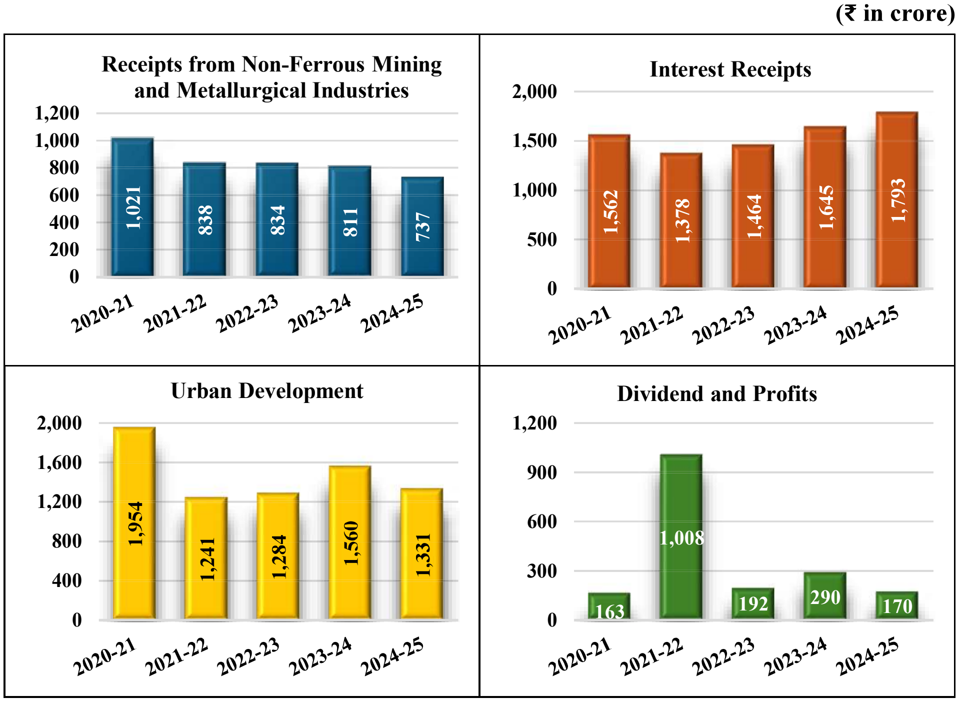


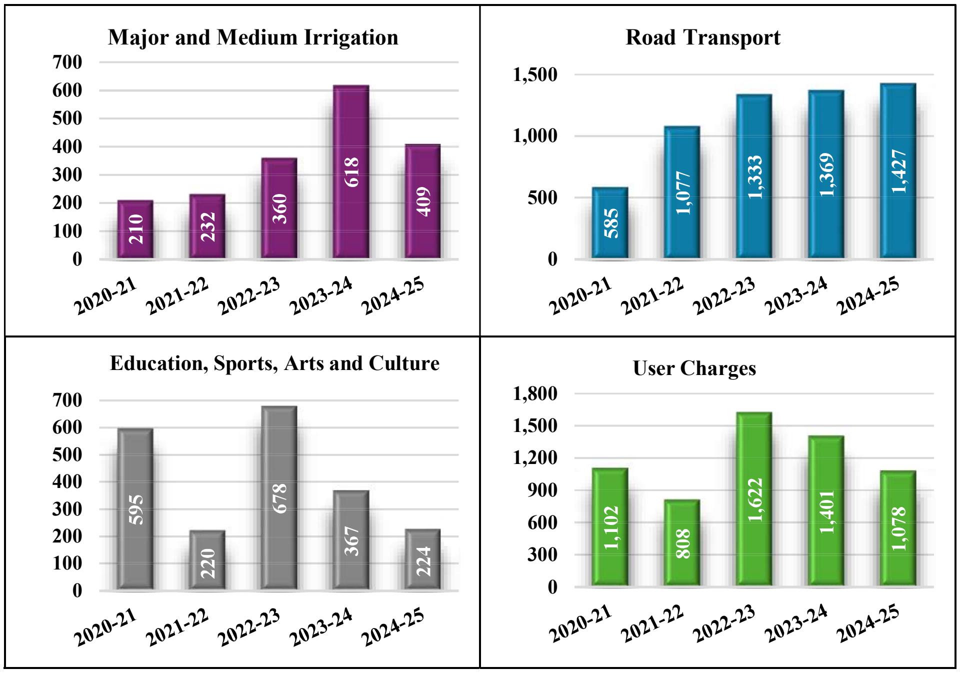
Source: Finance Accounts of respective years.

The State's Non-Tax Revenue showed fluctuating trend during the ten-year period. It increased from ₹ 4,753 crore in 2015-16 to a peak of ₹ 9,113 crore in 2017-18 but subsequently declined to ₹ 6,961 crore in 2020-21, a partial recovery was observed with climbing back to ₹ 8,742 crore in 2022-23, again showed a declining trend during 2023-25 and stood at ₹ 7,536 crore in 2024-25. As a percentage of GSDP, Non-Tax Revenue showed a similar fluctuating trend during 2015-2025. It increased from 0.96 *per cent* in 2015-16 to 1.43 *per cent* in 2017-18, declined subsequently during 2018-22 with a partial increase in 2022-23 and a downward trend and stood 0.62 *per cent* in 2024-25. This indicating that revenue growth has not kept pace with the economy.

Chart 1.14: Major components of Non-Tax Revenue (2020-25)

(₹ in crore)





Source: Finance Accounts of respective years.

Among the major components, interest receipts increased consistently from 2021-22 and reached ₹ 1,793 crore in 2024-25, while receipts from dividends and profits were highly volatile, with a sharp spike of ₹ 1,008 crore in 2021-22 but remained low in the other years. Urban development receipts remained relatively stable between ₹ 1,241 crore and ₹ 1,560 crore during 2021-22 to 2024-25, whereas road transport revenue showed a steady rise from ₹ 585 crore in 2020-21 to ₹ 1,427 crore in 2024-25. Receipts from major and medium irrigation improved gradually from ₹ 210 crore to ₹ 618 crore during 2020-21 to 2023-24 while fell down to ₹ 409 crore in 2024-25. However, receipts from non-ferrous mining and Metallurgical Industries declined over the years from ₹ 1,021 crore in 2020-21 to ₹ 737 crore in 2024-25. Overall, interest receipts, Urban development receipts and road transport emerged as relatively stable contributors, while mining and dividends remained uncertain sources of 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 1.9***.

Table 1.9: State's share in Union Taxes and Duties

(₹ in crore)

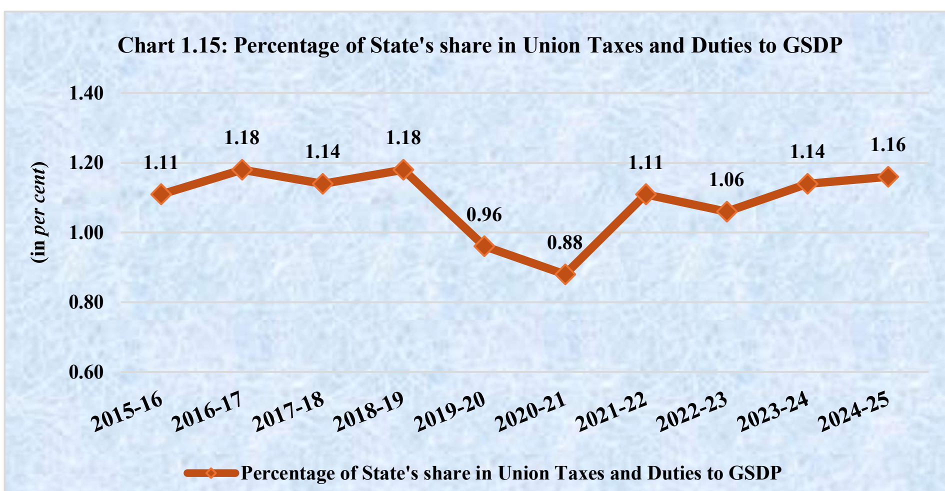
Components	2020-21	2021-22	2022-23	2023-24	2024-25
Central Goods and Services Tax (CGST)	1,907.46	2,763.35	2,932.91	3,746.67	4,108.06
Corporation Tax	1,946.54	2,846.17	3,478.57	3,705.50	3,991.23
Taxes on Income other than Corporation Tax	1,996.13	2,874.79	3,397.23	4,279.41	5,089.99
Customs	338.27	709.48	407.99	432.62	715.61
Union Excise Duties	215.83	390.43	128.00	163.72	137.72
Service Tax	28.52	127.53	16.22	2.31	0.43
Other Taxes[5]	4.84	10.41	17.08	15.12	22.61
Total	**6,437.59**	**9,722.16**	**10,378.00**	**12,345.35**	**14,065.65**

Source: Finance Accounts of the respective years.

The State's share in Union taxes and duties increased consistently during the period 2020-21 to 2024-25. It showed a twofold rise over five years, from ₹ 6,437.59 crore in 2020-21 to ₹ 14,065.65 crore in 2024-25.

Among the components, the highest contribution came from the Central Goods and Services Tax (CGST), which increased steadily from ₹ 1,907.46 crore in 2020-21 to ₹ 4,108.06 crore in 2024-25. Corporation tax was the next major contributor, showing consistent growth from ₹ 1,946.54 crore in 2020-21 to ₹ 3,991.23 crore in 2024-25. Taxes on income other than corporation tax also grew significantly, from ₹ 1,996.13 crore in 2020-21 to ₹ 5,089.99 crore in 2024-25, making it the single largest component by the end of the period. Customs receipts, increased from ₹ 338.27 crore in 2020-21 to ₹ 715.61 crore in 2024-25, while Union Excise Duties fluctuated, falling from ₹ 215.83 crore in 2020-21 to ₹ 137.72 crore in 2024-25. Service Tax, which had a small share, became negligible by 2024-25 due to the GST regime.

Chart 1.15 depicts the trend in the percentage of State's share in Union Taxes and Duties to GSDP during the period 2015-16 to 2024-25.



[5] Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on Commodities and Services.

As evident from ***Chart 1.15***, the ratio remained broadly stable around 1.11 to 1.18 *per cent* during 2015-16 to 2018-19. However, a sharp decline was noticed thereafter, with the ratio falling to 0.96 *per cent* in 2019-20 and further to a decadal low of 0.88 *per cent* in 2020-21. These transfers grew from 0.88 *per cent* in 2020-21 to 1.16 *per cent* in 2024-25, reflecting improved central devolution and growth in the tax base.

In 2024-25, State's tax shares outpaced both the budget estimate (by ₹ 733 crore) and the 15th FC projections (by ₹ 3,829 crore).

Overall, the increase in the State's share in Union taxes and duties was driven primarily by higher devolution from income tax, corporation tax and CGST. These transfers formed a significant and growing part of the State's revenue pool, helping to strengthen fiscal capacity.

C. Grants-in-aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in ***Table 1.10***.

Table 1.10: Grants-in-aid from Government of India

(₹ in crore)

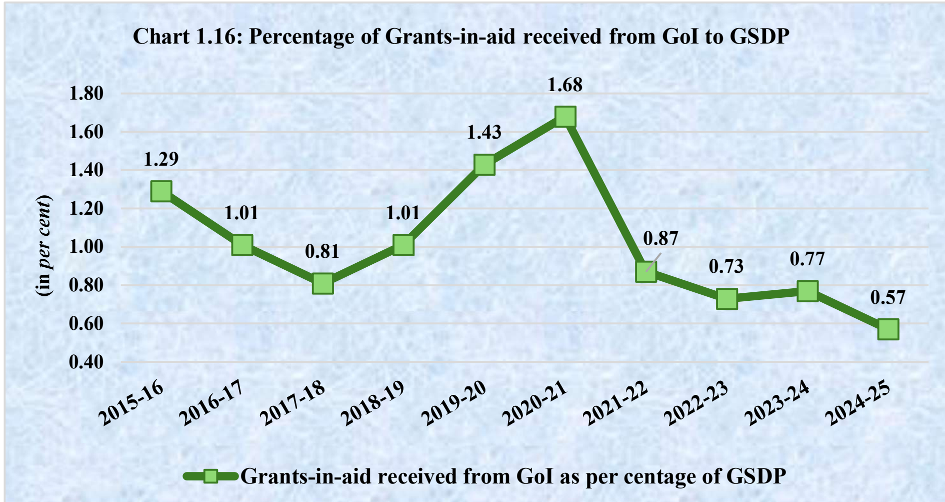
Components	2020-21	2021-22	2022-23	2023-24	2024-25
Grants for Centrally Sponsored Schemes	3,135.18	3,332.31	2,919.81	2,768.56	2,853.99
Finance Commission Grants	2,364.00	1,192.05	1,617.56	1,973.33	2,392.53
Compensation for loss of revenue arising out of implementation of GST	5,065.81	2,908.67	2,575.89	3,504.88	1,445.36
Other transfers/Grants to States/Union Territories with Legislature	1,683.14	165.21	0.00	108.60	193.00
Total	**12,248.13**	**7,598.24**	**7,113.26**	**8,335.37**	**6,884.88**

Source: Finance Accounts of the respective years.

Table 1.10 shows that GIA from GOI declined from ₹ 12,248.13 crore in 2020-21 to ₹ 6,884.88 crore in 2024-25. The decrease during the current year by 17.40 *per cent* over the previous year was mainly attributed to decrease in GST Compensation by ₹ 2,059.52 crore partially offset by increase in Finance Commission grants by ₹ 419.20 crore in 2024-25.

As per the 15th Finance Commission recommendations, States are being given Revenue Deficit grants to reduce/eliminate Revenue Deficit and to enable all borrowings to be used for capital expenditure. In 2024-25 which is the 4th year of Finance commission period, the State Government received ₹ 4.16 crore as Revenue Deficit grant from the Central Government.

Grants-in-aid from Government of India as a percentage of GSDP during 2015-16 to 2024-25 is given in ***Chart 1.16***.



(i) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 2,853.99 crore for Centrally Sponsored Schemes during 2024-25, major allocations were made to the schemes shown in ***Table 1.11***.

Table 1.11: Major Schemes receiving grants

Name of the Scheme	2023-24 Amount (₹ in crore)	2024-25 Amount (₹ in crore)	Percentage change over previous year
Health and Family Welfare flexible Pool	293.30	344.86	17.58
Family Welfare Reproductive & Child Health	75.42	58.43	(-) 22.53
Aaganwadi Services (ICDS)	208.06	232.69	11.84
Samagra Shiksha-Elementary Education	576.66	534.62	(-) 7.29
Prime Ministers Schools for Rising India (SHRI)	23.03	56.10	143.60
Mahatma Gandhi National Rural Employment Scheme	120.35	194.53	61.64
Prime Minister Krishi Sinchai Yojna	6.18	63.87	933.50
Pradhan Mantri Awas Yojna (Urban)	204.02	144.26	(-) 29.29
Atal Mission for Rejuvenation and Urban Transformation	151.58	107.76	(-) 28.91
Mission for 100 Smart Cities	171.50	73.50	(-)57.14
National Food Security Mission	51.46	308.85	500.17
Rashtriya Krishi Vikas Yojna (RKVY)	206.45	75.59	(-) 63.39
Pradhan Mantri Poshan Shakti Nirman (Poshan)	178.82	121.66	(-) 31.97

Source: Finance Accounts of the respective years.

This office had conducted a Subject Specific Compliance Audit of Implementation of Smart City Mission in Haryana which covered the period from 2015-16 to 2022-23. Audit observed that the Special Purpose Vehicles (Faridabad Smart City Limited & Karnal Smart City Limited) could not leverage grant received from Government and required funds for implementation of the projects from internal and external sources (i.e. Public Private Partnership, debt and land monetisation, etc.) could not be arranged. It was suggested by Audit that the State Government may take steps for convergence of the ongoing projects under the Smart City Mission with other Central/State schemes (Paragraph 10.12 of Report No.3 of 2025) to drive the maximum benefit in implementation of smart city projects in the State.

(ii) Fifteenth Finance Commission Grants

The Fifteenth Finance Commission (15th FC) grants were provided to the States for local bodies and State Disaster Response Fund (SDRF), State Disaster Mitigation Fund (SDMF) and health sector grants. Details of grants provided by GoI are given in ***Table 1.12***.

Table 1.12: Recommended amount, actual release and transfers of Grant-in-aid during 2024-25

(₹ in crore)

Transfers			Recommendation of 15th FC	Actual release by GoI	Release by State Government (Total percentage of the amount released by GoI)
(i) Grants to PRIs			**1,036.00**	**1,399.70**	**1,399.70 (100)**
(a) Performance/Tied Grants			621.60	982.79	982.79 (100)
(b) Untied Grants			414.40	416.91	416.91 (100)
(ii) Grants to ULBs			**534.00**	**371.29**	**139.36 (38)**
(a) Million Plus Cities (Performance/Tied Grant)			85.00	21.00	0.00 (0)
(b) Million Plus Cities (General Basic/Untied Grant)			0.00	0.00	0.00 (0)
(a) Non-Million Plus Cities (Performance/Tied Grant)			269.40	246.10	119.54 (45)
(b) Non-Million Plus Cities (General Basic/Untied Grant)			179.60	104.19	19.82 (19)
(iii) Grant for Health Sector			**642.76**	**60.54**	**69.22 (114)**
Total for Local Bodies (i+ii+iii)			**2,212.76**	**1,831.53**	**1,608.28 (88)**
SDRMF	**State Disaster Response Fund (SDRF)**	Central Share	455.20	455.20	455.20 (100)
		State Share	151.20	151.20	151.20 (100)
	State Disaster Mitigation Fund (SDMF)	Central Share	113.70	105.80	255.60* (242)
		State Share	37.90	35.20	85.20 (242)
Total for SDRMF			**758.00**	**747.40**	**947.20 (127)**

Source: 15th FC Report and departmental information

PRIs: Panchayati Raj Institutions and ULBs: Urban Local Bodies.

* **SDMF includes ₹ 199.80 crore (₹ 149.80 crore Central Share and ₹ 50 crore State Share) of year 2022-23.**

- The State Government has released entire grants of ₹ 1,399.70 crore received from the Government of India to the PRIs.

- Against the ₹ 534 crore recommended by the 15th Finance Commission for grants to local bodies, the GoI released ₹ 371.29 crore during 2024-25. Of this, the State Government released only ₹ 139.36 crore, resulting in a short release of ₹ 231.93 crore (₹ 147.56 crore under tied grants and ₹ 84.37 crore under untied grants). The State Government may ensure timely release and improved coordination to enable full utilisation of these grants.

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.

Table 1.13 presents the trends in capital receipts and their components from 2020-21 to 2024-25.

Table 1.13: Trends in growth and composition of capital receipts

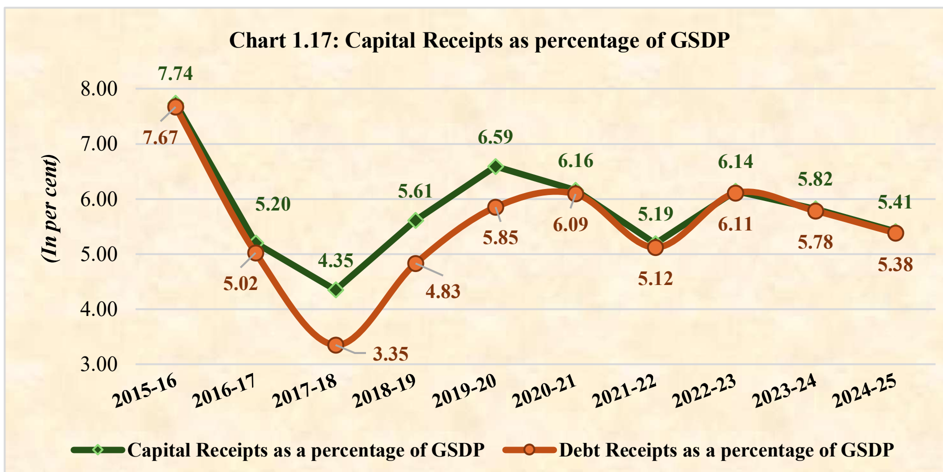
(₹ in crore)

Sources of State's Receipts	2020-21	2021-22	2022-23	2023-24	2024-25
Capital Receipts	**44,982.31**	**45,503.37**	**59,826.71**	**63,142.68**	**65,685.25**
Miscellaneous Capital Receipts	62.96	67.15	73.91	114.83	102.36
Recovery of Loans and Advances	431.95	500.24	237.75	301.15	293.88
Public Debt Receipts	**44,487.40**	**44,935.98**	**59,515.05**	**62,726.70**	**65,289.01**
Internal Debt[6]	*44,362.72*	*44,792.38*	*58,244.75*	*60,981.54*	*63,830.45*
Loans and advances from GoI[7]	*124.68*	*143.60*	*1,270.30*	*1,745.16*	*1,458.56*
Year-on-Year growth rates (in per cent)					
GSDP	(-) 1.03	20.10	11.11	11.36	11.83
Capital Receipts	(-) 7.48	1.16	31.48	5.54	4.03
Debt Capital Receipts	3.05	1.01	32.44	5.40	4.08
Internal Debt	3.01	0.97	30.03	4.70	4.67
Loans and advances from GoI	21.77	15.17	784.61	37.38	(-) 16.42

Source: Finance Accounts

During the period 2020-21 to 2024-25, the State's capital receipts showed an increasing trend and were largely driven by debt components, particularly internal debt, which consistently formed the dominant share.

Capital Receipts as percentage of GSDP (2015-25) is depicted in ***Chart 1.17***.



As a percentage of GSDP, capital receipts declined sharply from 7.74 *per cent* in 2015-16 to 4.35 *per cent* in 2017-18. Thereafter, it showed an improvement, increasing to 6.59 *per cent* in 2019-20. However, it moved in the range of 6.16 *per cent* in 2020-21 to 5.82 *per cent* in 2023-24 and stood at 5.41 *per cent* in 2024-25, Debt receipts followed a similar pattern, reflecting the State's continued reliance on borrowings to finance its expenditure.

1.2.3 Finance Commission Projections and Actuals

The projected revenue, deficits and GSDP by the 15^{th} Finance Commission and actuals for the FY 2020-21 to FY 2024-25 are given in ***Table 1.14***.

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6 Excluding gross figure under Ways and Means Advances.

7 Excluded back to back loans during 2020-21- ₹ 4,352 crore and 2021-22 - ₹ 7,394 crore

Table 1.14: 15th FC Projection *vis-à-vis* actuals

Particulars	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)	8,82,354	7,30,442	8,68,383	8,77,269	9,72,589	9,74,732	10,94,163	10,85,510	12,35,857	12,13,951
Own Revenue Receipts	75,182	48,875	61,892	60,771	72,055	71,703	84,382	80,614	99,340	85,479
State's Own Tax Revenue	65,285	41,914	53,965	53,377	62,892	62,961	73,730	72,511	86,894	77,943
State's Own Non-Tax Revenue	9,897	6,961	7,927	7,394	9,163	8,742	10,652	8,103	12,446	7,536
State's share in Union Taxes/Duties	9,253	6,438	7,198	9,722	8,008	10,378	9,011	12,345	10,237	14,065
Revenue Surplus (+)/ Revenue Deficit (-) as percentage of GSDP	0.67	(-) 3.06	0.02	(-) 2.32	0.66	(-) 1.77	1.31	(-) 1.09	1.99	(-) 1.60
Fiscal Deficit as percentage of GSDP	(-) 2.70	(-) 4.04	(-) 4.00	(-) 3.62	(-) 3.50	(-) 3.18	(-) 3.00	(-) 2.90	(-) 3.00	(-) 2.86

Source: 15th Finance Commission Report and Finance Accounts of respective years.

1.2.4 Expenditure

Government expenditure is classified into revenue expenditure, capital expenditure and loans and advances. Revenue expenditure includes costs 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 1.15***, ***Chart 1.18*** and ***Chart 1.19*** respectively.

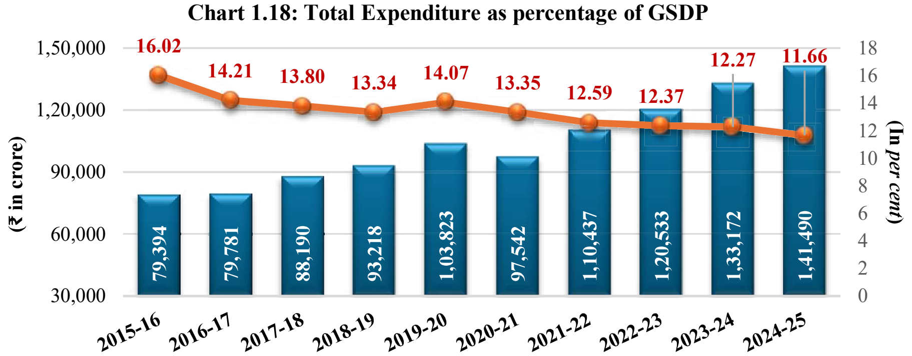
Table 1.15: Total expenditure and its composition

(₹ in crore)

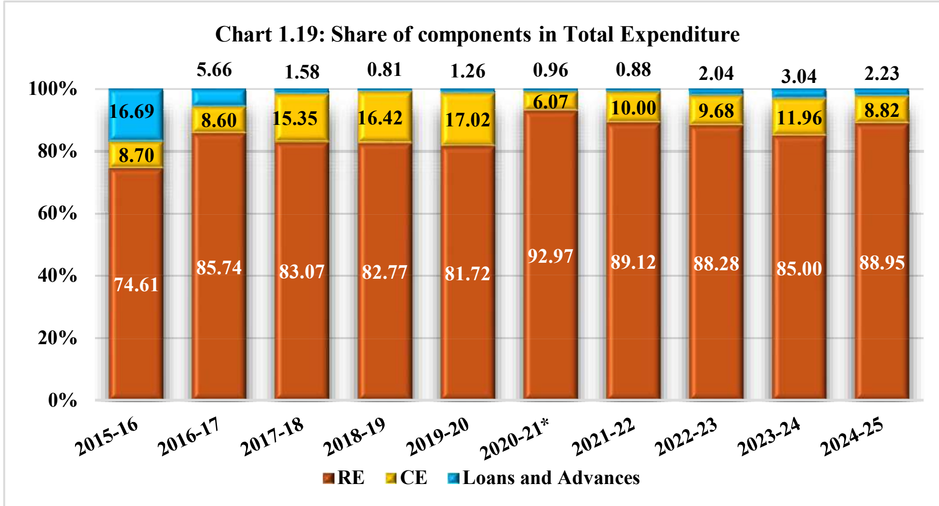
Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**97,542**	**1,10,437**	**1,20,533**	**1,33,172**	**1,41,490**
Revenue Expenditure (RE)	89,946	98,425	1,06,406	1,13,196	1,25,849
Capital Expenditure (CE)	5,870	11,046	11,665	15,921	12,480
Loans and Advances	926	966	2,462	4,055	3,161
Appropriation to Contingency Fund	800	0	0	0	0

Source: Finance Accounts of the respective years.

Chart 1.18: Total Expenditure as percentage of GSDP



Source: Finance Accounts of the respective years.



Source: Finance Accounts of the respective years.

Total expenditure of the State has shown a consistent increase from ₹ 79,394 crore in 2015-16 to ₹ 1,41,490 crore in 2024-25. Revenue expenditure constituted a predominant share of total expenditure and was ranging between 75 *per cent* and 93 *per cent* during the 10 year period. Revenue expenditure continues to dominate, reflecting a large share of administrative and committed costs that may constrain fiscal flexibility. However, the rising share of capital outlay over recent years suggests efforts toward asset creation and infrastructure improvement.

Out of the total expenditure of ₹ 1,41,490 crore incurred by the State during the financial year 2024-25, a portion of ₹ 8,295 crore[8] pertained to pass-through transactions such as Finance Commission grants, Central Sponsored Schemes to Single Nodal Agency *etc.*

Sector-wise Total Expenditure

Sector-wise composition of expenditure is given in ***Table 1.16*** and relative share of various sectors in total expenditure is depicted in ***Chart 1.20***.

Table 1.16: Sector-wise Total expenditure

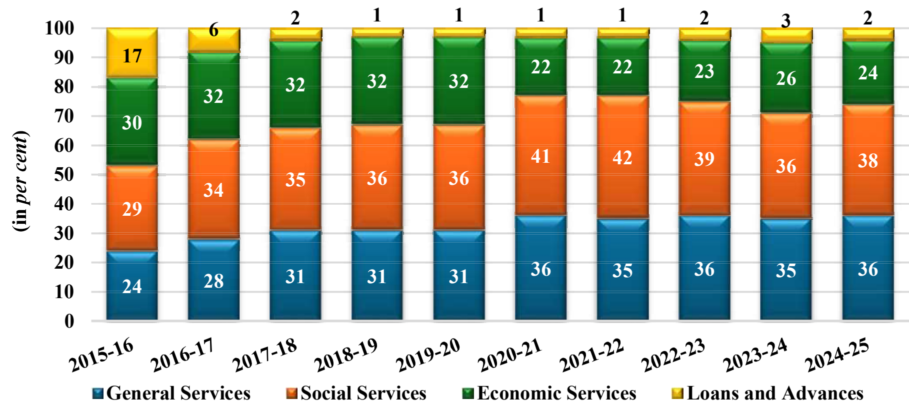
(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	35,122	38,510	42,622	46,039	50,688
Social Services	39,150	46,399	47,436	48,216	54,154
Economic Services	21,544	24,562	28,013	34,862	33,487
Loans and Advances	926	966	2,462	4,055	3,161
Appropriation to Contingency Fund	800	-	-	-	-

Source: Finance Accounts

8 ₹ 8,295 crore = Government contribution for New Pension Scheme: ₹ 1,865 crore + Grant-in-aid from Central Government: ₹ 6,885 crore – State Disaster Response Fund: ₹ 455 crore.

Chart 1.20: Relative share of various sectors in Total Expenditure



Source: Finance Accounts

A sector-wise review indicates that Social Services continue to command the largest share of total expenditure, accounting for around 38 *per cent* in 2024-25, followed by General Services (36 *per cent*), Economic Services (24 *per cent*) and Loans and Advances (two *per cent*).

Chart 1.21: Inter-state comparison of Expenditure on Social Services as percentage of Total Expenditure (In *per cent*)

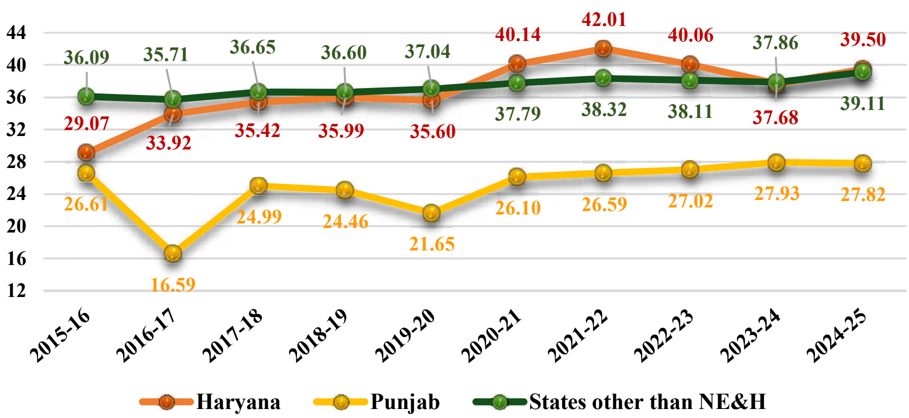


Chart 1.22: Inter-state comparison of Expenditure on Economic Services as percentage of Total Expenditure (In *per cent*)

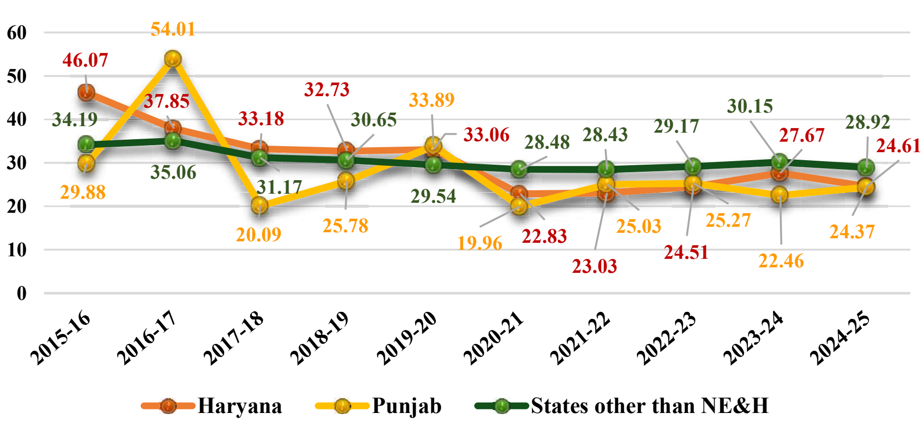
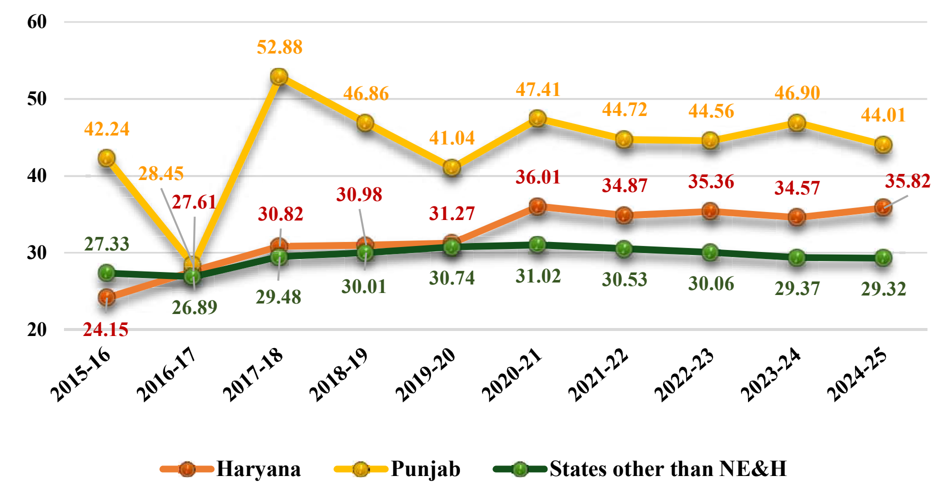


Chart 1.23: Inter-state comparison of Expenditure on General Services as percentage of Total Expenditure (In *per cent*)



The pattern of expenditure in the State shows a gradual increase in spending on Social and Economic Services, signifying welfare orientation and developmental focus. The consistent share of General Services during last five years reflects stability in administrative expenditure.

State Government may consider further rationalising administrative and routine expenditure and stabilise capital outlay by giving priority to growth oriented sector i.e. ecomonic sector while enabling goals of sustainable development.

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 1.17***.

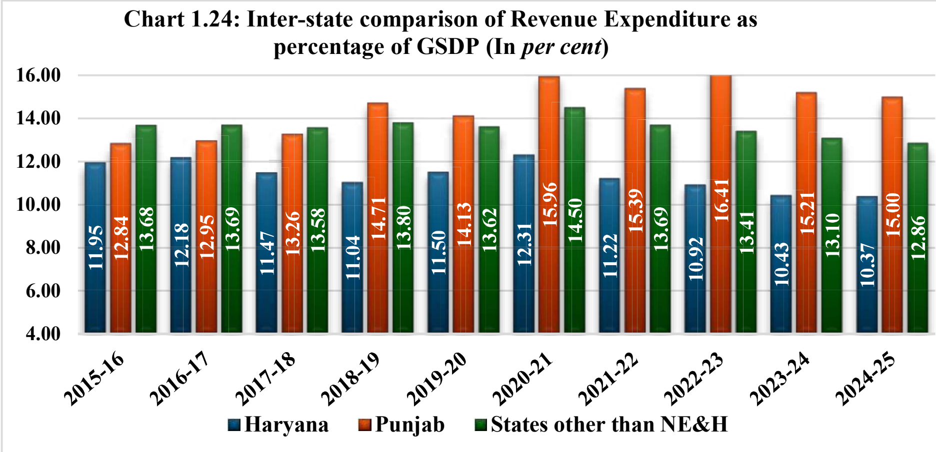
Table 1.17: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
Total Expenditure (TE)	**97,542[9]**	**1,10,437**	**1,20,533**	**1,33,172**	**1,41,490**
Revenue Expenditure (RE)	89,946	98,425	1,06,406	1,13,196	1,25,849
RE as percentage of Revenue Receipts	133.13	126.04	119.30	111.73	118.25
RE as percentage of TE	92.21	89.12	88.28	85.00	88.95
RE/GSDP (*per cent*)	12.31	11.22	10.92	10.43	10.37
Year-on-year growth (in *per cent*)					
Revenue Expenditure	6.01	9.43	8.11	6.38	11.18
GSDP Growth	(-) 1.03	20.10	11.11	11.36	11.83

Source: Finance Accounts

[9] Including Appropriation to Contingency Fund of ₹ 800 crore



A. Sector-wise Revenue Expenditure

Sector-wise composition of Revenue expenditure is given in ***Table 1.18*** and relative share of various sectors in Revenue expenditure is depicted in ***Chart 1.25***. Detailed Sector-wise expenditure is given in ***Appendix 1.2***.

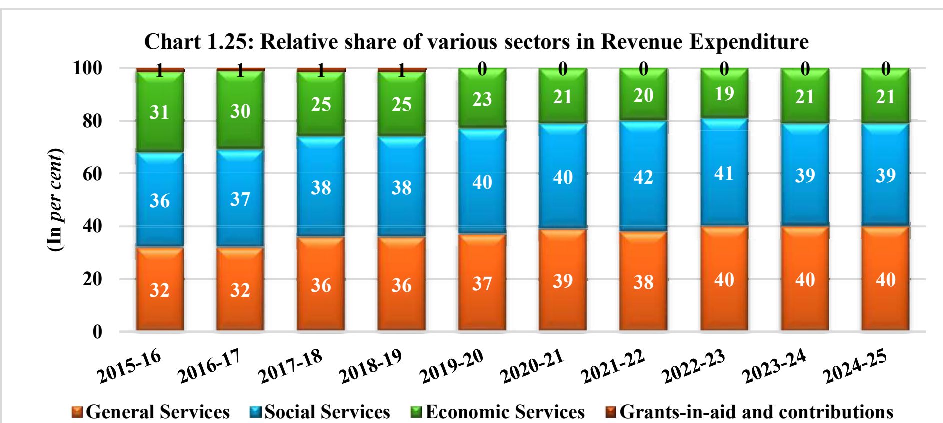
Table 1.18: Sector-wise Revenue expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	34,734	37,948	42,069	45,398	50,060
Social Services	36,164	40,928	43,680	43,778	49,335
Economic Services	19,048	19,549	20,657	24,020	26,454

Source: Finance Accounts

The State's revenue expenditure has shown a consistent rise, increasing from ₹ 89,946 crore in 2020-21 to ₹ 1,25,849 crore in 2024-25. A major share of this spending nearly 80 *per cent* continues to be directed towards General Services and Social Services.



Source: Finance Accounts

In 2024-25, General Services formed about 40 *per cent* of total revenue expenditure, Social Services about 39 *per cent* and Economic Services around 21 *per cent*. This shows that a large part of the State's spending is used for operational costs, salaries, pensions, education, health and welfare schemes. Although the revenue expenditure increased annually at lower growth rate than

GSDP, its consistently high share in total expenditure between 75 *per cent* and 93 *per cent* indicates limited fiscal space for capital investment and development-focused spending. While this focus helps support welfare and social programmes, increasing spending on Economic Services in the coming years could help improve growth and make the State's finances stronger in the long run.

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. These are essential costs that the State must pay every year, leaving limited flexibility for new development work. The component of committed expenditure is given in ***Table 1.19*** and committed expenditure as a percentage of revenue receipts and remaining fiscal space for other expenditure is given in ***Chart 1.26***.

Table 1.19: Components of Committed Expenditure

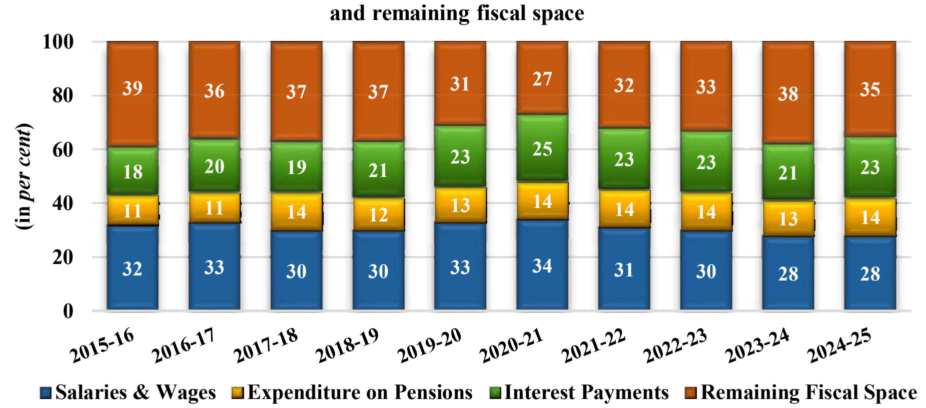
(₹ in crore)

Components of Committed Expenditure	2020-21	2021-22	2022-23	2023-24	2024-25
Salaries & Wages	22,595	24,236	26,409	27,878	30,423[10]
Expenditure on Pensions	9,713	10,617	12,404	13,497	14,561
Interest Payments	17,115	18,362	20,096	21,605	24,219
Total	**49,423**	**53,215**	**58,908**	**62,980**	**69,203**
Committed Expenditure as a percentage of Revenue Expenditure	**54.95**	**54.07**	**55.36**	**55.64**	**54.99**

Source: Finance Accounts

During 2020-21 to 2024-25, the State's committed expenditure increased (40 *per cent*) from ₹ 49,423 crore to ₹ 69,203 crore. As a share of total revenue expenditure, it remained high, between 54 and 56 *per cent* during these years. This means that more than half of the State's revenue spending goes to fixed obligations like salaries, pensions and loan interest.

Chart 1.26: Committed Expenditure as a percentage of Revenue Receipts and remaining fiscal space



Source: Finance Accounts

10 Include Wages of ₹ 736 crore.

Among the components, salaries and wages form the largest share (around 28 *per cent* of revenue receipts in 2024-25), followed by interest payments (23 *per cent*) and pensions (14 *per cent*). The steady rise in these expenses reduces the funds available for welfare schemes, capital projects and social sector growth. The State Government needs reforms in expenditure management, employees cost rationalisation and debt servicing expenditure to free up funds for increased development related expenditure.

C Subsidies

Subsidy spending is another area impacting the State's finances. While smaller in scale than salaries or pensions, subsidies in certain sectors have grown and put pressure on the State's budget. The subsidies during the current year increased by ₹ 921 crore (8.59 *per cent*) from the previous year. The increase was largely due to increase of ₹ 1,066 crore on account of subsidy given under Agriculture & Farmers' Empowerment (subsidy mainly provided to new schemes in 2024-25**,** namely Crop residue management component of RKVY ₹ 124 crore and Haryana Fasal Suraksha Yojana ₹ 1,365 crore which was partially offset by decreasing subsidies for promotion of cotton Cultivation ₹ 22 crore, National Food Security Mission of ₹ four crore, Sub-mission on Agriculture Mechanisation of ₹ 66 crore and Rashtriya Krishi Vikas Yojana ₹ 22 crore).

Department-wise major subsidies given for FYs 2020-21 to 2024-25, are shown in ***Table 1.20***.

Table 1.20: Department-wise Subsidies during FYs 2020-21 to 2024-25

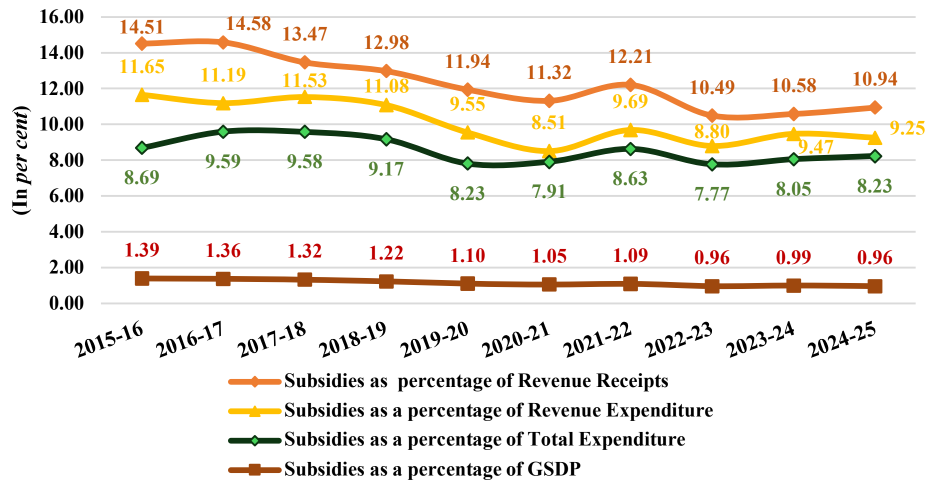
(₹ in crore)

Sl. No.	Departments	2020-21	2021-22	2022-23	2023-24	2024-25
1	Power	5,783	7,108	7,066	7,947	7,795
2	Agriculture & Farmers' Empowerment	1,198	1,524	1,419	1,286	2,352
3	Food Supplies & Consumer Welfare	488	676	372	901	807
4	Other Departments[11]	181	227	503	584	685
Total Subsidy		**7,650**	**9,535**	**9,360**	**10,718**	**11,639**

Source: Finance Accounts of respective years

[11] Other Departments include (i) Welfare of Scheduled Caste, Scheduled Tribes and other Backward Classes, (ii) Social Welfare and Nutrition, (iii) Transport, (iv) Industries and Minerals and (v) Cooperation.

Chart 1.27: Trend analysis of subsidies



The State's total subsidies have increased from ₹ 7,650 crore in 2020-21 to ₹ 11,639 crore in 2024-25, showing a steady upward trend, which was 10.94 *per cent* of revenue receipts, 9.25 *per cent* of revenue expenditure and as a share of GSDP, about one *per cent* during this period. Subsidies were 74.41 *per cent* of the capital expenditure during 2024-25. An amount of ₹ 7,795 crore (66.97 *per cent* of total subsidies) during 2024-25 was given for power sector, out of which subsidy of ₹ 5,941 crore (76 *per cent*) pertained to Rural Electrification, ₹ 1,258 crore (16 *per cent*) for installation of Solar Water Pumping System under KUSUM scheme in the State and ₹ 589 crore of subsidy was for Non-charging of Fuel Surcharge Adjustment from consumers. Subsidies in the agriculture sector stood at 20 *per cent* of the total subsidies in 2024-25 as against 12 *per cent* in 2023-24. While as in Food Supplies & Consumer Welfare sector subsidies in 2024-25 stood at seven *per cent* of the total subsidies as against eight *per cent* in 2023-24. Power sector remains the largest subsidy consumer, however, its relative share in total subsidies declined to 67 *per cent* in 2024-25 from 74 *per cent* in 2023-24. Rising subsidy expenditure can crowd out critical development spending and strain budgetary resources needed for long term growth.

The State Government may rationalise the excessive subsidies which strain resources needed for development expenditure by periodic subsidy review of schemes and exploring direct benefit transfer to improve transparency and to reduce fiscal burden.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the issue.

D 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 1.21***.

Table 1.21: 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	2,766.64	3,472.10	2,542.27	2,491.07	4,297.84
GIA for creation of Capital assets to Municipal Corporations and Municipalities	2,188.41	2,482.22	2,112.81	1,492.13	1,981.90
Zilla parishads and other Panchayati Raj Institutions	3,235.92	954.97	1,357.53	3,062.72	3,644.23
GIA for creation of Capital assets to PRIs	3,104.81	868.35	854.06	1,919.33	2,578.88
Total (A)	**6,002.56**	**4,427.07**	**3,899.80**	**5,553.79**	**7,942.07**
(B) Others					
Educational Institutions (Aided Schools, Colleges, Universities, etc.)	2,468.29	2,632.82	2,706.57	1,739.15	1,623.12
Development Authorities	1,104.22	1,072.47	802.91	483.50	273.59
Hospitals and Other Charitable Institutions	2,107.65	1,686.01	2,542.95	2,101.95	2,678.74
Other Institutions	1,329.75	2,627.44	1,721.24	2,260.70	838.27
Total (B)	**7,009.91**	**8,018.74**	**7,773.67**	**6,585.30**	**5,413.72**
Total (A+B)	**13,012.47**	**12,445.81**	**11,673.47**	**12,139.09**	**13,355.79**
Total GIA for creation of Capital assets	5,709.07	4,145.71	3,780.18	4,499.30	5,230.10
Revenue Expenditure	89,946.60	98,425.03	1,06,406.21	1,13,195.69	1,25,849.29
Assistance as percentage of Revenue Expenditure	14.47	12.64	10.97	10.72	10.61

Source: Finance Accounts

During the FY 2024-25, financial assistance to the local bodies and other institutions increased by ₹ 1,216.70 crore (10.02 *per cent*) over the previous year. This increase was mainly due to the increase in assistance to Municipal Corporation and Municipalities (₹ 1,806.77 crore; 72.53 *per cent*) and Panchayati Raj Institutions (₹ 581.81 crore; 18.99 *per cent*). Financial aid to educational institutions and Hospitals and Other Charitable Institutions remained significant, though it fluctuated across the years.

The overall quantum of financial assistance to the local bodies and other institutions as percentage to revenue expenditure slightly decreased to 10.61 *per cent* during the current year from 10.72 *per cent* of the previous year.

During Exit Conference, the Finance Department agreed (19 February 2026) to examine the issue and explore possibilities of revenue generation by Local Bodies and other institutions from their own sources.

State Finance Commission

The State Government constituted the Sixth State Finance Commission (SFC) for period 2021-22 to 2025-26. As per SFC recommendations, accepted by the State Government, seven *per cent* of the net State's Own Tax Revenue was to be devolved to local bodies in ratio of 55:45 (55 *per cent* for PRIs and 45 *per cent* for ULBs).

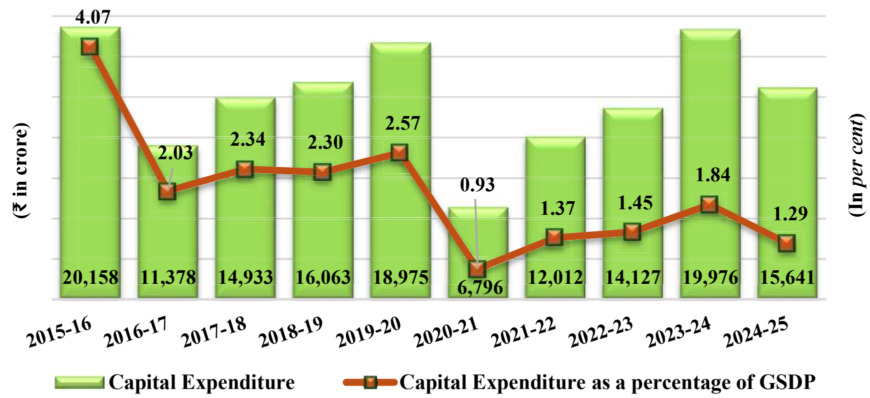
During the year 2024-25 in respect of PRIs an amount of ₹ 1,981.16 crore (₹ 1,482.23 crore normal component and ₹ 498.93 crore SC component) was disbursed against the budget provision of ₹ 3,816 crore which was 51.92 *per cent* of total budget provision and 2.54 *per cent* of State's Own Tax Revenue (SOTR) against the recommended amount of ₹ 3,000.79 crore (3.85 *per cent* of SOTR).

In 2024-25, Urban Local Bodies (ULBs) received ₹ 2,536.49 crore (₹ 1,986.49 crore normal component and ₹ 550 crore SC component) against the budget provision of ₹ 3,122 crore. This constituted 81.25 *per cent* of the total budget provision and accounted for 3.25 *per cent* of SOTR, as against the recommended ₹ 2,455.20 crore (3.15 *per cent* of SOTR).

1.2.4.2 Capital Expenditure

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, loans and advances by the Government to Public Sector Undertakings (PSUs) and other parties. Trends of capital expenditure in the State over the last 10 years, *i.e.* 2015-25 are given in ***Chart 1.28***.

Chart 1.28: Capital Expenditure in the State



Source: Finance Accounts and Annual Financial Statements of respective years

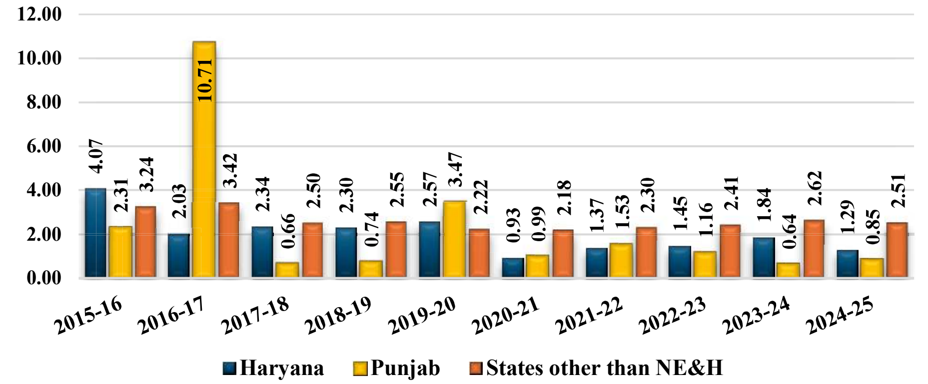
The State's capital expenditure showed Year on Year variations during the 10 year period. It declined from ₹ 20,158 crore in 2015-16 to ₹ 6,796 crore in 2020-21, with year on year fluctuations. From 2020-21 till 2023-24 it showed a steadily rising trend and declined to ₹ 15,641 crore in 2024-25 from ₹ 19,976 crore in 2023-24. As a percentage of GSDP, Capital expenditure showed a similar trend, declined from 4.07 *per cent* in 2015-16 to 0.93 *per cent* in 2020-21, steadily increased to 1.84 *per cent* in 2023-24 and again declined to 1.29 *per cent* in 2024-25. Reason for decline during 2024-25 was more recoveries on Capital Account received under Food Storage and Warehousing from ₹ 9,951 crore in 2023-24 to ₹ 13,804 crore in 2024-25.

Capital Expenditure was 17.67 *per cent* of the total borrowings which indicates that the borrowings were not proportionately converted to infrastructural development.

This indicates that while the State has focused on asset creation and infrastructure development, capital spending has not maintained consistent growth, especially in post COVID years.

Apart from Capital expenditure of ₹ 15,641 crore, State Government also transferred ₹ 5,230.10 crore as Grant-in-aid for creation of capital assets to the local bodies and other institutions.

Chart 1.29: Inter-state comparison of Capital Expenditure as percentage of GSDP (In *per cent*)



A Sector-wise Capital Expenditure

Sector-wise composition of Capital expenditure is given in ***Table 1.22***. Detailed Sector-wise expenditure is given in ***Appendix 1.2.***

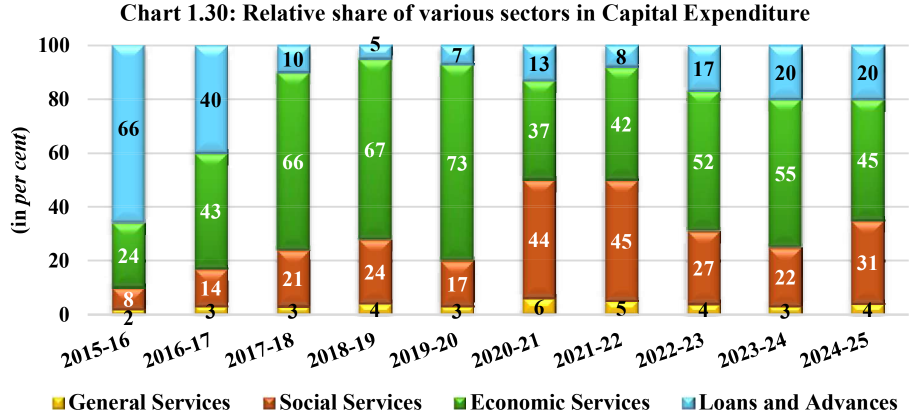
Table 1.22: Sector-wise Capital expenditure

(₹ in crore)

Parameters	2020-21	2021-22	2022-23	2023-24	2024-25
General Services	388	562	553	641	628
Social Services	2,986	5,471	3,756	4,438	4,819
Economic Services	2,496	5,013	7,356	10,842	7,033
Loans & Advances	926	966	2,462	4,055	3,161

Source: Finance Accounts

Chart 1.30: Relative share of various sectors in Capital Expenditure



Source: Finance Accounts

The State's capital expenditure has mainly been concentrated in Social Services and Economic Services sectors. Together, these two accounts for spending between 32 and 91 *per cent* of total expenditure during 2015-16 and 2019-20 while as it was between 76 and 87 *per cent* of the total capital expenditure during 2020-21 to 2024-25. Maximum spending in Social Services was on Education, Sports, Art and Culture, Medical and Public Health and Water Supply and Sanitation. Maximum spending in Economic Services was on Major and Medium Irrigation, Flood control Projects and Roads and Bridges.

During 2024-25, capital expenditure under Economic Services formed the largest share at 45 *per cent*, followed by Social Services (31 *per cent*) and Loans and Advances (20 *per cent*), while General Services accounted for a small portion of about four *per cent*.

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 ₹ 38,306.53 crore, comprising Government Companies (₹ 37,273.13 crore), Co-operative Societies (₹ 826.19 crore), Statutory Corporations (₹ 204.93 crore), Other Joint Stock Companies and Partnerships (₹ 1.75 crore) and Rural Banks (₹ 0.53 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 1.31***. Rate of return on investment[12] made *vis-à-vis* average rate of interest on Government borrowing is depicted in ***Chart 1.32***.

Chart 1.31: Investment and Returns (₹ in crore)

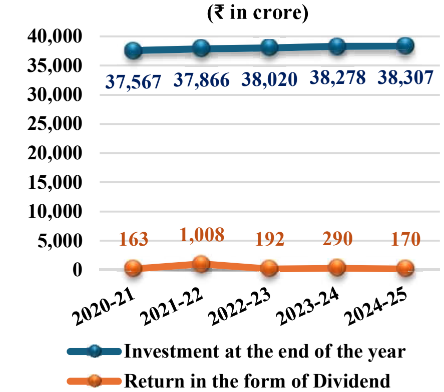


Chart 1.32: Rate of return on investment vis-a-vis average rate of interest on Government borrowings

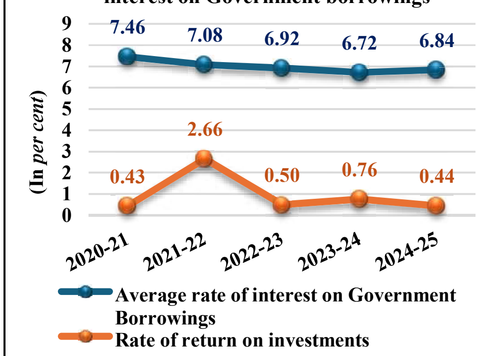


Table 1.23: Return on Investment

Investment/return/cost of borrowings	2020-21	2021-22	2022-23	2023-24	2024-25
Investment at the end of the year (₹ in crore)	37,566.55	37,865.68	38,020.05	38,278.21	38,306.53
Return on Investment (₹ in crore) *	163.14	1,007.59	192.00	289.79	169.96
Return on Investment (*per cent*) *	0.43	2.66	0.50	0.76	0.44
Average rate of interest on Government borrowings (*per cent*)$	7.46	7.08	6.92	6.72	6.84
Difference between interest rate and return (*per cent*)	(-) 7.03	(-) 4.42	(-) 6.42	(-) 5.96	(-) 6.40
Difference between interest on Government borrowings and return on investments (₹ in crore) #	**(-) 2,640.93**	**(-) 1,673.66**	**(-) 2,440.89**	**(-) 2,281.38**	**(-) 2,451.62**

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

*** on historical cost.**

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

$ Effective Rate of Interest = Interest Payments/[(Opening Balance of Debt + Closing Balance of Debt)/2] *100. Opening and Closing balance of debt excluding non-interest bearing loans, reserve funds and deposits.

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12 Rate of Return on Investment= Dividend received during the year/{opening balance of Investment + closing balance of investment)/2}*100.

During 2024-25, the return on investment was ₹ 169.96 crore[13] (0.44 *per cent*) (based on historical cost and not on net present value basis). The return was between 0.43 *per cent* and 0.76 *per cent* during 2020-25 excluding the year 2021-22 where the return was 2.66 *per cent* while the average rate of interest paid by the State Government on its borrowings was between 6.72 *per cent* and 7.46 *per cent* during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments was to the tune of ₹ 2,297.70 crore.

It was noticed that ₹ 37,273.13 crore was invested in 35 State PSUs upto 2024-25. Out of 35 PSUs only four PSUs[14] gave return of ₹ 159.60 crore during the FY 2024-25 which was only 0.43 *per cent* of total investment. However, government borrowed funds at an average rate of interest of 6.84 *per cent.*

This large gap indicates inefficient use of public funds, as the State is earning much less on its investments than what it pays in interest on loans.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the issue and take necessary steps to improve the position.

Forgone Revenue from Non-realisation of Dividends

As per the existing policy (October 2003), the State Government expects a minimum return of four *per cent* on the paid-up share capital of the State Government. As per latest finalized accounts received (September 2025), 13 State PSUs registered profits of ₹ 833.94 crore in respect of 14[15] annual accounts but eight PSUs earned sufficient profit to pay dividends. Out of these eight PSUs, only two[16] companies paid dividends as per the policy.

Against the total eligible dividend of ₹ 170.07 crore from the eight PSUs which earned enough profits, only ₹ 2.06 crore was received from two PSUs. The remaining six PSUs did not declare eligible dividends of ₹ 168.01 crore. Thus, ₹ 168.01 crore could have been realized as dividend during FY 2024-25. The State Government may ensure that the PSUs comply with the dividend policy.

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13 Government Companies (₹ 159.60 crore); Statutory Corporation (₹ 2.36 crore); and Co-operative Banks and Societies (₹ eight crore).

14 (i) Haryana Power Generation Corporation Limited, Panchkula: ₹ 152 crore, (ii) Haryana State Electronic Development Corporation Limited, Chandigarh: ₹ 0.91 crore, (iii) Haryana State Industrial Development Corporation Limited, Chandigarh: ₹ 6.66 crore and (iv) Haryana Knowledge Corporation Limited: ₹ 0.03 crore.

15 DHBVNL submitted two annual accounts during the year 2024-25 i.e. 2023-24 and 2024-25.

16 Haryana State Infrastructure and Industrial Development Corporation Limited (₹ two crore) and Haryana Forest Development Corporation Limited (₹ 0.06 crore)

Implementation of Ujwal DISCOM Assurance Yojana (UDAY)

Government of India launched (November 2015) Ujwal DISCOM Assurance Yojana (UDAY) scheme for the financial turnaround of Power Distribution Companies (DISCOMs). It was a revival package for making DISCOMs financially and operationally viable by enabling them to supply adequate power at affordable rates. A tripartite Memorandum of Understanding (MoU) was signed (March 2016) between the Ministry of Power (MoP), the Government of Haryana (GoH) and State DISCOMs (i.e. UHBVNL and DHBVNL). As per provisions of the UDAY Scheme and tripartite MoU, out of the total debt of ₹ 34,600 crore pertaining to the two DISCOMs as on 30 September 2015 in Haryana, the GoH took over the 75 *per cent* of total debt i.e. ₹ 25,950 crore. The implementation of UDAY Scheme was envisaged as shown in ***Table 1.24***.

Table 1.24: Implementation of UDAY Scheme

(₹ in crore)

Year	Total debt to be taken over	Transfer to DISCOMs in form of Grant	Transfer to DISCOMs in form of loan	Transfer to DISCOMs in form of equity
2015-16	17,300	3,892.50	12,110	1,297.50
2016-17	8,650	3,892.50	3,460	1,297.50
Total (A)	**25,950**	**7,785.00**	**15,570**	**2,595.00**
Percentage to total debt of ₹ 34,600 crore	**75 *per cent***	**22.50 *per cent***	**45 *per cent***	**7.5 *per cent***

In terms of the MoU, Government provided grants of ₹ 7,785 crore (₹ 3,892.50 crore each year), equity of ₹ 2,595 crore (₹ 1,297.50 crore each year) and balance of ₹ 15,570 crore as loan to DISCOMs during 2015-16 and 2016-17. The loans of ₹ 15,570 crore were to be converted into grant of ₹ 11,677.50 crore (75 *per cent*) and equity of ₹ 3,892.50 crore (25 *per cent)* during 2017-18 to 2019-20. However, the State Government converted total loans into equity, as given in ***Table 1.25***.

Table 1.25: Implementation of UDAY Scheme in Haryana State

(₹ in crore)

Year	Total	Grant	Loan	Equity
2015-16	17,300.00	3,892.50	12,110.00	1,297.50
2016-17	8,650.00	3,892.50	3,460.00	1,297.50
Total	**25,950.00**	**7,785.00**	**15,570.00**	**2,595.00**
2017-18	-		(-) 5,190.00	5,190.00
2018-19	-	(-) 7,785.00	(-) 5,190.00	12,975.00
2019-20	-		(-) 5,190.00	5,190.00
Total (as on 31st March 2020)				**25,950.00**

Financial results of two DISCOMs after implementation of UDAY

State Government had investment of ₹ 28,695.14 crore (UHBVNL: ₹ 15,231.33 crore and DHBVNL: ₹ 13,463.81 crore) in the State DISCOMs, as on 31 March 2025. The profit/loss earned/ incurred by both the DISCOMs during last ten years are shown in ***Table 1.26***.

Table 1.26: Profit/ loss earned/ incurred by UHBVNL and DHBVNL during last ten years

(₹ in crore)

Year	UHBVNL					DHBVNL				
	Revenue	Expendi-ture	Profit/Loss (Operational)	Excep-tional Items	Profit/ Loss (Total)	Revenue	Expendi-ture	Profit/Loss (Operational)	Excep-tional Items	Profit/ Loss (Total)
2015-16	12,429.87	12,766.24	(-) 336.37	0.00	(-) 336.37	15,170.03	15,642.95	(-) 472.92	1.34	(-) 471.58
2016-17	12,894.64	13,099.65	(-) 205.01	0.00	(-) 205.01	15,628.57	15,445.66	182.91	170.96	11.95
2017-18	13,932.35	13,654.12	278.23	0.00	278.23	16,912.33	16,778.21	134.12	0.00	134.12
2018-19	14,484.90	14,299.19	185.71	0.00	185.71	18,338.45	18,243.22	95.23	0.00	95.23
2019-20	13,855.65	13,637.93	217.72	0.00	217.72	17,776.41	17,662.79	113.62	0.00	113.62
2020-21	12,572.50	12,175.43	397.07	0.00	397.07	16,102.15	15,862.54	239.61	0.00	239.61
2021-22	14,173.24	13,503.20	670.04	592.26	77.78	18,574.43	18,395.46	178.97	6.29	185.26
2022-23	18,405.73	18,141.98	263.75	152.50	111.25	25,475.90	24,764.78	711.12	(-) 583.94	127.18
2023-24	17,091.17	17,382.48	(-) 291.31	332.70	41.39	24,325.00	24,781.69	(-) 456.69	579.95	123.26
2024-25	19,363.25	20,510.00	(-) 1,146.75	1,213.92	67.17	26,859.51	28,143.42	(-) 1,283.91	1,302.49	18.58

It transpires from above that DISCOMs were incurring losses in 2015-16 and 2016-17, started earning profit post conversion of loans amounting to ₹ 15,570 crore into equity by Government of Haryana under Ujwal DISCOM Assurance Yojna (UDAY) and consequent reduction in finance cost, DISCOMs started earning profits.

The State Government has borne the burden of repayment of Power bonds to the tune of Principal: ₹ 19,030 crore since 2021-22. As on 31 March 2025, remaining UDAY bonds to be repaid stood at ₹ 6,920 crore.

Aggregate Technical & Commercial (AT&C) losses which were 34.17 *per cent* in UHBVNL and 25.22 *per cent* in DHBVNL in FY 2015-16, (i.e., prior to UDAY scheme) were reduced to 14.86 *per cent* and 21.12 *per cent*, respectively in 2018-19 after implementation of UDAY scheme.

As a result of persistent push through Central schemes and State level initiatives (Mhara Gaon Jagmag Gaon launched for Rural Area and Loss Reduction Plan Scheme for Urban Area) the State DISCOMs were able to bring AT&C losses at 10.26 *per cent* (DHBVNL) and 9.33 *per cent* (UHBVNL) against the target of 10.45 *per cent* (DHBVNL) and 10 *per cent* (UHBVNL) respectively during FY 2024-25.

DISCOMs in the State were also benefited from other central schemes like, Integrated Power Distribution System (IPDS) scheme[17] (implemented from 2014 to 2022) and Revamped Distribution Sector Scheme[18] (RDSS) launched in July 2021 as a five-year program to run from 2021-22 to 2025-26.

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

[17] The primary goal of the scheme was to strengthen the sub-transmission and distribution networks in urban areas to improve efficiency and reliability.

[18] The objective of the scheme is to improve quality and reliability of power.

many institutions/organizations. ***Table 1.27*** 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 1.27: 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	7,390	7,884	8,350	10,574	15,203[19]
Amount advanced during the year	926	966	2,462	4,055	3,161
Amount recovered during the year	432	500	238	301	294
Closing Balance of the loans outstanding	**7,884**	**8,350**	**10,574**	**14,328**	**18,070**
Net addition	494	466	2,224	3,754	2,867
Interest received	92	106	75	182	121
Interest rate on Loans and Advances given by the Government	1.20	1.31	0.79	1.46	0.73
Average rate of interest on Government Borrowings (*per cent*)	7.46	7.08	6.92	6.72	6.84
Difference between the rate of interest received and interest paid (*per cent*)	(-) 6.26	(-) 5.77	(-) 6.13	(-) 5.26	(-) 6.11

Source: Finance Accounts

The outstanding balance of loans and advances given by the State Government increased significantly from ₹ 7,884 crore in 2020-21 to ₹ 18,070 crore in 2024-25, showing a continuous rise in loan disbursements to various institutions. However, loan recoveries remained very low, ranging between ₹ 238 crore and ₹ 301 crore during the last three years, indicating weak recovery performance.

The interest received on these loans was also minimal at ₹ 121 crore in 2024-25 resulting in an effective interest rate of only 0.73 *per cent*, compared to the average borrowing cost of around 6.84 *per cent* for the Government. This indicates that the State earned much less on its loans than what it paid as interest on borrowings, creating a negative spread of about (-) 6.11 *per cent* in 2024-25. This necessitates a relook at the loans/advances policy of the Government.

Loans and Advances grew by 18.87 *per cent* during the FY 2024-25. During FY2024-25, more loans were disbursed to Education Department (₹ 927.60 crore), Medical and Public Health (₹ 811.20 crore), Agriculture and Allied Activities (₹ 837.82 crore), Co-operative Sugar Mills (₹ 290 crore) and Haryana Rail Infrastructure Development (₹ 197 crore).

During the FY 2024-25, the State Government disbursed ₹ 290 crore to the Co-operative Sugar Mills, however, no repayment was received against the previous loans during 2024-25. Loans of ₹ 5,673.26 crore were outstanding against these Co-operative Sugar Mills at the end of 2024-25. The Government has disbursed loans to these sugar mills with terms and conditions that the loans would be repaid in five years in equal instalments with 8.5 *per cent* per annum interest. However, there was no Budget provision for recovery on account of principal of loans during the year 2024-25 which was indicative of inadequate

[19] Opening balance increase by ₹ 874 crore due to Prior Period Adjustment for 2022-23.

efforts of the State Government for recovery of outstanding loans against these cooperative sugar mills.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the issue after analysing the situation in neighboring States.

Loans amounting to ₹ 2,566.60 crore[20] were sanctioned and disbursed to various Universities (grantee) as Financial Assistance/Grant-in-aid under various Major Heads related to Loans. Audit observed in these cases that amount given as financial assistance has been charged/debited to MH 6202, 6210, 6401, 6403 and 6416, which as per list of Major & Minor head issued by the Controller General of Accounts pertains to loan heads. On review of sanctions, it was observed that without declaring terms and conditions regarding recovery of principal and interest these could not be treated as loans. This was in violation of Government Accounting Rules and has resulted in overstatement of Capital expenditure and understatement of Revenue expenditure.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the matter.

Loans amounting to ₹ 1,140.87 crore were outstanding at the beginning of the year 2024-25 against Haryana State Cooperative Agriculture and Rural Development Bank (HSCARDB). Further, loans of ₹ 10 crore were given to this bank with the condition to ensure that there is no default in repayment of loan along with interest to the Government. However, no repayment was received during the year resulting in outstanding balance of ₹ 1,150.87 crore at the end of 31 March 2025. Thus, loans were sanctioned during 2024-25 even though there was default in repayment of earlier loans.

1.3 Contingency Fund

The Contingency Fund of the Government of Haryana is intended to provide advances for meeting unforeseen expenditure, pending its authorization 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 2024-25, ₹ 148.93 crore had been withdrawn from the fund under various budgetary heads 5054 - Capital outlay on Roads and Bridges. However, the total amount of ₹ 148.93 crore had not been replenished by the end of the FY 2024-25. As on 31 March 2025, Contingency Fund had a balance of ₹ 851.07 crore only.

[20] Higher Education Department (₹ 590.75 crore), Medical Education and Research Department (₹ 761.21 crore), Skill Development and Industrial Training Department (₹ 336.85 crore), Crop Husbandry (₹ 41.23 crore), Animal Husbandry (₹ 150.06 crore), Agriculture and Farmers Welfare Department (₹ 636.51 crore) and Health & Ayush Department (₹ 49.99 crore).

Details of expenditure made out of the Contingency Fund are discussed in paragraph no. 2.8 of Chapter II.

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 for various purposes.

1.4.1 Net Public Account balances

The component-wise net balances in Public Account of the State are given in ***Table 1.28***.

Table 1.28: 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.	**17,996.91**	**18,394.45**	**18,663.82**	**18,762.25**	**18,777.29**
Reserve Funds	(a) Reserve Funds bearing Interest	5,476.92	5,756.67	6,554.17	7,905.52	9,550.30
	(b) Reserve Funds not bearing Interest[21]	2,347.00	3,092.25	3,704.79	4,333.03	5,002.95
	Total	**7,823.92**	**8,848.92**	**10,258.96**	**12,238.55**	**14,553.25**
Deposits and Advances	(a) Deposits bearing Interest	451.94	443.53	442.63	486.14	544.89
	(b) Deposits not bearing Interest	9,019.62	11,281.42	11,667.62	14,071.25	15,635.04
	(c) Advances	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74
	Total	**9,470.82**	**11,724.21**	**12,109.51**	**14,556.65**	**16,179.19**
Suspense and Miscellaneous	(a) Suspense	(-) 24.24	241.40	425.44	(-) 19.66	(-) 29.90
	(b) Other Accounts	0.05	0.05	0.05	0.00	0.00
	(c) Accounts with Governments of Foreign Countries	(-) 0.06	(-) 0.06	(-) 0.06	(-) 0.06	(-) 0.06
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
	Total	**(-) 24.25**	**241.39**	**425.43**	**(-) 19.72**	**(-) 29.96**
Remittances	(a) Money Orders, and other Remittances	330.58	333.65	370.71	354.85	325.79
	(b) Inter- Governmental Adjustment Account	(-) 17.73	(-) 19.05	(-) 18.55	(-) 17.86	(-) 22.24
	Total	**312.85**	**314.60**	**352.16**	**336.99**	**303.55**
Grand Total		**35,580.25**	**39,523.57**	**41,809.88**	**45,874.72**	**49,783.32**

Source: Finance Accounts

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

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 six interest bearing funds and six 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 1.29***.

21 Including investments.

Table 1.29: Detail of Major Reserve Funds

(₹ in crore)

Sl. 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**	**7,905.52**	**1,215.55**	**655.36**	**226.13**	**9,550.30**
1.	Depreciation Reserve Funds- Government Commercial Departments and Undertakings -	581.59	50.00	63.97	75.00	620.56
2.	Depreciation Reserve Funds- Government Non-Commercial Departments and Undertakings-	21.15	0.10	1.53	0.00	22.78
3.	General and Other Reserve Funds of Government Commercial Departments/Undertakings	5.72	0.25	0.63	0.25	6.35
4.	State Disaster Response Fund	5,737.22	535.90	536.75	71.88	6,737.99
5.	State Compensatory Afforestation Fund	1,559.84	157.50	52.48	79.00	1,690.82
6.	State Disaster Mitigation Fund	0.00	471.80	0.00	0.00	471.80
B	**Reserve Funds not bearing Interest[22]**	**4,333.02**	**355.57**	**314.42**	**0.06**	**5,002.95**
1.	Sinking Fund	2,124.41	300.00	161.98	0.00	2,586.39
2.	Mines Welfare Fund	539.82	55.57	27.81	0.06	623.14
3.	Consumer Welfare Fund	2.29	0.00	0.00	0.00	2.29
4.	Fund for Development Schemes	1.41	0.00	0.00	0.00	1.41
5.	Fund for Village Reconstruction for Harijan Uplift	2.29	0.00	0.00	0.00	2.29
6.	Guarantee Redemption Fund	1,662.80	0.00	124.63	0.00	1,787.43
	Grand Total	**12,238.54**	**1,571.12**	**969.78**	**226.19**	**14,553.25**

Source: Finance Accounts

As per guidelines for the constitution and administration of the State Disaster Response Fund, the State Executive Committee will take decision regarding investment of SDRF. However, the SDRF funds have not been invested as per GoI guidelines in contravention to *ibid* guidelines.

During the Exit Conference, the Finance Department stated (19 February 2026) that the State Government is crediting the due interest to the fund in lieu of the investment. However, the fact that no amount was invested was in violation of GoI guidelines despite that amount was contributed to the fund in the ratio of 75:25 by GoI and State Government respectively.

The State Government constituted the Consolidated Sinking Fund (CSF) for amortisation of loan in 2002. According to revised notification of CSF dated 6 March 2024, the State Government shall make effort to build up CSF corpus to five *per cent* of the outstanding liabilities (Internal Debt plus Public Liability) within a span of five years. In the year 2024-25, the State Government contributed ₹ 300 crore to the fund. The total accumulation of fund was ₹ 2,586.39 crore as on 31 March 2025 which is only 0.7 *per cent* of the outstanding liabilities.

Of the major Reserve Funds *ibid*, two Reserve Funds not bearing interest i.e. Fund for Development Schemes and Fund for Village Reconstruction for Harijan Uplift are inoperative for more than six years. The State Government is yet to close these inoperative Reserve Funds and transfer their balances (₹ 3.70 crore) to the Consolidated Fund of the State.

[22] Including investments.

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 ₹ 1.14 crore with the Bank. 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 limit for ordinary Ways and Means Advance to the State Government was ₹ 1,464 crore during the period, 1 April 2024 to 30 June 2024 and revised to ₹ 1,803 crore from 1 July 2024 to 31 July 2025. The Bank has also agreed to give special Ways and Means Advances against the pledge of Government Securities. The limit of special Ways and Means Advances is revised by the Bank from time to time.

The State Government had not maintained the prescribed minimum cash balance during the year 2024-25 and had to resort to 118 days of taking special Ways and Means Advances and eight days of taking Ways and Means Advances to maintaining the minimum balance. Interest of ₹ 9.75 crore was paid on the Ways and Means Advances during the year 2024-25.

During the Exit Conference, the Finance Department stated (19 February 2026) that this measure was adopted to avoid long-term borrowings or market loans, as Ways and Means advances are comparatively cheaper than market borrowings. Evidently State Government had not maintained the minimum cash balance and raised market loans amounting to ₹ 49,500 crore during the year 2024-25 in addition to the Ways and Means advances and Special Ways and Means Advances.

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'.

Cash balance and investment details for 2023-24 and 2024-25 are provided in ***Table 1.30***.

Table 1.30: 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	373.36	216.46
Remittance in Transit-Local	0.54	0.54
Investments held in the "Cash Balance Investment Account"	1,272.60	1,455.20
Total (A)	**1,646.50**	**1,672.20**
B. Other Cash Balances and Investments		
Cash with departmental officers, *viz.* Forest and Public Works Departments, Military Secretary to the Governor, etc.	4.03	10.98
Permanent advances for contingent expenditure with departmental officers	0.11	0.11
Investment of Earmarked Funds	3,787.38	4,373.99
Total (B)	**3,791.52**	**4,385.08**
Total (A + B)	**5,438.02**	**6,057.28**
Interest realized	**6.19**	**3.50**

Source: Finance Accounts

The State Government maintained a cash balance of ₹ 6,057 crore at the end of March 2025. Of this, ₹ 4,374 crore (about 72 *per cent*) represented investment of earmarked funds, such as reserve and development funds, which are not available for general expenditure.

Details of Cash Balance Investment Account during the last five years is given in ***Table 1.31***.

Table 1.31: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/Decrease (-)	Interest earned
2020-21	2,332.87	1,564.72	(-) 768.15	29.49
2021-22	1,564.72	2,597.52	1,032.80	25.45
2022-23	2,597.52	1,310.12	(-) 1,287.40	4.36
2023-24	1,310.12	1,272.60	(-) 37.52	6.19
2024-25	1,272.60	1,455.20	182.60	3.50

Source: Finance Accounts

The Cash Balance Investment Account increased from ₹ 1,273 crore at the start of the year to ₹ 1,455 crore by year-end, indicating improved fund management and short-term investment of surplus cash. However, the interest earned on these investments declined to ₹ 3.50 crore in 2024-25 from ₹ 6.19 crore in 2023-24, suggesting low returns on idle balances.

As on 31 March 2025, the State Government had a balance of ₹ 10,179.26 crore under various reserve funds, including the State Disaster Response Fund (₹ 6,737.99 crore) and the State Compensatory Afforestation Fund (₹ 1,690.82 crore). These reserve funds are required to be invested in Government treasury bills so that the resources remain available for the specific purposes for which the funds were created. However, no such investment was made by the State Government, and the funds were largely utilised for revenue expenditure, despite the fact that contributions to these funds are made jointly by the Government of India and the State Government.

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 1.33 and ***Chart 1.34*** shows receipts and expenditure of the State as a percentage of GSDP, during FY 2020-25 respectively.

Chart 1.33: Receipts of the State

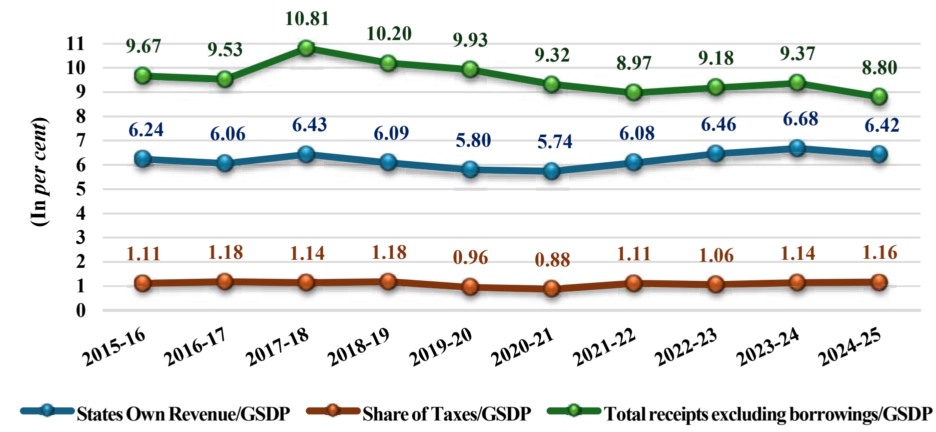
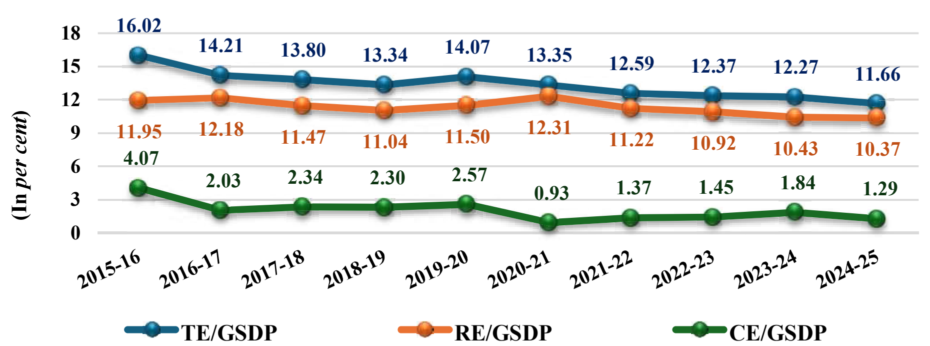


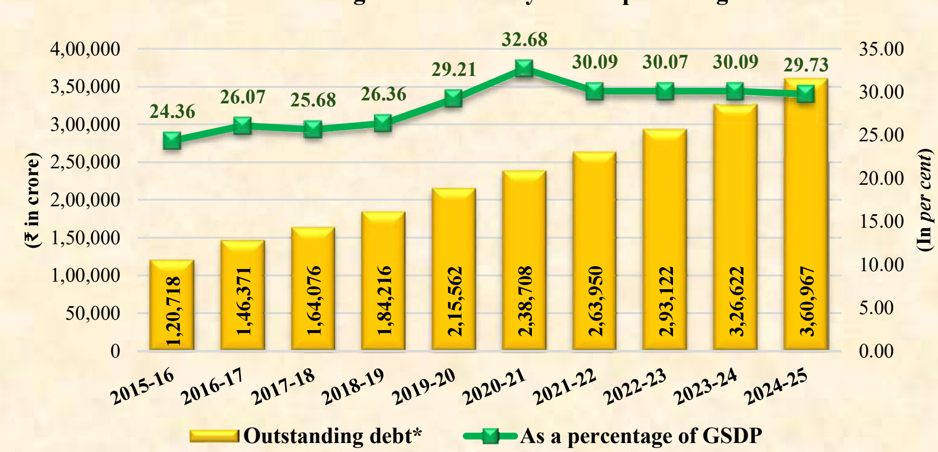
Chart 1.34: Expenditure of the State



1.5.1 Public Liability Management

Outstanding liability of the State along with its percentage to GSDP for the years 2020-21 to 2024-25 is depicted in ***Chart 1.35***.

Chart 1.35: Outstanding Public Liability and its percentage to GSDP

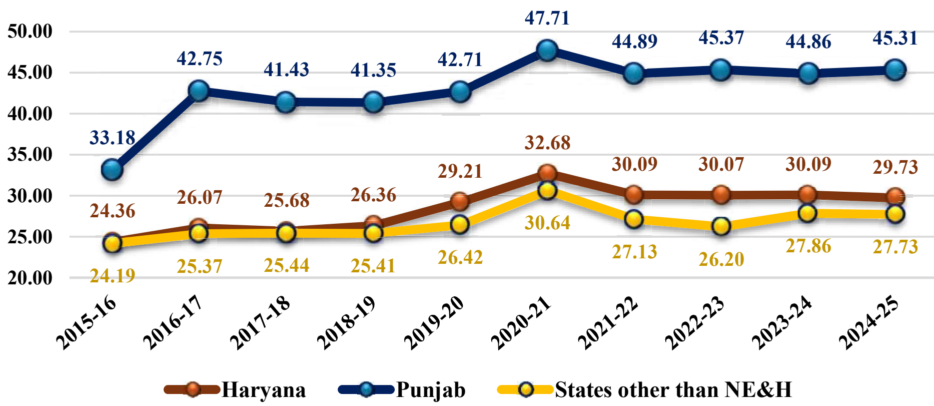


Source: Finance Accounts

* **Excluding GoI back-to-back loans of ₹ 8,500.19 crore (₹ 2,176 crore during the year 2020-21 and ₹ 6,324.19 crore during the year 2021-22 in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).**

Outstanding fiscal liabilities increased from ₹ 1,20,718 crore at the end of 2015-16 to ₹ 3,60,967 crore at the end of 2024-25. The debt-GSDP ratio remained high, fluctuating between 24.36 *per cent* and 32.68 *per cent*, indicating sustained pressure on debt sustainability.

Chart 1.36: Inter-state comparison of Outstanding Debt as percentage of GSDP (In *per cent*)



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 trend of the State for the period of five years beginning from 2020-21 are presented in ***Table 1.32***.

Table 1.32: Component-wise liability trends

(₹ in crore)

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Outstanding Total Liability	**2,38,708**	**2,63,950**	**2,93,122**	**3,26,622**	**3,60,967**
Public Debt	**2,05,458**	**2,27,697**	**2,55,325**	**2,84,851**	**3,15,831**
Internal Debt	2,03,958	2,26,208	2,52,781	2,80,772	*3,10,503*
Loans from GoI	1,500*	1,489@	2,544@	4,079#	*5,328#*
Public Account Liabilities	**33,250**	**36,253**	**37,797**	**41,771**	**45,136**
Small Savings, Provident Funds, etc.	*17,997*	*18,394*	*18,664*	*18,762*	*18,777*
Reserve Funds bearing Interest	*5,477*	*5,757*	*6,554*	*7,906*	*9,550*
Reserve Funds not bearing Interest[23]	*304*	*377*	*469*	*546*	*629*
Deposits bearing Interest	*452*	*444*	*443*	*486*	*545*
Deposits not bearing Interest	*9,020*	*11,281*	*11,667*	*14,071*	*15,635*
Rate of growth of outstanding total liability (*per cent*)	**10.74**	**10.57**	**11.05**	**11.43**	**10.52**
Gross State Domestic Product (GSDP)	**7,30,442**	**8,77,269**	**9,74,732**	**10,85,510**	**12,13,951**
Outstanding Total Liability/GSDP (*per cent*)	**32.68**	**30.09**	**30.07**	**30.09**	**29.73**

[23] Excluding investments.

Components of fiscal liability	2020-21	2021-22	2022-23	2023-24	2024-25
Borrowings and Other Liabilities					
Total Receipts	*93,337*	*91,027*	*1,38,564*	*1,52,612*	*1,53,974*
Total Repayments	*70,191*	*65,785*	*1,09,392*	*1,19,112*	*1,19,630*
Net funds available	*23,146*	*25,242*	*29,172*	*33,500*	*34,344*
Repayments/Receipts (per cent)	*75.20*	*72.27*	*78.95*	*78.05*	*77.69*

Source: Finance Accounts

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

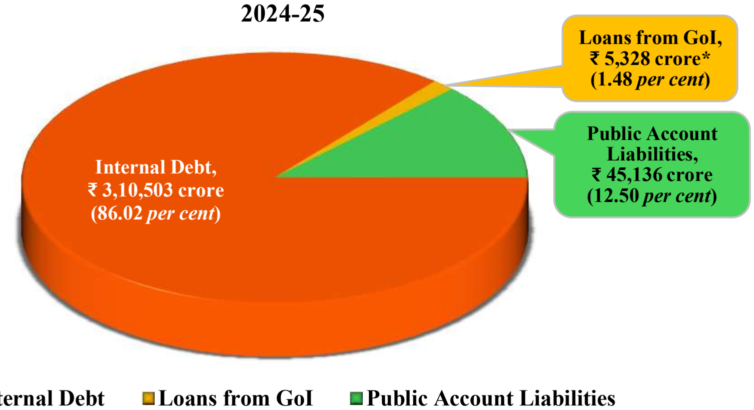
@ **Excluding GoI back-to-back loans of ₹ 11,746 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,394 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.**

\# **Excluding GoI back-to-back loans of ₹ 8,500.19 crore (₹ 2,176 crore during the year 2020-21 and ₹ 6,324.19 crore during the year 2021-22 in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).**

Internal debt of the State Government increased by ₹ 1,06,545 crore (52.24 *per cent*) from ₹ 2,03,958 crore in 2020-21 to ₹ 3,10,503 crore in 2024-25. An amount of ₹ 21,936.69 crore was paid towards interest on internal debt during 2024-25.

Break-up of outstanding total liabilities at the end of 2024-25 is shown in ***Chart 1.37***.

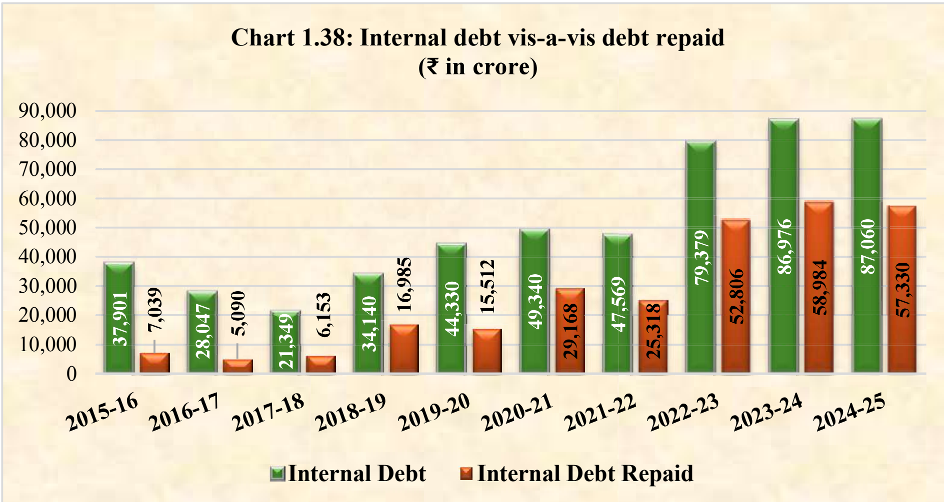
Chart 1.37: Break-up of outstanding total liabilities at the end of 2024-25



Source: Finance Accounts

* **Excludes back-to-back loans of ₹ 8,500.19 crore received from GoI in lieu of GST Compensation shortfall during 2020-22, which are not to be repaid by the State from its sources.**

Chart 1.38 depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of 10 years i.e. 2015-25.



Source: Finance Accounts

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 1.33*** and ***Chart 1.39*** depict the utilization and trends of borrowed funds during 2020-25 respectively.

Table 1.33: Utilization of borrowed funds

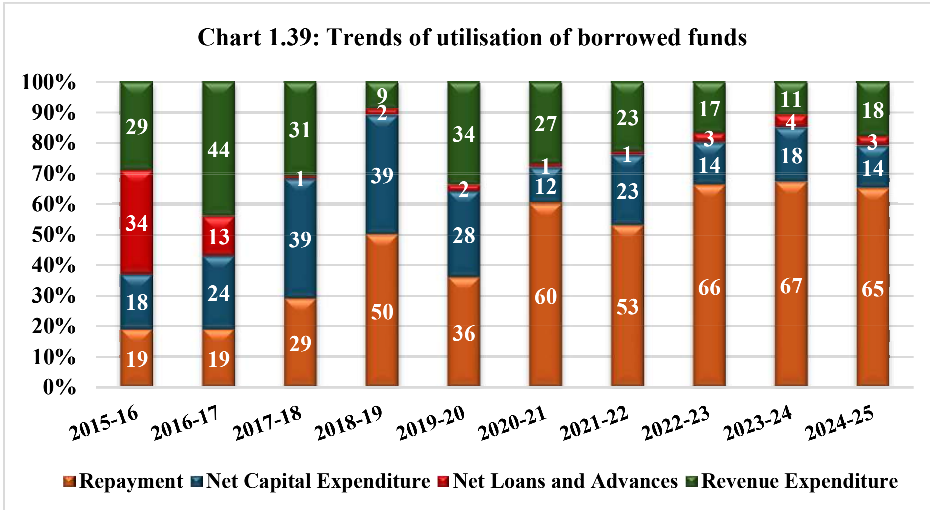
(₹ in crore)

Sl. No.	Year	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total borrowings	49,465[24]	47,712[25]	80,649	88,721	88,519
2.	Repayment of earlier borrowings (Principal)	29,498	25,473	53,021	59,194	57,540
3.	Net capital expenditure	5,807	10,978	11,591	15,806	12,378
4.	Net loans and advances	494	466	2,224	3,754	2,867
5.	Portion of Revenue expenditure met out of net available borrowings	13,667	10,794	13,813	9,966	15,734

Source: Finance Accounts

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

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



Source: Finance Accounts

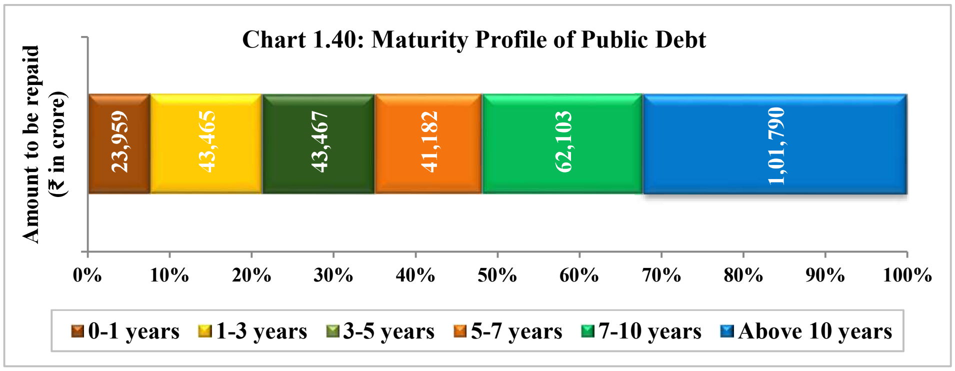
During the period 2020-25 the State Government utilized between 53 *per cent* and 67 *per cent* of its current borrowings for repayment of earlier borrowings (Principal) as against between 19 *per cent* and 50 *per cent* during 2015-16 to 2019-20. Moreover, Revenue expenditure met out of net available borrowings ranged between 11 *per cent* and 27 *per cent* during 2020-21 to 2024-25 whereas it ranged between 9 *per cent* and 44 *per cent* during 2015-16 to 2019-20. A large share of borrowings going towards debt repayment and revenue spending, limits fiscal space and increase dependence on debt for routine needs. During the year 2024-25 only 14 *per cent* of the current borrowings were utilized for capital expenditure. Thus, the borrowings funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital expenditure.

During Exit Conference, the Finance Department stated (19 February 2026) that market loans were availed in order to avoid the use of cash credit limits, which carry a higher rate of interest. Additionally, cash credit limits require repayment within the same financial year to remain eligible for availing such limits in subsequent years. The reply does not address the fact that the borrowed funds were used for repayment of earlier borrowings and revenue spending and only 14 *per cent* of current borrowings were utilised for capital expenditure.

1.5.1.3 Debt profile: Maturity and Repayment

A concentrated short-to-medium term maturity profile indicates potential roll over risks. A high concentration of liabilities maturing within the short to medium term (0-7 years) indicates potential debt bunching, increasing refinancing and liquidity pressure on the State.

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 1.40***.



Source: Finance Accounts

Note: The maturity profile for the next 10 years has been evolved for Public Debt excluding back-to back loans of ₹ 8,500.19 crore received from GoI in lieu of GST Compensation shortfall during 2020-22, which are not to be repaid by the State from its sources.

Of the outstanding public debt of ₹ 3,15,966 crore payable during the period 2024-25 to 2034-35, debt ₹ 23,959 crore (7.58 *per cent*) is payable in 2025-26, ₹ 1,28,114 crore (40.55 *per cent*) is payable in 2026-27 to 2031-32, while the remaining 51.87 *per cent* (₹ 1,63,893 crore) is to be paid after more than seven years. Annual outgo in shape of Public Debt repayment will be approximately ₹ 21,725 crore during the next seven years upto 2031-32 besides the interest outgo for this debt will also be paid. The outgo on account of repayment of outstanding Public Debt alongwith interest may further go up with the increase in the borrowing requirement of the State to recover the resource gap.

1.5.1.4 Financing pattern of fiscal deficit

Table 1.34 depicts financing pattern of the fiscal deficit during 2020-25.

Table 1.34: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2020-21	2021-22	2022-23	2023-24	2024-25
Composition of Fiscal Deficit		**(-) 29,486**	**(-) 31,778**	**(-) 31,027**	**(-) 31,441**	**(-) 34,665**
1	Revenue Deficit	(-) 22,385	(-) 20,333	(-) 17,212	(-) 11,881	(-) 19,420
2	Net Capital Expenditure	(-) 5,807	(-) 10,978	(-) 11,591	(-) 15,806	(-) 12,378
3	Net loans and advances	(-) 494	(-) 466	(-) 2,224	(-) 3,754	(-) 2,867
4	Appropriation to Contingency Fund	(-) 800	-	-	-	-
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	25,550	24,141	33,828	33,554	36,900
2	Loans from GoI	4,147	7,383	1,055	1,535	1,249
3	Special Securities issued to NSSF	(-) 1,004	(-) 1,000	(-) 1,004	(-) 1,004	(-) 1,004
4	Bonds	0	(-) 3,460	(-) 5,190	(-) 5,190	(-) 5,190
5	Loans from Financial Institutions	(-) 4,373	2,569	(-) 1,061	632	(-) 976
6	Contingency Fund	-	-	-	(-) 546	397
7	Small Savings, PF, etc.	1,034	397	269	98	15
8	Reserve Funds	(-) 671	1,025	1,410	1,980	2,315
9	Deposits and Advances	1,550	2,253	385	2,447	1,623
10	Suspense and Miscellaneous	1,563	266	184	(-) 445	(-) 11
11	Remittances	39	2	38	(-) 15	(-) 34
12	Appropriation to Contingency Fund	800	0	0	0	0
13	**Overall Deficit**	**28,635**	**33,576**	**29,914**	**33,046**	**35,284**
14	Increase/Decrease in cash balance	851	(-) 1,798	1,113	(-) 1,605	(-) 619
15	**Gross Fiscal Deficit**	**29,486**	**31,778**	**31,027**	**31,441**	**34,665**

Source: Finance Accounts

Though the Fiscal Deficit increased from ₹ 29,486 crore in 2020-21 to ₹ 34,665 crore in 2024-25 it remained at 2.86 *per cent* of GSDP in 2024-25 which was within the FRBM limits of 3 *per cent.* Meanwhile market borrowings continued to remain the primary source of financing fiscal deficit.

1.5.2 Post Audit Deficit Indicators

As per Finance Accounts of the State for the FY 2024-25 the Revenue Deficit of the State was ₹ 19,419.88 crore (1.60 *per cent* of GSDP), fiscal deficit was ₹ 34,665.15 crore (2.86 *per cent* of GSDP) whereas primary deficit was ₹ 10,445.91 crore (0.86 *per cent* of GSDP). However, Audit found that, during 2024-25, expenditure amounting to ₹ 2,566.60 crore of Revenue nature was misclassified as capital expenditure (*Details discussed in paragraph no 2.5.5 of Chapter-II*). This resulted in understatement of Revenue deficit to that extent and the revenue deficit worked out to be ₹ 21,986.48 crore (1.81 *per cent* of the GSDP) after Audit.

1.5.3 Fiscal Balance: Achievement of deficit and total debt targets

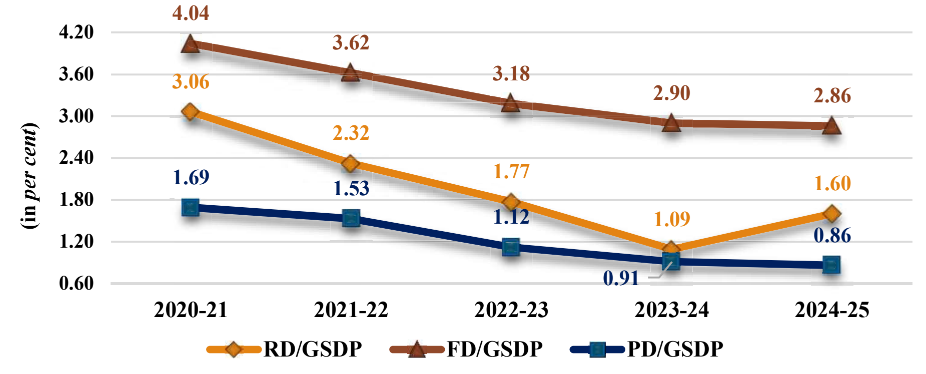
In Haryana, fiscal reforms and consolidation were brought to the forefront with the State Government enacting the Fiscal Responsibility and Budget Management (FRBM) Act on 06 July 2005 as per recommendations of the 12th Finance Commission with the objective of eliminating Revenue Deficit and reducing Fiscal Deficit within the prescribed limit. In order to align the State FRBM Act with the fiscal parameters in vogue in a particular year as recommended by the 15th Finance Commission and approved by Government of India for its award period 2021-22 to 2025-26, amendment in the Haryana FRBM Act, 2005 was made by the State Government on 30 March 2022. Haryana also follows a Medium-Term Fiscal Policy Statement and to disclose fiscal indicators - rolling targets.

Table 1.35 presents the achievements in relation to the fiscal targets prescribed in the FRBM Act.

Table 1.35: Details of the achievement vis-à-vis targets

Fiscal Parameters		Achievement *vis-a-vis* targets set prescribed in the FRBM Act				
		2020-21	2021-22	2022-23	2023-24	2024-25
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	5,953	(-) 132	6,444	14,312	24,600
	A	(-) 22,385	(-) 20,333	(-) 17,212	(-) 11,881	(-) 19,420
Fiscal Deficit (-)/Surplus (+) (as percentage of GSDP)	T	(-) 4.00	(-) 4.00	(-) 3.50	(-) 3.00	(-) 3.00
	A	(-) 4.04	(-) 3.62	(-) 3.18	(-) 2.90	(-) 2.86
Ratio of total outstanding liability to GSDP (in *per cent*)	T	21.14	31.20	31.40	30.90	30.40
	A	32.68	30.09	30.07	30.09	29.73
Interest payment as percentage of Revenue Receipts	T	20.16	22.54	19.73	19.47	21.61
	A	25.33	23.51	22.53	21.32	22.76

Chart 1.41: Trends analysis of deficits



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 1.42***, ***Chart 1.43*** and ***Chart 1.44***.

Chart 1.42: Revenue Deficit as a percentage of GSDP

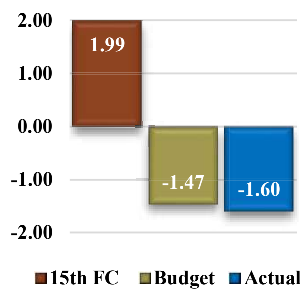


Chart 1.43: Fiscal Deficit as a percentage of GSDP

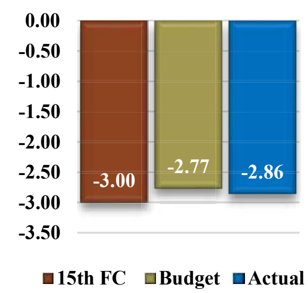
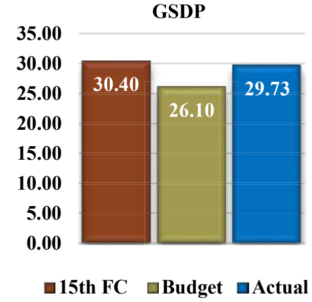


Chart 1.44: Outstanding Liability as a percentage of GSDP



Source: Finance Accounts and budget documents

During the year 2024-25, the State Government was unable to contain the revenue deficit-GSDP ratios within the levels fixed by 15th FC and those projected in the budget estimates. Similarly fiscal deficit-GSDP and total outstanding debt-GSDP ratios could not achieved as projected in the budget but remained within the level fixed by 15th FC.

The reasons for consistent deficits are high committed expenditure ranging between 54.07 *per cent* and 55.64 *per cent* of revenue expenditure and 62.16 *per cent* and 73.15 *per cent* of revenue receipts during the period 2020-25, Expenditure on subsidies is also another factor, which constitute 8.23 *per cent* of total expenditure. Low growth rate of revenue receipts (5.05 *per cent*) in comparison to revenue expenditure (11.18 *per cent*) further exacerbated the deficits in 2024-25.

Revenue, Fiscal and Primary Deficit during past ten years

Revenue Deficit: Revenue deficit showed a mixed trend; ranging between ₹ 10,562 crore and ₹ 22,385 crore during the period 2015-25 ***(Appendix 1.1)***. Revenue deficit as a percentage of GSDP varied between 1.09 *per cent* and

3.06 *per cent* during the same period, indicating that revenue receipts were insufficient to meet revenue expenditure on a sustained basis. Persistent revenue deficit points to the existence of a structural imbalance in the State's finances.

Fiscal and Primary Deficit: The fiscal deficit declined from 6.35 *per cent* of GSDP in 2015-16 to 2.86 *per cent* in 2024-25, indicating gradual fiscal consolidation in recent years. Similarly, the primary deficit showed a declining trend over the decade, declining from 4.68 *per cent* of GSDP in 2015-16 to 0.86 *per cent* of GSDP in 2024-25, reflecting some improvement in control over non-interest expenditure.

The Comparison of Revenue/Fiscal Deficit-GSDP ratio with other states is given in ***Chart 1.45*** and ***1.46***.

Chart 1.45: Inter-state comparison of Revenue Deficit as percentage of GSDP (In *per cent*)

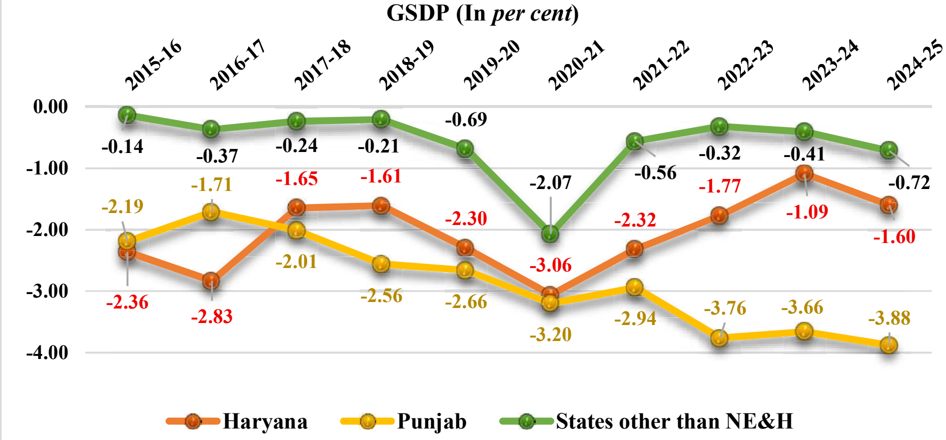
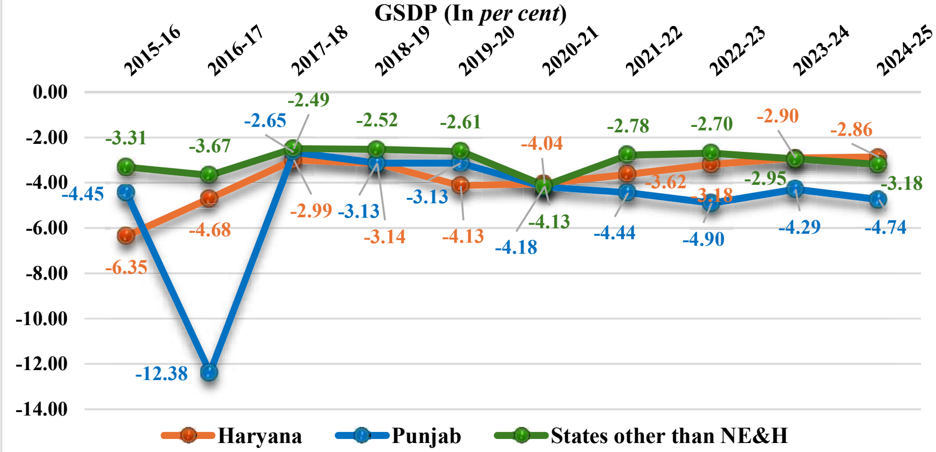


Chart 1.46: Inter-state comparison of Fiscal Deficit as percentage of GSDP (In *per cent*)



1.5.4 Debt Sustainability Analysis

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 1.36***.

Table 1.36: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2020-21	2021-22	2022-23	2023-24	2024-25
1	Overall Liabilities or Overall Debt[26]	2,38,708	2,63,951	2,93,122	3,26,622[27]	3,60,967[28]
2	Rate of Growth of Overall Debt (*per cent*)	10.74	10.57	11.05	11.43	10.52
3	GSDP (in nominal terms)	7,30,442	8,77,269	9,74,732	10,85,510	12,13,951
4	Nominal GSDP growth (*per cent*)	(-) 1.03	20.10	11.11	11.36	11.83
5	Overall Debt/GSDP (*per cent*)	32.68	30.09	30.07	30.09	29.73
6	Repayment to Gross Borrowings (*per cent*)	71.85	66.84	78.95	78.05	77.69
7	Net borrowings available as a percentage of Gross Borrowings	28.15	33.16	21.05	21.95	22.31
8	Interest payments on Overall Debt	17,114.67	18,361.60	20,095.57	21,604.97	24,219.24
9	Effective rate of interest on Overall Debt (*per cent*)[29]	7.83	7.63	7.56	7.34	7.47
10	Interest payment to Revenue Receipts (*per cent*)	25.33	23.51	22.53	21.32	22.76
11	Revenue Deficit (-)/Surplus (+)	(-) 22,385.59	(-) 20,333.34	(-) 17,211.52	(-) 11,880.86	(-) 19,419.88
12	Primary Revenue Balance (PRB)[30]	(-) 5,270.92	(-) 1,971.78	2,884.05	9,724.11	4,799.49
13	Primary Balance (PB)[31]	(-) 12,371.41	(-) 13,416.21	(-) 10,931.31	(-) 9,836.07	(-) 10,445.91
14	PB/GSDP (*per cent*)	(-) 1.69	(-) 1.53	(-) 1.12	(-) 0.91	(-) 0.86
15	Difference between RoI[32] and effective rate of interest on Overall Debt	(-) 6.63	(-) 6.32	(-) 6.77	(-) 5.88	(-) 6.74
16	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	4,977.33 (42)	2,775.83 (19)	21,134.24 (188)	25,994.12 (163)	23,230.03 (126)
17	Debt Stabilisation (Quantum spread[33] + Primary balance)	(-) 32,686.77	18,016.42	(-) 1,009.32	2,578.11	4,380.24
18	**Domar gap**					
a	GSDP (in constant terms)	4,99,643	5,59,922	5,84,171	6,29,491	6,77,033
b	Real Growth (in constant terms)	(-) 8.34	12.06	4.33	7.76	7.55
c	Inflation based on CPI (*per cent*)	5.11	6.24	7.50	6.60	5.23
d	Effective Rate of interest	7.83	7.63	7.56	7.34	7.47
e	Real effective rate of interest (Effective rate of interest-Inflation)	2.72	1.39	0.06	0.74	2.24
f	Growth Interest Differential (Real growth-Real effective rate of interest)	(-) 11.06	10.68	4.27	7.01	5.31

Source: Finance Accounts

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

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

28 Outstanding Overall Debt decreased by ₹ 3,245.60 crore due proforma correction on account of repayment of back of back loan provided by Central Government.

29 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. {Interest Payments/[(Average Outstanding Debt of Previous and Current Financial Year (Excluding Non-interest Bearing Liabilities).

30 PRB: Revenue Receipts-Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit.

31 PB: Total Receipts (net of borrowings) -Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit.

32 Return on Investment (RoI) as measured by effective rate of interest receipts (Interest received/{(opening balance of Loan and advances outstanding + closing balance of Loan and advances outstanding)/2} *100).

33 Quantum spread = Interest Spread x Debt (excluding non-interest bearing liabilities)

- Growth of overall debt should align with the growth of GSDP. Debt-GSDP ratio measures State's financial leverage i.e. its capability to repay its debt. A low value of the debt-GSDP ratio indicates that the State's economy is vibrant to pay the debt without incurring further debt. On an average, the State's debt burden as a ratio of total liabilities to GSDP during 2020-25, except the pandemic year 2020-21, has more or less remained consistent with a marginal decline and stood at 29.73 *per cent* in 2024-25. Debt to GSDP ratio in the State is within the projection made in the FRBM Act.
- Residual Maturity profile captures redemption pressure on the State's debt; longer maturity means lower redemption pressure in near future. A longer average maturity profile for a State's debt extends the time before a significant amount of principal repayments are due, distributing the repayment burden over a longer period. The State has to repay more than fifty *per cent* of its outstanding public debt in the next ten years, thereby reflecting greater redemption pressure in future.
- Higher the percentage of debt repayments to debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. A low net borrowing availability points to constrained fiscal space. Repayments constituted between 66.84 *per cent* and 78.95 *per cent* of gross borrowings during 2020-25 demonstrating debt servicing burden on State is on the higher side and the State Government should rationalize its borrowings for productive use.
- Interest payment as *per cent* of revenue receipts should be falling over time so that more resources are left for other productive purposes. A declining trend in this ratio is an indication of sustainable debt whereas an increasing trend indicates an unsustainable debt trajectory. Whereas this ratio remained on and average 23 *per cent* during the five years' period, which is indicative of unsustainable debt trajectory.
- A positive differential between economic growth and interest supports sustainability, while a negative one signals concern. Debt stabilisation condition states that if quantum spread together with primary balance is zero, debt-GSDP ratio would tend to be constant, or debt would stabilise eventually. On the other hand, if primary balance together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. The primary balances and debt stabilization i.e., quantum spread plus primary balance was negative in 2020-21 and 2022-23 which afterwards moved into positive trajectory. As shown in ***Table 1.36***, the State has

maintained a growth in real effective rate of interest which indicates sustainability provided prudent financial management is prioritized.

- Number of occasions a State resorted to Special Drawing Facility (SDF), Ways and Means Advances (WMA), shortfall and Overdraft (OD) facility to manage short-term funding gaps reflects their liquidity position. Sustained use of WMA and Overdraft facility in large amount indicates poor liquidity management, which warrants poor fiscal management and hinders short-term debt sustainability. The State has resorted to WMA facility during the last five years. During FY2024-25, the State Government has maintained minimum balance by taking special ways and means advance for 118 days and ordinary ways and means advance for eight days. Frequent use of RBI's liquidity facilities reflected weak cash management.

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 the Haryana State FRBM Act, 2005, no limit has been prescribed by State legislation for guarantees to be given by State Government. No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limit within which the Government may give guarantee on the security of the Consolidated Fund of the State. Details of the guarantees and status of outstanding guarantees to total receipts for the last five years is given in ***Table 1.37***.

Table 1.37: Guarantees given by the State Government

(₹ in crore)

Guarantees	2020-21	2021-22	2022-23	2023-24	2024-25
Ceiling applicable to the outstanding amount of guarantees	No limit has been fixed by the State Government				
Outstanding amount of guarantees at the beginning of the year	20,738	23,053	24,343	23,058	24,215
Outstanding guarantees at the end of the year	23,053	24,343	23,058	24,215	23,932

Source: Finance Accounts and Annual Financial Statements

The outstanding guarantees for ₹ 23,932 crore as on 31 March 2025 was in respect of Power (₹ 15,390 crore), Cooperative (₹ 309 crore), Urban Development & Housing (₹ 5,828 crore) and other Infrastructure (₹ 2,405 crore).

During the current year, the State Government had given guarantees amounting to ₹ 3,880.48 crore to three[34] PSUs whose net worth is less (as per their latest finalised acoounts) than their outstanding guarantees hence the liability lies with the State Government to repay their loans in case of their inability to do so.

[34] (i) Uttar Haryana Bijli Vitran Nigam Limited, (ii) Dakshin Haryana Bijli Vitran Nigam Limited and (iii) Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited.

During Exit Conference, the Finance Department stated (19 February 2026) that, in accordance with the recommendations of the Working Group of RBI on State Government Guarantees, a proposal for fixing the ceiling of guarantees is being made in the ensuing Budget Session 2026–27.

Guarantee Redemption Fund

The State Government had set up a Guarantee Redemption Fund (GRF) in the year 2002-03. The latest amendment to the Fund notification issued by the State Government, effective from the year 2024-25, stipulates that the Government should make conscious efforts towards building up the GRF corpus to five *per cent* of the outstanding guarantees within a span of five years from the date of constitution of the Fund. The Fund has a closing balance of ₹ 1,787.43 crore which constitutes 7.47 *per cent* of outstanding guarantees as on 31 March 2025.

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, 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. Arrears of revenue

As on 31 March 2025, the arrears of revenue in respect of principal heads of revenue were ₹ 30,456.87 crore, of which ₹ 23,102.62 crore were outstanding for more than five years, as depicted in ***Table 1.38***.

Table 1.38: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2025	Amount outstanding for more than five years as on 31 March 2025
1.	Taxes/VAT on Sales, Trade, etc.	28,940.05	22,262.74
2.	Electricity Duty	477.78	152.57
3.	State Excise	685.32	431.93
4.	Entertainment Tax	11.11	11.11
5.	Local Area Development Tax	203.38	203.38
6.	Police	139.23	40.89
Total		**30,456.87**	**23,102.62**

Source: Departmental information.

B Arrears in assessment

The information on number 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 finalization at the end of the year, as furnished by the Department of Excise and Department of Taxation in respect of Sales Tax/VAT is depicted in ***Table 1.39***.

Table 1.39: Arrears of assessment

Sl. No.	Head of Revenue	Cases pending at the beginning of 2024-25	New cases due for assessment during 2024-25	Total cases due for assessment	Cases disposed of during 2024-25	Balance at the end of the year	Percentage of disposal
1.	Taxes/VAT on Sales, Trade, etc.	7,373	3,891	11,264	4,187	7,077	37.17

Source: Departmental information.

During the period 2020-2025, the number of pending cases at the end of the respective years were 5,036 (2020-21); 6,180 (2021-22); 7,077 (2022-23); 7,373 (2023-24) as against 7,077 cases at the end of 2024-25. Disposal of cases during this period ranged between 32.73 *per cent* and 37.17 *per cent*.

C Details of evasion of tax detected by the Department, refund cases, etc.

The cases of evasion of tax detected, cases finalized and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government.

The details of cases of evasion of tax detected by the Excise and Taxation, cases finalised and the demand for additional tax raised; during the year 2024-25, as reported by the departments concerned, are depicted in ***Table 1.40***.

Table 1.40: Evasion of tax detected

Sl. No.	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 finalisation as on 31 March 2025
					No. of cases	Amount of demand (₹ in crore)	
1.	State Excise	35	288	323	288	4.48	35
Total		**35**	**288**	**323**	**288**	**4.48**	**35**

Source: Departmental information

1.5.6.2 Issues on expenditure side

A Fiscal stress from committed expenditure and subsidies

Chart 1.47 and ***Chart 1.48*** depicts Committed expenditure and subsidies together as a percentage of Revenue Receipts and Revenue Expenditure during the FY 2020-25 respectively.

Chart 1.47: Committed Expenditure and Subsidies as a percentage of Revenue Receipts

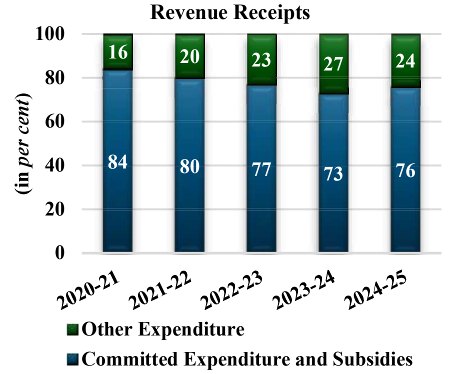
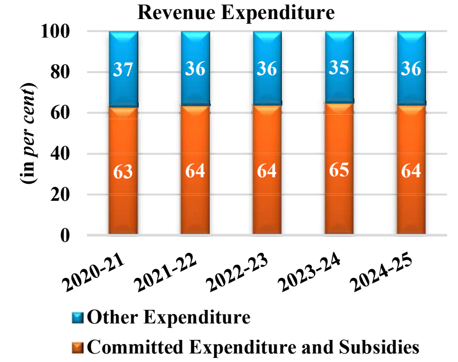


Chart 1.48: Committed Expenditure and Subsidies as a percentage of Revenue Expenditure



In 2024-25, the State's committed expenditure of ₹ 69,203 crore comprising salaries & wages (₹ 30,423 crore), pensions (₹ 14,561 crore) and interest payments (₹ 24,219 crore, accounted for approximately 65.02 *per cent* of the Revenue Receipts. In addition, subsidies amounted to ₹ 11,639 crore, bringing the total rigid expenditure to ₹ 80,842 crore, which was nearly 75.96 *per cent* of the State's revenue receipts. 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 deficits, constrains long-term fiscal consolidation and reduces the Government's capacity to respond to emergent socio-economic challenges.

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. The details of the incomplete projects (costing more than ₹ 5 crore) based on information provided by the State Government (***Appendix-IX*** of the Finance Accounts 2024-25) is shown in ***Table 1.41***.

Table 1.41: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31 March 2025				Details of incomplete projects till 31 March 2025		
Year	**No. of incomplete projects**	**Estimated cost**	**Expenditure incurred**	**Department**	**No. of incomplete projects**	**Estimated cost (Expenditure incurred)**
2020-21	3	111.61	40.94	Building and Roads	16	400.48 (171.95)
2022-23	1	59.09	51.26			
2023-24	4	146.39	29.25			
2024-25	8	83.39	50.51			
Total	**16**	**400.48**	**171.95**			

Source: Departmental Information

Of the estimated cost of ₹ 400.48 crore, ₹ 171.95 crore was spent till 2024-25 on these 16 incomplete projects. Therefore, due to non-completion of these 16 projects, capital expenditure of ₹ 171.95 crore remained blocked.

C. Un-discharged liabilities on Fiscal Space

Undischarged/deferred liabilities, if not addressed timely, will reduce the available fiscal space for future developmental and infrastructure spending and 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. These include:

- Non-transfer of State and Central Finance Commission (SFC/CFC) grants to local bodies, aggregating ₹ 1,170.27 crore (₹ 231.93 crore, CFC and ₹ 938.34 crore, SFC).
- Pending refund cases amounting to ₹ 827.54 crore.
- Off-budget borrowings not captured in the debt stock amounting to ₹ 146.53 crore.
- Short/non-transfer of State Government's contribution to the National Pension System (NPS) amounting to ₹ 77.02 crore
- Non-transfer of statutory funds/cess such as National Mineral Exploration Trust (NMET) amounting to ₹ 14.58 crore.
- Un-discharged interest liabilities totaling ₹ 1.89 crore.
- Undischarged energy charges liabilities of DISCOMs against various departments of ₹ 253.82 crore.

The cumulative value of these un-discharged liabilities amounted to ₹ 2,491.65 crore, which is equivalent to 0.21 *per cent* of the GSDP and 7.19 *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.

1.6 Conclusion

1. Tax revenue contributed between 62 and 73 *per cent* of the revenue receipts of State during the past five years whereas the Non-Tax revenue shows a decreasing trend during the same period. State's own revenue buoyancy with respect to GSDP showed a decreasing trend during 2020-21 to 2024-25 and there is a need to widen the tax base and improve non-tax revenue.

2. Revenue Deficit has shown a mixed trend during the 2020-21 to 2024-25, however, has increased over the previous year. Committed expenditure consistently accounted for about 54 to 55 *per cent* of revenue expenditure and subsidies constituting between 8.51 and 9.25 *per cent* during 2021-25. The high share of these expenditure reduces the State's fiscal space for developmental spending and increases reliance on borrowings.

3. Capital expenditure decreased by 21.61 *per cent* over the previous. Economic Services formed the largest share of Capital Expenditure at 45 *per cent*, followed by Social Services (31 *per cent*) and Loans and Advances (20 *per cent*), while General Services accounted for a small portion of about four *per cent*.

4. The Fiscal Deficit–GSDP ratio exceeded the levels projected in the budget. This limits the State's ability to allocate resources for capital expenditure, as a larger portion of borrowings is used to meet revenue expenditure rather than asset creation. Persistent fiscal deficits also pose risks to long-term fiscal stability.

5. The total liabilities of the State had been on rise during the past five years and grew by 10.52 *per cent* over the previous year. As a percentage of GSDP, it stood at 29.73 *per cent* during 2024-25. Higher outstanding liabilities increase future repayment and interest obligations, further constraining fiscal flexibility in the medium term.

6. Returns on public investments was alarmingly low; ₹ 37,273.13 crore was invested in 35 State PSUs upto 2024-25, only four PSUs gave return of ₹ 159.60 crore during the FY 2024-25 which was only 0.43 *per cent* of total investment.

7 Un-discharged liabilities with a cumulative value amounted to ₹ 2,491.65 crore were noticed, which is equivalent to 0.21 *per cent* of the GSDP and 7.19 *per cent* of the Fiscal Deficit for the year 2024-25.

8. Outstanding guarantees constituted 22.49 *per cent* of Revenue Receipts and 19.01 *per cent* of Revenue Expenditure during 2024-25. Such high levels of contingent liabilities pose fiscal risks, particularly if public sector undertakings or other entities fail to meet their obligations. These guarantees may translate into direct liabilities for the State and add to fiscal vulnerability.

9. The rising trend of outstanding loans, poor recovery performance and interest earnings far below the Government's borrowing cost reflect inefficient management of the State's loan portfolio. Continued lending to defaulting entities - particularly Co-operative Sugar Mills and the disbursement of large amounts to universities without clear recovery terms, have further inflated outstanding balances.

1.7 Recommendations

The Government may consider to:

1. strengthen revenue mobilization by improving tax compliance and enforcing a clear non-tax revenue policy, especially for dividends, mining and interest receipts;

2. rationalize revenue expenditure and committed liabilities, better targeting of subsidies and controlling interest payments to create fiscal space for developmental spending;

3. enhance capital expenditure quality and prioritization by increasing allocations to infrastructure sectors, avoiding misclassification of expenditures and ensuring capital outlay keeps pace with economic growth; and

4. improve return on public investments by enforcing a dividend policy for profit-making PSUs and enhancing monitoring of loans and advances to ensure financial discipline and accountability.