

Union And State Finances At A Glance 2020-21



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Comptroller and Auditor General of India

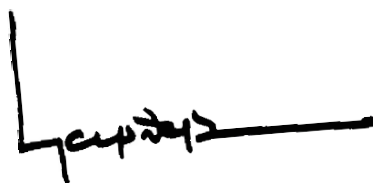
**UNION AND STATE FINANCES
AT A GLANCE
2020-2021**

Comptroller and Auditor General of India

Preface

This publication “Union and State Finances at a Glance” is an overview of the Government Finances of both the Union and the states. It presents the information on accounts in an easy to comprehend manner with extensive use of graphs, charts. It portrays the trends in receipts, expenditure and fiscal position of the Union and the State Governments/ Union Territories with Legislature. It also provides an opportunity for Inter-state comparisons and attempts to address the need of various stakeholders for a publication containing a reader friendly summary of Union and State Finances. Detailed information on any of the aspects dealt with in this publication is available in the Statement volumes I, II and III of the 'Combined Finance and Revenue Accounts' 2020-21 and the 'Finance Accounts' of the Union and the States for the year 2020-21.

We look forward to reader’s views and comments on this publication. The feedback would help us in further improving the publication in the years to come.



(Girish Chandra Murmu)

Comptroller and Auditor General of India

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Place: New Delhi

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Glossary of terms and abbreviations used in the Report

Terms	Description
CAG	Comptroller & Auditor General of India
CFRA	Combined Finance and Revenue Accounts
CGA	Controller General of Accounts
CGST	Central Goods and Services Tax
EBR	Extra Budgetary resources
FD	Fiscal deficit
FRBM	Fiscal responsibility and Budget Management
GCS	General Category States
GDP	Gross Domestic Product
GIA	Grant-in-Aid
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
IGST	Integrated Goods and Services Tax
NCT	National Capital Territory
NTR	Non Tax Revenue
OBB	Off Budget Borrowings
OD	Overdraft
OTR	Own Tax Revenue
PAO	Pay and Accounts offices
PFM	Public Financial Management
RBI	Reserve Bank of India
RD/RS	Revenue Deficit/ Revenue Surplus
SCS	Special Category States
SCT	Statement of Central Transactions
SDF	Special Drawing Facility
SGST	State Goods and Services Tax
SOTR	States' Own Tax Revenue
UT	Union Territory
UTGST	Union Territory Goods and Services Tax
WMA	Ways and Means Advance

Chapter-1: Introduction

1.1

Introduction

1.1.1

Union and State Finances at a Glance

This publication provides the reader with a snapshot of the Finances of Union, the States and the Union Territories (UTs) with Legislature and have been prepared on the basis of the Combined Finance and Revenue Accounts (CFRA) which is prepared from Finance Accounts of Union, States and UTs with Legislative assembly. We have included key financial parameters and attempted to make the publication reader friendly, keeping the use of technical terms to a minimum. We welcome inputs to improve the product further.

CFRA for the Financial Year 2020-21 presents accounts information of the Union Government, all the State Governments and the Union Territories (UTs) with Legislature. The figures in the CFRA are included from the certified Finance Accounts of the Governments.

1.1.2

How Accounts Are Prepared

Union Government Finance Accounts are compiled by the Controller General of Accounts (CGA) from the Statements of Central Transactions (SCT) and other accounts received from the Pay and Accounts Offices (PAOs) attached to the Ministries and Departments of the Government of India. The SCTs and other accounts of the Railways, P&T and Defence also form part of the Union Government Finance Accounts.

The accounts of the State Governments are compiled by the Accountants General (AG) of the State concerned based on the transactions reported by the treasuries and other accounts rendering units such as Public Works Divisions, Forest Divisions, etc.

The accounts of the Union Territories with Legislature namely, National Capital Territory (NCT) of Delhi are compiled by the Controller of Accounts of the Government of the NCT of Delhi and for the UT of Puducherry by Director of Accounts and Treasuries. Accounts of the State of Goa is prepared by the Director of Accounts, Government of Goa.

1.1.3

Finance Accounts

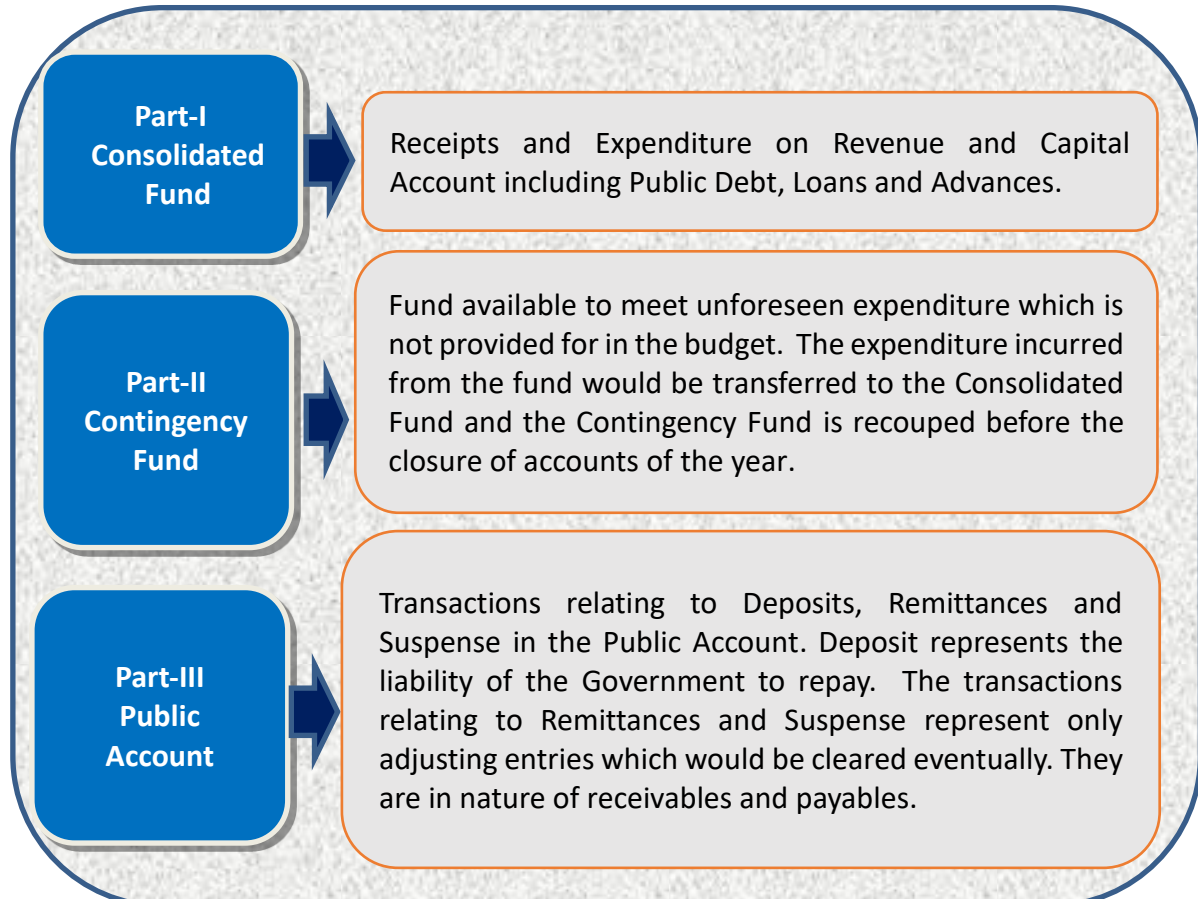
Finance Accounts of the Union Government, the State Governments and UTs with Legislature are audited by the Comptroller and Auditor General (CAG) of India and audit opinion is given before being placed in the respective Legislatures. The Accounts present Receipts, Expenditure and Cash Balance of the Government for the year together with the financial results disclosed by the revenue and capital accounts and public debt. The liabilities and assets of the Government are worked out from the balances recorded in the accounts.

CFRA is prepared on the basis of certified Finance Accounts of the Union Government, the State Governments, and Union Territories with Legislatures viz. the NCT of Delhi, UT Jammu & Kashmir and the UT of Puducherry.

(i) CFRA Statements: Statements in the CFRA compilation has been prepared in 3 volumes: The first volume (Vol – I) contains major-head wise six (06) Summary Statements of Receipts and Disbursements of the Governments from the Consolidated Fund, the Contingency Fund and the Public Account. The second volume (Vol – II) contains Detailed Statements relating to Economic Services and the third volume (Vol – III) contains Detailed Statements relating to the General and the Social Services. There are a total of 293 Detailed Statements in Volumes II and III. The Detailed Statements provide generally figures for minor heads / programmes against the functions / major heads shown in Volume I.

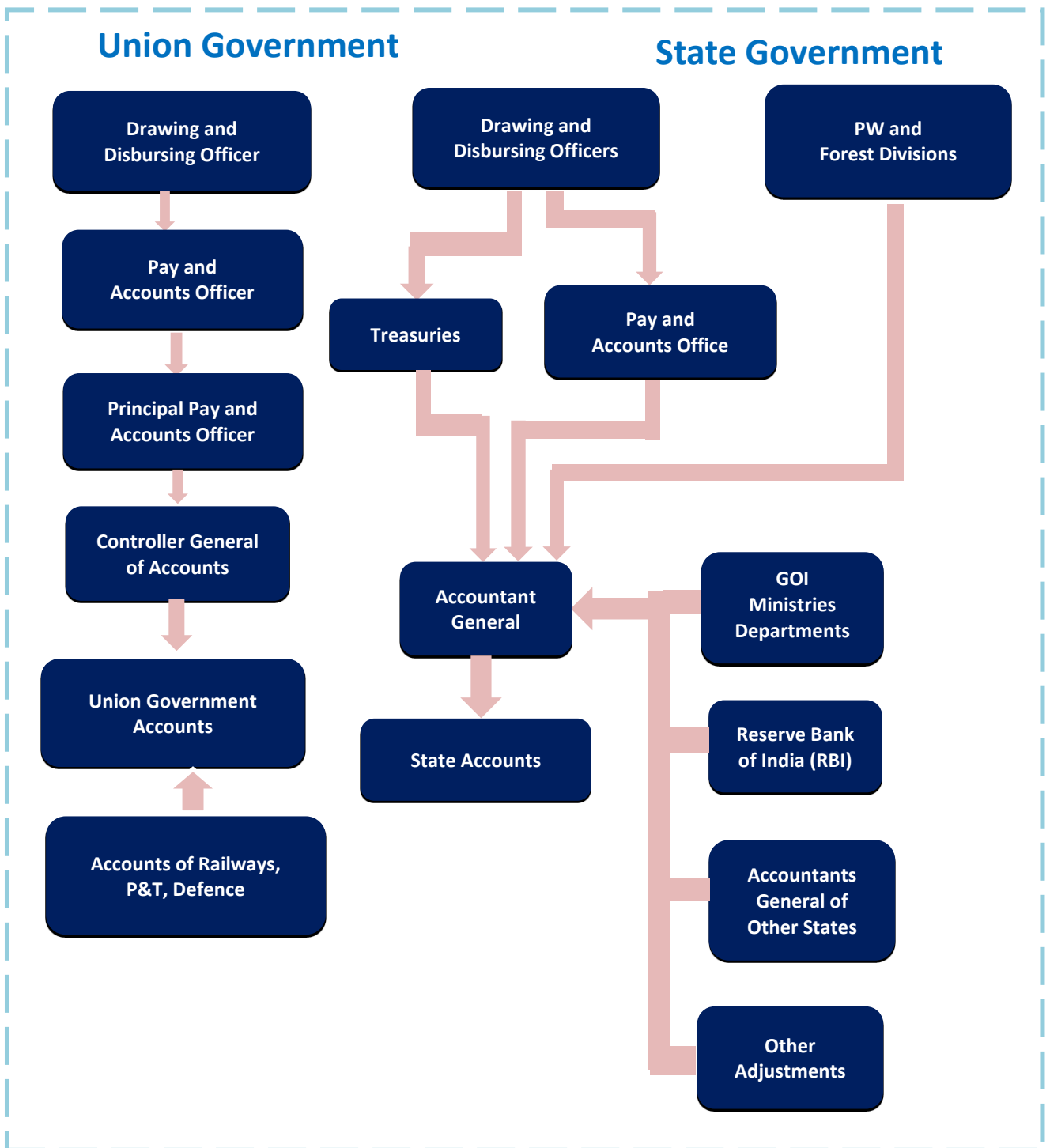
(ii) Basic principles of compilation: The Statements are in Indian Rupees (₹). All the CFRA Statements are in lakhs, except Statements No. 1 and 115 which are in crores. The report intends to provide a comparative viewing of the Union and State Finances. Figures have been rounded off to the nearest lakh / crore for uniformity in the figures of accounts.

Structure of Government Accounts



1.3

Flow Diagram for Accounts compilation



1.4

Assets and Liabilities

The Government accounts capture only the financial liabilities (debt) of the Government and the financial assets (investments) created out of the expenditure incurred by the

Government. Other fixed assets in the form of Land, Buildings, Factories, etc. are not exhibited in the Government accounts at present. Expenditure of Capital nature / for Capital creation is treated as Capital Expenditure on historical cost basis.

The liabilities of Government of India viz. Internal and External debt and in the case of State Governments, Loans and Advances from Government of India constitute Public Debt for that Government. Besides these, liabilities of the Government also include Small Savings from public, Provident Fund from employees of Government and certain obligations like Insurance and Pension Funds and other deposits. Public Account also includes the Suspense and Remittance Account which are intermediary in operation of the accounts.

Assets and Liabilities and the Statement of Balances

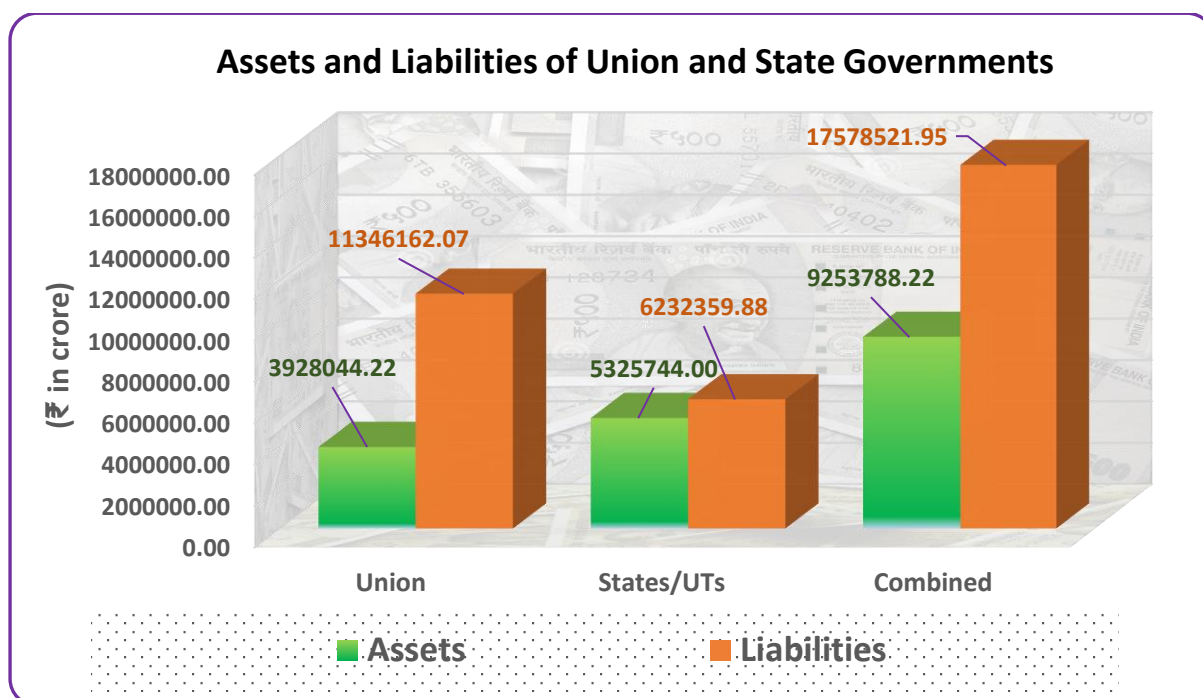
(Position as on 31st March 2021)

(₹ in crore)

Assets	Union	State/UTs*	Combined	Liabilities	Union	State/UTs*	Combined
Cash	291934.02	432742.05	140808.03	Internal Debt	9909542.57	4474179.53	14383722.10
Cash in treasuries and local Remittances	6.64	11502.67	11509.31	External Debt	388472.45	49.61	388522.06
Departmental Balance	54289.02	2568.24	51720.78	Loans and Advances from Central Government	0	349790.56	349790.56
Permanent Cash Imprest	126.03	787.68	661.65	Non Plan Loans	0	47523.92	47523.92
Cash Balance Investments	232572.37	215009.39	17562.98	Pre 1984-85 Loans	0	3345.34	3345.34
Deposits with Reserve Bank of India	4953.24	5588.58	10541.82	Loans for State Plan Scheme	0	106199.51	106199.51
Investment from Earmarked Funds	0	208462.65	208462.65	Loans for Central Plan Schemes	0	8.00	8.00
Capital Expenditure	3629524.48	4366291.80	7995816.28	Loans for Central sponsored Plan Schemes	0	21320.90	21320.90
Contingency Fund (Unrecouped)	0	795.17	795.17	Other Loans	0	171392.89	171392.89
Loans and Advances	558393.73	491464.01	1049857.74	Inter State Settlement	0	74.01	74.01
Advances with departmental officers	7152.50	3933.48	3219.02	Contingency Fund (corpus)	500	6021.92	6521.92
Suspense and Miscellaneous Balances	0	22876.17	22876.17	Small Savings, Provident Fund etc	715479.43	539886.98	1255366.41
Remittances	39212.53	7641.32	46853.85	Deposits	285748.79	547946.13	833694.92
			0	Reserve Funds	41046.98	283704.14	324751.12
			0	Remittances Balances	0	8436.56	8436.56
			0	Misc. Capital Receipts	37896.96	698.15	38595.11
			0	Suspense & Misc. Balances	32525.11	21572.29	10952.82
Total	3928044.22	5325744.00	9253788.22	Total	11346162.07	6232359.88	17578521.95
Cumulative Excess of Expenditure over Receipts	7418117.85	1465312.58	8883430.43	Cumulative Excess of Assets over Liabilities		558696.70	558696.70
Total	11346162.07	6791056.58	18137218.65	Total	11346162.07	6791056.58	18137218.65

*Union Territories (UTs) here and across this compilation mean Union Territories with Legislature

The comparative graphs of the Assets and Liabilities in respect of the Union, States/UTs and the combined of both is as follows:



1.4.1

Liabilities to Assets Ratio

Financial Statement ratios are an effective way to compare governments with varying budget size. Different ratios are often used in evaluating financial performance. Debt Ratio is a financial ratio that indicates the percentage of a government's assets that are provided via debt. It is the ratio of total debt (short-term and long-term liabilities) and total assets .

Debt ratio = Total Debts/Total Assets or alternatively:

Debt ratio = Total Liabilities/Total Assets

This ratio indicates the amount of leverage a government uses to finance its assets. The higher the ratio, the more the government depends on debt to finance its assets.

During 2020-21, the ratio in respect of the Union Government was 2.89, the highest in comparison to any of the States / UTs. In respect of the States, Kerala had the highest ratio (2.61) followed by West Bengal (2.52) and Punjab (2.23). In respect of the Special category states this ratio was less than 1 except for Himachal Pradesh (1.15) and Uttarakhand (1.08).

Chapter-2: Overview

2.1

Sources and Application of Funds

This section gives an overview of the Governments transactions under Cash Balances, Receipts (Revenue and Capital), Expenditure (Revenue and Capital), Public Debt and Public Account. The Cash Balance of the Union Government as well as the State/UT Governments has increased as on 31st March 2021. Table 2.1.1 below show the sources and application of Funds of the Union Government and the States/UTs in comparison with the previous year:

2.1.1

Sources and Application of Funds

(₹ in crore)

	Particulars	Union Government		Total of all States/UTs ¹	
		2020-21	2019-20	2020-21	2019-20
SOURCES	Opening Cash Balances as on 1 st April 2020	-2,241.40	2,729.02	6,923.72	166.46
	Revenue Receipts	18,64,513.47	19,48,083.53	25,83,921.20	26,17,473.46
	Transfer to Contingency Fund	-	-	11,500.00	7,350.00
	Miscellaneous Capital Receipts	37,896.96	50,349.29	10,146.68	274.04
	Recovery of Loans and Advances	29,923.17	18,647.18	13,285.34	56,695.62
	Public Debt	81,62,909.96	73,01,386.99	13,89,215.39	9,39,043.51
	Small Savings, Provident Funds and Others	16,60,979.20	12,12,818.38	2,79,480.98	2,18,361.91
	Reserves and Sinking Fund	5,52,258.44	4,28,913.13	95,595.84	1,23,382.08
	Deposits received	5,52,366.94	3,52,121.16	10,40,434.72	9,18,764.39
	Suspense and Miscellaneous	58,593.70	1,08,371.83	58,38,042.76	49,74,998.78
	Remittances	24,680.74	33,890.97	2,08,397.77	2,26,175.63
	Contingency Fund Receipt	-	-	11,498.37	17,716.40
	Inter-State Settlement	-	-	-0.69	-0.12
	Total	129,41,881.18	114,57,311.48	114,88,442.08	101,00,402.16
APPLICATION	Revenue Expenditure	33,14,851.91	26,15,319.73	29,57,866.94	27,41,199.60
	Capital Expenditure	3,42,948.84	3,87,744.11	4,13,616.90	4,08,433.92
	Transfer to Contingency Fund	-	-	1,525.00	15,350.00
	Loans Given	2,49,845.55	45,141.76	43,097.20	41,860.62
	Repayment of Public Debt	61,84,635.32	63,26,548.77	6,19,143.78	4,51,885.51
	Small Savings, Provident Fund and Others	15,20,380.20	12,17,546.85	2,38,528.09	1,81,165.95
	Reserves and Sinking Fund	5,47,713.41	4,18,501.73	87,569.33	1,48,656.92
	Deposits Given	5,26,684.58	3,66,348.44	10,17,820.92	8,76,131.80
	Suspense and Miscellaneous	2,47,596.39	79,378.45	58,85,361.47	49,83,506.61
	Remittances	2,278.38	3,023.04	2,05,108.11	2,30,106.69
	Closing Cash Balance as on 31 st March 2021	4,946.60	-2,241.40	5,914.09	5,444.32
	Contingency Fund Disbursement	-	-	12,082.71	16,650.22
	Inter-State Settlement	-	-	807.54	10.00
	Total	129,41,881.18	114,57,311.48	114,88,442.08	101,00,402.16

¹ Includes the state of Goa and the UTs of Jammu & Kashmir, NCT Delhi and Puducherry



Cash Management

The Union and State Governments, except Sikkim, maintain their accounts with the Reserve Bank of India (RBI). The Government of Sikkim maintains its account with the State Bank of Sikkim. The State Government can obtain Ordinary Ways and Means Advance and Special Ways and Means Advance from RBI in order to maintain its liquidity position from time to time. If there is a shortfall in the agreed minimum Cash Balance even after availing of Special Ways and Means Advance (WMAs), the Union and State Governments can avail of the Overdraft (OD) facility including the Special Drawing Facility (SDF).

2.2.1

Ways and Means Advances from Reserve Bank of India

During 2020-21, 12 (twelve)² States/ UT maintained the minimum cash balance on all the 365 days without availing any WMAs from the Reserve Bank of India. Of the remaining states/UT, 13 (thirteen)³ States/UT have availed ordinary/normal WMA for days varying between 01 day(s) and 260 days, 09 (nine)⁴ States availed Special Ways and Means Advances for days varying between 01 day(s) and 167 days, 08 (eight)⁵ states have availed the SDF and 07 (Seven)⁶ States/UT availed the OD facility for days varying between 4 days (Uttarakhand) and 103 days (Andhra Pradesh) during the year.

2.2.2

Grant - in - Aid given by the Union to the States/UTs and composition of Revenue expenditure of the Union and Revenue receipts of the States/UTs

Grant - in - aid by the Union to the States is revenue expenditure of the Union Government and revenue receipt for the States. Grants-in-Aid of ₹ 5,84,626.61 crore given by the Union Government was 17.64 *per cent* of the total revenue expenditure (₹ 33,14,851.91 crore) of the Union Government. The States/UTs received grant-in aid of ₹ 6,41,228.47 crore⁷, which was 24.81 *per cent* of total revenue receipts (₹ 25,83,921.20 crore) of all the State / UT Governments. Details are in Chapter 3.

² Arunachal Pradesh, Assam, Bihar, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Sikkim, Tamilnadu, UT Puducherry and Uttar Pradesh.

³ Andhra Pradesh, Haryana, Himachal Pradesh, UT Jammu & Kashmir, Kerala, Manipur, Mizoram, Nagaland, Punjab, Rajasthan, Telangana, Uttarakhand and West Bengal.

⁴ Arunachal Pradesh, Karnataka, Maharashtra, Mizoram, Nagaland, Rajasthan and Uttarakhand.

⁵ Andhra Pradesh, Chattisgarh, Kerala, Maharashtra, Manipur, Meghalaya, Telangana and Tripura.

⁶ Andhra Pradesh, Himachal Pradesh, UT Jammu & Kashmir, Kerala, Manipur, Nagaland and Uttarakhand.

⁷ This figure includes the GIA component of the state of Goa and UTs Jammu & Kashmir and Puducherry. Further in respect of some of the states the figure booked under MH 1601 by the states included amounts remitted by challans of sanctions in a previous year being adjusted in the current year, sanctions not depicted in PFMS but received from RBI, amounts received from Ministry of Development of NER, etc apart from the amounts received from the Union Government as grant-in-aid under MH 3601.

In respect of the Sources and Application of Funds of the Union Government, accompanying graphs below depict Revenue Receipts, Capital Receipts, Repayments / Recoveries of Loans and Advances disbursed by the Union Government, Net Public Debt and Net Public Account are depicted. Public Debt consists of Internal and External Debt of the Union Government. Internal Debt consists of Market Loans, Special Securities by RBI, Way & Means, Other loans, etc. External debt consists of loans from External agencies depicted at historical rates. However, the amount at current rates as on 31st March of the relevant year is shown as a footnote in the statements of Finance Accounts of the Union Government.

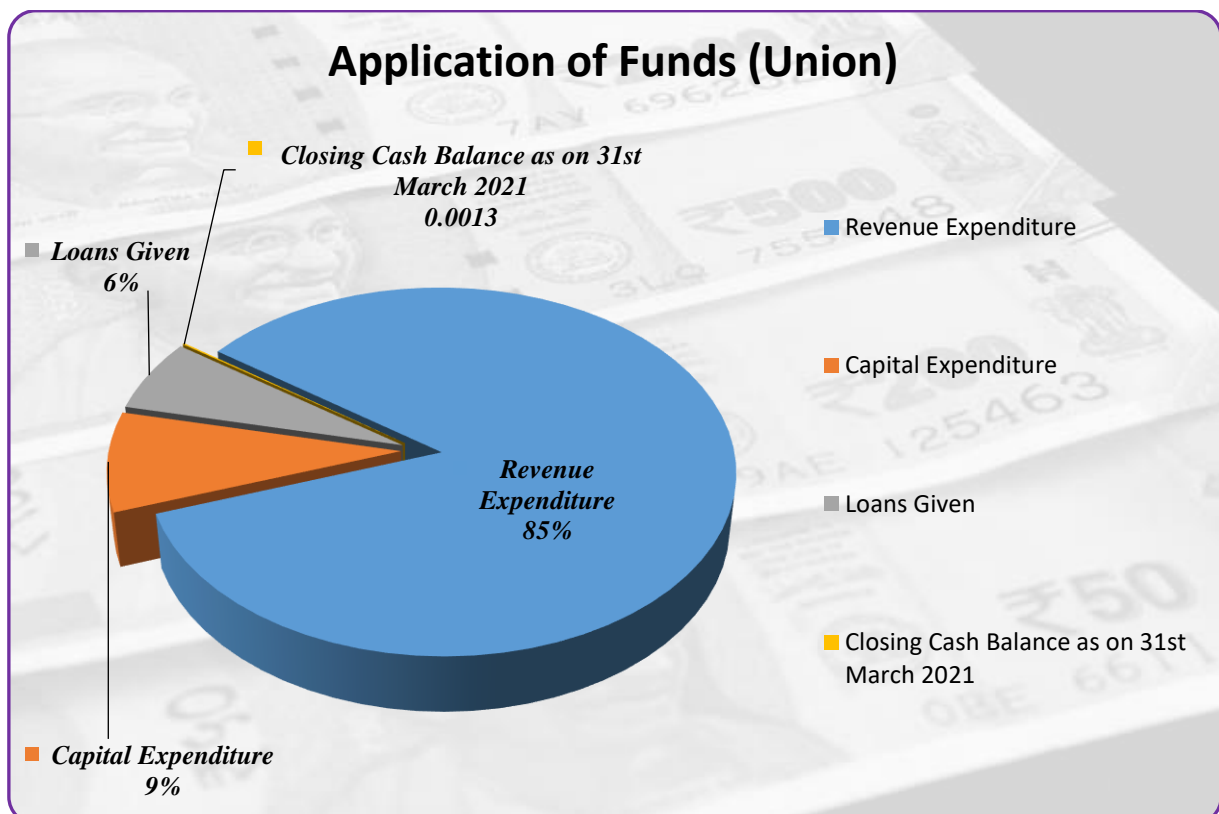
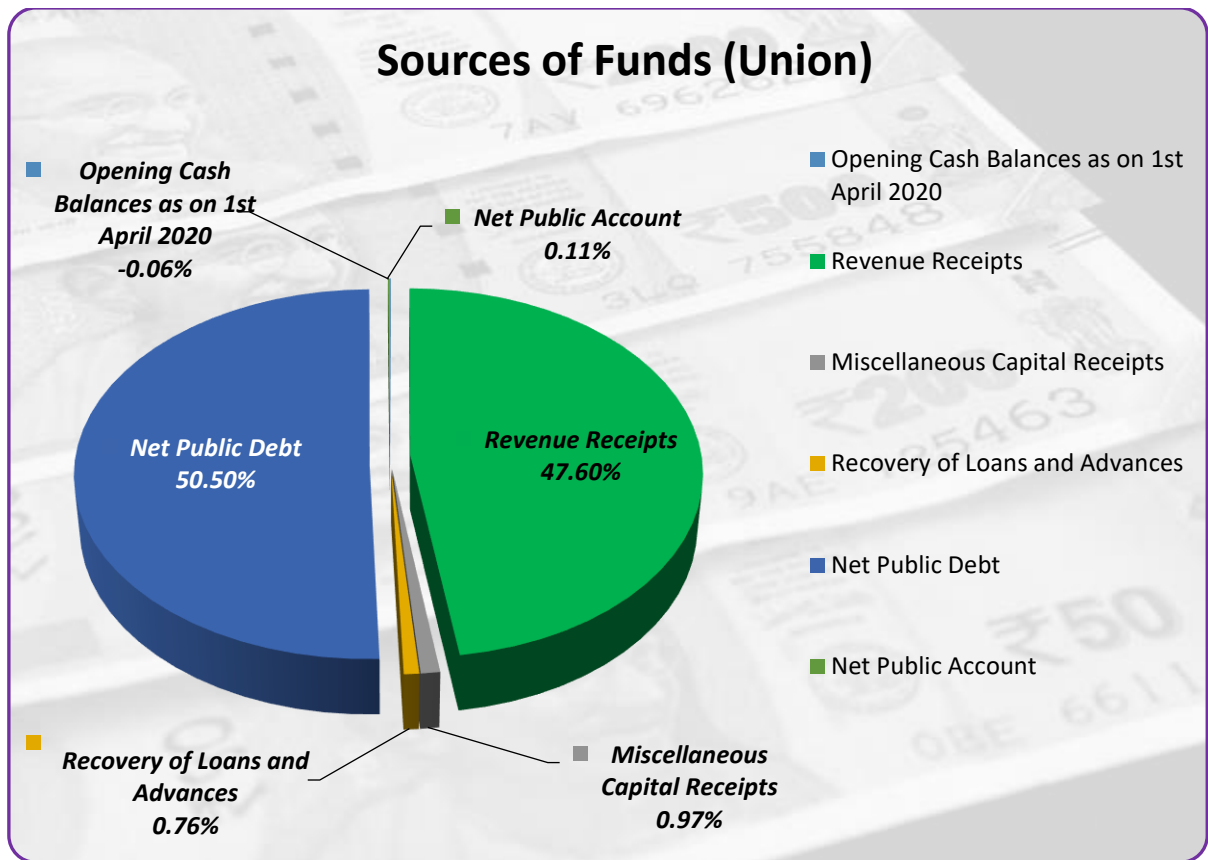
During 2020-21, the Union Government collected ₹ 16,91,545 crore of revenue receipts (net of devolution of the share of the States & Union Territories). Revenue Deficit and Fiscal Deficit of the Union Government in 2020-21 were ₹14,50,338 crore and ₹19,75,314 crore respectively as on 31st March 2021. Excess of receipts over expenditure in Consolidated Fund of India along with net receipts in Public Accounts led to increase in Cash Balance by ₹7,188⁸ crore. The cash balance at the end of 2020-21 was ₹ 4,946 crore.

For the purposes of graphical depiction, the net figure of Public Debt of the Union of ₹ 19,78,274.84 crore has been considered (public debt taken: ₹ 81,62,909.96 crore minus public debt discharged: ₹ 61,84,635.32 crore). Public Account comprises six sectors vis-à-vis, Small Savings, Provident Fund, etc., Reserve Funds, Deposits and Advances, Suspense and Miscellaneous, Remittances and Cash Balance. The net figure of Public Account ₹4,226.06 crore has been worked out as the difference of ₹ 28,48,879.02 crore of additions and ₹ 28,44,052.96 crore discharged during the year. Cash Balance at the end of the year has been shown separately.

The graphs given below with regard to the Application of Funds in respect of the Union Government depict Revenue Expenditure, Capital Expenditure, Loans and Advances disbursed by the Union Government and the closing Cash Balance as on 31st March, 2021. The components of Public Debt and Public Account have already been included in the Sources of Funds by netting the components.

⁸Total Consolidated Fund Receipts = (Revenue ₹1864513.47 crore+ Capital ₹ 37896.96 crore + Public Debt ₹8162909.96 crore + Loans & Advances receipts ₹ 29923.17 crore) = ₹10095243.56 crore, Consolidated Fund Expenditure = (Revenue 3314851.91 crore + ₹ Capital ₹ 342948.84 crore + Public Debt ₹ 6184635.32 crore + Loans and Advances ₹ 249845.55 crore) = ₹10092281.62 crore,
Consolidated Fund receipts – Consolidated Fund Expenditure = ₹ 2961.94 crore **(A)**.
Net receipts of Public Account = (Receipts ₹2848879.02 – Disbursements ₹ 2844652.96) = 4226.08 crore **(B)**.
A+B = ₹7188 crore which is the increase on Cash balance as below:
Opening cash balance of the Union Government as on 1 April, 2020 was ₹ (-) 2,241.40 crore and closing cash balance as on 31 March, 2021 was ₹ 4,946.60 crore.(4946.60 +2241.40 = ₹ 7188 crore)

Following two graphs depict sources and application of funds in respect of the Union Government:



Sources and Application of Funds: States/UTs

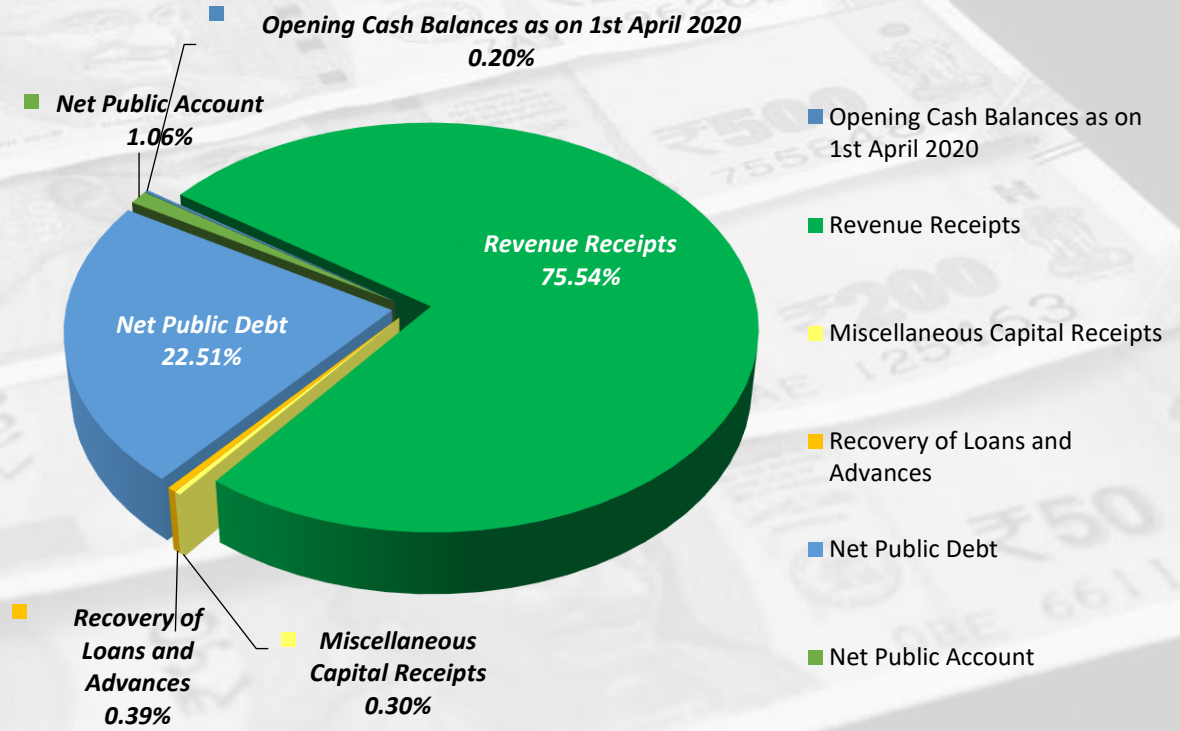
Under the Sources and Application of funds in respect of the States /UTs combined, the components of Revenue Receipts, Capital Receipts, Revenue Expenditure, Capital Expenditure, Repayments / Recoveries of Loans and Advances disbursed by the State / UT Governments, Net Public debt and Net Public Account are depicted. In case of States / UTs, the Public Debt consists of Internal Debt of the State Government and Loans and Advances from the Central Government. In case of the NCT of Delhi the Public Debt consists only of Loans and Advances from the Central Government and for the UT Government of Puducherry, it consists of a component of External Debt along with the internal Debt and Loans and Advances from the Central Government. Internal Debt consists of Market Loans, Loans from Financial Institutions, Way & Means Advances from RBI and Other loans, etc. Loans and Advances from the Central Government conventionally consist of Non-Plan Schemes, State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes, etc.

For the purposes of graphical depiction, the net figure of Public Debt of the States / UTs of ₹ 7,70,071.61 crore has been considered (public debt taken: ₹ 13,89,215.39 crore minus public debt discharged: ₹ 6,19,143.78 crore). Public account comprises six sectors namely, Small Savings, Provident Fund, Reserve Funds, Deposits and Advances, Suspense and Miscellaneous, Remittances and Cash Balance. The net figure of the Public Account of ₹ 36,146.58 crore has been worked out by taking the difference of between ₹ 74,84,949.75 crore of additions and ₹ 74,48,803.17 crore discharged during the year under each sector. Cash Balance at the beginning and end of the year has been shown separately.

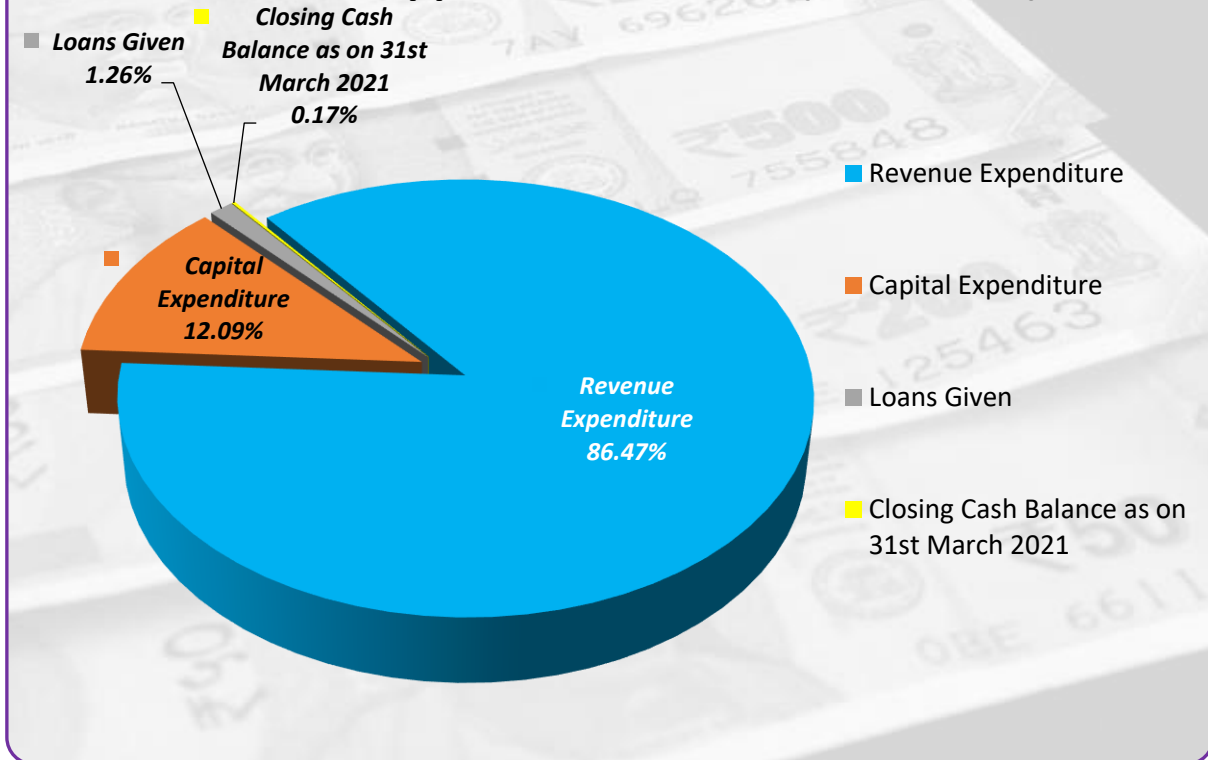
The graphs given below with regard to the application of Funds in respect of the State/UTs depict, Revenue Expenditure, Capital Expenditure, Loans and Advances disbursed by the State / UT Governments and the closing Cash Balance as on 31 March, 2021. The components of Public Debt and Public Account have already been included as net figures in the sources of Funds of the States/ UTs.

Following are two graphs for sources and application of funds in respect of the States /UTs combined:

Sources of Funds (States/UTs)



Application of Funds (States/UTs)

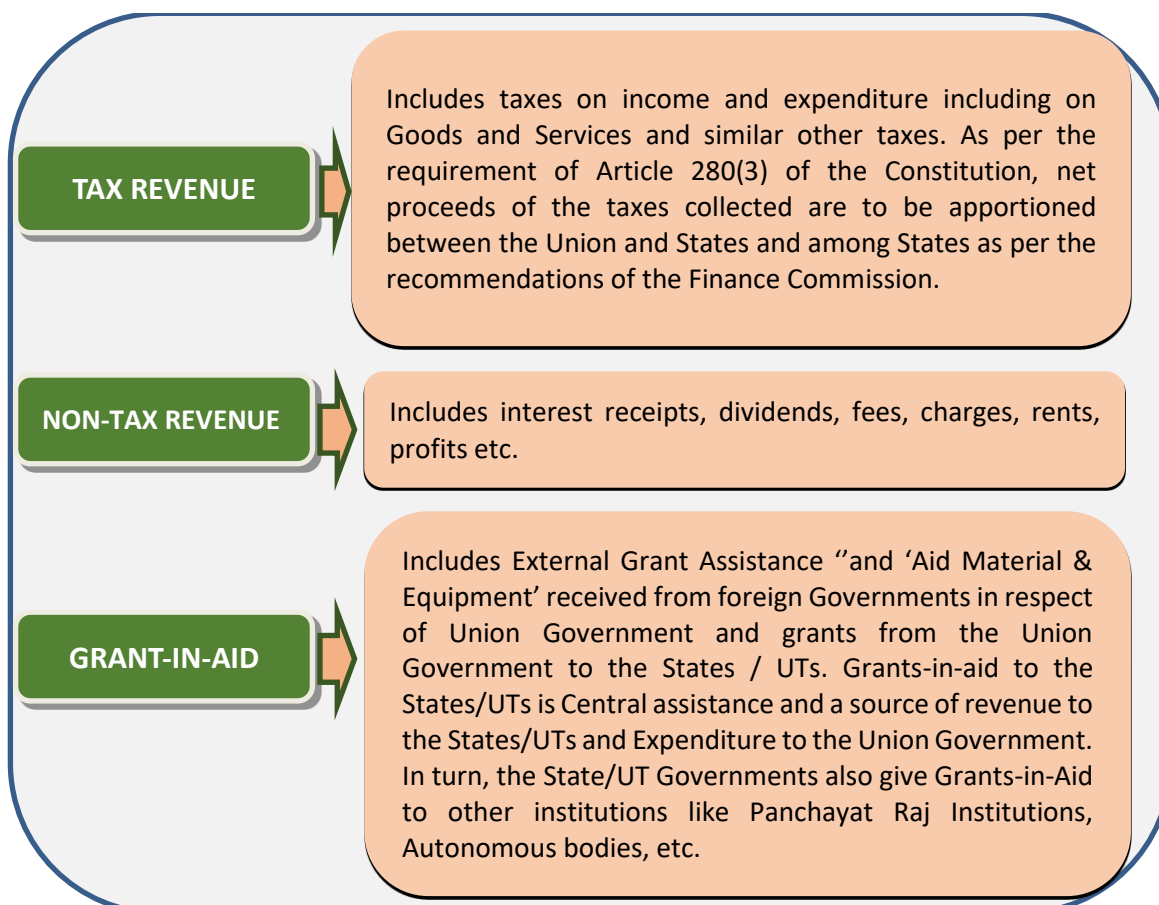


Chapter-3: Receipts

3.1

Revenue Receipts: Components

Revenue for both Union and State/UT Governments consists of Tax Revenue, Non-Tax Revenue and Grants-in-Aid.



3.1.1

Revenue Receipts

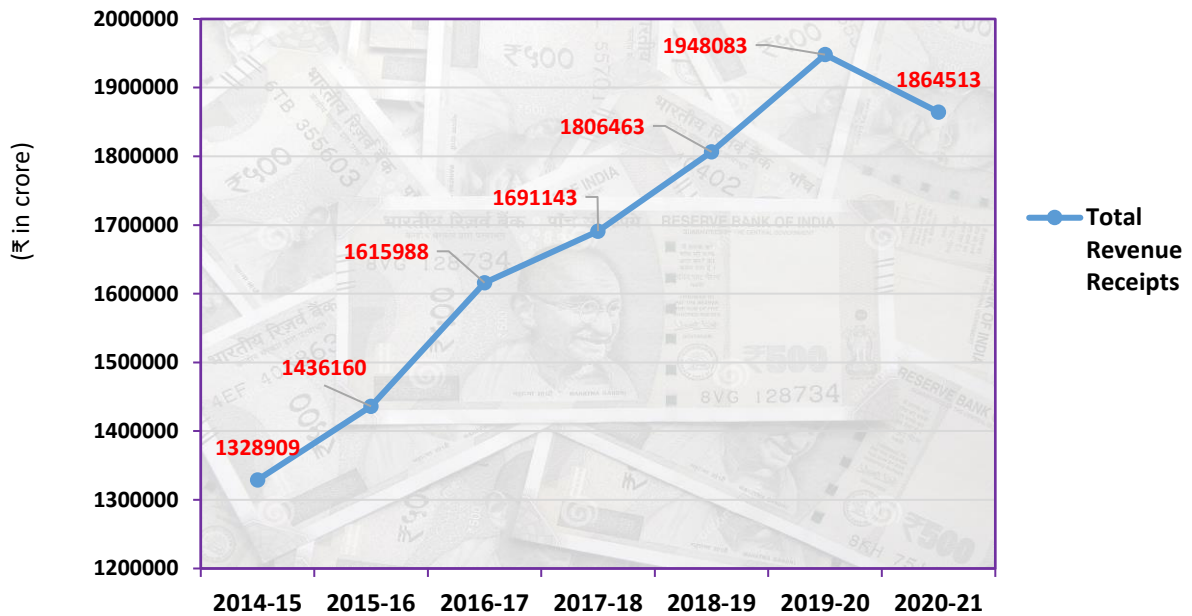
(₹ in crore)

Particulars (2020-21)	Union Government	Total of all States/UTs
Union/State's Own Tax Revenue	14,32,107	11,72,032
Non-Tax Revenue	4,30,655	1,75,679
Grants-in-Aid	1,751	6,41,228
Share of Union Taxes and Duties	-5,94,997 ⁹	5,94,982 ¹⁰
Total Revenue Receipts	18,64,513	25,83,921

⁹ Excluded in the total amount as it is included as a positive figure in total Revenue Receipts of the States.

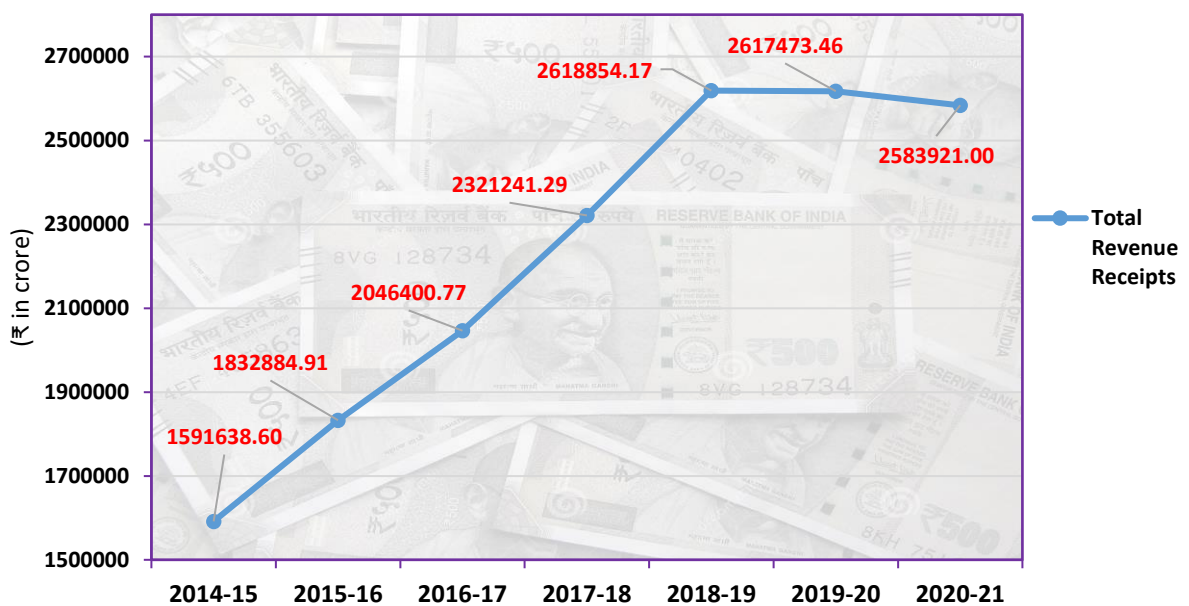
¹⁰ The amount of net proceeds as detailed in the Finance Accounts of the States and Union Territories (₹ 5,94,982.15 crore) differs by ₹ 14.61 crore as compared to the amount of ₹ 5,94,996.76 crore in the Finance Accounts of the Union Government.

Trends of Revenue Receipts of Union



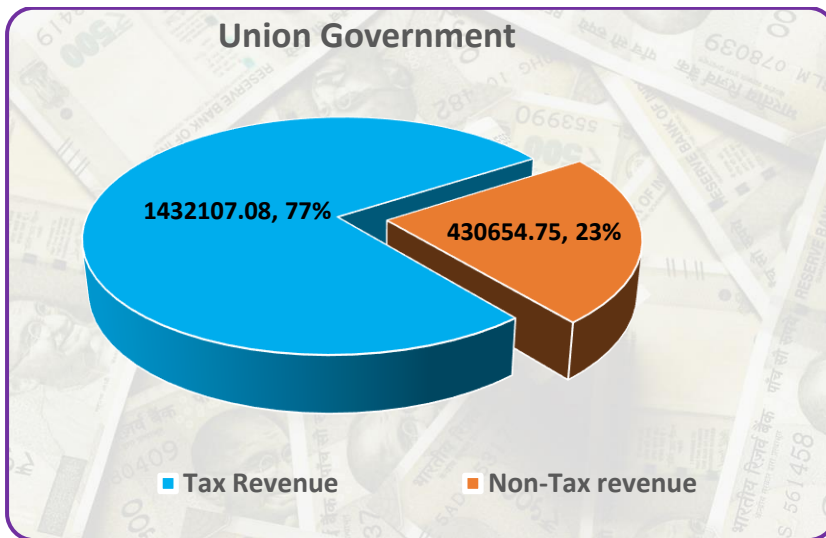
The trends in the total Revenue Receipts of the Union Government show a decrease in the totals Revenue receipts during 2020-21. The market borrowings taken to cover the fiscal deficit primarily went into filling the revenue gap as revenue receipts (₹ 1864513 crore) fell short of the revenue expenditure (₹3314852 crore – refer Chapter 4) of the Union Government. This was primarily due to higher spending, and lower revenue collection on account of COVID-19.

Trends of Revenue Receipts of all States/UTs

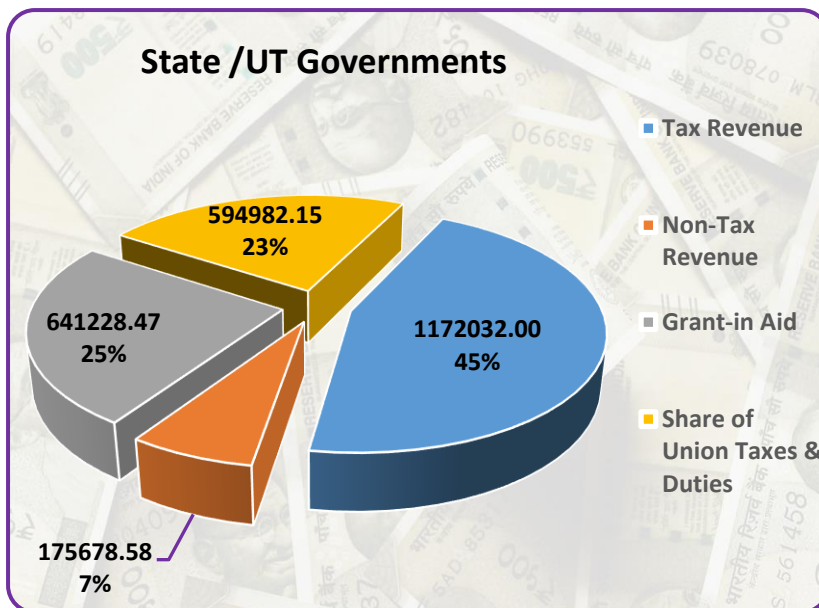


3.2

The Revenue Basket



In 2020-21, for every Revenue Rupee raised by the Union Government, 77 paise came from Tax Revenue and 23 paise from Non-Tax Revenue.



In 2020-21, every Revenue Rupee raised by the State Governments/ Union Territories, 45 paise came from Tax Revenue, 07 paise Non-Tax Revenue, 25 paise from Grants-in-Aid from Union Government and 23 paise being the Share of Union Taxes and Duties transferred to States.

3.3

Analysis of Tax Revenue of States

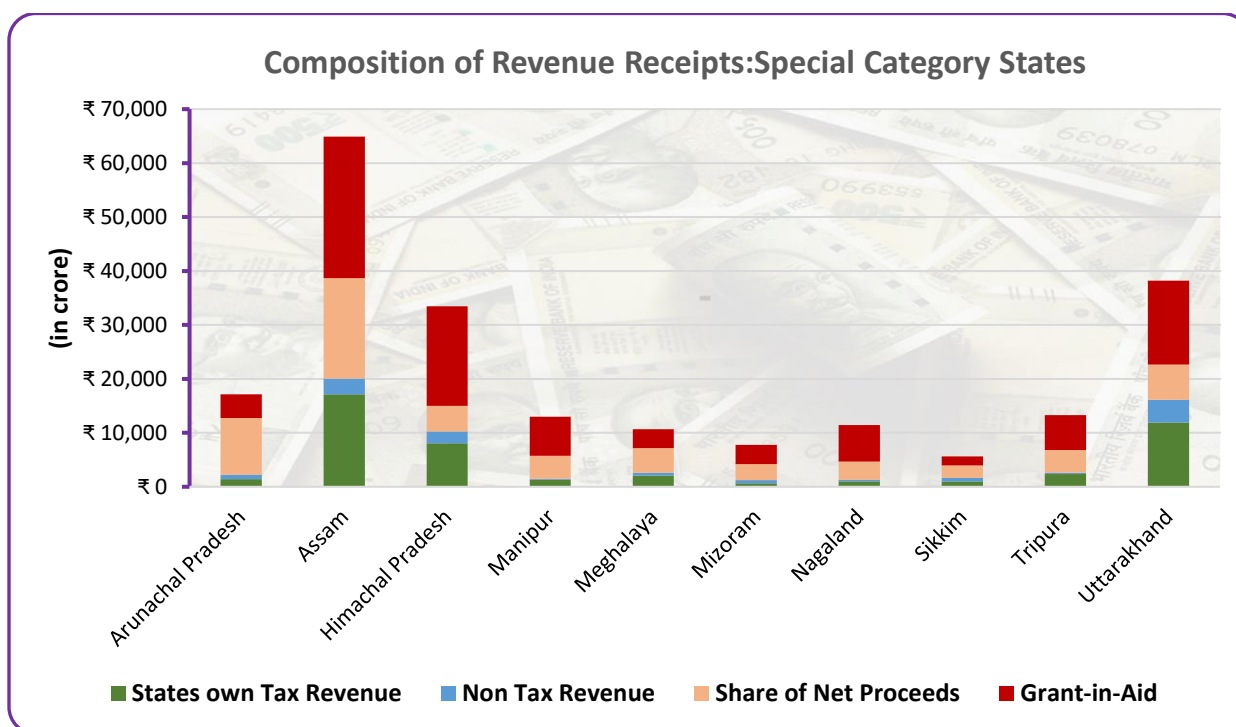
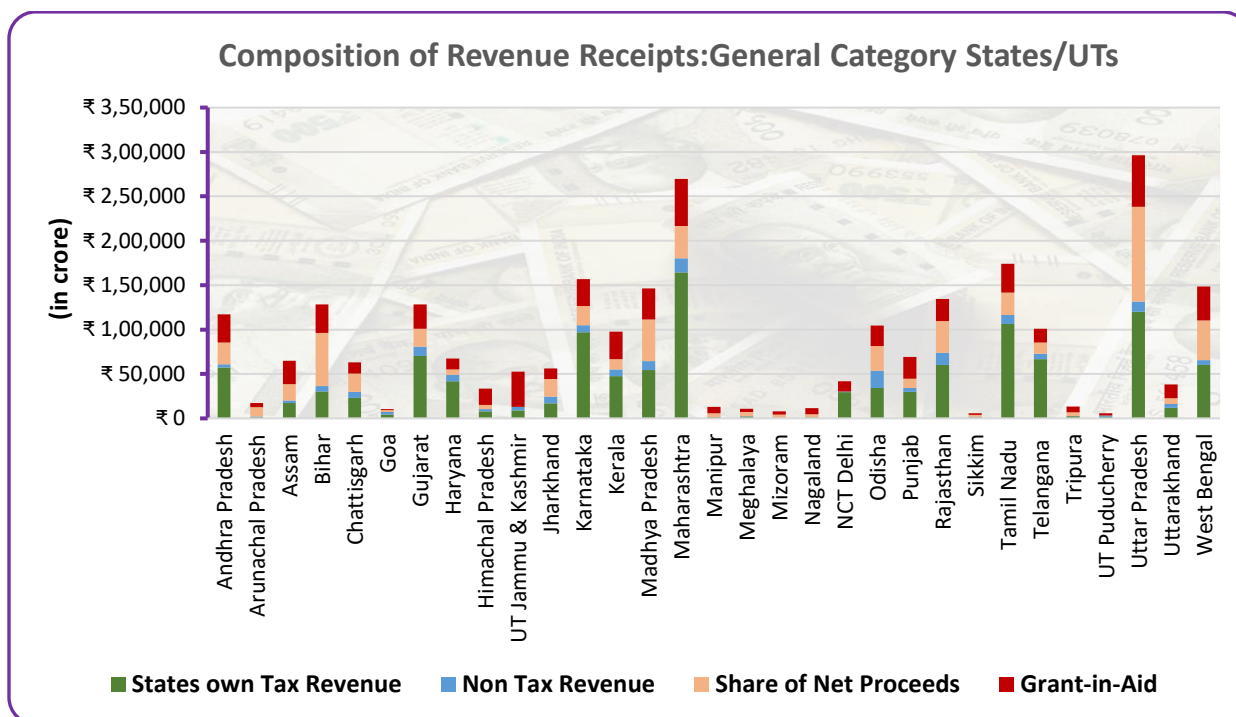
3.3.1

Tax Revenue

Tax is the most important source of Revenue Receipts constituting 77 percent in respect of the Union Government and 45 percent in respect of State/UT revenues. Total Revenue Receipts as a percent to Gross Domestic product/ GSDP¹¹ is 9.42 *per cent* in respect of the Union and 12.30 *per cent* for the State/UT governments. Following graphs show the

¹¹National GDP is ₹19800914 crore as released by CSO on 1 March, 2022 and ₹21010854.40 crore in respect of States/UTs at current prices released by CSO in 15 March, 2022 respectively.

components of Revenue Receipts in respect of General Category States / UTs and Special Category States:



The following table depicts the components of Revenue Receipts of the States / UTs vis-a-vis States' / UTs Own Tax Revenue (SOTR), Non-Tax Revenue, Share of Union Taxes and Duties and Grant-in-Aid.

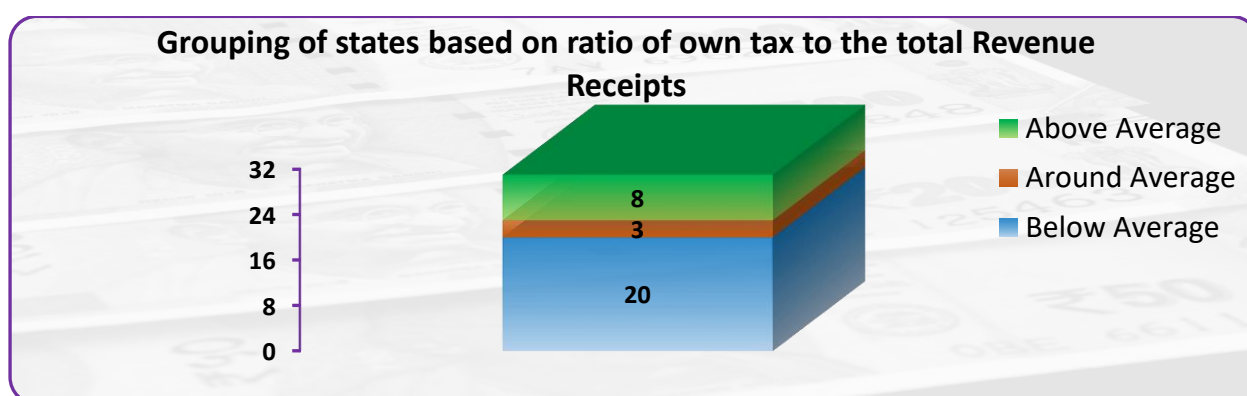
States'/UTs Own Tax Revenue, Non Tax Revenue, Share of Union Taxes and Grant-in-aid to States/ UTs (2020-21)

(All States/UTs Average ratio of States'/UTs own tax to total receipt: 45.36)¹²

State/UT	States/UTs own Tax Revenue (SOTR) (₹ in crore)	Non Tax Revenue (₹ in crore)	Share of Net Proceeds (₹ in crore)	Grant-in-Aid (₹ in crore)	Total Revenue Receipts (₹ in crore)	States'/UTs Own Tax Revenue (SOTR) as percentage of Total Revenue receipts
Arunachal Pradesh	1431.10	836.53	10472.58	4383.30	17123.51	8.36
Mizoram	647.56	561.76	3010.55	3520.80	7740.67	8.37
Nagaland	1022.74	242.60	3409.25	6752.84	11427.43	8.95
Manipur	1294.49	148.07	4271.97	7268.12	12982.65	9.97
UT Jammu & Kashmir	8876.99	4076.38	0.00	39542.11	52495.48	16.91
Sikkim	966.70	662.29	2302.27	1676.56	5607.82	17.24
Tripura	2332.44	285.49	4218.45	6456.02	13292.40	17.55
Meghalaya	2072.56	523.17	4551.63	3535.88	10683.24	19.40
Bihar	30341.67	6201.38	59861.41	31763.88	128168.34	23.67
Himachal Pradesh	8083.31	2188.46	4753.92	18412.58	33438.27	24.17
Assam	17133.61	2899.61	18629.32	26239.65	64902.19	26.40
Jharkhand	16880.08	7564.01	19712.23	11993.41	56149.73	30.06
Uttarakhand	11937.59	4170.57	6568.72	15527.48	38204.36	31.25
Odisha	34258.17	19518.06	27542.67	23068.34	104387.24	32.82
UT Puducherry	1947.83	1460.02	0.00	2482.14	5889.99	33.07
Chhattisgarh	22889.20	7136.95	20337.54	12812.49	63176.18	36.23
Madhya Pradesh	54458.92	9902.13	46913.75	35101.99	146376.79	37.20
Goa	4150.68	2902.80	2296.53	1090.28	10440.29	39.76
Uttar Pradesh	119897.30	11846.15	106687.01	57745.87	296176.33	40.48
West Bengal	60287.24	5198.35	44737.01	38171.37	148393.97	40.63
Punjab	30052.83	4152.13	10638.21	24205.01	69048.18	43.52
Rajasthan	60283.44	13653.02	35575.77	24795.65	134307.88	44.88
Kerala	47660.84	7327.31	11560.40	31068.28	97616.83	48.82
Andhra Pradesh	57408.55	3395.13	24460.59	31871.91	117136.18	49.01
Gujarat	70266.18	10492.66	20218.53	27178.29	128155.66	54.83
Maharashtra	164254.98	15975.46	36504.01	52733.46	269467.91	60.96
Tamil Nadu	106152.96	10421.85	24924.51	32576.98	174076.30	60.98
Karnataka	97052.54	7893.84	21694.11	30075.92	156716.41	61.93
Haryana	41913.80	6961.49	6437.59	12248.13	67561.01	62.04
Telangana	66650.37	6101.24	12691.62	15471.13	100914.36	66.05
NCT Delhi	29425.33	979.67	0.00	11458.60	41863.60	70.29
Total	1172032.00	175678.58	594982.15	641228.47	2583921.20	45.36

¹² Average = Total own tax revenue of all States/UTs as percentage of total Revenue Receipts of States & UTs

In 2020-21, the States / UTs with higher than 50 per cent SOTR as per cent of the their total revenue receipts included NCT of Delhi (70.29 per cent) , Telangana (66.05 per cent), Haryana (62.04 per cent), Karnataka (61.93 per cent), Tamil Nadu (60.98 per cent) and Maharashtra (60.96 per cent) and Gujarat (54.83 per cent). The State of Arunachal Pradesh (8.36 per cent) had the lowest ratio. It is seen that ten (10)¹³ States/UT had less than 25 per cent SOTR of the total revenue receipts. Most of the States having lowest revenue from own sources as compared to the total revenue receipts belong to the Special category. Other than the Special Category States, the UT Jammu & Kashmir (16.91 per cent) and the state of Bihar (23.67) which are from General Category also fall in the category of lowest revenue from own sources.



3.3.2

Goods and Service Tax (GST)

The Goods and Service Tax (GST) came into effect from midnight of 1 July 2017 and replaced existing multiple taxes levied by the central and the State/UT governments. GST is an indirect tax on the goods and services. The GST subsumed several taxes and levies, which included central excise duty, services tax, additional customs duty, surcharges, state-level value added tax and Octroi. Other levies, which were applicable on the inter-state transportation of goods have also been done away with in the GST regime. However, petroleum products, alcoholic drinks and electricity are not taxed under GST and instead are taxed separately by the individual State/UT governments, as per the pre-existing tax system, mostly under Value Added Tax (VAT) or Sales Tax (ST) system.

GST model has a dual tax administration system where both the Union and the State/UT governments administer the tax; Union Government administers Central GST and Inter-State GST and the States/UT administer SGST/UTGST. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the State/UT governments. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax/destination-based tax, therefore, taxes are paid to the State/UT where the goods or

¹³ Arunachal Pradesh, Mizoram, Nagaland, Manipur, UT Jammu & Kashmir, Sikkim, Tripura, Meghalaya, Bihar and Himachal Pradesh.

services are consumed not the state in which they were produced. GST is levied at rates as per the recommendations of the GST Council where both the Union and the State/UT Governments have representation.

The following table depicts the figures of CGST (Union), IGST (Union & States) and SGST/UTGST (States/ Union Territories)

(₹ in crore)

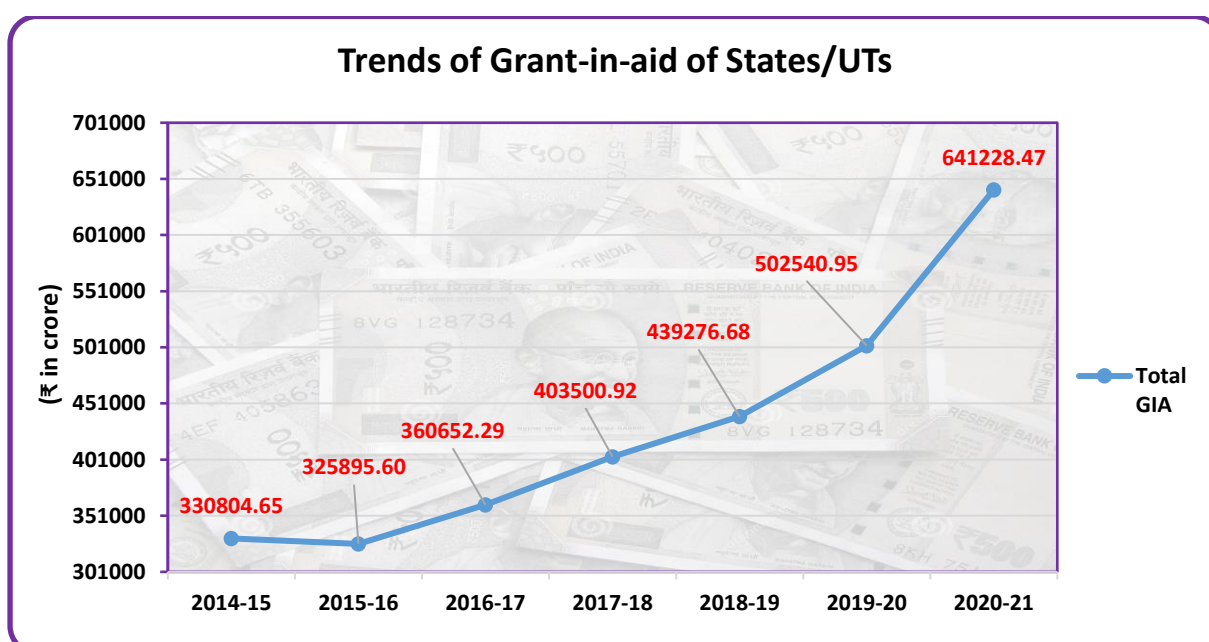
Particulars (2020-21)	Union	All States/UTs
CGST (excluding share of net proceeds assigned to States)	456333.98	--
IGST (Union and State shares)	7251.43	--
SGST	-	463231.67
UTGST	2764.20	--
Share of net proceeds of CGST assigned to States	-176450.78	176450.78
GST Compensation Cess	85191.91	--
Total GST	375090.81	639682.45



3.4 Grants-in-Aid

Grants-in-Aid are given by the Union Government to States/UTs as Central assistance for implementation of Centrally Sponsored Schemes (CSSs), other Schemes, etc. Grants are also given to the States/UTs for local bodies, to bridge revenue deficits, Disaster Response, etc., called Finance Commission Grants. Union Government also gives grant as compensation to make up for the loss arising out of the implementation of the GST. These constitute part of the States'/ UTs Revenue Receipts.

Following graph depicts the trend of receipt of Grant-in-aid by all the States/ UTs combined together for the last seven years:

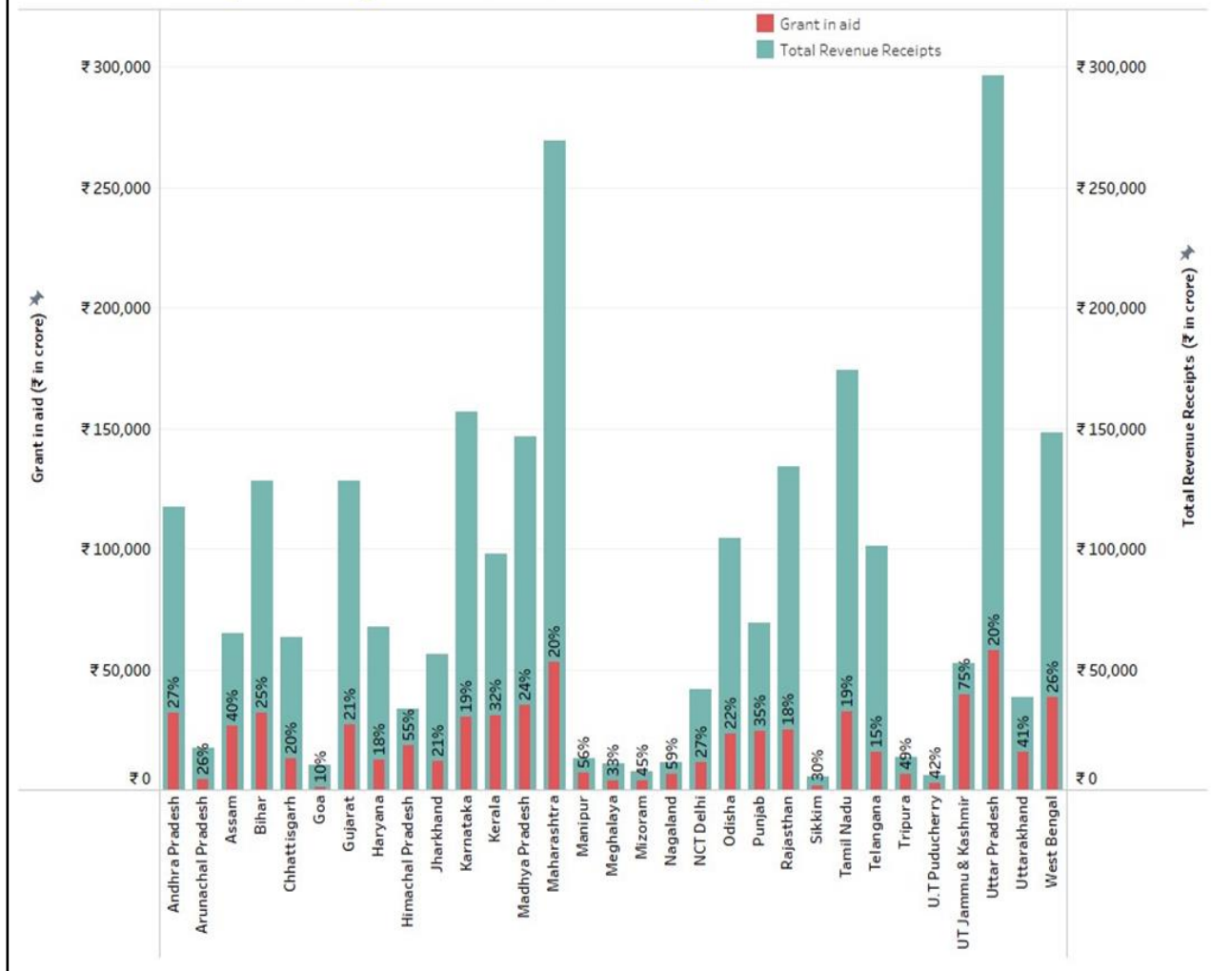


As apparent, there is an increasing trend in the Grants-in-aid given by the Union Government to the States / UTs. The percentage share of Grant-in-Aid to the Total Revenue receipts is shown below:

3.4.1 Share of Grants-in-Aid as a percentage of Total Revenue Receipts

State/ Union Territory	Grant in aid (₹ in crore)	Total Revenue Receipts (₹ in crore)	Percentage of total Revenue Receipts (percent)
Goa	1090.28	10440.29	10.44
Telangana	15471.13	100914.36	15.33
Haryana	12248.13	67561.01	18.13
Rajasthan	24795.65	134307.88	18.46
Tamil Nadu	32576.98	174076.30	18.71
Karnataka	30075.92	156716.41	19.19
Uttar Pradesh	57745.87	296176.33	19.50
Maharashtra	52733.46	269467.91	19.57
Chhattisgarh	12812.49	63176.18	20.28
Gujarat	27178.29	128155.66	21.21
Jharkhand	11993.41	56149.73	21.36
Odisha	23068.34	104387.24	22.10
Madhya Pradesh	35101.99	146376.79	23.98
Bihar	31763.88	128168.34	24.78
Arunachal Pradesh	4383.30	17123.51	25.60
West Bengal	38171.37	148393.97	25.72
Andhra Pradesh	31871.91	117136.18	27.21
NCT Delhi	11458.60	41863.60	27.37
Sikkim	1676.56	5607.82	29.90
Kerala	31068.28	97616.83	31.83
Meghalaya	3535.88	10683.24	33.10
Punjab	24205.01	69048.18	35.06
Assam	26239.65	64902.19	40.43
Uttarakhand	15527.48	38204.36	40.64
U.T Puducherry	2482.14	5889.99	42.14
Mizoram	3520.80	7740.67	45.48
Tripura	6456.02	13292.40	48.57
Himachal Pradesh	18412.58	33438.27	55.06
Manipur	7268.12	12982.65	55.98
Nagaland	6752.84	11427.43	59.09
UT Jammu & Kashmir	39542.11	52495.48	75.32
Total	641228.47	2583921.20	24.82

Grant-in-aid as percentage of Total revenue receipts

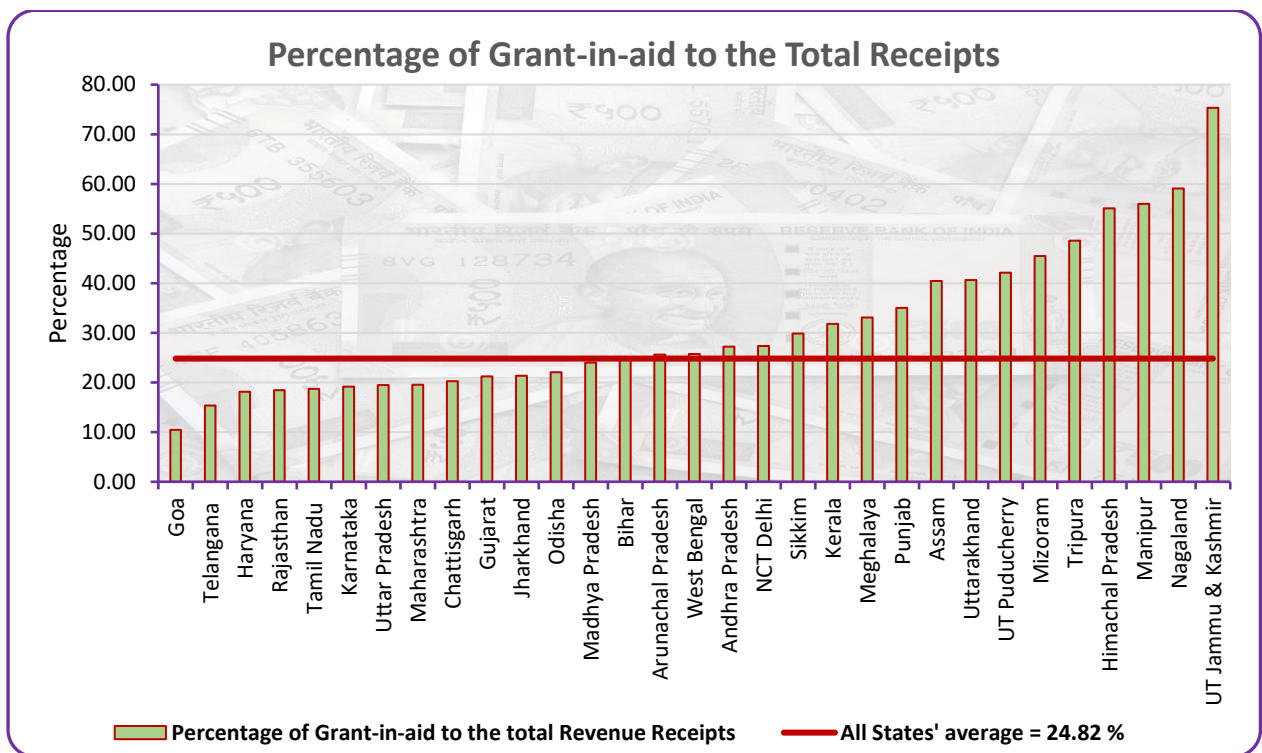


With regard to the trend of Grants in Aid, the following inferences can be drawn:

- 👉 Not only the share of the Grants in Aid in the total Revenue Receipts of the States/UTs has gone up substantially, there is a large variation in the inter-se share. For example, at the lower side, the share of Goa and Telangana stood at about 10 per cent and 15 per cent respectively of their Revenue Receipts, on the higher side, the share of Nagaland and UT Jammu & Kashmir stood at 59 per cent and 75 percent respectively of their Revenue Receipts.
- 👉 Goa, Telangana, Haryana, Rajasthan, Tamil Nadu, Karnataka, Uttar Pradesh and Maharashtra received Grants-in-Aid from the Union Government constituting about 10 -20 per cent of their total Revenue Receipts. Assam, Uttarakhand, UT Puducherry, Mizoram, Tripura, Himachal Pradesh, Manipur, Nagaland and UT Jammu & Kashmir received Grants-in-Aid of about more than 40 percent of their total Revenue Receipts.

- ☞ All the Special Category States received Grants in Aid more than the average percentage of Grant-in-aid to the total receipts of all States/UTs.
- ☞ Among the General Category States, the States/UTs of West Bengal, Andhra Pradesh, NCT of Delhi, Kerala, Punjab and UT Puducherry were in receipt of Grants-in Aid more than all States average.
- ☞ The states of Uttar Pradesh and Maharashtra received the highest amounts of Grants followed by UT Jammu & Kashmir, West Bengal, Madhya Pradesh, Tamil Nadu, Andhra Pradesh and Bihar.

A graphical presentation of all States/UTs showing the ratio of the Grants-in-aid received to their total revenues and their respective position to the All India average is as follows:



3.5

States’ Share in Union Taxes and Duties (Net proceeds assigned to States)

As per the Constitutional scheme for sources and authority for imposition, collection and distribution of taxes by and between the Union and the States, the Finance Commission provides formula and framework for distribution of the taxes between the Union and the States and for devolution of the States’ share and its distribution amongst the States.

Tax Revenue is an important component of Union Revenue Receipt. Share of the States in the Union Taxes and Duties is an important and significant component of States’ Revenue Receipts.

The shareable components include CGST, IGST, Income Tax, Corporation Tax, Customs, other taxes and duties on commodities and services, Service Tax, Wealth Tax, Union Excise Duty, Other taxes on income and expenditure. State-wise share of Net proceeds assigned along with the share as percentage of Revenue receipts and per capita share is shown below:

States' per Capita Share in the Net Proceeds assigned to the States

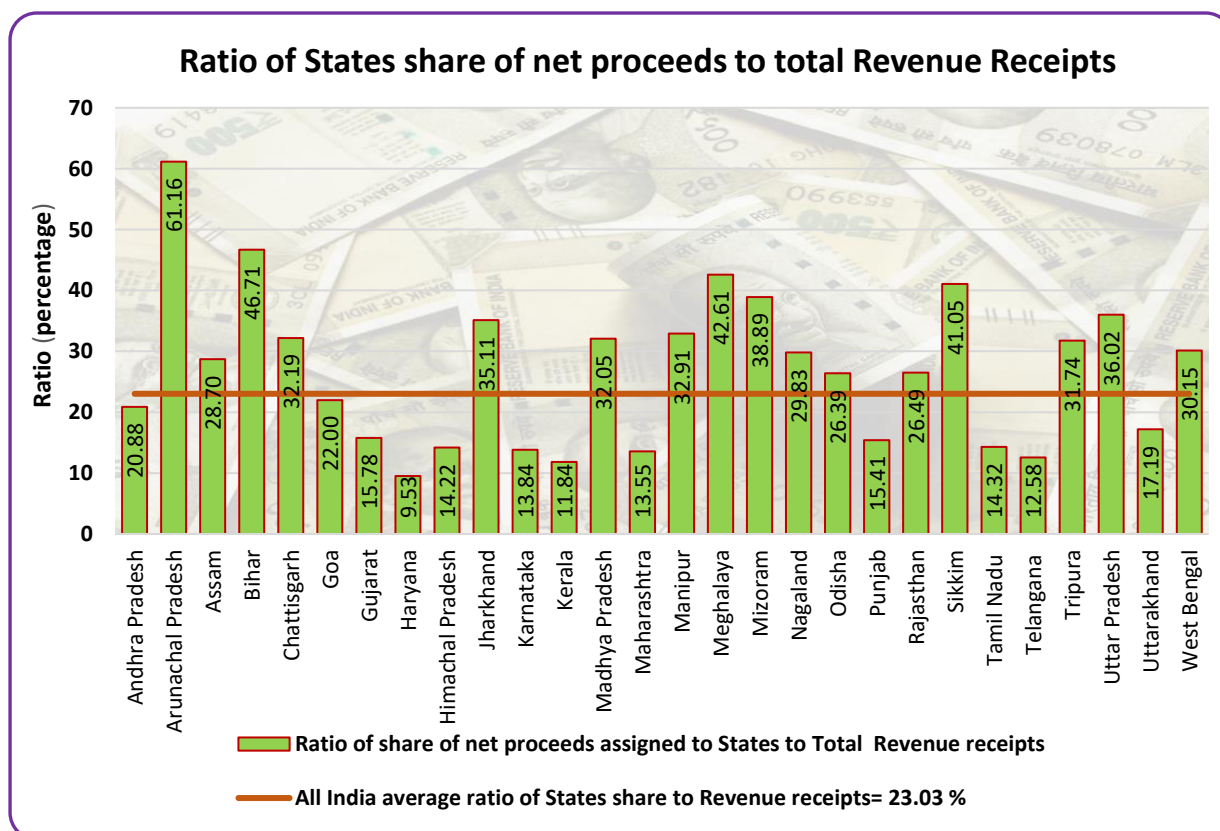
(All States average per capita share of net proceeds assigned to States=₹4346.43)

State/UT	Share of Net Proceeds (₹ in crore)	Total Revenue Receipts (₹ in crore)	Share of Net proceeds as percentage of Total Revenue receipts	Population (in crore)	Per capita share of net proceeds assigned to States/UTs (in ₹)
UT Jammu & Kashmir	0.00	52495.48	0.00	1.36	0.00
NCT Delhi	0.00	41863.60	0.00	1.87	0.00
UT Puducherry	0.00	5889.99	0.00	0.14	0.00
Haryana	6437.59	67561.01	9.53	2.82	2282.83
Kerala	11560.40	97616.83	11.84	3.57	3238.21
Telangana	12691.62	100914.36	12.58	3.94	3221.22
Maharashtra	36504.01	269467.91	13.55	12.31	2965.39
Karnataka	21694.11	156716.41	13.84	6.76	3209.19
Himachal Pradesh	4753.92	33438.27	14.22	0.75	6338.56
Tamil Nadu	24924.51	174076.30	14.32	7.78	3203.66
Punjab	10638.21	69048.18	15.41	3.01	3534.29
Gujarat	20218.53	128155.66	15.78	6.39	3164.09
Uttarakhand	6568.72	38204.36	17.19	1.13	5813.03
Andhra Pradesh	24460.59	117136.18	20.88	5.39	4538.14
Goa	2296.53	10440.29	22.00	0.16	14353.31
Odisha	27542.67	104387.24	26.39	4.64	5935.92
Rajasthan	35575.77	134307.88	26.49	8.10	4392.07
Assam	18629.32	64902.19	28.70	3.56	5232.96
Nagaland	3409.25	11427.43	29.83	0.22	15496.59
West Bengal	44737.01	148393.97	30.15	9.96	4491.67
Tripura	4218.45	13292.40	31.74	0.42	10043.93
Madhya Pradesh	46913.75	146376.79	32.05	8.54	5493.41
Chattisgarh	20337.54	63176.18	32.19	2.94	6917.53
Manipur	4271.97	12982.65	32.91	0.31	13780.55
Jharkhand	19712.23	56149.73	35.11	3.86	5106.80
Uttar Pradesh	106687.01	296176.33	36.02	23.79	4484.53
Mizoram	3010.55	7740.67	38.89	0.12	25087.92
Sikkim	2302.27	5607.82	41.05	0.07	32889.57
Meghalaya	4551.63	10683.24	42.61	0.34	13387.15
Bihar	59861.41	128168.34	46.71	12.48	4796.59
Arunachal Pradesh	10472.58	17123.51	61.16	0.16	65453.63
Total	594982.15	2583921.20	23.03	136.89	4346.43

For 2020-21, the States' share in the Union Taxes and Duties and percentage of the Revenue Receipts for all states combined is as below:

Particulars (2020-21)	All States (₹ in crore)	Percentage of States Revenue Receipts(percent)
CGST (Devolved share of net proceeds assigned to States out of the CGST and Union IGST)	176450.78	6.83
IGST (Devolved share of net proceeds assigned to States out of the Union portion of the IGST)	0	0.00
Income Tax	184275.7	7.13
Corporation Tax	179714.46	6.96
Customs	31523.75	1.22
Union Excise	19968.52	0.77
State Excise	0	0.00
Other Taxes (other taxes and duties on commodities and services, Service Tax, Wealth Tax, Union Excise Duty, Other taxes on income and expenditure)	3048.97	0.12
Total	594982.18	23.03

A graphical presentation of all the States showing the ratio of the States' share received to their total revenues and their respective position to the All India average is as follows:



With regard to the trend of States' share, the following inferences can be drawn

- ➔ Except in few cases, States' share in Union Taxes and Duties show a declining trend as a component of their total Revenue Receipts.
- ➔ There is wide variation in the inter-se share. For example, at the lower side, the share of Haryana and Kerala stood at about 9.53 per cent and 11.84 per cent respectively of their Revenue Receipts, on the higher side, the share of Arunachal Pradesh and Bihar stood at 61.16 per cent and 46.71 percent respectively of their Revenue Receipts.
- ➔ Eleven (11) states viz. Haryana, Kerala, Telangana, Maharashtra, Karnataka, Himachal Pradesh, Tamil Nadu, Punjab, Gujarat, Uttarakhand and Andhra Pradesh received share constituting about 10 - 20 per cent of their total Revenue Receipts.
- ➔ Six (06) states viz. Goa, Odisha, Rajasthan, Assam, Nagaland and West Bengal received share of about 21 - 30 per cent of their total Revenue Receipts and
- ➔ Five (05) states viz. Mizoram, Sikkim, Meghalaya, Bihar and Arunachal Pradesh received more than 40 percent of their total Revenue Receipts.
- ➔ All the Special Category States received more than the average percentage (23.03 per cent) of the share in the total receipts of all states.



Revenue (Tax) Buoyancy

Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable (Revenue Receipts of the Union and the State or State's/UTs Own Tax revenue) with respect to a given change in the base variable (GDP / GSDP). As GDP / GSDP grows, the ability of the Union to collect taxes / State/UT Government to mobilize its own tax revenue should also increase. Buoyancy of a parameter is calculated as the ratio of the rate of growth of the parameter to the GDP / GSDP growth rate. The following table shows the Tax buoyancy with respect to the GDP / GSDP for 2020-21, i.e., what is the rate of growth of revenue receipts for each percentage change in the rate of growth of GDP / GSDP. A tax is said to be buoyant if the tax revenues increase more than proportionately in response to a rise in national income or output; say, one per cent or more for a one per cent increase in GDP / SGDP.

The Revenue Buoyancy of all states/ UTs with respect to the GSDP is depicted below:

State/UT	Revenue Receipts 2019-20 (₹ in crore)	Revenue Receipts 2020-21 (₹ in crore)	Rate of Growth of Revenue Receipts ¹⁴	GDP / GSDP 2019-20 (As on 02.08.21) (₹ in crore)	GDP / GSDP 2020-21 (As on 15.03.22) (₹ in crore)	GDP / GSDP growth rate ¹⁵	Revenue Buoyancy w.r.t GDP / GSDP ¹⁶
Union of India	1948083.53	1864513.47	-4.29	20339849	19800914	-2.65	--
Andhra Pradesh	111034.02	117136.18	5.50	971224	1014374	4.44	1.24
Arunachal Pradesh	14888.55	17123.51	15.01	28046	29695	5.88	2.55
Assam	64495.08	64902.19	0.63	335238	381004	13.65	0.05
Bihar	124232.53	128168.34	3.17	594016	618628	4.14	0.76
Chhattisgarh	63868.70	63176.18	-1.08	344955	350270	1.54	-0.70
Goa	11297.52	10440.29	-7.59	74828	78338	4.69	-1.62
Gujarat	142843.76	128155.66	-10.28	1630240	1655917	1.58	-6.53
Haryana	67858.13	67561.01	-0.44	780612	758507	-2.83	0.15
Himachal Pradesh	30742.41	33438.27	8.77	162816	156675	-3.77	-2.33
UT Jammu & Kashmir	52609.32	52495.48	-0.22	169879	175368	3.23	-0.07
Jharkhand	58417.14	56149.73	-3.88	321157	317079	-1.27	3.06
Karnataka	175442.79	156716.41	-10.67	1628928	1730991	6.27	-1.70
Kerala	90224.67	97616.83	8.19	854689	799571	-6.45	-1.27
Madhya Pradesh	147643.35	146376.79	-0.86	937405	976281	4.15	-0.21
Maharashtra	283189.58	269467.91	-4.85	2818555	2711685	-3.79	1.28
Manipur	10684.16	12982.65	21.51	31790	34110	7.30	2.95
Meghalaya	9413.52	10683.24	13.49	34716	33436	-3.69	-3.66
Mizoram	9658.26	7740.67	-19.85	25149	29214	16.17	-1.23
Nagaland	11423.29	11427.43	0.04	29536	29541	0.02	2.20
NCT Delhi	47135.81	41863.60	-11.19	830872	785342	-5.48	2.04
Odisha	101567.75	104387.24	2.78	547959	542890	-0.93	-3.00
Punjab	61574.75	69048.18	12.14	539687	541518	0.34	35.76
Rajasthan	140113.81	134307.88	-4.14	998999	1013323	1.43	-2.89
Sikkim	4841.27	5607.82	15.83	30809	32724	6.22	2.55
Tamil Nadu	174525.91	174076.30	-0.26	1797229	1902689	5.87	-0.04
Telangana	102543.81	100914.36	-1.59	957207	969656	1.30	-1.22
Tripura	11001.59	13292.40	20.82	55857	58880	5.41	3.85
UT Puducherry	6781.34	5889.99	-13.14	37959	37207	-1.98	6.63
Uttar Pradesh	366393.18	296176.33	-19.16	1687818	1717505	1.76	-10.90
Uttarakhand	30722.57	38204.36	24.35	253666	227421	-10.35	-2.35
West Bengal	142914.21	148393.97	3.83	1207823	1301017	7.72	0.50

In respect of the Union Government during 2020-21, there was a significant decrease in Revenue Receipts. During 2020-21, the actual collection was lower than the previous year. However, during 2020-21 the growth rate of revenue receipts and GSDP were negative, hence revenue buoyancy of the Union Government has not been calculated.

The revenue buoyancy in respect of the States/UTs Andhra Pradesh, Arunachal, Jharkhand, Maharashtra, Manipur, Nagaland, Delhi, Punjab, Sikkim, Tripura and Puducherry are greater

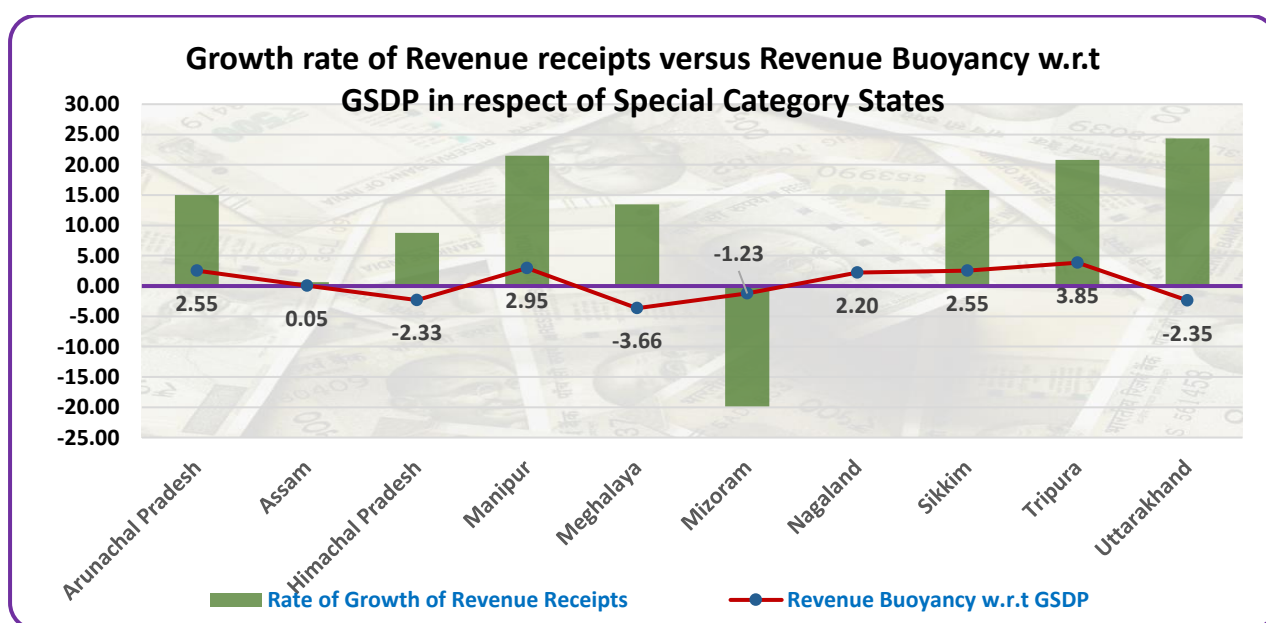
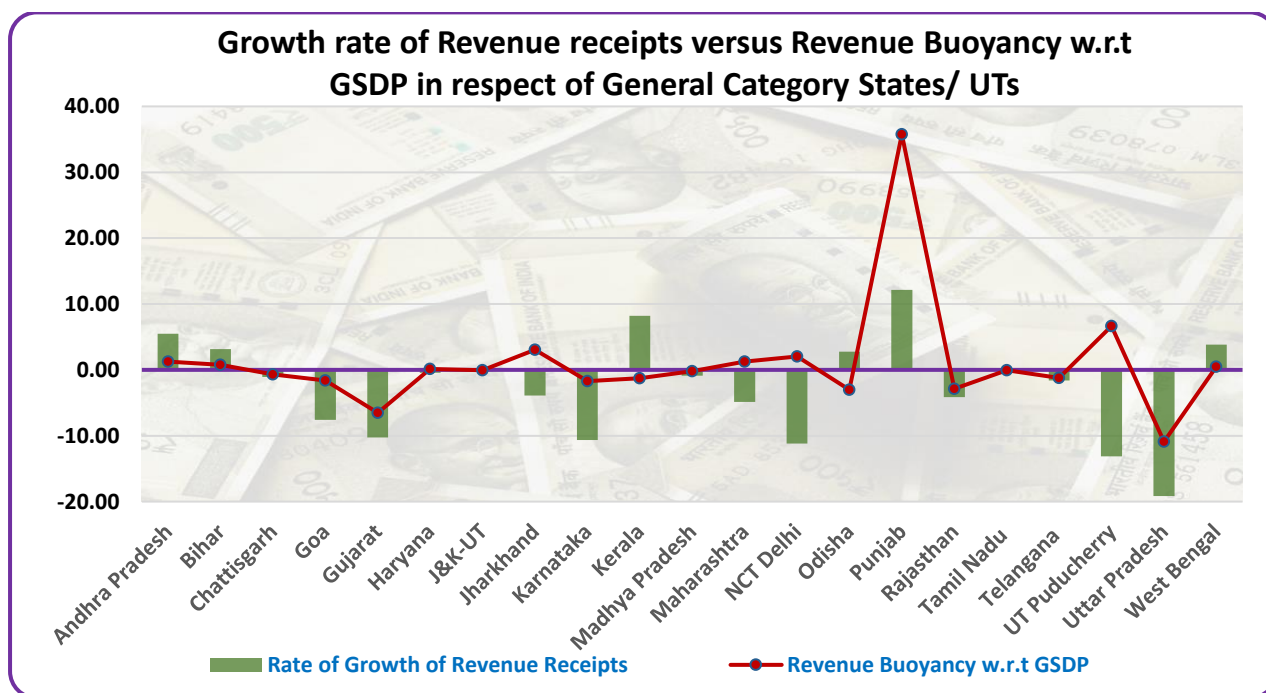
¹⁴ {(Current year receipts – previous year receipts)/previous year receipts}*100

¹⁵ {(Current year GDP / GSDP – previous year GDP / GSDP)/previous year GDP / GSDP}*100

¹⁶ Growth rate of Revenue receipts / growth rate of GDP / GSDP

than 1. It is mainly due to the fact that revenue receipts have increased substantially without any corresponding increase in Gross State Domestic Product (GSDP) (States/ UTs). The Revenue Buoyancy in respect of most of the remaining states/UTs is negative or less than one, which indicates that there has been a drop in the growth rate of revenue receipts in comparison to the previous years. Punjab had the highest buoyancy at 35.76 per cent, which is attributed to the fact that while the growth rate of Revenue Receipts was 12.14 per cent, the growth rate of GSDP was minimal at 0.34 per cent leading to a high Revenue Buoyancy (35.76 per cent).

The following is a graphical representation of the growth rate of Revenue Receipts versus the Revenue Buoyancy for both the General category States/UTs as well as the Special category States:

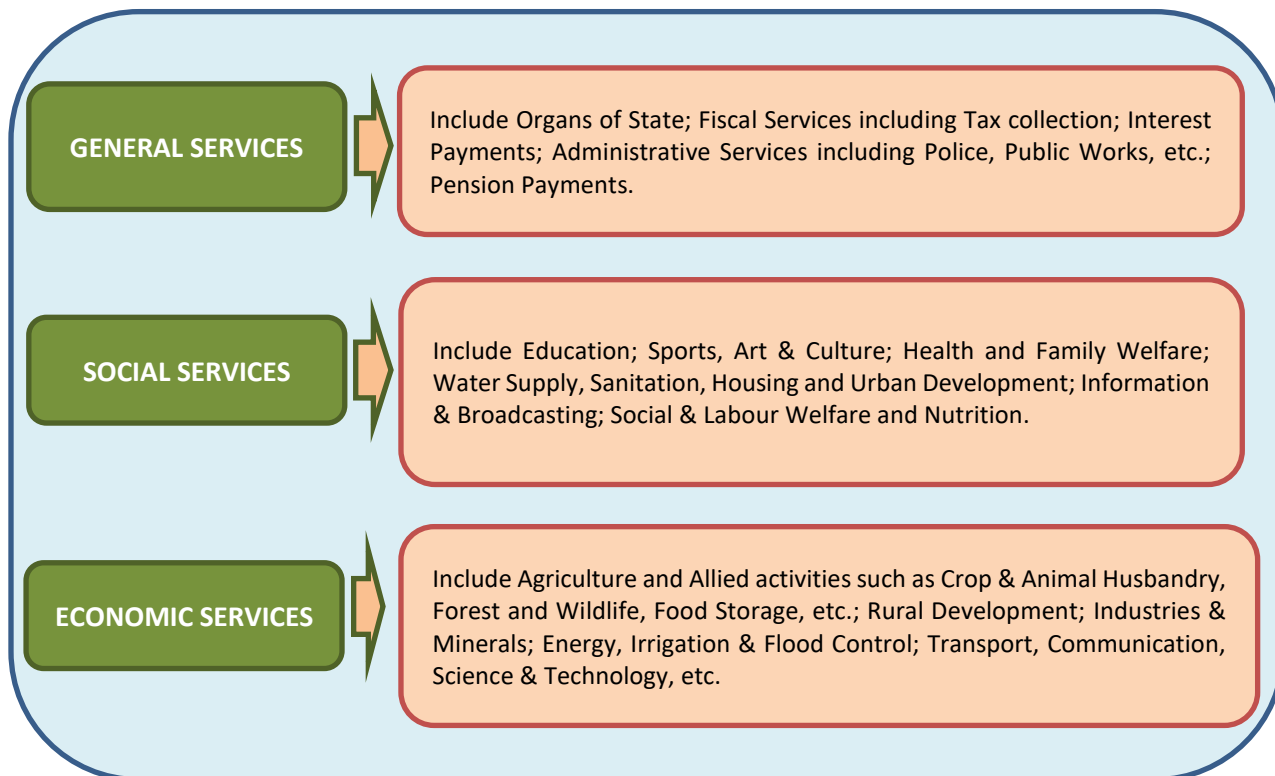


Chapter-4: Expenditure



Sectoral Expenditure

As per the Chart of Account in the Government accounting system in India, the expenditure from the Consolidated Fund of India / State/UT is classified mainly under three sectors: General Services, Social Services and Economic Services. Grants-in-aid and Contributions is the fourth sectoral classification. The significant areas of expenditure covered under these sectors are as follows:



The sectoral classification applies to both Revenue Account and non-debt Capital Account expenditure.

Generally, the Union and the State/UT Governments run with revenue deficit i.e., expenditure being more than receipts on Revenue Account, Capital expenditure is met from borrowed funds. Capital spending is with the object of increasing concrete assets of material and permanent character. Large portion of borrowing is also done to retire the existing debt. Part of the borrowed funds is used to extend loan and advances. Receipts of a capital nature are intended to be applied as a set off to capital expenditure.

Expenditure under the General Service category pertains mainly to sovereign functions and committed expenditure of interest payment and pension payments. Expenditure under the remaining two categories relate to developmental activities of the Government.

In the following tables, the percentage of sectoral expenditure to GDP/ GSDP for the Union and States/UTs respectively has been depicted on the basis of GDP of ₹1,98,00,914¹⁷ crore for the Union and GSDP of ₹2,10,10,854¹⁸ crore for all the States/ UTs¹⁹ combined.

Sector-wise Revenue and Capital Expenditure - Union Government

Sector	Revenue Expenditure (₹ in Crore)	Capital Expenditure (₹ in Crore)	%age of total Revenue Expenditure	%age of total Capital expenditure	%age of Revenue Expenditure to GDP ²⁰	%age of Capital Expenditure to GDP
General	1296966.82	142949.38	39.13	41.68	6.55	0.72
Social	171270.87	7611.00	5.17	2.22	0.86	0.04
Economic	1261987.61	192388.45	38.07	56.10	6.37	0.97
Grants-in-Aid	584626.61	0.00	17.64	0.00	2.95	0.00
Total	3314851.91	342948.83	100.00	100.00	16.74	1.73

Sector-wise Revenue and Capital Expenditure – State/UT Governments

Sector	States/UTs Revenue Expenditure (₹ in Crore)	States/UTs Capital Expenditure (₹ in Crore)	%age of total Revenue Expenditure	%age of total Capital Expenditure	%age of Revenue Expenditure to GDP	%age of Capital Expenditure to GDP
General	1037967.97	23743.86	35.09	5.74	4.94	0.11
Social	1167340.90	111512.44	39.47	26.96	5.56	0.53
Economic	665562.91	278360.60	22.50	67.30	3.17	1.32
Grants-in-Aid	86995.22	0.00	2.94	0.00	0.41	0.00
Total	2957867.00	413616.90	100.00	100.00	14.08	1.97

 In 2020-21, the Union government

- Spent 39 per cent of its Revenue Expenditure on the General Services and 38 per cent on the Economic Services;
- Spent 42 per cent of its Capital Expenditure on the General Services and 56 per cent on the Economic Services.

¹⁷ Source: mospi.nic.in/data as on 01 March, 2022

¹⁸ The GDP figures (₹19800914 crore) used are released by CSO and are at current prices as on 1 March, 2022. However, in respect of the States the aggregated State-wise/UT GSDP figures is ₹2,10,10,854 crore is higher than the National GDP.

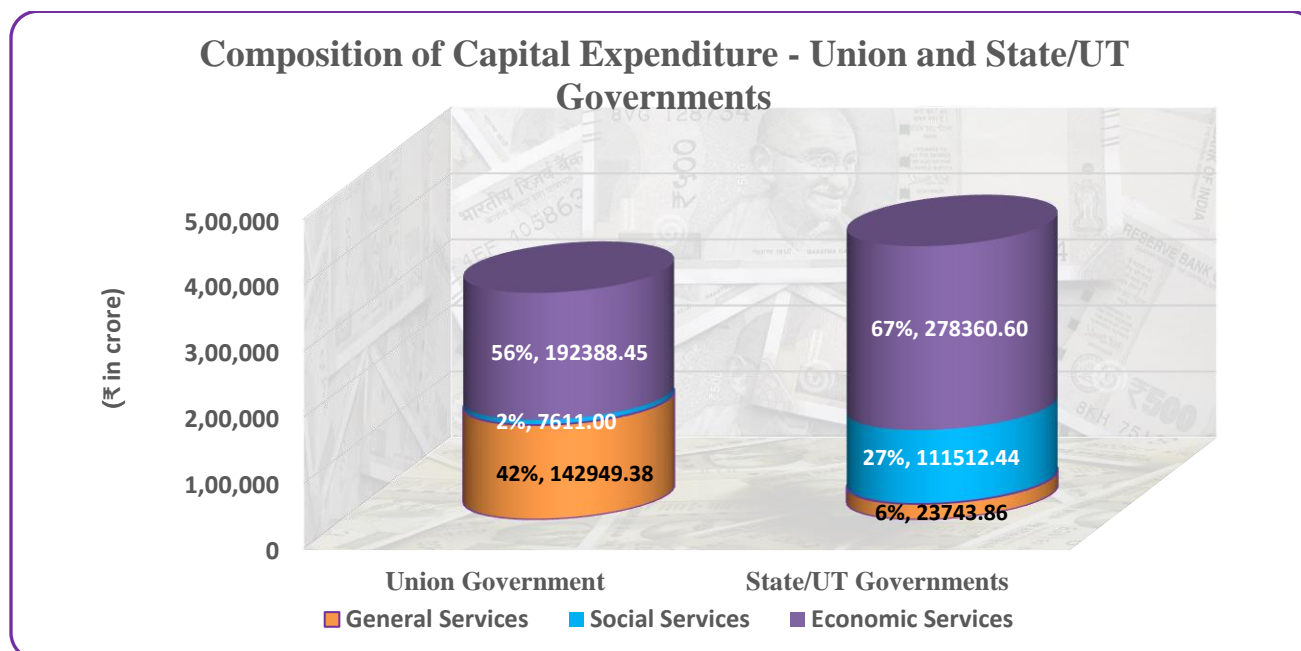
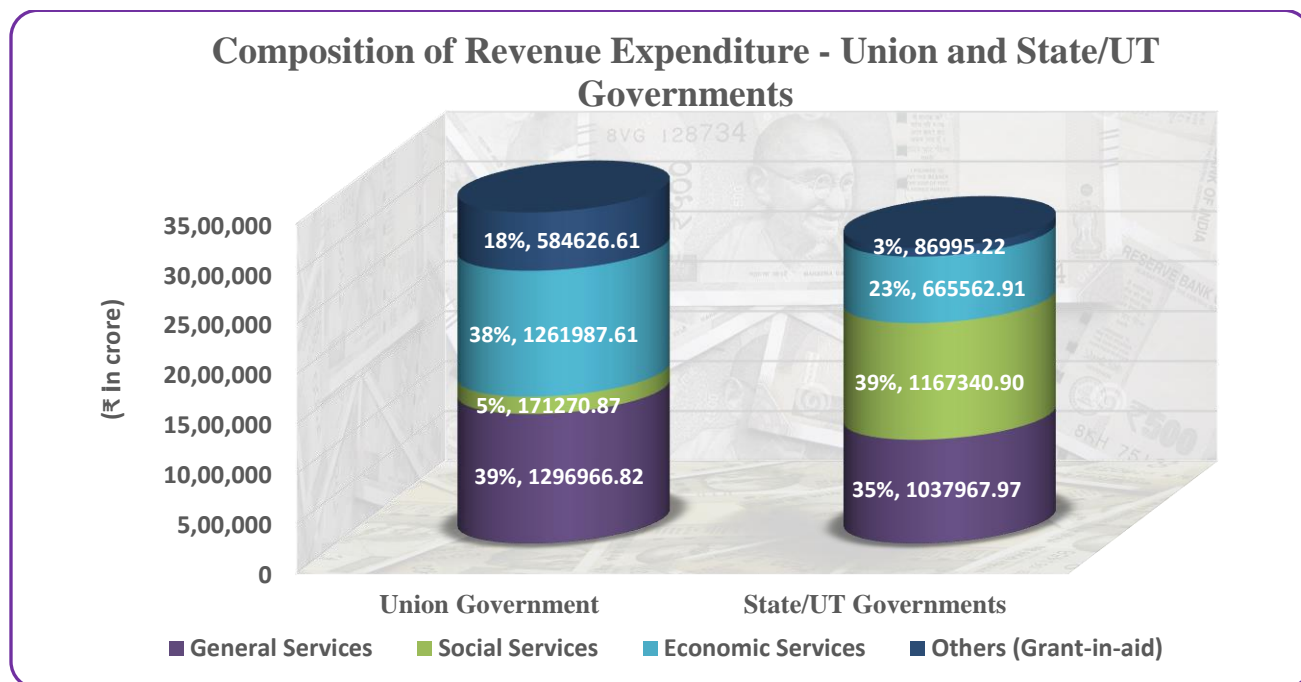
¹⁹Source: Figures released by CSO at current prices for all states/UTs as on 15 Mar, 2022.

²⁰ GDP in respect of Indian Union for FY 2020-21 is ₹19800914 crore as released by CSO at current prices as on 01 March, 2022.

☞ In 2020-21, the State/UT governments

- Spent 35 per cent of its Revenue Expenditure on the General Services and 39 per cent on Social Services.;
- Spent 67 per cent of its Capital Expenditure on the Economic Services and 27 per cent on the Social Services.

The following graphs depict the amount of sectoral spending by the Union government and all the States/UTs combined for 2020-21:





Analysis of Sectoral Expenditure

In the tables above in paragraph 4.1, the details of sectoral expenditure by the Union and combined figure for the States / UTs have been depicted. Following sections depicts the State / UT wise profile of sectoral expenditure for General Services.

4.2.1

Expenditure on General Services

(All States/UTs Average per Capita expenditure on General services: ₹ 7755.95²¹)

State/UT	Revenue Expenditure on General Services (₹ in Crore)	Capital Expenditure on General Services (₹ in Crore)	Population (in Crore)	Total Expenditure on General Services (₹ in Crore)	Per Capita expenditure on General Services (₹ in Crore)
NCT Delhi	6295.03	246.13	1.87	6541.16	3497.95
Bihar	46239.13	1386.50	12.48	47625.63	3816.16
Uttar Pradesh	119057.50	1523.10	23.79	120580.60	5068.54
Jharkhand	19902.68	770.92	3.86	20673.60	5355.85
Madhya Pradesh	47885.01	974.06	8.54	48859.07	5721.20
Odisha	28271.25	867.95	4.64	29139.20	6280.00
Assam	22892.34	518.45	3.56	23410.79	6576.06
Chhattisgarh	19586.18	509.03	2.94	20095.21	6835.11
West Bengal	70684.28	545.59	9.96	71229.87	7151.59
Rajasthan	60143.84	398.18	8.10	60542.02	7474.32
Gujarat	52074.25	484.36	6.39	52558.61	8225.13
Karnataka	55017.93	1206.29	6.76	56224.22	8317.19
Maharashtra	103853.75	1496.39	12.31	105350.14	8558.09
Telangana	39477.18	778.88	3.94	40256.06	10217.27
Tamil Nadu	78992.92	936.58	7.78	79929.50	10273.71
Andhra Pradesh	48990.37	6497.93	5.39	55488.30	10294.68
Meghalaya	4000.97	132.33	0.34	4133.30	12156.76
Haryana	34734.17	387.61	2.82	35121.78	12454.53
Uttarakhand	14826.25	754.90	1.13	15581.15	13788.63
Tripura	5859.20	85.60	0.42	5944.80	14154.29
Kerala	50360.72	259.84	3.57	50620.56	14179.43
Punjab	43253.01	210.99	3.01	43464.00	14439.87
Manipur	5055.21	61.41	0.31	5116.62	16505.23
UT Puducherry	2431.47	38.98	0.14	2470.45	17646.07
Himachal Pradesh	13454.26	169.54	0.75	13623.80	18165.07
UT Jammu & Kashmir	25521.16	776.24	1.36	26297.40	19336.32
Nagaland	5100.04	409.61	0.22	5509.65	25043.86
Mizoram	3230.94	42.64	0.12	3273.58	27279.83
Goa	4144.29	436.62	0.16	4580.91	28630.69
Arunachal Pradesh	4216.56	743.99	0.16	4960.55	31003.44
Sikkim	2416.08	93.22	0.07	2509.30	35847.14
Total	1037967.97	23743.86	136.89	1061711.83	7755.95²¹

Goa and UT Puducherry have the highest per capita expenditure on General Services in comparison to other States among the General Category states/UTs. Sikkim, Arunachal Pradesh,

²¹ Average=Total expenditure under General Services divided by the total population of States/ UTs

Mizoram and Nagaland and have highest per capita expenditure on General services among the Special Category States.

4.2.2

Expenditure on Social Services

(All States/UTs Average per capita expenditure on Social Services: ₹ 9342.20 ²²)

State/UT	Revenue Expenditure on Social Services (₹ in Crore)	Capital Expenditure on Social Services (₹ in Crore)	Population (in Crore)	Total Expenditure on Social Services (₹ in Crore)	Per Capita expenditure on Social Services (₹ in Crore)
Uttar Pradesh	109726.67	12386.29	23.79	122112.96	5132.95
Bihar	63807.60	6331.52	12.48	70139.12	5620.12
Jharkhand	23347.07	1491.46	3.86	24838.53	6434.85
Punjab	21674.90	2250.80	3.01	23925.70	7948.74
West Bengal	78846.56	3949.96	9.96	82796.52	8312.90
Assam	29014.03	2354.35	3.56	31368.38	8811.34
Madhya Pradesh	68756.76	8132.06	8.54	76888.82	9003.37
Chhattisgarh	25066.17	2934.64	2.94	28000.81	9524.09
Odisha	39901.03	4523.41	4.64	44424.44	9574.23
Rajasthan	74009.60	7641.57	8.10	81651.17	10080.39
Maharashtra	122023.44	3593.24	12.31	125616.68	10204.44
Gujarat	60815.72	7040.32	6.39	67856.04	10619.10
Karnataka	61725.92	11547.09	6.76	73273.01	10839.20
Telangana	48400.40	2147.13	3.94	50547.53	12829.32
Tamil Nadu	89804.85	10831.17	7.78	100636.02	12935.22
Kerala	44832.44	2277.90	3.57	47110.34	13196.17
Andhra Pradesh	65987.77	5205.56	5.39	71193.33	13208.41
NCT Delhi	22693.18	2669.29	1.87	25362.47	13562.82
Haryana	36163.96	2986.12	2.82	39150.08	13883.01
Meghalaya	4346.67	539.65	0.34	4886.32	14371.53
Manipur	3328.46	1247.11	0.31	4575.57	14759.90
Uttarakhand	14761.63	1938.10	1.13	16699.73	14778.52
Tripura	5905.22	353.71	0.42	6258.93	14902.21
UT Jammu & Kashmir	19471.70	2492.57	1.36	21964.27	16150.20
Nagaland	3138.51	508.21	0.22	3646.72	16576.00
UT Puducherry	2450.17	86.74	0.14	2536.91	18120.79
Himachal Pradesh	12843.81	1736.19	0.75	14580.00	19440.00
Mizoram	3177.84	559.92	0.12	3737.76	31148.00
Arunachal Pradesh	4359.45	647.43	0.16	5006.88	31293.00
Goa	4528.53	602.79	0.16	5131.32	32070.75
Sikkim	2430.84	506.14	0.07	2936.98	41956.86
Total	1167340.9	111512.44	136.89	1278853.34	9342.20²²

Goa followed by UT Jammu & Kashmir have the highest per capita expenditure on Social Services in comparison to other States among the General Category states. Sikkim, Arunachal Pradesh

²²Average=Total per capita expenditure under Social Services divided by the total population of States/ UTs

followed by Mizoram have highest per capita expenditure on Social services among the Special Category States.

4.2.3

Expenditure on Economic Services

(All States/UTs Average per capita expenditure on Economic services: ₹ 6895.49²³)

State/UT	Revenue Expenditure on Economic Services (₹ in Crore)	Capital Expenditure on Economic Services (₹ in Crore)	Population (in Crore)	Total Expenditure on Economic Services (₹ in Crore)	Per Capita expenditure on Economic Services (₹ in Crore)
Bihar	29444.76	10490.58	12.48	39935.34	3199.95
West Bengal	27940.94	8538.18	9.96	36479.12	3662.56
Uttar Pradesh	55550.91	38327.71	23.79	93878.62	3946.14
NCT Delhi	8513.63	1783.44	1.87	10297.07	5506.45
Jharkhand	16013.85	6203.28	3.86	22217.13	5755.73
Punjab	15445.40	1920.53	3.01	17365.93	5769.41
Assam	12236.27	9526.60	3.56	21762.87	6113.17
Rajasthan	44155.91	7230.73	8.10	51386.64	6344.03
Tripura	2316.86	392.77	0.42	2709.63	6451.50
Madhya Pradesh	42190.95	21249.64	8.54	63440.59	7428.64
Haryana	19048.47	2495.97	2.82	21544.44	7639.87
Kerala	18760.72	10351.91	3.57	29112.63	8154.80
Odisha	25808.78	12557.62	4.64	38366.4	8268.62
Uttarakhand	5570.95	3845.21	1.13	9416.16	8332.88
Andhra Pradesh	37678.75	7271.54	5.39	44950.29	8339.57
Gujarat	37424.01	19255.79	6.39	56679.8	8870.08
Tamil Nadu	51808.56	21299.91	7.78	73108.47	9396.98
Chhattisgarh	24255.18	5580.51	2.94	29835.69	10148.19
UT Jammu & Kashmir	7640.90	7201.57	1.36	14842.47	10913.58
Telangana	35334.80	12996.09	3.94	48330.89	12266.72
Meghalaya	3150.98	1062.07	0.34	4213.05	12391.32
Karnataka	53629.02	32652.67	6.76	86281.69	12763.56
Himachal Pradesh	7227.49	3403.48	0.75	10630.97	14174.63
Manipur	3421.41	1130.66	0.31	4552.07	14684.10
Nagaland	2813.52	754.10	0.22	3567.62	16216.45
UT Puducherry	2377.94	113.85	0.14	2491.79	17798.50
Mizoram	2106.02	523.41	0.12	2629.43	21911.92
Goa	3419.84	957.26	0.16	4377.1	27356.88
Sikkim	1428.41	914.52	0.07	2342.93	33470.43
Arunachal Pradesh	4511.49	3731.93	0.16	8243.42	51521.38
Total	665562.91	278360.6	136.89	943923.51	6895.49²³

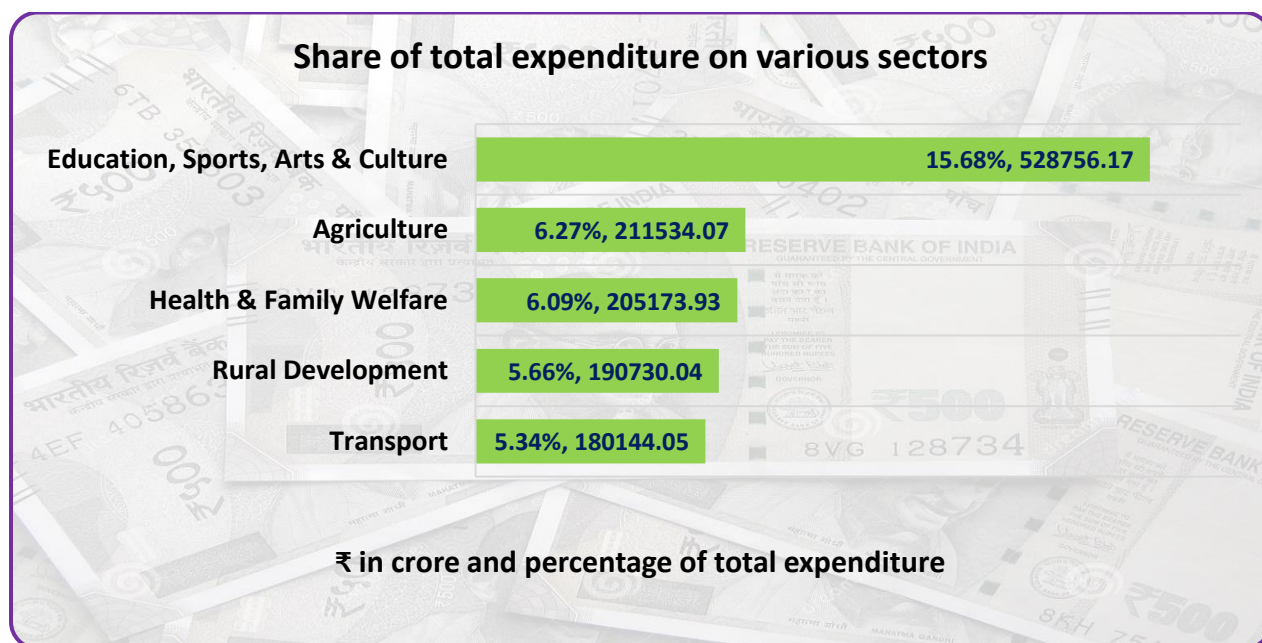
Goa and UT Puducherry have the highest per capita expenditure on Economic Services in comparison to other States among the General Category. Arunachal Pradesh, Sikkim, Mizoram and Nagaland have highest per capita expenditure on Economic services among the Special Category States.

²³ Average = Total per capita expenditure under Economic Services divided by the total population of States/ UTs

4.3

Analysis of Expenditure on Functions

An analysis of Expenditure by major functions on the basis of Sectoral expenditure in relation to the total expenditure along with the per capita expenditure of each state/UT gives insight into the priorities of various States/UTs on different functions. The share of total expenditure in respect of some of the major functions like Education, Sports, Arts and culture, Health and Family Welfare, Agriculture, Rural Development and Transport is shown below:



The share of the total expenditure under Education, Sports, Arts and culture constituted about 16 per cent of the total expenditure in respect of all States/UTs combined. In respect of the other major functions the share varies between 5 per cent and 6 per cent.

The States with higher population like Uttar Pradesh, Bihar, West Bengal, etc. have a lower per capita expenditure under all functions as seen in the analysis.

4.4

Committed Expenditure on Revenue Account

Expenditure by the Governments include inflexible items on which expenditure may not ordinarily be altered or varied or are statutorily required on an annual basis. These Committed Expenditures on Revenue Account mainly consist of Interest Payments and Servicing of Debt arising out of debt liability, expenditure on Salaries and Wages and Pensions, liability as part of service conditions as well as interest obligation on balances in the Interest-bearing Reserve Funds, Provident Fund, etc.

In addition, there are certain expenditure that are required to meet statutory obligations. For example, contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), Disaster Mitigation / Response Fund (DMF/DRF) by the States / the Union. Further, for the States/UTs, share contribution of Centrally Sponsored Scheme (CSS) against the Central Fund received is ideally inflexible. Similarly, statutory devolutions to local bodies by the States/UTs for pay and allowances are inflexible. As such, committed expenditure on Revenue Account also include items other than salaries and wages, pensions and interest payments.

The following table depicts committed and inflexible expenditure of the Union and the States/UTs combined for 2020-21.

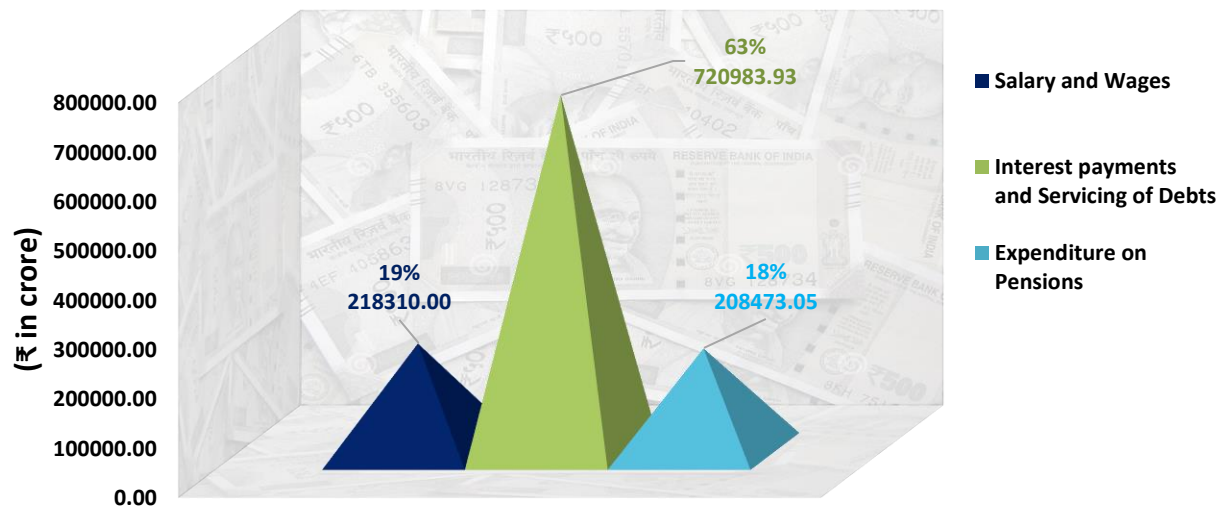
Description	Union			States/UTs Combined		
	Expenditure (₹ in Crore)	% of Revenue Receipts (₹ 1864513.47 crore)	% of Revenue Expenditure (₹ 3314851.91 crore)	Expenditure (₹ in Crore)	% of Revenue Receipt (₹ 2583921.20 crore)	% of Revenue Expenditure (₹ 2957866.94 crore)
A. Committed Expenditure						
Salaries and Wages	218310.00	12%	7%	589598.42	23%	20%
Interest Payment & Servicing of Debt	720983.93	39%	22%	393714.86	15%	13%
Pension Payments	208473.05	11%	6%	368834.62	14%	13%
Total (A)	1147766.98	62%	35%	1352147.90	52%	46%
B. Other inflexible Expenditure						
Contribution to Reserve Funds required statutorily ²⁴	11.25	0.0006%	0.00034%	20685.36	0.80%	0.70%
States' share to CSSs	Nil	Nil	Nil	381958.19 ²⁵	14.78%	12.91%
Statutory devolution to Local Bodies by States	87460.07	4.69%	2.64%	87939.29	3.40%	2.97%
Total (B)	87471.32	4.69%	2.64%	490582.8363	18.99%	16.59%
Grand Total	1235238.30	66.25%	37.26%	1830920.55	70.86%	61.90%

Traditionally, the Committed Expenditure on Revenue account mainly consists of Interest Payments and Servicing of Debt, Expenditure on Salary and Wages and Pension. The following graphs show the comparative percentage of the components of Committed expenditure in respect of the Union Government and for the States / UTs combined:

²⁴ E.g., Sinking Fund, Guarantee Redemption Fund, Disaster Response Fund, etc.

²⁵ Excludes the figure in respect of some of the State/UT Governments where either the government did not make provision for Central Share and State Share separately or the same is not distinctly available in State Budget.

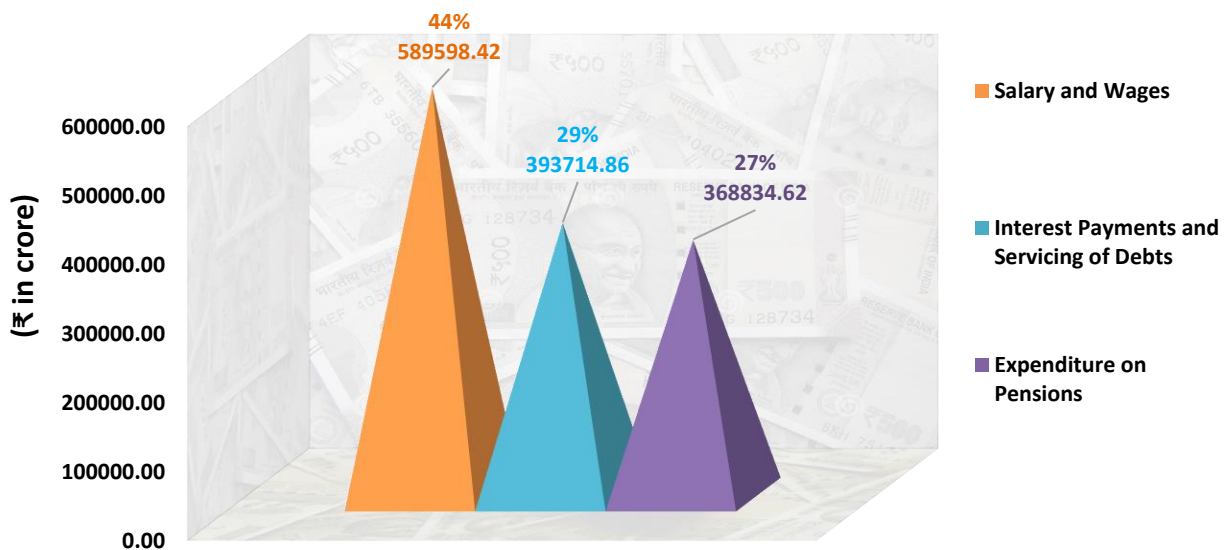
Union Government: Committed Expenditure - components



In 2020-21, the Union Government's had Committed Expenditure of 63 per cent on Interest Payment and Servicing of Debt. The remaining 19 per cent and 18 per cent expenditure constituted the expenditure on Salary and Wages and Pensions respectively. Union Government Committed Expenditure on Salary & Wages, Interest payments and Pension was 62 per cent of the Union's Revenue Receipt and 35 per cent of the Revenue Expenditure.

The following graph shows the composition of Committed Expenditure on Revenue Account of all the States/ UTs combined for 2020-21:

All States / UTs combined : Committed Expenditure - components



In respect of the States/UTs, the Committed Expenditure on Salaries and Wages, Interest Payments and Pensions amounts to ₹ 13,52,147.90 crore which is 46 per cent of the total Revenue Expenditure of ₹ 29,57,866.94 crore. Salary and Wages constitute the major portion (44 per cent) of the Committed Expenditure followed by Interest payments and servicing of Debts (29 per cent) and Pension (27 per cent).

State-wise/UT-wise components of Committed Expenditure along with the percentage of Revenue Expenditure is detailed in the table below:

(All States/UTs average Committed expenditure as percentage of Revenue expenditure = 46 %²⁶)

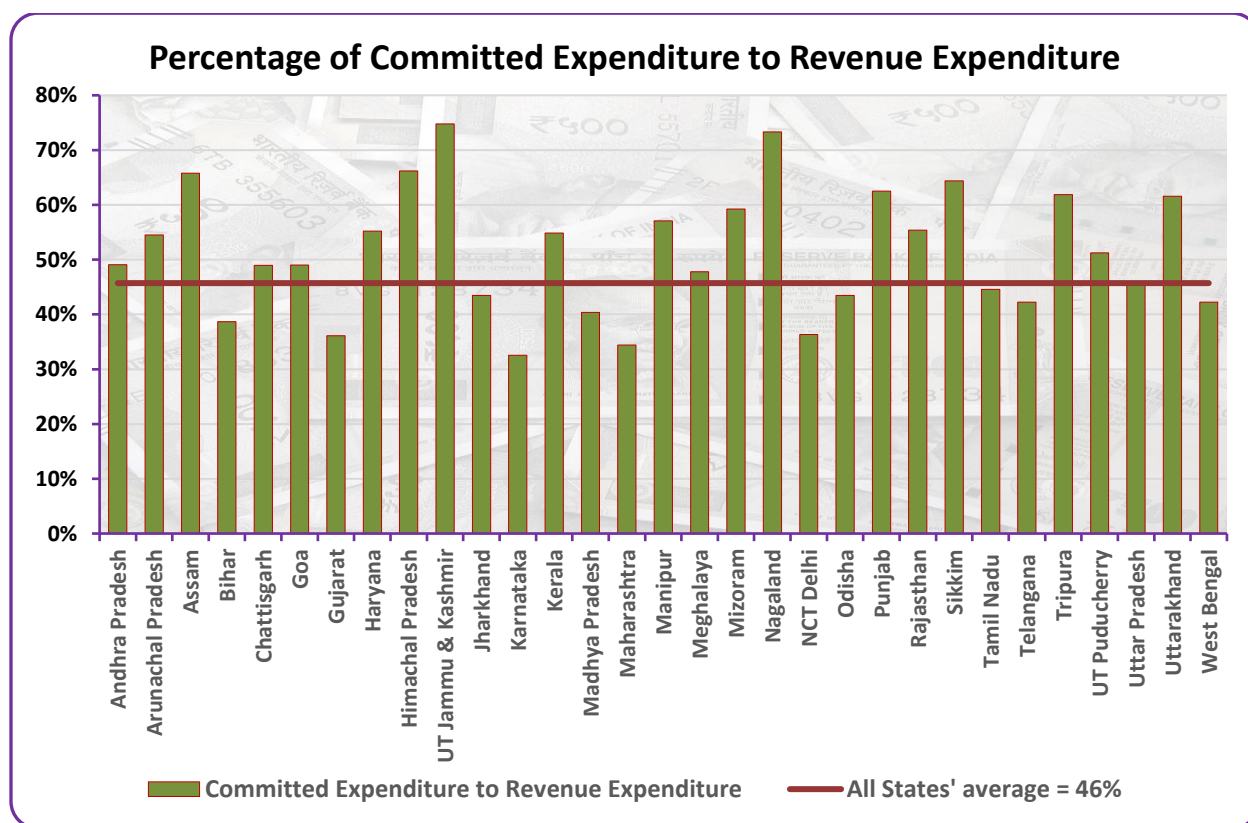
State/UT	Salary and Wages (₹ in crore)	Interest Payments and Servicing of debt (₹ in crore)	Expenditure on Pensions (₹ in crore)	Total Committed Expenditure (₹ in crore)	Revenue Expenditure (₹ in crore)	Committed Expenditure to Revenue Expenditure (percentage)
NCT Delhi	11810.19	2873.83	1.95	14685.97	40413.62	36%
Karnataka	14783.39	23620.39	18936.46	57340.24	176053.91	33%
Maharashtra	36615.44	37969.77	32266.91	106852.12	310609.76	34%
Gujarat	11596.17	24203.19	18569.75	54369.11	150703.58	36%
Bihar	21841.65	12484.09	19635.15	53960.89	139493.45	39%
Madhya Pradesh	35916.13	15917.87	14670.70	66504.70	164733.01	40%
West Bengal	19839.70	33881.51	21393.74	75114.95	177921.28	42%
Telangana	21608.19	16841.36	13599.03	52048.58	123212.38	42%
Odisha	21154.35	6643.79	13628.62	41426.76	95310.85	43%
Jharkhand	12884.89	6094.35	6796.51	25775.75	59263.59	43%
Tamil Nadu	41215.82	37041.77	27115.07	105372.66	236402.18	45%
Uttar Pradesh	50332.81	38428.48	48219.36	136980.65	298543.46	46%
Meghalaya	3383.50	917.34	1193.61	5494.45	11498.61	48%
Chhattisgarh	21255.54	5908.11	7135.79	34299.44	70032.84	49%
Goa	2922.41	1590.37	1412.23	5925.01	12092.66	49%
Andhra Pradesh	37459.20	20017.83	17470.23	74947.26	152676.63	49%
UT Puducherry	1883.03	772.25	1062.72	3718.00	7259.58	51%
Arunachal Pradesh	5058.48	992.84	1085.56	7136.88	13087.50	55%
Kerala	27810.94	20975.36	18942.85	67729.15	123446.33	55%
Haryana	22809.44	17114.67	9712.70	49636.81	89946.60	55%
Rajasthan	51158.50	25201.81	22439.62	98799.93	178309.41	55%
Manipur	4525.44	831.60	1737.73	7094.77	12428.47	57%
Mizoram	3118.39	444.99	1482.90	5046.28	8514.79	59%
Uttarakhand	11755.15	4923.07	6167.71	22845.93	37091.03	62%
Tripura	5240.57	1329.81	2321.61	8891.99	14367.82	62%
Punjab	21198.04	19077.51	13680.00	53955.55	86344.62	62%
Sikkim	2630.82	560.41	908.13	4099.36	6368.65	64%
Assam	26803.09	5299.18	10329.01	42431.28	64519.59	66%
Himachal Pradesh	11641.16	4472.45	6088.39	22202.00	33534.93	66%
Nagaland	5495.56	856.77	1752.47	8104.80	11052.06	73%
UT Jammu & Kashmir	23850.43	6428.09	9078.11	39356.63	52633.75	75%
Total	577788.23	393714.86	368834.62	1352147.90	2957866.94	46%

²⁶ Total Committed Expenditure of all States/UTs / Total Revenue Expenditure all States/UTs

- ➔ In 2020-21, Committed Expenditure as percentage of the total Revenue Expenditure in respect of UT Jammu & Kashmir, Nagaland, Himachal Pradesh, Assam, Sikkim, Punjab, Tripura and Uttarakhand was more than 60 per cent.
- ➔ In any case, except the NCT of Delhi, Karnataka, Gujarat, Maharashtra and Bihar, the Committed Expenditure of all the other States and UTs was above 40 percent of their revenue expenditure.
- ➔ 20 (Twenty) states have committed expenditure to total revenue expenditure more than all states' average of 45 per cent.
- ➔ The Committed Expenditure on the three largest items, if combined with other inflexible expenditure, this would further go up.

Increased level of committed expenditure reduces the flexibility of the State/UT to be able to plan outcome based revenue expenditures especially for development sector thereby increasing its dependence on the Union Government to meet its regular expenditures.

The comparative graph of the percentage of the Committed Expenditure to Revenue Expenditure with reference to the all States'/UTs average is depicted below:



4.5

Subsidies

A subsidy is a form of financial aid or support or subvention extended to any activity generally with the aim of promoting economic and social policy. Subsidies account for a significant share of government expenditures and are generally advocated when the social benefits of a particular service or commodity extend beyond the immediate beneficiaries. Examples of activities with such extended benefits are health, basic education, sanitation, and protection of environment. Because of the gap between the private valuation of the benefits of such services and their true value to society, normal market mechanisms do not adequately ensure an appropriate spread of such services. In such cases, subsidies provide the necessary corrective. Subsidies provide economic benefits (such as tax rebate or tax waiver) or financial aid (such as a cash grant or soft loan) to reduce the market price of an item below its cost of production. The general impact of a subsidy is to lower the price of a commodity or service since the government bears the extra cost. The government could provide subsidy to the consumer or the producer or it could provide a service subsidy on the inputs going in to the production of a commodity.

4.5.1

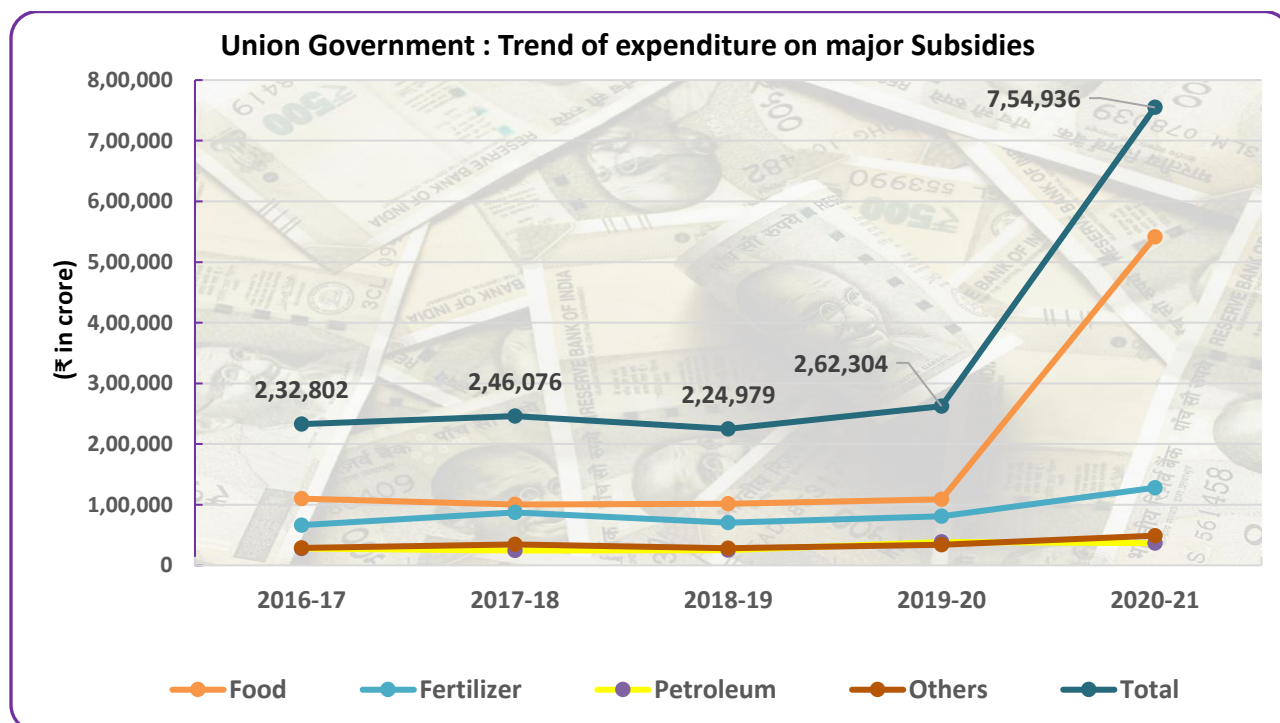
Expenditure on Subsidies of the Union

(₹ in crore)

Year	Subsidy on				Total Subsidy
	Food	Fertilizer	Petroleum	Others	
2016-17	1,10,173	66,313	27,539	28,777	2,32,802
2017-18	1,00,282	87,000	24,460	34,334	2,46,076
2018-19	1,01,327	70,605	24,837	28,210	2,24,979
2019-20	1,08,688	81,124	38,529	33,963	2,62,304
2020-21	5,41,330 ²⁷	1,27,922	36,755	48,929	7,54,936 ²⁸

²⁷ There was a significant increase in expenditure on food subsidy by 398.06 per cent, which was on account of payment of arrears to Food Corporation of India (FCI).

²⁸ However, during 2020-21 expenditure on subsidies increased substantially due to significant increases in Food Subsidies (see footnote above) and Fertiliser subsidies.



The bulk of the expenditure under this head was towards food, fertilizer and petroleum subsidies which are under the category of major subsidies. Compared to the year 2019-20, the total expenditure on subsidy by the Union Government rose by 187.81 *per cent* in year 2020-21. This was mainly due to significant increase in expenditure on food subsidy by 398.06 *per cent* on account of payment of arrears to Food Corporation of India (FCI) and partially taking over the off-budget borrowing of the FCI. Overall, the share of expenditure on subsidies in revenue expenditure showed an increasing trend from the year 2018-19. However, during the year 2020-21, the share of subsidies as percentage of Revenue Expenditure increased substantially from 10.03 *per cent* in the year 2019-20 to 22.77 *per cent* in year 2020-21 due to significant increases in Food Subsidies and Fertiliser subsidies.




4.5.2

Expenditure on Subsidies of the States/UTs

As in the case of Union Government, Subsidies account for a significant share of government expenditures at the States/UTs level too. Expenditure on subsidies have increased in absolute terms and as percentage of revenue expenditure in all the States/UTs during the year 2020-21. The following table shows the State-wise expenditure on Subsidies as percentage of the Revenue expenditure of the States/UTs:

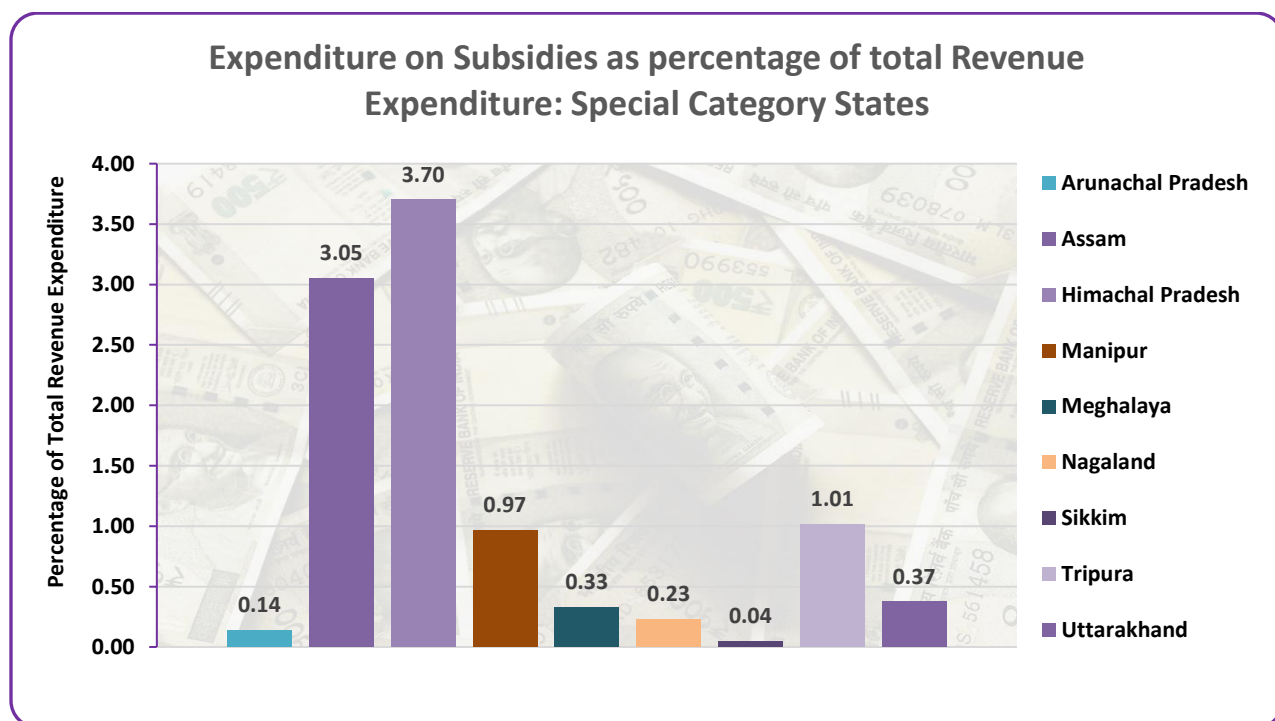
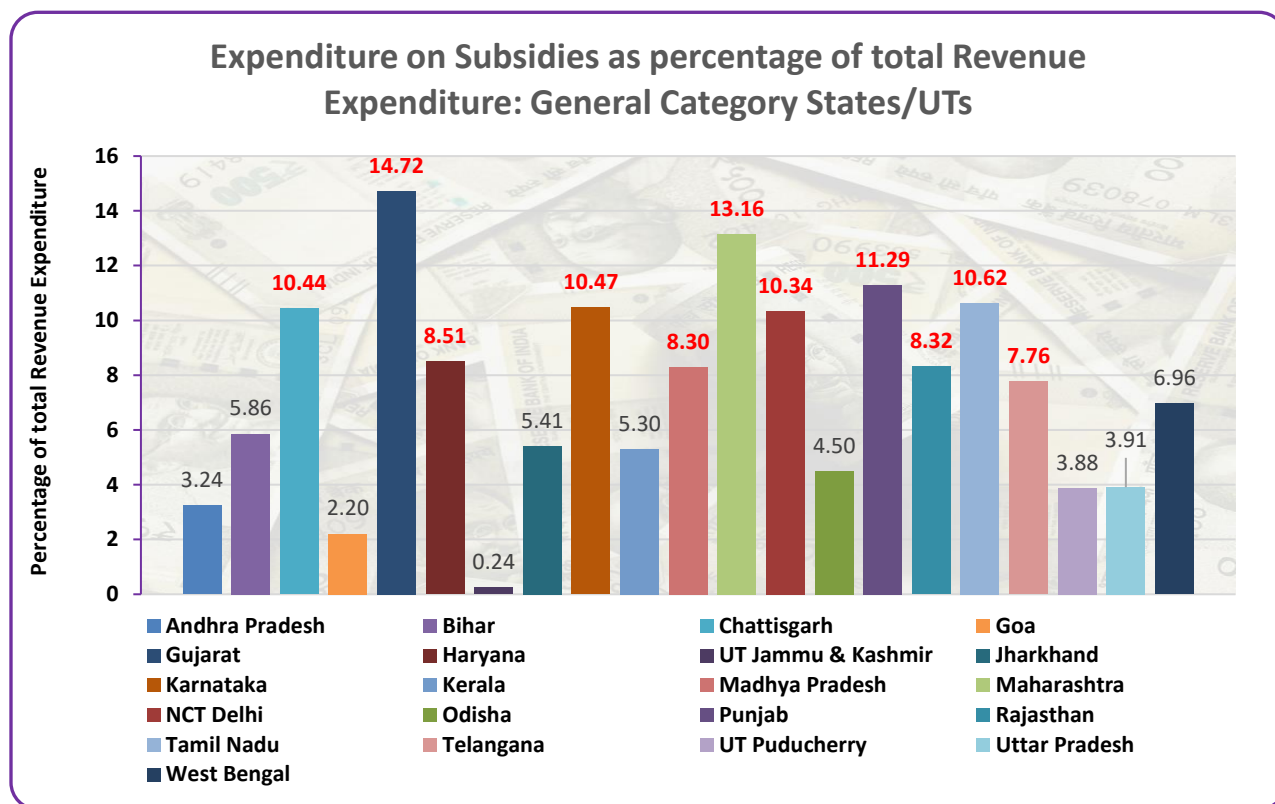
(All States/UTs average expenditure on subsidy as percentage of Revenue expenditure = 7.75%²⁹)

State/UT	Revenue Expenditure (₹ in crore)	Subsidy (₹ in crore)	Expenditure on Subsidies as percentage of Revenue Expenditure
Mizoram	8514.8	0.23	0.00
Sikkim	6368.65	2.86	0.04
Arunachal Pradesh	13087.5	17.85	0.14
Nagaland	11052.06	25.12	0.23
Jammu & Kashmir	52633.75	128.24	0.24
Meghalaya	11498.61	37.91	0.33
Uttarakhand	37091.03	138.63	0.37
Manipur	12428.47	120.08	0.97
Tripura	14367.82	145.83	1.01
Goa	12092.66	266.41	2.20
Assam	64519.59	1966.15	3.05
Andhra Pradesh	152676.62	4948.03	3.24
Himachal Pradesh	33534.93	1240.63	3.70
UT Puducherry	7259.58	281.81	3.88
Uttar Pradesh	298543.46	11676.77	3.91
Odisha	95310.85	4287.51	4.50
Kerala	123446.33	6547.48	5.30
Jharkhand	59263.59	3208.09	5.41
Bihar	139493.45	8167.42	5.86
West Bengal	177921.28	12376.71	6.96
Telangana	123212.38	9565.95	7.76
Madhya Pradesh	164733.01	13669.04	8.30
Rajasthan	178309.41	14828.49	8.32
Haryana	89946.6	7650.39	8.51
NCT Delhi	40413.62	4176.87	10.34
Chhattisgarh	70032.84	7307.94	10.44
Karnataka	176053.91	18431.83	10.47
Tamil Nadu	236402.18	25109.93	10.62
Punjab	86344.62	9747.59	11.29
Maharashtra	310609.76	40861.58	13.16
Gujarat	150703.58	22177.88	14.72
TOTAL	2957866.94	229111.25	7.75²⁹

-  The percentage of expenditure on subsidies to the total Revenue Expenditure in respect of Gujarat is 14.72 per cent, the highest amongst the States followed by Maharashtra, Punjab, Tamil Nadu, Karnataka, Chhattisgarh and NCT Delhi, which is more than 10 per cent.
-  The share of expenditure on subsidies in total revenue expenditure has varied across States/UTs.
-  11 (Eleven) states/UT have expenditure on Subsidies to total revenue expenditure more than all the States'/UTs average of 7.75 per cent.

²⁹ All States'/UTs average = Total Expenditure on Subsidies of all States/UTs divided by Total Revenue Expenditure all States/UTs

The graphs showing the Expenditure on Subsidies to Revenue Expenditure in respect of the General Category States/ UTs and Special Category States:



Interest Payments

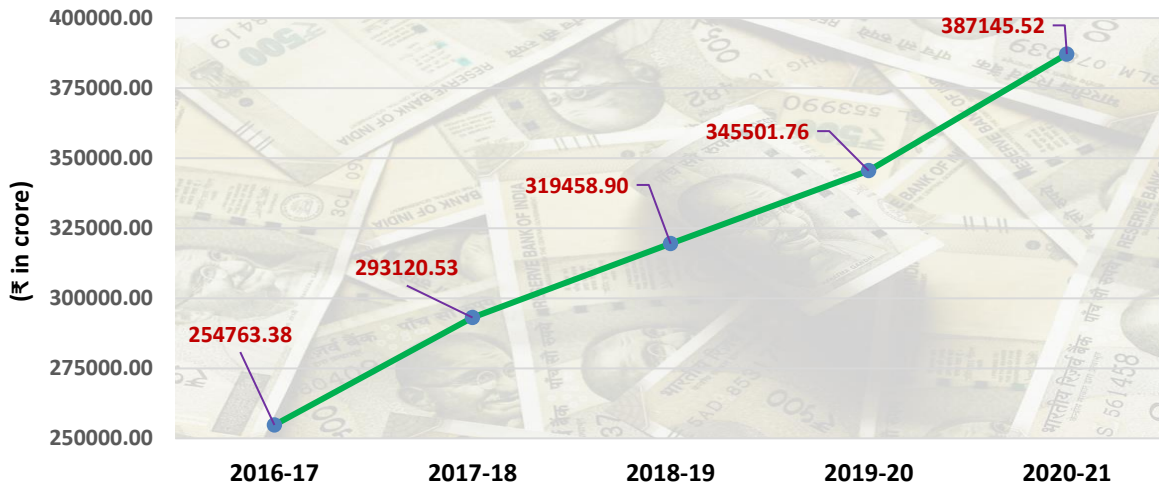
An important component of revenue expenditures of States/UTs is interest payment. Interest payment is a committed charge on the revenue. The higher committed charge represents that the State/UT has lesser flexibility to determine the purpose for which revenue expenditure is to be incurred. This is reflective of a high debt of the State/UT which may be difficult to sustain in the long term. Total interest payments by all State/UT governments combined during the year 2020-21 increased by 52 per cent from ₹ 2,54,763.38 crore in 2016-17 to ₹ 3,87,145.52 crore in 2020-21 as seen in the trend graph. The position of interest paid by respective States/UTs is as follows:

(All India Average: 13.09 per cent³⁰)

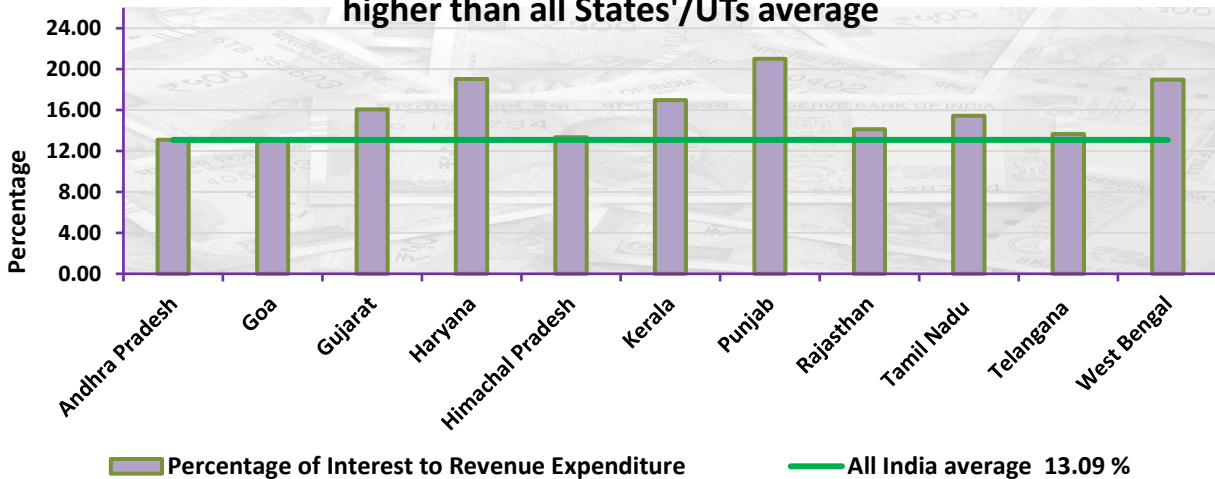
State/UT	Interest Payment (₹ in crore)	Revenue Expenditure (₹ in crore)	Percentage of Interest to Revenue Expenditure
Mizoram	400.99	8514.79	4.71
Arunachal Pradesh	752.34	13087.50	5.75
Manipur	831.60	12428.47	6.69
Odisha	6643.79	95310.85	6.97
NCT Delhi	2873.83	40413.62	7.11
Meghalaya	858.92	11498.61	7.47
Nagaland	856.77	11052.06	7.75
Chhattisgarh	5633.11	70032.84	8.04
Assam	5199.18	64519.59	8.06
Sikkim	548.41	6368.65	8.61
Tripura	1284.81	14367.82	8.94
Bihar	12484.03	139493.45	8.95
Madhya Pradesh	15917.87	164733.01	9.66
Jharkhand	5790.48	59263.59	9.77
UT Puducherry	757.25	7259.58	10.43
Maharashtra	36969.77	310609.76	11.90
UT Jammu & Kashmir	6372.46	52633.75	12.11
Karnataka	21920.39	176053.91	12.45
Uttar Pradesh	37428.48	298543.46	12.54
Uttarakhand	4773.07	37091.03	12.87
Andhra Pradesh	20017.83	152676.63	13.11
Goa	1590.37	12092.66	13.15
Himachal Pradesh	4472.45	33534.93	13.34
Telangana	16841.36	123212.38	13.67
Rajasthan	25201.81	178309.41	14.13
Tamil Nadu	36496.92	236402.18	15.44
Gujarat	24203.19	150703.58	16.06
Kerala	20975.36	123446.33	16.99
West Bengal	33781.51	177921.28	18.99
Haryana	17114.67	89946.60	19.03
Punjab	18152.50	86344.62	21.02
Total	387145.52	2957866.94	13.09³⁰

³⁰ All India Average = Percentage of (Total Interest Payment / Total Revenue Expenditure)

Trend of Interest Payments



Percentage of interest payments to Total revenue Expenditure higher than all States'/UTs average



- 👉 All States/UTs Average of Interest paid is 13.09 per cent of Total Revenue Expenditure during 2020-21
- 👉 Percentage of Interest paid by 11³¹ States was more than All States/UTs Average interest paid
- 👉 Punjab, Haryana and West Bengal have highest component of Interest outgo of around 20 per cent.
- 👉 Arunachal Pradesh and Mizoram have the lowest percentage of interest payments.

³¹ Andhra Pradesh, Goa, Gujarat, Haryana, Himachal Pradesh, Kerala, Punjab, Rajasthan, Tamil Nadu, Telangana and West Bengal

Chapter-5: Fiscal Parameters

5.1 Deficit

In Public Financial Management (PFM), three forms of deficit namely, Revenue Deficit, Fiscal Deficit and Primary Deficits are computed. Revenue Deficit represents the net of revenue expenditure over revenue receipts of the Government. Fiscal Deficit is calculated as total expenditure (Revenue + Capital + Net Loans and Advances) less revenue receipts and miscellaneous capital receipts. Fiscal deficit indicates the required total borrowings of the government as depicted below:

Category	Non-debt Receipts	– Non-debt Expenditure	= Fiscal Deficit (in absolute terms)	↓
Union Government	1932333	3907647	1975314	
State/UT Governments	2607352	3415413	808061	
Accumulated Deficit =				Debt Stock (Net of repayments)

Primary deficit is an indicator to assess how much debt is required net of interest payment on the existing debt stock. On the other hand, it also help assess how much of the borrowing is going into interest payment and whether Government is borrowing to pay interest only. Deficit as macro-fiscal indicator is also applied under the Fiscal Management and Budget Management (FRBM) Act by the Union and the State for fiscal prudence. Managing deficit and compliance with the ceiling on debt are inter-related and are often used to assess the sustainability of Government Finances.

5.2 Gross Domestic Product (GDP) & Gross State Domestic Product (GSDP)

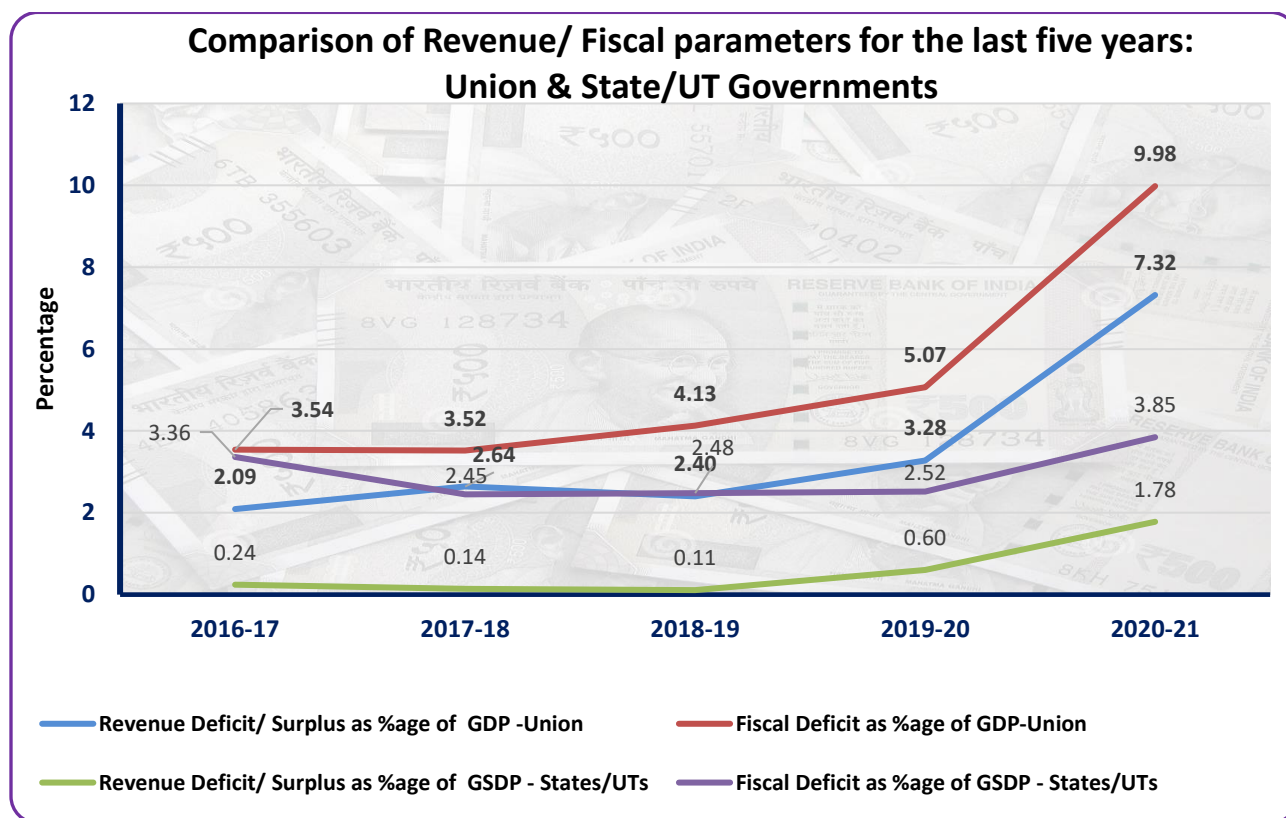
Gross Domestic Product (GDP) is the total value of goods and services produced in the Union of India as GDP measures the monetary value of all the goods and services produced within the boundaries of the country in a given period of time. Growth of GDP is an important macro-economic indicator of the country's economy, as it denotes the extent of changes in the level of economic development of the country over a period. Gross State Domestic Product (GSDP) is a measure in monetary terms, the sum total volume of all finished goods and services produced during a given period of time, usually a year, within the geographical boundaries of the State/UT, accounted without duplication.

For assessing the health of finances of a Government, often comparison of macro-fiscal indicators (Revenue Deficit, Fiscal Deficit, Debt level) is done against the macro-economic indicator (GDP /GSDP).

5.3 Revenue/Fiscal Parameters of Union & State/UT Governments

Year	Union Government		All States/UTs	
	Revenue Deficit as %age of GDP	Fiscal Deficit as %age of GDP ³²	Revenue Deficit as %age of GSDP	Fiscal Deficit as %age of GSDP ³³
2016-17	2.09	3.54	0.24	3.36
2017-18	2.64	3.52	0.14	2.45
2018-19	2.40	4.13	0.11	2.48
2019-20	3.28	5.07	0.60	2.52
2020-21	7.32	9.98	1.78	3.85

In the Financial Year 2020-21, due to the impact of COVID-19 on the national economy and extra public expenditure on healthcare and various social programs, the fiscal deficit of the Union Government went up to 9.98 *per cent* of the GDP. The revenue deficit was at 7.3 *per cent* of the GDP. The following graph shows a comparison of the fiscal parameters over the last five years in respect of both the Union Government and the States/UTs combined.



³² GDP of Union ₹19800914 crore at current prices as released by CSO on 1 March, 2022 for the base year 2011-12.

³³ In respect of the States/UTs the aggregated State wise GSDP figures at current prices is ₹21010854.40 crore as released by CSO in 15 March, 2022 respectively.

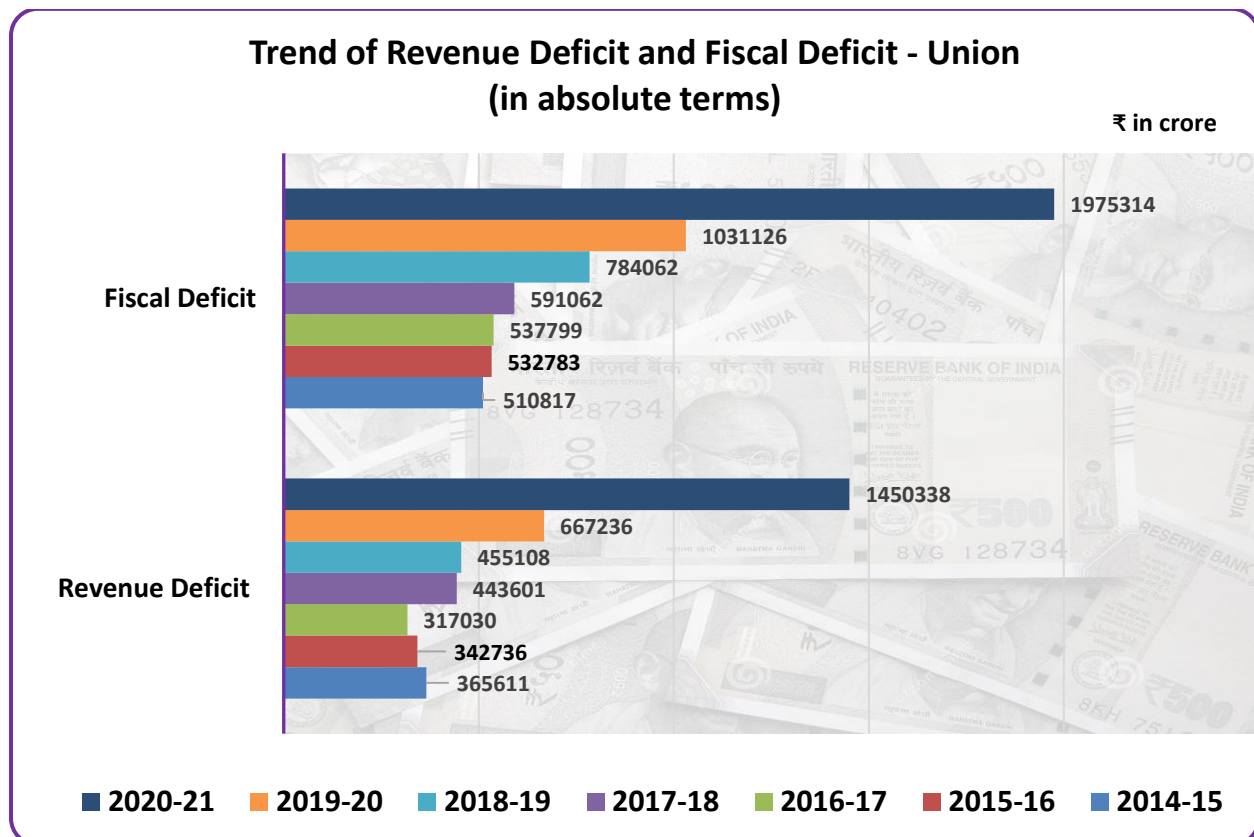


Union Government

Trends of Revenue Deficit and Fiscal Deficit

The Fiscal Responsibility and Budget Management Act (FRBM Act), 2003, establishes financial discipline to reduce fiscal deficit. The FRBM Act aims to introduce transparency in India's fiscal management systems. Enacted in 2003, the Act sets target for the Government to bring down the Fiscal Deficit. The FRBM Act proposed that revenue deficit, fiscal deficit, tax revenue and the total outstanding liabilities be projected as a percentage of gross domestic product (GDP) in the medium-term fiscal policy statement. The FRBM Act however, also provides for an escape clause in situations of calamity and national security. In such situations, the government can deviate from its annual fiscal deficit target.

The following graph shows the trends of Revenue and Fiscal Deficit of the Union over a period of five years:



In respect of the Union, in both the Revenue Deficit and Fiscal Deficit, there is an increasing trend in absolute terms.

Out of the fiscal deficit of ₹19,75,314 crore in 2020-21, ₹14,50,338 crore was on revenue account (Revenue Deficit). Therefore, in the year 2020-21, the borrowings taken to cover the fiscal deficit primarily went into filling the revenue gap as revenue receipts fell short of the revenue expenditure of the Union Government. This was primarily due to higher spending³⁴, and lower revenue collection³⁵ on account of COVID-19.



State Governments



Fiscal Responsibility and Budget Management (FRBM) Act

As per the recommendations of the Fourteenth Finance Commission, the State Governments are required to amend their Fiscal Responsibility and Budget Management (FRBM) Acts. The State Governments shall, by rules, specify the fiscal rules suggested for the FRBM Acts of the States by the Finance Commission.

Fiscal Responsibility and Budget Management Framework relates to laws passed by States for institutionalizing financial discipline. The framework provides targets for revenue deficit, fiscal deficit, and outstanding debt, guarantees given by the State, etc. It also requires states to bring out statements on fiscal policy for greater transparency. This acts as the medium-term roadmap for the State's finances. Due to the adverse impact of COVID-19 on the economy, States have been allowed to borrow up to 5% of GSDP in 2020-21 by the central government. They were also allowed additional borrowing in 2019-20 as devolution in 2019-20 decreased due to reasons including a slowdown in economy and adjustments for excess devolution during 2018-19. The statements under the State FRBM Acts/Rules, indicated an increase in the States' borrowing requirement. State governments' fiscal deficit widened in absolute terms.



Fiscal Deficit

The targets fixed by the various State governments for Fiscal Deficit of the State Governments versus the achievement by the States during 2020-21 is shown in the table below:

³⁴ Revenue Expenditure of the Union Government during 2019-20 and 2020-21 was ₹ 26,15,319.73 crore and ₹ 33,14,851.91 crore respectively.

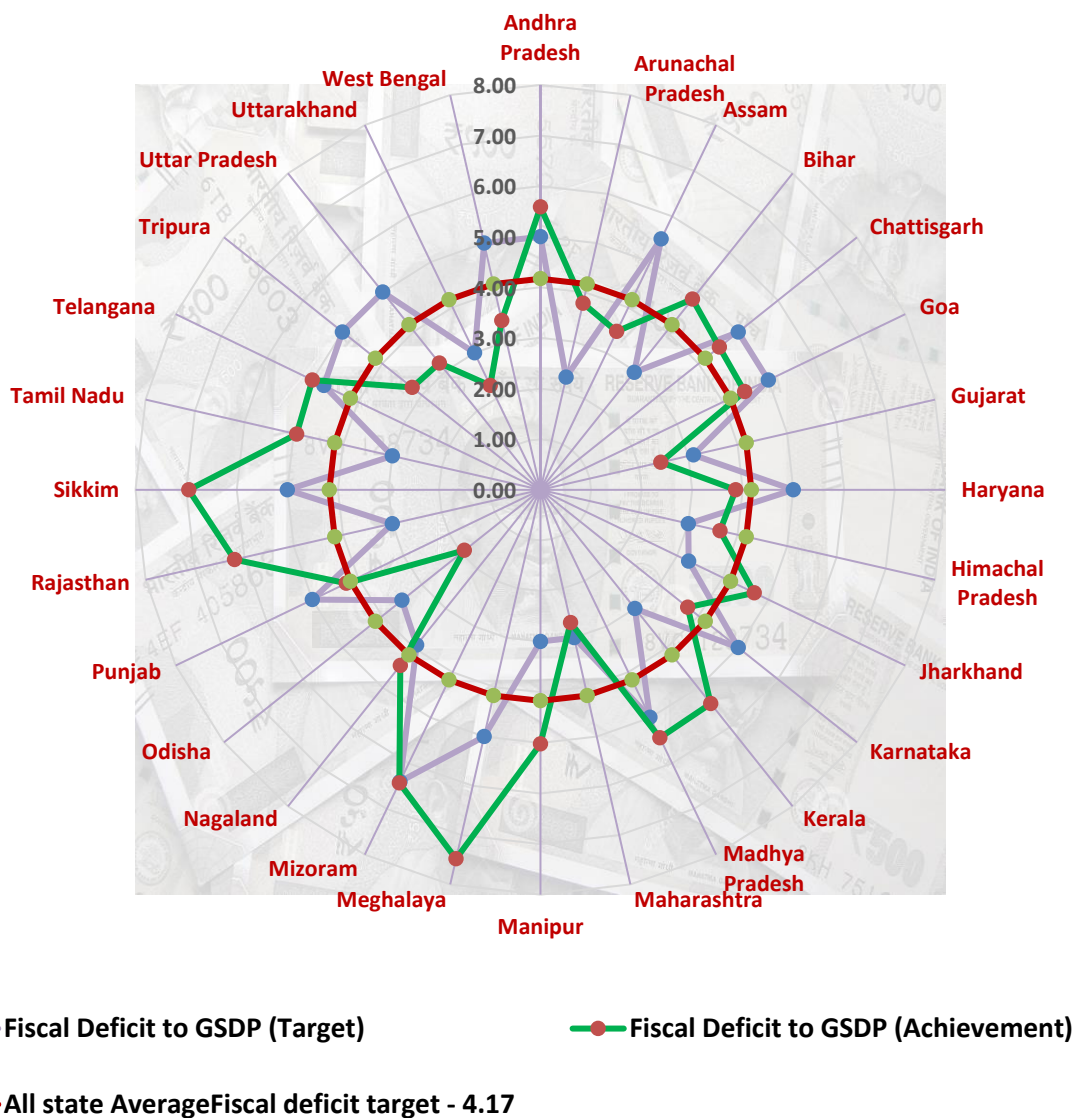
³⁵ Revenue Receipts of the Union Government in 2019-20 was ₹ 19,48,083.53 crore while the Revenue Receipts during 2020-21 was ₹ 18,64,513.47 crore.

(All States average Fiscal Deficit as percentage of GSDP target – 4.17)

States	Fiscal Deficit to GSDP (Target)	Fiscal Deficit to GSDP (Achievement)	More / Less (-) against target %age of GSDP
Andhra Pradesh	5.00	5.59	0.59
Arunachal Pradesh	2.28	3.78	1.50
Assam	5.50	3.47	(-) 2.03
Bihar	2.97	4.82	1.85
Chhattisgarh	5.00	4.52	(-) 0.48
Goa	5.00	4.48	(-) 0.52
Gujarat	3.10	2.44	(-) 0.66
Haryana	5.00	3.86	(-) 1.14
Himachal Pradesh	3.00	3.64	0.64
Jharkhand	3.25	4.69	1.44
Karnataka	5.00	3.72	(-) 1.28
Kerala	3.00	5.40	2.40
Madhya Pradesh	4.99	5.44	0.45
Maharashtra	3.00	2.69	(-) 0.31
Manipur	3.00	5.02	2.02
Meghalaya	5.00	7.48	2.48
Mizoram	6.40	6.43	0.03
Nagaland	3.92	4.44	0.52
Odisha	3.50	1.92	(-) 1.58
Punjab	5.00	4.26	(-) 0.74
Rajasthan	3.00	6.20	3.20
Sikkim	5.00	6.95	1.95
Tamil Nadu	3.00	4.94	1.94
Telangana	4.75	5.00	0.25
Tripura	5.00	3.24	(-) 1.76
Uttar Pradesh	5.00	3.20	(-) 1.80
Uttarakhand	3.00	2.29	(-) 0.71
West Bengal	5.00	3.43	(-) 1.57

The following is a graphical representation of the FRBM target for Fiscal Deficit as percentage of GSDP along with the achievement by the State governments in comparison with the all states average target of 4.17.

FRBM targets, achievements w.r.t the average Fiscal Deficit target

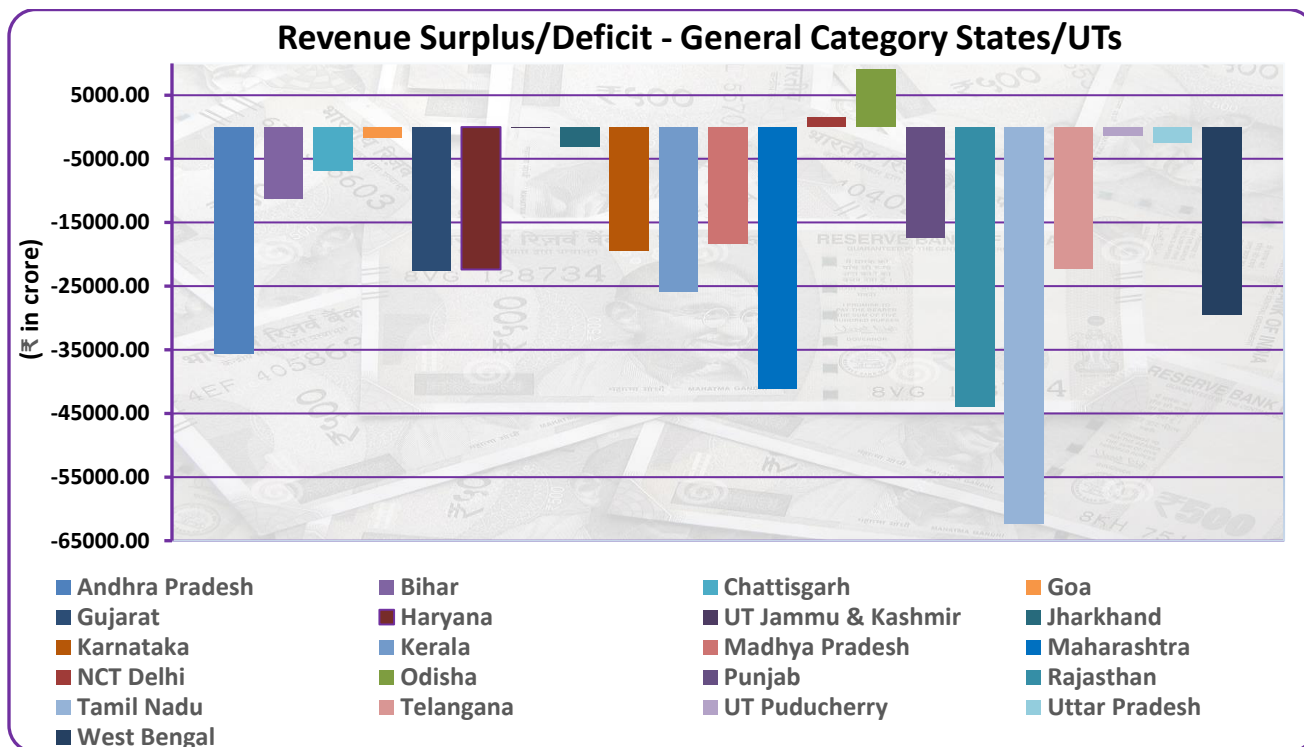


5.5.3

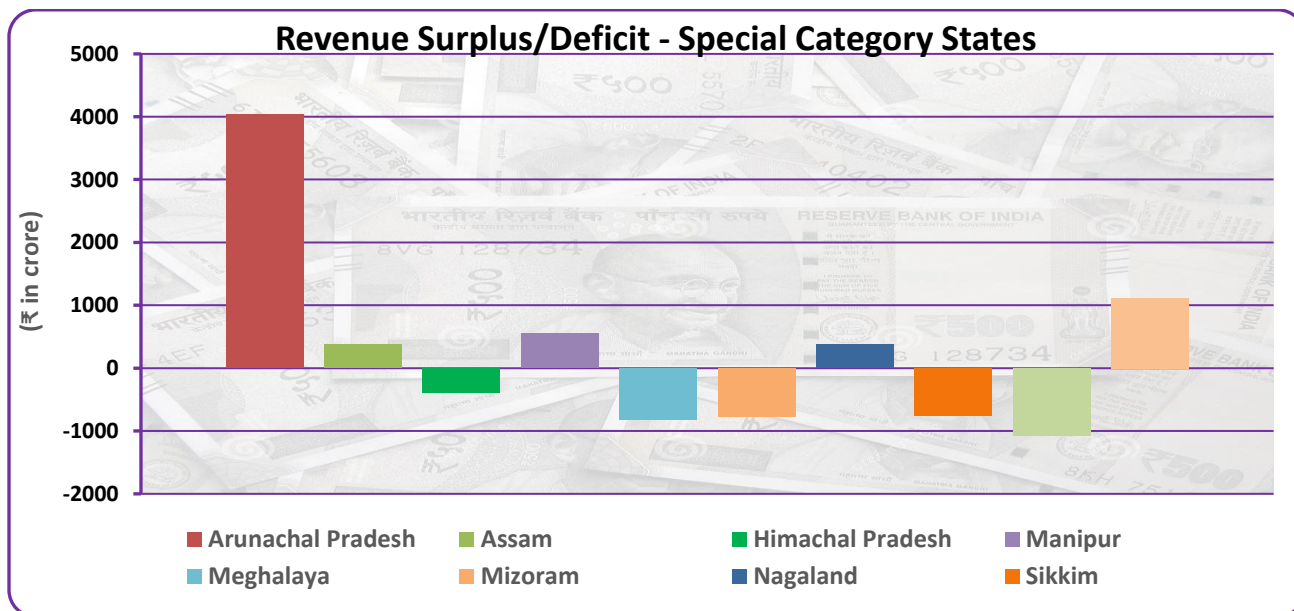
Revenue Deficit / Surplus:

Each State/UT government targeted to eliminate Revenue Deficit and maintain a Revenue Surplus. However, except seven ³⁶ States/UT, all the remaining States had a Revenue Deficit during the year 2020-21.

³⁶ Arunachal Pradesh, Assam, Manipur, Nagaland, NCT Delhi, Odisha and Uttarakhand.



In respect of the General Category States/UTs, only Odisha and NCT Delhi maintained Revenue Surplus conforming to their FRBM target, while the remaining States/ UTs had a Revenue Deficit during 2020-21.



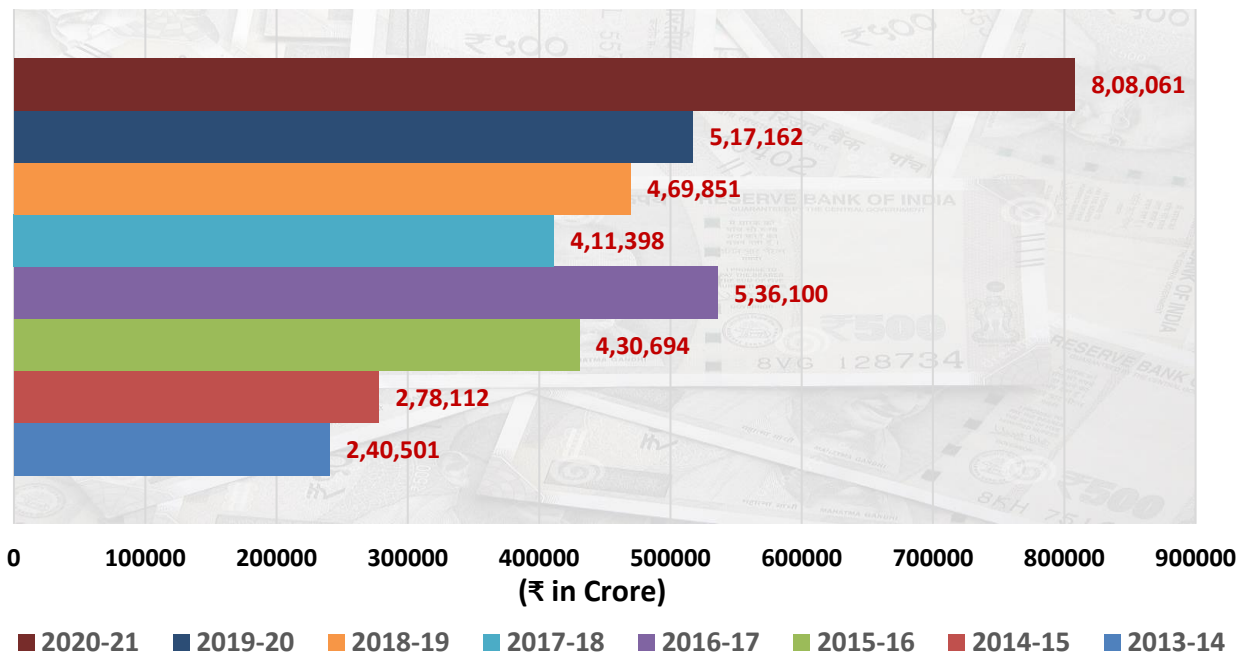
In respect of the Special Category States, five³⁷ States maintained a Revenue Surplus while Himachal Pradesh, Meghalaya, Mizoram, Sikkim and Tripura had a Revenue Deficit during 2020-21.

³⁷ Arunachal Pradesh, Assam, Manipur, Nagaland and Uttarakhand

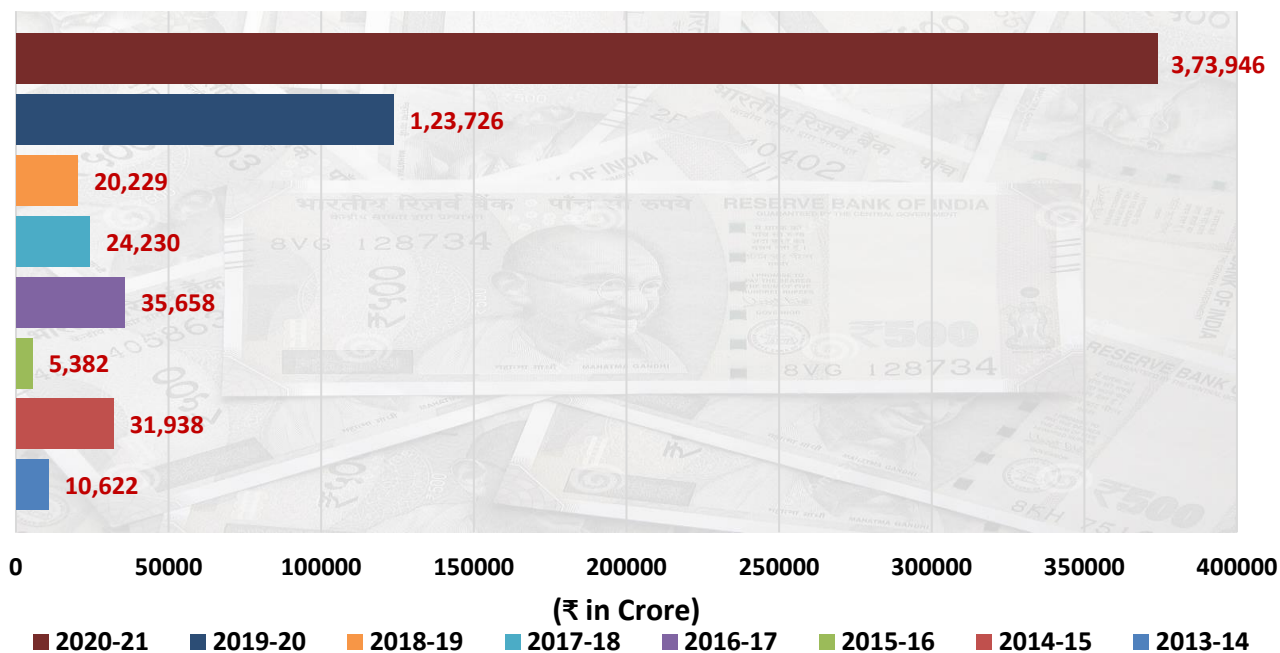
Trends of Fiscal Deficit and Revenue Deficit / Surplus

The trend of the Fiscal Deficit and Revenue Surplus/Deficit of all States/UTs combined during the last eight years in absolute terms is depicted in the two graphs below:

Trend of Fiscal Deficit - All States / UTs combined (in absolute terms)



Trend of Revenue Deficit/Surplus - All States / UTs combined (in absolute terms)





Summary of Revenue/Fiscal Deficits of Union & State /UT Governments

In 2020-21, the combined Revenue Deficit of the Union and the States/UTs was ₹ 18,24,284 Crore and combined Fiscal Deficit was ₹ 27,83,375 Crore.

(₹ in Crore)

	<i>Revenue Deficit</i>	<i>Fiscal Deficit</i>
Union	14,50,338	19,75,314
States/UTs	3,73,946	8,08,061
Total	18,24,284	27,83,375



Guarantees given by the Governments

The Union and the States / UTs extend guarantees to PSUs / State non-budgetary agencies against their borrowings through different instruments. These borrowings may include funds raised for the use of the PSUs / agencies or for off-budget borrowings to serve the quasi-fiscal activities of the Government including implementation of schemes and programmes. Mostly, the FRBM Acts and the Rules thereunder provide ceiling for annual and aggregate guarantees given by the Government. The ceiling is in terms of either percentage of Revenue Receipts or GSDP/GDP.

The following table provides a summary of guarantees given by the Union and the States/UTs during the year 2020-21 and up to 31st March 2021.

Summary of Guarantees of Union & State /UT Governments

(₹ in Crore)

	<i>Guarantees given in 2020-21</i>	<i>Guarantees given up to 31st March 2021 which are Active</i>
Union	63,510.97	4,97,598.76
States/UTs	2,31,283.44	7,49,174.97
Total	2,94,794.41	12,46,773.73

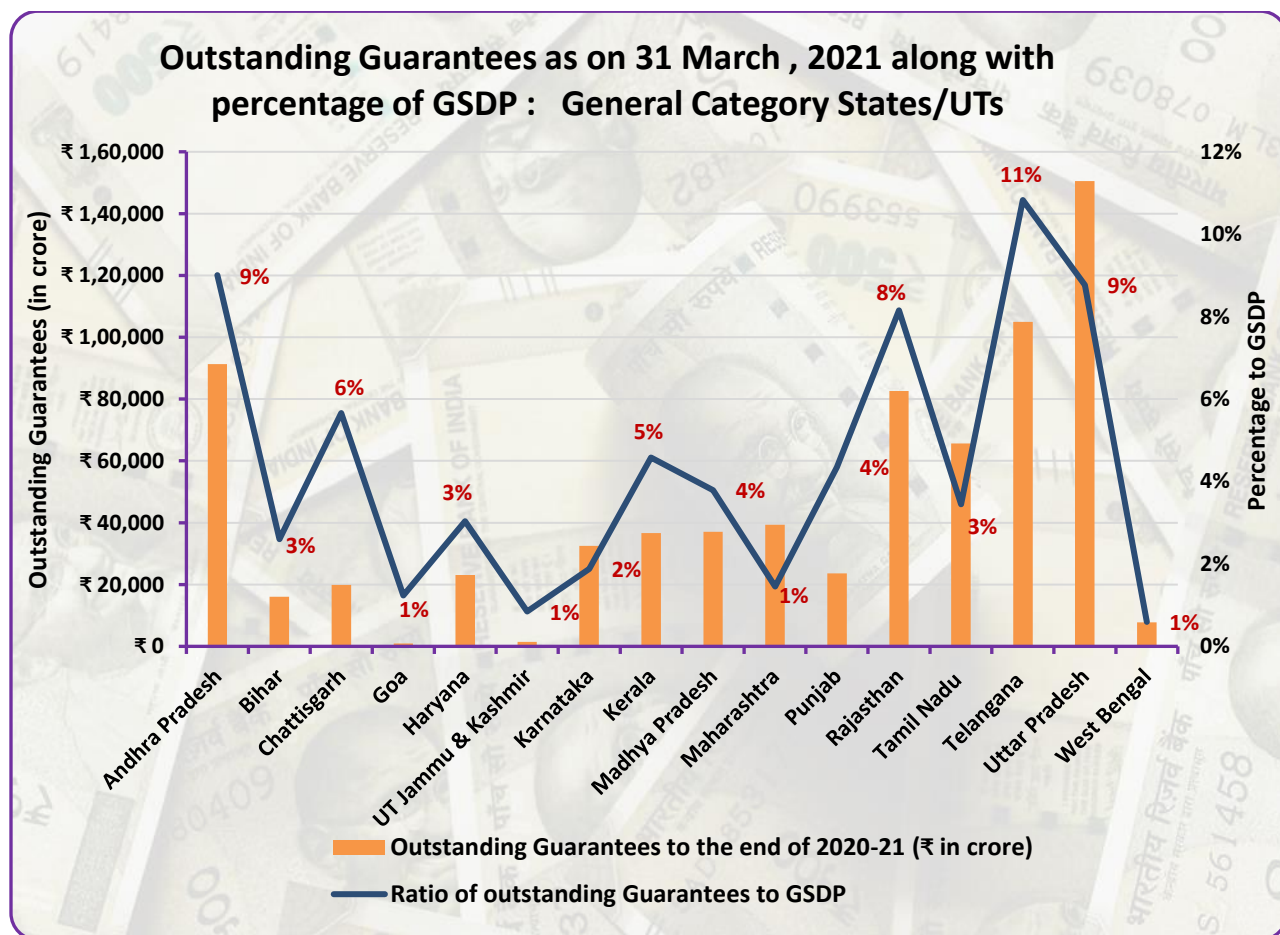
Guarantees are contingent liabilities i.e., liabilities of uncertain timing and amount. It becomes liability on the occurrence of an event covered by the guarantee. Since guarantees result in increase in contingent liability, they should be examined in the same manner as a proposal for a loan, taking into account, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, the justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities, etc. The State/UT governments are often required to sanction

and issue guarantees on behalf of various State Public Sector Undertakings/Co-operative Institutions/Urban Local Bodies and other State owned Companies under the control of various Administrative Departments in favour of various Banks/Financial Institutions to enable the State owned undertakings etc. to implement different developmental schemes/projects.

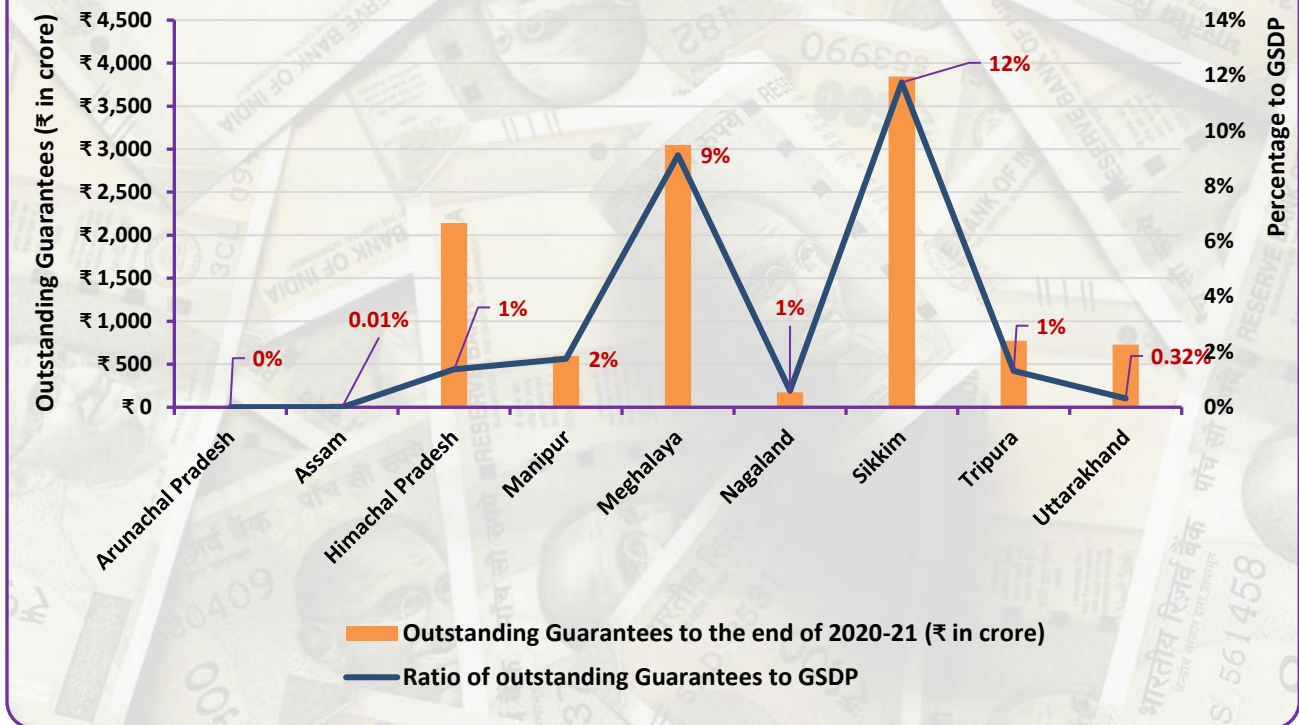
In addition to the high debt-to-GDP across the States, the RBI also flagged the increase in guarantees given by the State. As the impact of COVID 19 was anticipated in 2020-21, the Centre allowed the States to borrow more than their usual limits to prevent a drastic cut in expenditure. As a result, their debt level increased sharply as seen from the trend in Chapter 6.

The State Government provide guarantee to State undertakings, agencies, etc. against their borrowings. These borrowings may include funds raised for the use of the PSUs / agencies or for off-budget borrowings to carry out the quasi-fiscal activities of the Government including implementation of schemes and programmes. Mostly, the FRBM Acts and the Rules thereunder provide ceiling for annual and aggregate guarantees given by the Government. The ceiling is in terms of either percentage of Revenue Receipts or GSDP/GDP.

The outstanding Guarantees at the end of March, 2021 along with the percentage to GSDP in respect of General Category States/UTs and Special Category States is shown separately below:



Outstanding Guarantees as on 31 March , 2021 along with percentage of GSDP : Special Category States



Among the General Category States/UTs, Telangana has the highest ratio of outstanding Guarantees of the GSDP (11%) followed by Uttar Pradesh and Andhra Pradesh (9%), Rajasthan (8%) and Chhattisgarh (6%). In respect of the Special Category States Sikkim had the highest ratio of outstanding Guarantees of the GSDP (12%) followed by Meghalaya (9%). Guarantees are a type of indirect loans raised by the State Governments by backing state-owned Corporations, etc to help them get bank loans. While in general, corporations must repay these loans from their own earnings, some states are, however paying for these guarantees where the Principal and/or interest are being serviced out of the state budgets. States which have significant outstanding guarantees, will have limited space to borrow. In recent policy changes by the Union Government, off-balance-sheet borrowings of states must be adjusted against regular borrowings. Therefore, in general, it is imperative that states rationalize their spending priorities in accordance with revenue receipts as the state government guarantees (loans) will disrupt state’s budgetary balance if corporations, etc fail to repay.

Chapter-6: Public Debt and Liabilities

6.1

Introduction

The Union Government and the State / UT Governments carry mainly two types of liabilities; liability on account of public debt and fiduciary liability of Public Account.

Public Debt comprises Internal Debt and External Debt in respect of the Union Government³⁷. For the State Governments, Public Debt comprises Internal Debt and Loans and Advances from the Central Government. Loan and Advances, amongst others, include back-to-back external loans for externally aided projects. Governments raises money from market, Banks, Financial Institutions as well as by obtaining Ways and Means Advance (WMA), etc., from the Reserve Bank of India (RBI).

The Government raises funds from the public through Small Savings instruments, which are used for funding its activities. Provident fund, deposits, reserves, etc. in the Public Account are liabilities of the Government held as trust; fiduciary liability, to be repaid or applied for fixed purpose.

The Union and the States / UTs Governments extend guarantees to PSUs / State non-budgetary agencies against their borrowings through different instruments. Guarantees are contingent liabilities; contingent upon timing of invocation and amount involved. They are not treated as liabilities till guarantee is invoked and the amount is determined.

6.2

Public Debt & Public Account Liabilities

The Public Debt consists of market loans, loans from banks/financial institutions, and loans and advances from the Government of India, the latter applicable to the States. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed.

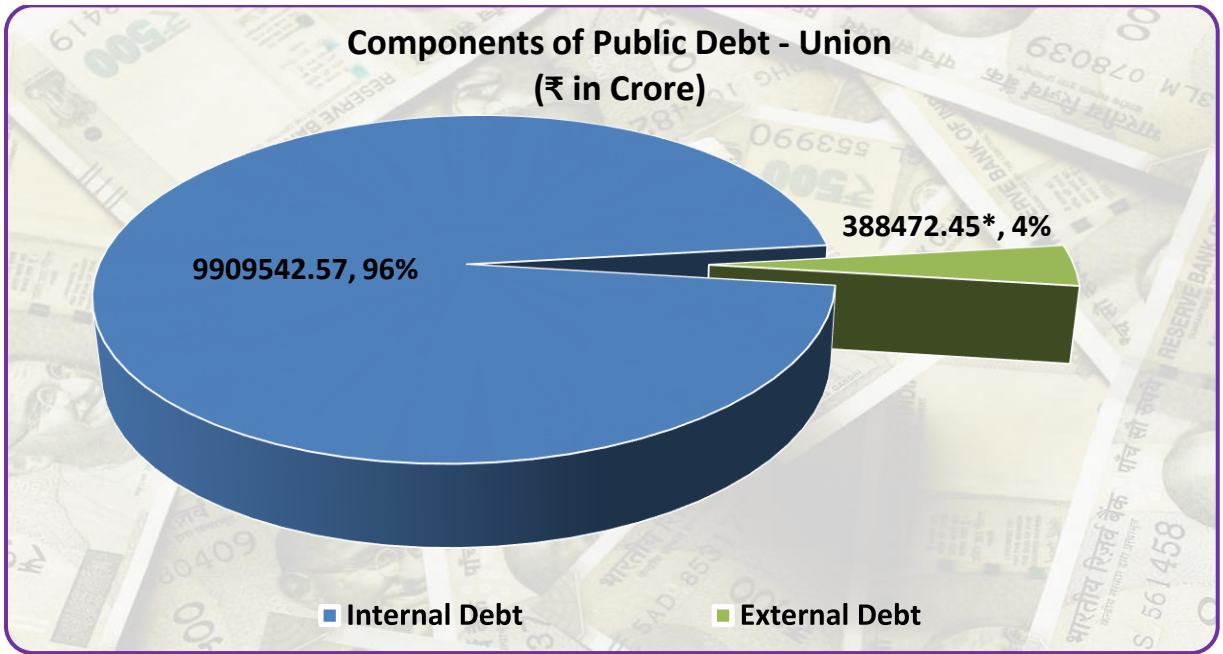
6.2.1

Union Government

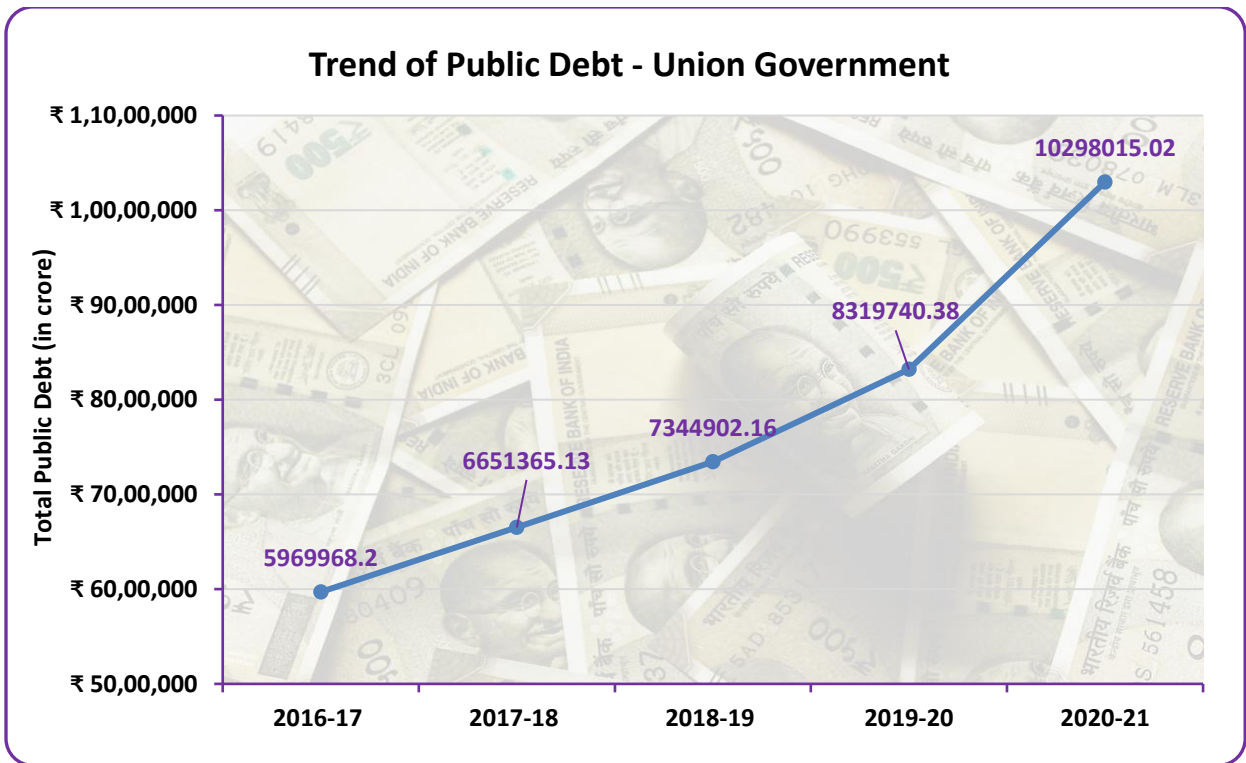
Union Government	Amount as at 31 st March 2021 (₹ in Crore)	GDP (2020-21)	Percentage to GDP
Internal Debt	99,09,542.57	1,98,00,914	50.05
External Debt	3,88,472.45*		1.96
Total	1,02,98,015.02	1,98,00,914	52.01

³⁷Central Government debt = Internal debt + External debt at current prices + public account liabilities + Extra Budgetary Resources (EBR) + Off Budget Borrowings (OBB) as per Finance Act 13 of 2018

*The external debt is recorded in Finance Accounts as per the historical cost at the time of receiving the debt. However, debt is noted at current rate on 31 March of the relevant year as a footnote. The figure of ₹ 3,88,472.45 crore is at historical rate. .



*External Debt taken at historical rate as per Finance Accounts



👉 Public Debt of the Union Government grew, though in a narrow range, during the years till 2019-20. However, it went up sharply from ₹83,19,740 crore at the end of 2019-20 to ₹1,02,98,015 crore during the year 2020-21.

- ➡ At the end of March 2021, Public Debt of the Union Government was 52 percent of the GDP³⁸.
- ➡ The Public Debt of the Union Government in last five years grew from ₹59,69,968 at the end of 2016-17 to ₹1,02,98,015 crore at the end of the 2020-21; an increase of 72.5 percent.
- ➡ Internal debt at 96 percentage of the total Public Debt of the Union constitutes a major part. The share of external debt comprising long-term loans from multilateral and bilateral sources in the total Public Debt of the Union Government remained low at four (4) percent at the end of the 2020-21.

6.2.2 Central Government debt as per the FRBM Act 2003³⁹

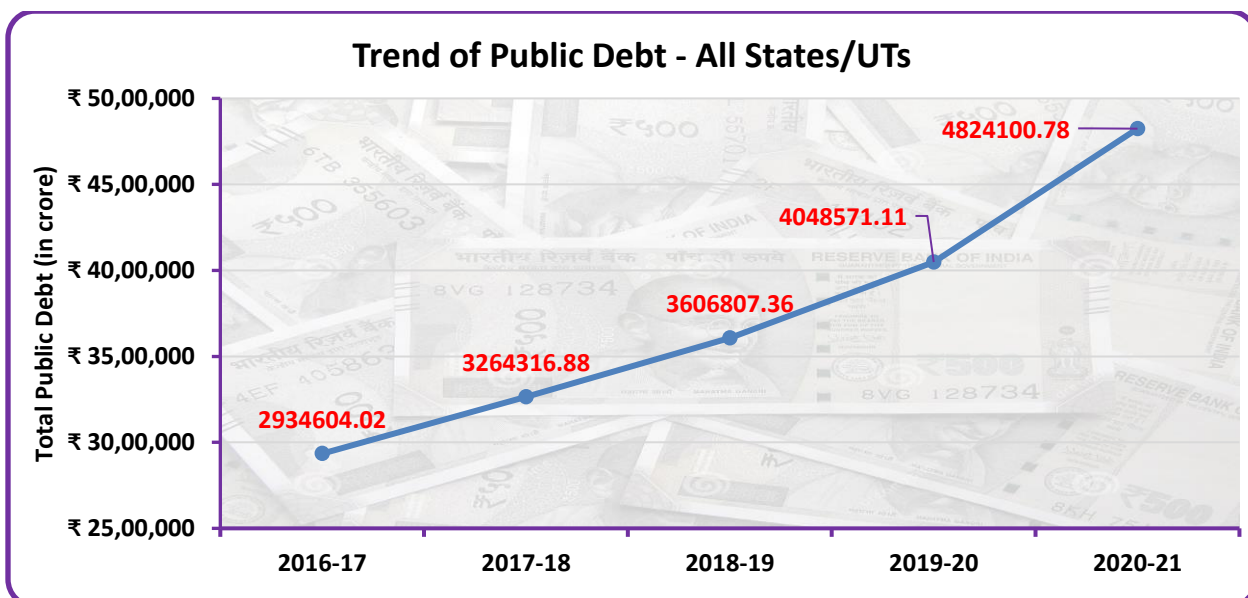
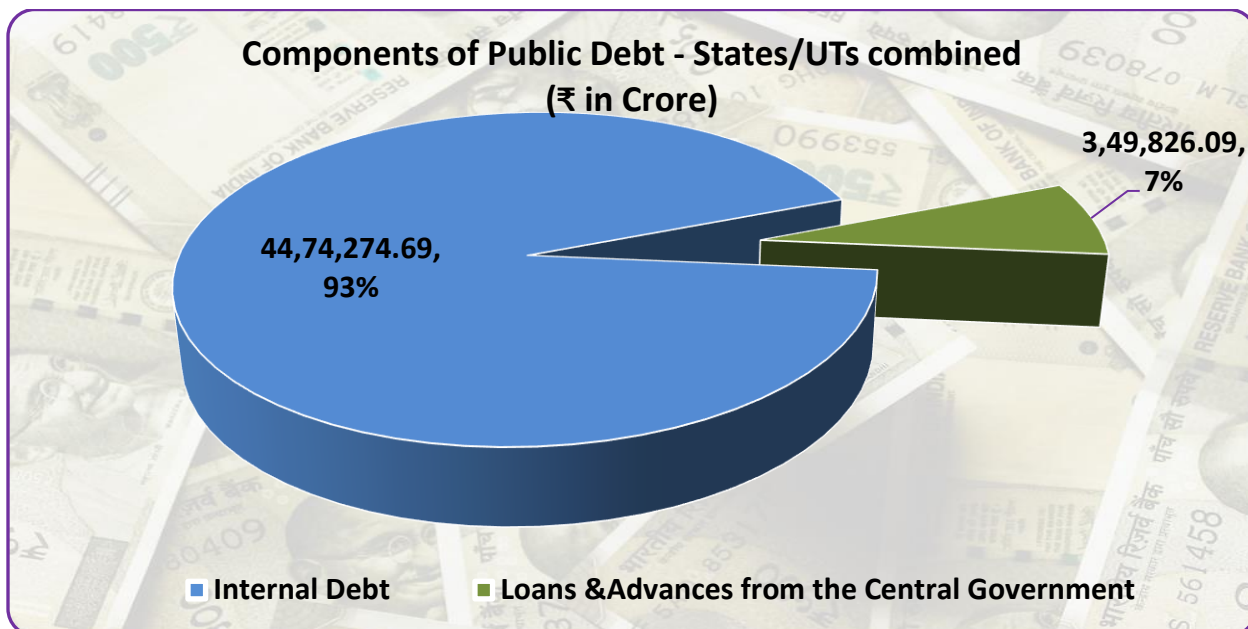
The Finance Act 13 of 2018 in amendment of the FRBM Act 2003, provide the following definition of the “Central Government debt”. Central Government debt at any date means (i) the total outstanding liabilities of the Central Government on the security of the Consolidated Fund of India including external debt valued at current exchange rates; (ii) the total outstanding liabilities in the public account of India; and (iii) such financial liabilities of any body, corporate or other entity owned or controlled by the Central Government, which the Government is to repay or service from the annual financial statement, reduced by the cash balance available at the end of that date. Central Government debt = Internal debt + External debt at current prices + public account liabilities + Extra Budgetary Resources (EBR) + Off Budget Borrowings (OBB). Since funds borrowed from EBR and OBB remain outside the budget, they do not get factored in the deficit and debt figures. If borrowings made in the form of extra-budgetary resources are also taken into account, there would be a significant increase in the fiscal deficit as percentage of GDP.

6.2.3 State Governments/UTs

States / UTs	Amount as at 31 st March 2021 (₹ in Crore)	GDP (2020-21)	Percentage to GDP
Internal Debt	44,74,274.69	1,98,00,914	22.60
Loans & Advances from the Central Government	3,49,826.09		1.77
Total	48,24,100.78	1,98,00,914	24.37

³⁸ The percentage of the Public Debt to GDP may vary based on post-audit computation. This is based on what is included in the Finance Account of the Union Government.

³⁹ As amended by the Finance Act 13 of 2018.



- 👉 Public Debt of the State /UT Governments grew, though in a narrow range, during the years till 2019-20. However, it went up sharply from ₹ 40,48,571.11 crore at the end of 2019-20 to ₹48,24,100.75 crore during the year 2020-21.
- 👉 At the end of March 2021, Public Debt of the State /UT Governments was 24 percent of the GDP⁴⁰.
- 👉 The Public Debt of the State/UT Governments in last five years grew from ₹29,34,604 at the end of 2016-17 to ₹ 48,24,101 crore at the end of the 2020-21; an increase of 64.4 percent.

⁴⁰ The percentage of the Public Debt to GDP may vary based on post-audit computation. This is based on what is included in the Finance Account of the Union Government.



Internal debt at 93 percentage of the total Public Debt of the State / UT Governments constitutes a major part. The loans and Advances from the Central Government of debt other than internal Debt comprises of Non Plan loans, Loans for Plan Schemes, Central Plan and Centrally Sponsored Schemes and other loans in the total Public Debt of the State/ UT Government remained low at seven (7) percent at the end of the 2020-21.

6.2.4

Public Debt of State/UT Governments

The Public debt (closing balance) to GSDP ratio during the period 2020-21 for all the States / UTs is presented in Table below:

State/UT	Internal Debt (₹ in Crore)	Loans from Central Government/ External Debt (₹ in Crore)	Total Public debt (₹ in Crore)	GSDP 2020-21 (As on 15.03.22) (₹ in Crore)	Public debt to GSDP ratio
NCT Delhi	0.00	46866.67	46866.67	785341.62	5.97
UT Jammu & Kashmir	10562.21	2105.44	12667.65	175367.67	7.22
Odisha	67521.41	11981.95	79503.36	542889.59	14.64
Maharashtra	408036.24	20445.54	428481.78	2711685.12	15.80
Mizoram	4527.09	484.36	5011.45	29213.90	17.15
Karnataka	281140.19	26617.37	307757.56	1730991.41	17.78
Assam	67014.07	2678.68	69692.75	381003.97	18.29
Gujarat	290031.07	17998.91	308029.98	1655916.77	18.60
Sikkim	6598.09	292.59	6890.68	32724.47	21.06
Chhattisgarh	70538.81	6169.30	76708.11	350269.83	21.90
Tripura	12639.64	679.53	13319.17	58879.53	22.62
Madhya Pradesh	202719.20	30522.71	233241.91	976281.48	23.89
Tamil Nadu	429747.96	27440.20	457188.16	1902688.87	24.03
Telangana	224378.84	10174.57	234553.41	969655.78	24.19
Jharkhand	71956.89	4981.85	76938.74	317078.73	24.26
Uttarakhand	53301.55	3813.10	57114.65	227421.32	25.11
Kerala	190474.09	14973.64	205447.73	799571.11	25.69
Arunachal Pradesh	7348.10	359.71	7707.81	29694.51	25.96
Manipur	8430.65	571.09	9001.74	34110.21	26.39
Goa	18697.18	2032.75	20729.93	78337.92	26.46
Andhra Pradesh	256183.60	14156.93	270340.53	1014373.79	26.65
UT Puducherry	7978.34	2091.67	10070.01	37206.86	27.06
Haryana	203958.21	5851.97	209810.18	758506.53	27.66
Uttar Pradesh	458552.23	18106.74	476658.97	1717505.47	27.75
Bihar	159557.49	17657.35	177214.84	618628.16	28.65
Himachal Pradesh	42918.22	3261.54	46179.76	156675.06	29.47
Rajasthan	284788.78	23532.15	308320.93	1013323.01	30.43
Meghalaya	9931.96	430.28	10362.24	33435.92	30.99
West Bengal	404017.68	20229.70	424247.38	1301016.77	32.61
Nagaland	10331.14	317.88	10649.02	29540.80	36.05
Punjab	210393.74	12999.91	223393.65	541518.21	41.25
Grand Total	4474274.67	349826.08	4824100.75	21010854.40	22.96⁴¹

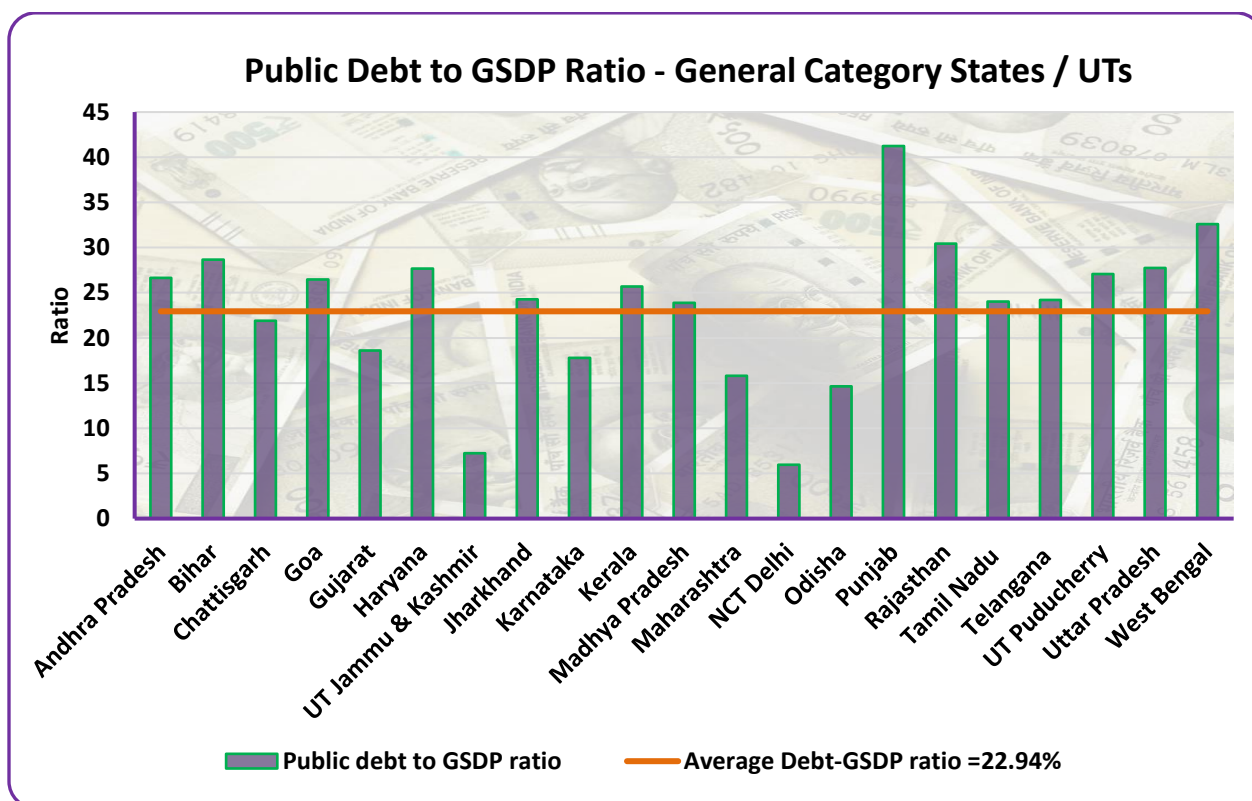
⁴¹ Total Public Debt of all States & UTs / Total GSDP of all States & UTs

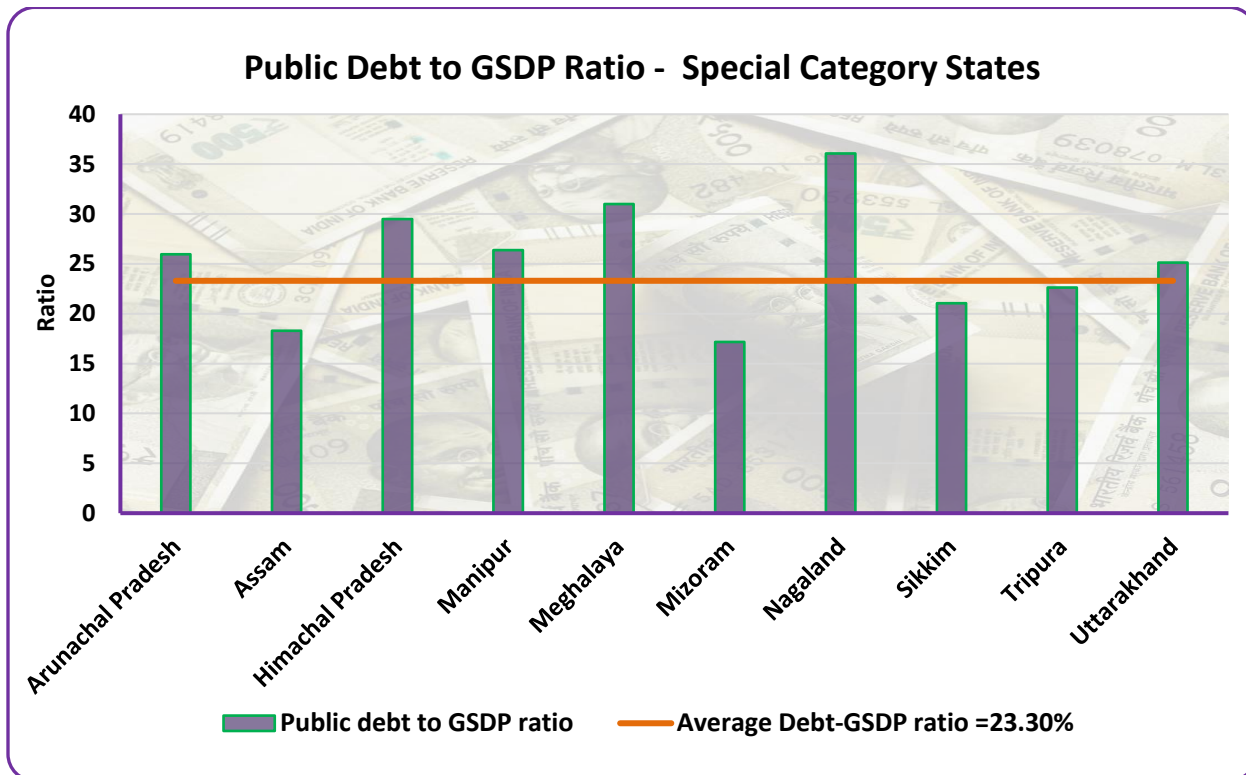
Components of Public debt as percentage of GDP/GSDP:

The Public Debt consists of Internal and External debt. Internal Debt consists of market loans, loans from banks/financial institutions and External Debt consists of loans and advances from the GoI in respect of the State/UT Governments. While in the case of Union, Internal debt was 50 per cent of the Gross Domestic Product (GDP), in case of the States/UTs, the Internal Debt was 21 per cent of GSDP (Table 6.2.4) **Debt-to-GDP ratio** is the ratio between a country's government debt and its GDP. This ratio allows financial institutions, investors, leaders, economists and analysts to gauge a country's ability to pay off its debt. A high ratio means a country isn't producing enough to repay its debt. A low ratio means there is plenty of economic output to make the repayments.

Debt to GSDP ratio in respect of the States / UTs:

Debt-GSDP ratio is an important indicator which signifies sustainability of the fiscal liability. The debt-GSDP ratio with reference to the average debt-GSDP ratio in respect of General Category and Special Category States respectively is depicted below:





Punjab had the highest debt to GSDP ratio at 41 percent followed by West Bengal and Rajasthan among the General Category States, where debt to GSDP ratio is more than or around thirty per cent. NCT of Delhi, UT Jammu & Kashmir, Odisha, Maharashtra, Karnataka and Gujarat had the lowest debt to GSDP ratio, where it is less than twenty per cent. Among the Special Category States, Nagaland had the highest Debt-GSDP ratio at 36 while Mizoram and Assam have the lowest Debt-GSDP ratio below 20 per cent.

6.2.6

Debt Redemption Ratio:

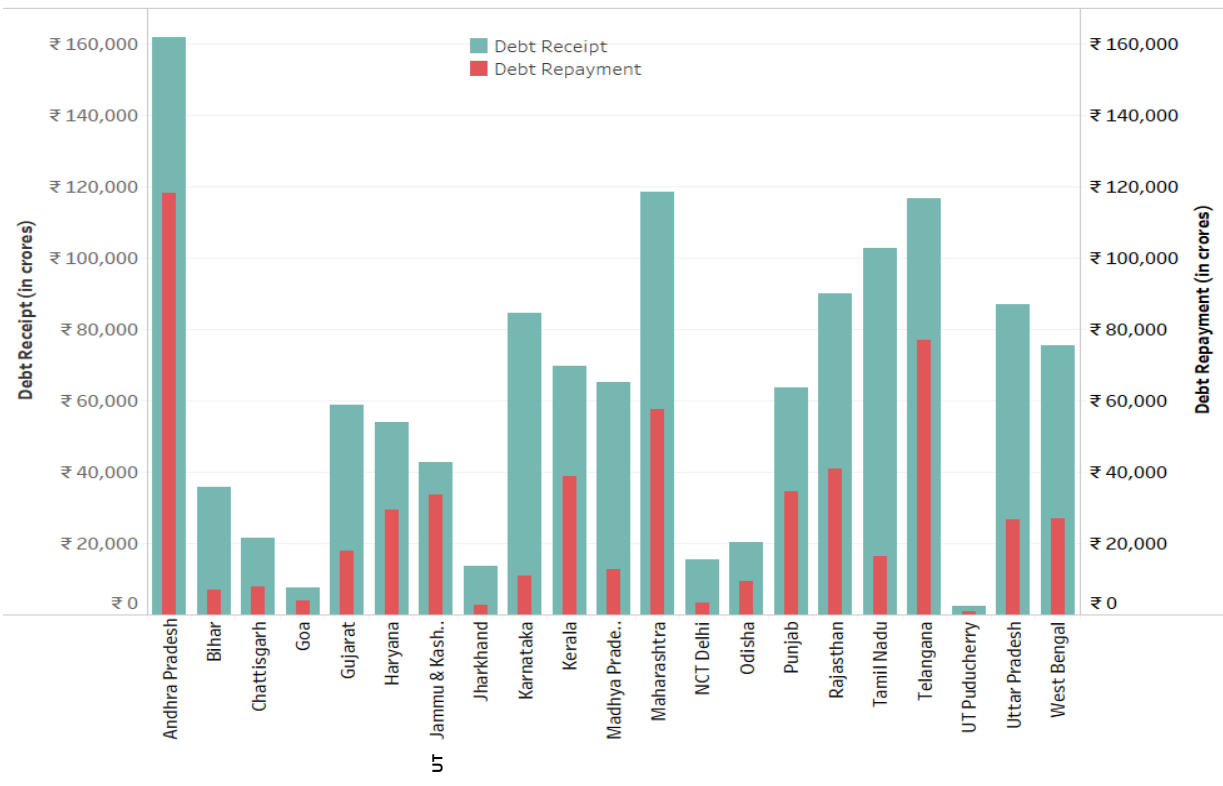
Debt sustainability is also done by using the ratio of debt redemption / repayment to total debt receipts. If the ratio is unity, it means that debt receipts are equal to the amount of debt repayment including interest accrued thereon and there is no net accrual of liabilities. If the ratio exceeds unity, it means that repayment towards discharge of past obligations is more than debt receipts during the year. If the ratio is less than unity, it means all debt receipts are not being used for retiring the debt and is being used for financing revenue deficits and / or capital investment. Thus, the Debt Redemption Ratio is an indicator of prudent debt management. As the following table and figures below indicate, not a single State / UT is utilizing the entire debt receipt for repayments; the balance being used to finance deficits.

The table below shows the Debt Redemption Ratio (DRR) in respect of all the States / UTs:

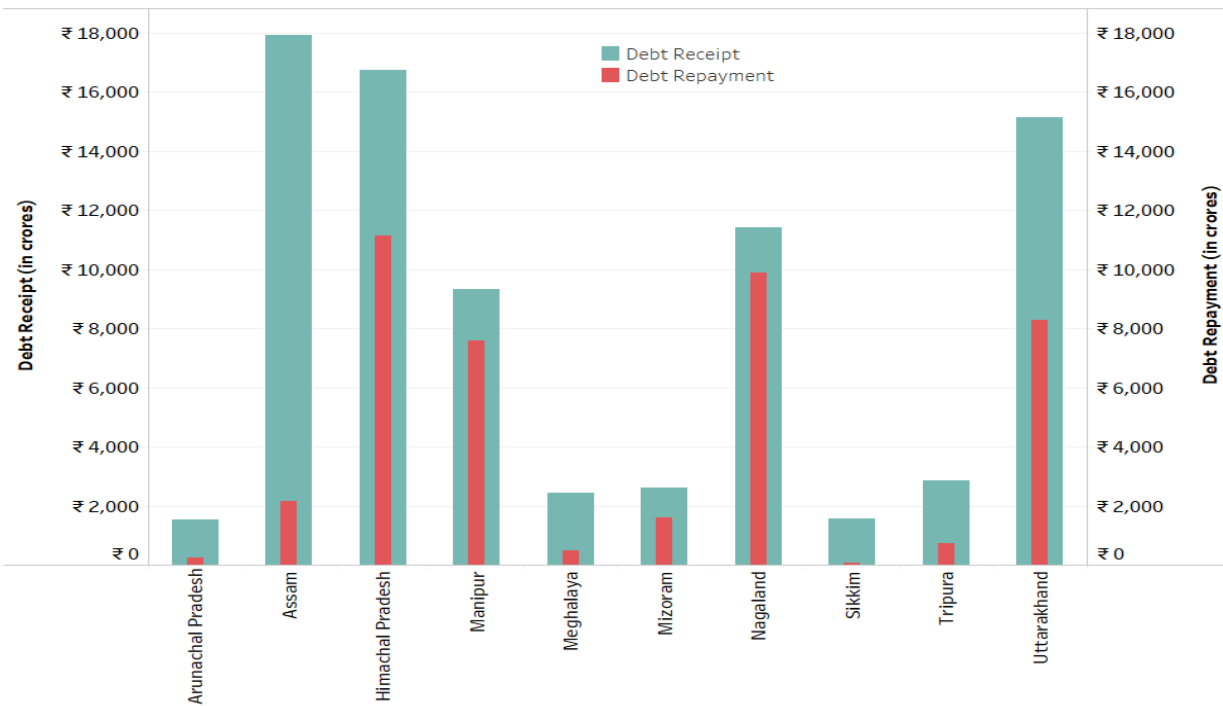
States/UTs	Debt Receipt (₹ in Crore)	Debt Repayment (₹ in Crore)	Ratio of Debt Repayment to Debt receipt
Sikkim	1564.71	79.75	0.05
Assam	17940.18	2147.98	0.12
Karnataka	84527.95	11015.81	0.13
Tamil Nadu	102866.97	16228.57	0.16
Arunachal Pradesh	1516.06	259.49	0.17
Bihar	35915.06	6880.47	0.19
Madhya Pradesh	65170.50	12757.30	0.20
Meghalaya	2441.89	487.52	0.20
Jharkhand	13546.58	2744.82	0.20
NCT Delhi	15365.00	3265.17	0.21
Tripura	2848.35	741.24	0.26
Gujarat	58856.83	17922.45	0.30
Uttar Pradesh	86858.87	26777.49	0.31
UT Puducherry	2528.63	837.79	0.33
West Bengal	75429.06	26889.32	0.36
Chhattisgarh	21581.68	8020.29	0.37
Odisha	20317.64	9252.14	0.46
Rajasthan	89964.00	41022.98	0.46
Maharashtra	118515.91	57586.55	0.49
Goa	7654.88	3819.05	0.50
Punjab	63694.55	34633.53	0.54
Uttarakhand	15134.69	8269.59	0.55
Haryana	53816.73	29497.60	0.55
Kerala	69735.36	38927.85	0.56
Mizoram	2611.32	1617.89	0.62
Telangana	116586.26	76990.58	0.66
Himachal Pradesh	16749.21	11141.04	0.67
Andhra Pradesh	161974.67	118274.32	0.73
UT Jammu & Kashmir	42732.93	33563.32	0.79
Manipur	9334.05	7587.95	0.81
Nagaland	11434.86	9903.92	0.87

The following is a graphical depiction of the debt repayment as part of the Debt Receipt separately for the General Category and the Special Category States. In respect of the General Category States the highest debt repayment is in respect of Andhra Pradesh, UT Jammu & Kashmir and Telangana. In respect of the Special Category Nagaland and Manipur had the highest percentage of Debt repayment as compared to the Debt Receipt.

Debt Receipt versus Debt Repayment in respect of General Category States/UTs



Debt Receipt versus Debt Repayment in respect of Special Category States





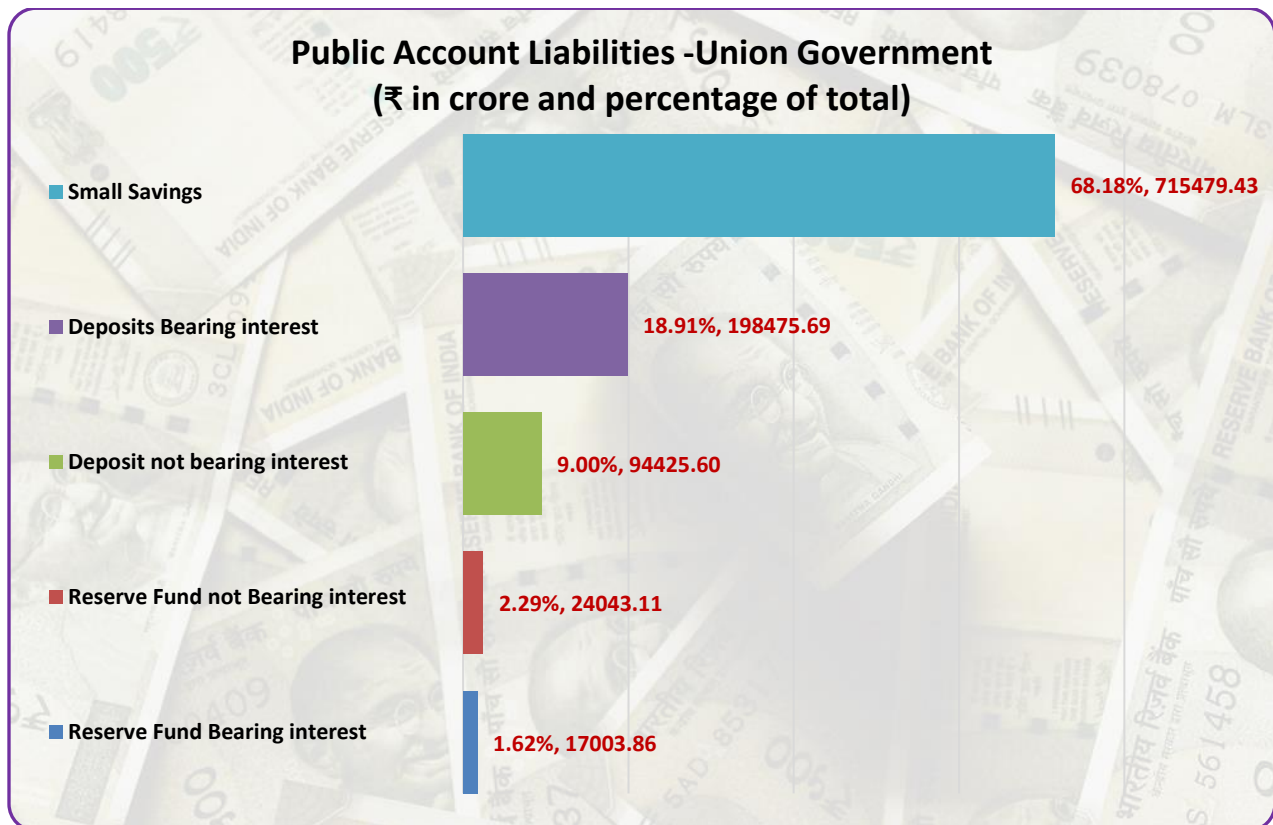
Public Account Liabilities

Except the fund kept in the Consolidated Fund, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes payable such as Small Saving and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public account is not subject to the vote of the Legislature.

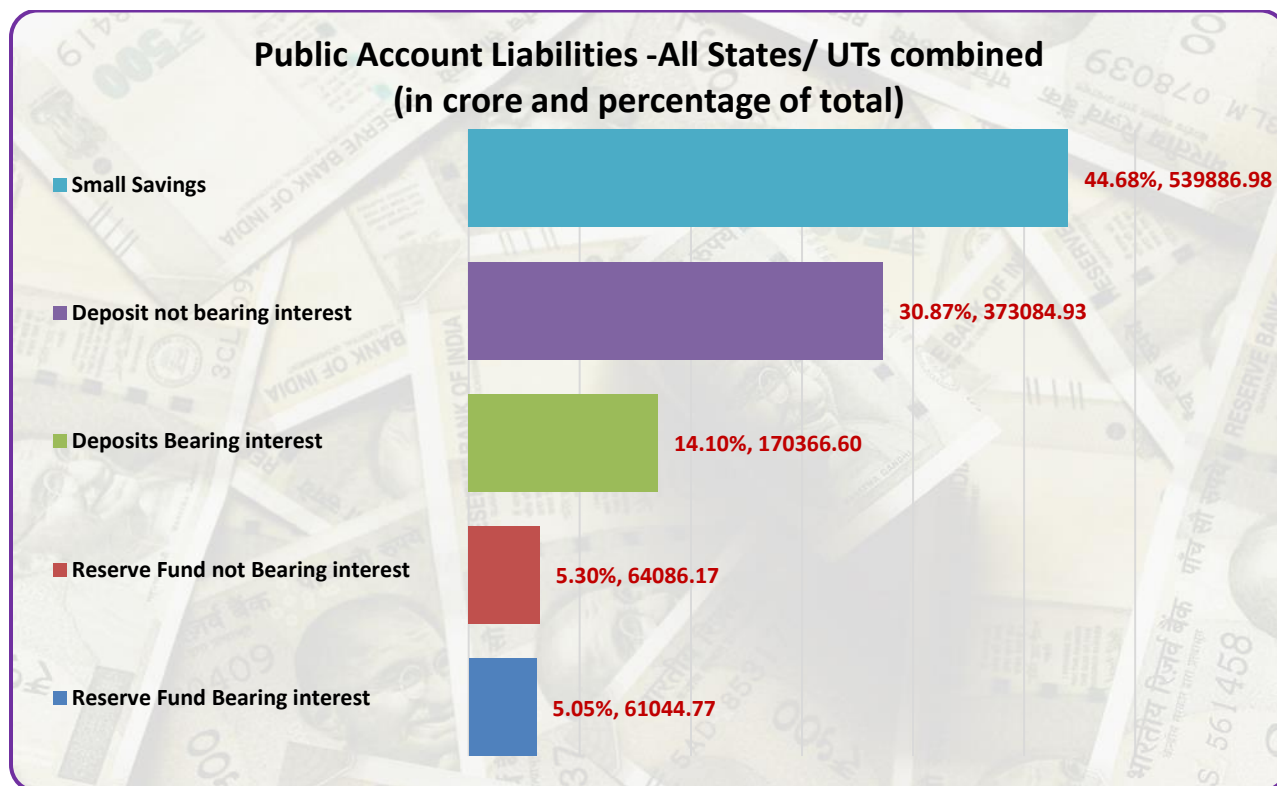


Union Government:

As on 31st March 2021, total liabilities on Public Account were ₹ 10,49,427.69 crore. Interest bearing liabilities amounted to ₹2,15,479.55 crore, non-interest bearing liabilities amounted to ₹1,18,468.71 crore and the remaining ₹7,15,479.43 crore constituted the Small Savings. A major portion i.e., 68 per cent of the Public Account liabilities account for Small Savings and Provident Fund in respect of the Union Government. This is fiduciary liability of the Government.



As on 31st March 2021, total liabilities on Public Account for all the States / UTs were ₹12,08,469.45 crore. Interest bearing liabilities amounted to ₹2,31,411.37 crore, non-interest bearing liabilities amounted to ₹ 4,37,171.10 crore and the remaining 45 per cent, ₹ 5,39,886.98 crore constituted the Small Savings.



State-wise outstanding liabilities on Public Account are presented in table below:

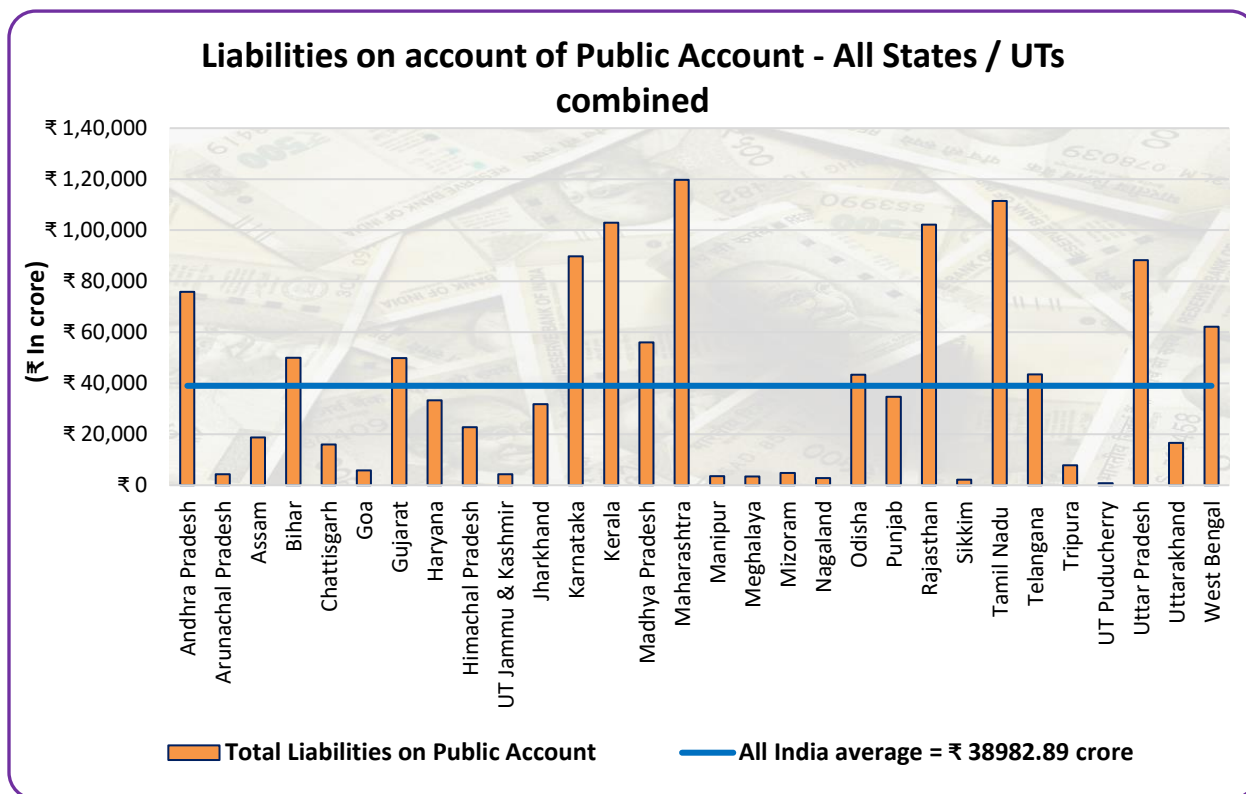
Liabilities on Public Account: States / UTs

(₹ in crore)

State/UT	Small Savings	Reserve Fund Bearing interest	Reserve Fund not Bearing interest	Deposits Bearing interest	Deposit not bearing interest	Total Liabilities on Public Account
Andhra Pradesh	23275.97	1685.18	2002.31	505.88	48324.46	75793.80
Arunachal Pradesh	2719.41	1392.43	0.12	31.64	158.88	4302.48
Assam	14045.37	1329.24	14.46	340.51	2979.45	18709.03
Bihar	9445.37	901.07	0.00	274.29	39359.92	49980.65
Chhattisgarh	8021.40	614.84	1384.76	33.16	5951.96	16006.12
Goa	2533.93	233.62	913.21	1197.99	912.43	5791.18
Gujarat	10445.80	1073.02	1389.14	14476.68	22478.03	49862.67
Haryana	17996.92	5476.92	304.31	451.94	9019.62	33249.71
Himachal Pradesh	16522.64	1882.54	834.66	7.66	3454.50	22702.00
UT Jammu & Kashmir	2185.97	780.89	-9.76	474.73	880.79	4312.62
Jharkhand	1194.40	6320.39	0.00	25.33	24306.12	31846.24
Karnataka	38811.09	1174.69	18888.17	518.02	30356.05	89748.02
Kerala	97219.13	719.55	366.72	0.34	4632.53	102938.27
Madhya Pradesh	19894.09	5684.40	10144.49	-66.79	20400.2	56056.39
Maharashtra	28190.29	4642.62	7665.02	57753.45	21443.3	119694.68
Manipur	1508.83	355.13	258.38	105.86	1296.71	3524.91
Meghalaya	2125.86	168.01	7.99	0.83	1065.82	3368.51
Mizoram	2403.33	227.11	6.52	2.55	2230.12	4869.63
Nagaland	1875.68	-15.44	-16.1	185.61	792.97	2822.72
NCT Delhi ⁴²	0.00	0.00	0.00	0.00	0.00	0.00
Odisha	24949.37	1805.2	290.61	24.41	16200.64	43270.23
Punjab	22149.55	8583.57	0.00	880.98	3023.68	34637.78
Rajasthan	56325.69	4528.63	4610.39	11270.36	25443.45	102178.52
Sikkim	1318.29	363.79	123.73	83.15	279.19	2168.15
Tamil Nadu	29352.41	113.42	10119.26	49815.07	22096.51	111496.67
Telangana	11845.17	3829.93	1588.26	2760.18	23440.69	43464.23
Tripura	5807.92	443.96	107.57	0.29	1404.19	7763.93
UT Puducherry	419.13	0.00	-144.83	161.94	388.16	824.40
Uttar Pradesh	58789.41	1460.84	2521.15	5661.43	19834.67	88267.50
Uttarakhand	8996.75	3343.45	78.51	460.89	3756.38	16635.98
West Bengal	19517.81	1925.77	637.12	22928.22	17173.51	62182.43
Total	539886.98	61044.77	64086.17	170366.6	373084.93	1208469.45

⁴² There is no Public account for NCT Delhi as they are merged in the Public Account of the Union Government.

A graphical depiction of the liabilities on account of Public Account of all the States / UTs with reference to the combined all India average of ₹ 38982.89 crore is as below:



Analysis of Ratio of outstanding liabilities of states to states/UTs own tax receipts (SOTR)

There is a marked difference across states in own revenue collections. The average States' Own Tax Revenue (SOTR) is higher for the General Category States/UTs than in the Special Category (North-Eastern) States (SCS). With narrower own tax bases, the SCSs receive the highest transfers from the Centre (refer to Chapter 3).

Debt sustainability indicators assess the credit worthiness and the liquidity position of State/UT governments by examining their ability to service interest payments and repayment of debt out of current and regular sources of revenue. States like West Bengal and Haryana which have one of the highest Interest outgo while the revenue buoyancy is on the lower side as compared to the remaining States/UTs (refer to Chapter 3). In such cases it may lead to a situation of 'debt trap' as borrowings are being used to finance the increasing Revenue Expenditure. Shown below is the all India State-wise ratio categorized into five ranges⁴³ signaling potential debt

⁴³ Ratio of Total Liabilities to Revenue receipts ranges: <3, 3 to 5, 5 to 7, 7 to 10 and >10

sustainability risks. The ratio of outstanding liabilities to States Own Tax Revenue (SOTR) in respect of all the States/UTs is in the following table:

Ratio of total outstanding liabilities to States own tax revenue (SOTR)					
(₹ in crore)					
<i>State/UT</i>	<i>SOTR</i>	<i>Total liabilities on Public Debt</i>	<i>Total liabilities on Public Account</i>	<i>Total outstanding liabilities</i>	<i>Ratio</i>
NCT Delhi	29425.33	46866.67	0	46866.67	1.59
UT Jammu & Kashmir	8876.99	12667.65	4312.62	16980.27	1.91
Maharashtra	164254.98	428481.78	119694.68	548176.46	3.34
Odisha	34258.17	79503.36	43270.23	122773.59	3.58
Chhattisgarh	22889.2	76708.11	16006.12	92714.23	4.05
Karnataka	97052.54	307757.56	89748.02	397505.58	4.10
Telangana	66650.37	234553.41	43464.23	278017.64	4.17
Uttar Pradesh	119897.3	476658.97	88267.5	564926.47	4.71
Gujarat	70266.18	308029.98	49862.67	357892.65	5.09
Assam	17133.61	69692.75	18709.03	88401.78	5.16
Madhya Pradesh	54458.92	233241.91	56056.39	289298.3	5.31
Tamil Nadu	106152.96	457188.16	111496.67	568684.83	5.36
UT Puducherry	1947.83	10070.01	824.4	10894.41	5.59
Haryana	41913.8	209810.18	33249.71	243059.89	5.80
Andhra Pradesh	57408.55	270340.53	75793.8	346134.33	6.03
Uttarakhand	11937.59	57114.65	16635.98	73750.63	6.18
Goa	4150.68	20729.93	5791.18	26521.11	6.39
Jharkhand	16880.08	76938.74	31846.24	108784.98	6.44
Kerala	47660.84	205447.73	102938.27	308386	6.47
Meghalaya	2072.56	10362.24	3368.51	13730.75	6.63
Rajasthan	60283.44	308320.93	102178.52	410499.45	6.81
Bihar	30341.67	177214.84	49980.65	227195.49	7.49
West Bengal	60287.24	424247.38	62182.43	486429.81	8.07
Arunachal Pradesh	1431.1	7707.81	4302.48	12010.29	8.39
Himachal Pradesh	8083.31	46179.76	22702	68881.76	8.52
Punjab	30052.83	223393.65	34637.78	258031.43	8.59
Tripura	2332.44	13319.17	7763.93	21083.1	9.04
Sikkim	966.7	6890.68	2168.15	9058.83	9.37
Manipur	1294.49	9001.74	3524.91	12526.65	9.68
Nagaland	1022.74	10649.02	2822.72	13471.74	13.17
Mizoram	647.56	5011.45	4869.63	9881.08	15.26

Ratio range



< 3
3 - 5
5 - 7
7 - 10
> 10

Acknowledgements

Combined Finance and Revenue Accounts (CFRA) consists of “Union and State Finances at a Glance” and three Volumes containing the 299 Statements. In view of the bifurcation of the State of Jammu & Kashmir, the accounts relating the erstwhile state of Jammu & Kashmir is included as Union Territory (UT) of Jammu & Kashmir in the CFRA statements for the year 2020-21 along with NCT Delhi and UT of Puducherry in each of the three volumes.

As per the existing procedure the preliminary compilation is done by office of the Accountant General (Accounts & Entitlements), Punjab and is audited by office of the Principal Accountant General (Accounts & Entitlements), Haryana. Compilation of Union and State Finances at a Glance is done by Sr. Administrative Officer of the CFRA Cell of Government Accounts (GA) Wing under direct supervision of Director General (Union Accounts) and overall guidance of Deputy CAG (Government Accounts). Details of team are:

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Disclaimer

The information presented in the “Union and State Finances at a Glance” is an overview of the Government Finances of both the Union and the States/UTs. It is based on the figures as appeared in the Finance Accounts of the Union, NCT of Delhi, Union Territories of Puducherry and Jammu & Kashmir and the States. The Finance Accounts of the Union is uploaded on the website www.cga.nic.in. The Accounts of the State of Goa and UT of Puducherry are not maintained by the Accountant General. The Finance Accounts of the remaining states is available at the link <https://cag.gov.in/en/state-accounts-report> and that of UT of Jammu & Kashmir is available on the link https://cag.gov.in/en/state-accounts-report?show_ut_only=1 on CAG website.

This report is intended for general guidance and information purposes only. It portrays trends in the receipts, expenditure and fiscal position of the Union and State/UT Governments and provides an opportunity for inter-state comparisons. We have taken reasonable care to ensure that, and to the best of our knowledge, material information contained herein is in accordance with the facts and contains no omission likely to affect its understanding. Though all efforts have been made to keep the content of this compilation accurate and current, it should not be construed as a statement of law or any authority. A check of the contents of the compilation with CFRA Cell of the Government Accounts Wing officials may please be done before taking any decisions based on the information contained in the compilation.



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