Chapter I
Finances of the State Government

Profile of the State

Rajasthan is the largest State of India in terms of geographical area (342.24 thousand square kilometre) and eighth in terms of population. It is located in the north-western part of the country. The population of the State[1] increased from 6.30 crore in 2006 to 7.26 crore in 2015, recording a decadal growth of 15.27 *per cent*, as against the General Category States average of 12.24 *per cent*. The percentage of population below the poverty line was 21.7 *per cent* which was less than the All India average of 29.5 *per cent*. The Gross State Domestic Product (GSDP) in 2015-16 at current prices was ₹ 6,74,137 crore (advance estimates). The literacy rate increased from 60.4 *per cent* (2001 census) to 66.1 *per cent* (2011 census), which was 6.9 percentage points below All India average of 73 *per cent* during the corresponding period. During 2015-16, per capita income of the State stood at ₹ 92,900 as compared to the General Category States per capita income of ₹ 1,08,369. General data relating to the State are given in ***Appendix 1.1***.

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy, as it indicates the standard of living of the State's population. The trends in the annual growth rate of India's Gross Domestic Product (GDP) and that of the State's GSDP at current prices are indicated in **Table 1.1**:

Table 1.1: Annual growth rate of GDP and GSDP at current prices

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's GDP# (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP (percentage)	-	13.9	13.3	10.8	8.7
State's GSDP* (₹ in crore)	4,36,465	4,94,004	5,49,701	6,12,194	6,74,137
Growth rate of GSDP (percentage)	-	13.2	11.3	11.4	10.1

Sources: #Central Statistics Office
*** Directorate of Economics and Statistics, Government of Rajasthan**

Rajasthan achieved a higher GSDP growth rate as compared to India's GDP growth rate during the period 2014-16. However, the growth rate of GSDP showed decrease during 2015-16 over the previous year.

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Rajasthan (GoR) during 2015-16 and analyses the changes observed in the major fiscal aggregates in relation to that of the previous year, keeping in view the overall trends during last five years. The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The

[1] Population projection for India and State 2001-2026 (Revised December 2006) report of the Technical Group on population projection constituted by the National Commission on population Table-14 (projected total population by sex as on 1st October 2001-2026).

formats of Finance Accounts, introduced from 2009-10 and revised in 2015 are divided into two volumes (Volume I contains the summarised financial statements and Volume II presents detailed financial statements). This is summarised in ***Appendix 1.2 (Part A) and Appendix 1.2 (Part B)***.

1.2 Summary of Fiscal Operations in 2015-16

Table 1.2 below presents the summary of the State Government's fiscal operations during current year (2015-16) *vis-à-vis* previous year (2014-15), while ***Appendix 1.4*** provides an abstract of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.2: Summary of Fiscal Operations in 2015-16

(₹ in crore)

Receipts			Disbursements		
	2014-15	**2015-16**		**2014-15**	**2015-16**
Section-A: Revenue					
Tax Revenue	38,672.94	42,712.92	General Services	27,868.15	31,016.27
Non-Tax Revenue	13,229.50	10,927.87	Social Services	37,753.39	43,348.49
Share of Union Taxes/ Duties	19,816.97	27,915.93	Economic Services	28,920.34	31,874.38
Grants-in-aid from Government of India	19,607.50	18,728.40	Grants-in-aid and Contributions	0.09	0.10
Total Section-A Revenue Receipts	**91,326.91**	**1,00,285.12**	**Total Section-A Revenue Expenditure**	**94,541.97**	**1,06,239.24**
Section-B: Capital and others					
Miscellaneous Capital Receipts	14.57	24.34	Capital Outlay	16,102.69	21,985.26
Recoveries of Loans and Advances	1,004.44	1,447.33	Loans and Advances disbursed	700.78	36,602.25
Public Debt Receipts*	18,140.82	60,998.17	Repayment of Public Debt*	4,960.04	4,959.04
Contingency Fund	300.00	-	Contingency Fund	300.00	-
Public Account Receipts[2]	1,26,382.20	1,46,910.29	Public Account Disbursements[2]	1,22,060.62	1,40,431.47
Opening Cash Balance	10,446.44	8,949.28	Closing Cash Balance	8,949.28	8,397.27
Total Section-B Receipts	**1,56,288.47**	**2,18,329.41**	**Total Section-B Disbursements**	**1,53,073.41**	**2,12,375.29**
Grand Total (A + B)	**2,47,615.38**	**3,18,614.53**	**Grand Total (A + B)**	**2,47,615.38**	**3,18,614.53**

Source: Finance Accounts for the respective years

*Excluding net transaction under Ways and Means advances and overdraft

Salient features of fiscal operations in 2015-16 are given below:

- Revenue Receipts grew by ₹ 8,958.21 crore (9.8 *per cent*) over the previous year due to increase in Share of Union Taxes/Duties: ₹ 8,098.96 crore (40.9 *per cent*) and Own Tax Revenue: ₹ 4,039.98

[2] The figures of Public Account Receipts/Disbursements are shown on gross basis in Table 1.2, while in other tables/paragraphs, they are shown on net basis.

crore (10.4 *per cent*) which was counterbalanced by decrease in Non-Tax Revenue: ₹ 2,301.63 crore (17.4 *per cent*) and Grants-in-aid from Government of India: ₹ 879.10 crore (4.5 *per cent*). However, the Revenue Receipts were lower than the projections made in the Medium Term Fiscal Policy Statement (MTFPS) 2015-16 by ₹ 11,077 crore.

- Revenue Expenditure increased by ₹ 11,697.27 crore (12.4 *per cent*) under Social Services Sector by ₹ 5,595.10 crore (14.8 *per cent*); General Services Sector by ₹ 3,148.12 crore (11.3 *per cent*) and Economic Services Sector by ₹ 2,954.04 crore (10.2 *per cent*). However, Revenue Expenditure was lower than the MTFPS projections for the year by ₹ 4,566 crore.
- Capital Outlay increased by ₹ 5,882.57 crore (36.5 *per cent*) mainly under Economic Services Sector by ₹ 5,818.30 crore (59.8 *per cent*).
- Public Debt Receipts (excluding Ways and Means advances and overdraft) substantially increased by ₹ 42,857.35 crore (236.2 *per cent*) due to borrowing under Ujwal DISCOM Assurance Yojana (UDAY), while Repayment of Public Debt marginally decreased by ₹ one crore.
- Public Account Receipts and Disbursements increased by ₹ 20,528.09 crore (16.2 *per cent*) and ₹ 18,370.85 crore (15.1 *per cent*) respectively.
- Cash balance declined by ₹ 552.01 crore (6.2 *per cent*).

1.2.1 Review of the fiscal situation

In pursuance of recommendations of the Twelfth Finance Commission (XII-FC), the State Government enacted "Fiscal Responsibility and Budgetary Management (FRBM) Act 2005", with a view to ensure prudence in fiscal management and to maintain fiscal stability in the State. The Act was further amended in 2016. Besides, the Thirteen Finance Commission (XIII-FC) and XIV Finance Commission (XIV-FC) also suggested fiscal consolidation roadmap for the state.

Review of fiscal situation of the state revealed following points:

(i) According to Section 6(a) of the FRBM Act, the State Government was to achieve zero revenue deficit from financial year 2011-12 and thereafter maintain it or attain revenue surplus. Besides this, the XIV-FC also recommended for balancing of receipt and expenditure on revenue account.

The State Government maintained the revenue surplus only during the period 2011-12 and 2012-13 and thereafter there was revenue deficit in three consecutive year upto 2015-16, despite high projections in the Budget Estimates (BE). The position of revenue surplus/deficit is summarised below:

(₹ in crore)

	2013-14	2014-15	2015-16
Budget Estimates (BE)	(+) 1,026	(+) 738	(+) 557
Revised Estimates (RE)	(-) 2,505	(-) 4,220	(-) 5,232
Actual	(-) 1,039	(-) 3215	(-) 5,954

It is seen from the table that formulation of BE for the years 2013-14, 2014-15 and 2015-16 was deficient as there was regular and significant fall in RE and actuals. The variations in BE to RE and BE to Actual were in range of 344 to 1,039 *per cent* and 201 to 1,168 *per cent* respectively. Thus, the BEs of 2014-15 and 2015-16 do not appear to be formulated following the trends of REs and actuals during the respective previous years.

The State Government was unable to achieve projected revenue surplus during 2015-16, as the actual revenue expenditure declined to ₹ 1,06,239 crore from ₹ 1,10,805 crore in BE, i.e. 4.12 *per cent* whereas the actual revenue receipt declined steeply to ₹ 1,00,285 crore from ₹ 1,11,362 crore in BE, i.e. 9.95 *per cent*. Thus, relatively low control over expenditure and steep fall in revenue receipts than budgeted were the apparent reasons for the revenue deficit. Significant decline was witnessed in revenue receipts in (i) Taxes on Sales, Trade etc. to ₹ 26,345 crore from BE of ₹ 30,500 crore, (ii) Stamp and Registration fees to ₹ 3,234 crore from BE of ₹ 4,200 crore and (iii) Royalty on Petroleum to ₹ 2,342 crore from BE of ₹ 6,575 crore.

The expenditure also required control in view of steep and regular fall in revenue. It was observed that actual expenditure exceeded BE in sectors like Taxes on sales, Trade etc., Police, Water Supply and Sanitation etc. It is noteworthy that the three areas of receipts i.e. Taxes on sales, trade etc., Royalty on Petroleum and Stamps and Registration fee showed significant decline against BE during last two years as shown below:

(₹ in crore)

Particular of Receipts	2014-15		2015-16	
	BE	Actuals	BE	Actuals
Taxes on sales, Trade etc.	25,625	24,170	30,500	26,345
Royalty on Petroleum	6,575	4,850	6,575	2,342
Stamp and Registration fee	4,200	3,189	4,200	3,234

The above position indicates that budgetary formulation of the state was too optimistic.

(ii) Section 6 (b) of the FRBM Act, envisaged achieving of fiscal deficit of 3 *per cent* of GSDP by financial year 2011-12 and thereafter to maintain the said ratio or reduce it. Besides, the XIV-FC also recommended (para 14.64) for anchoring the fiscal deficit of the state to annual limit of 3 *per cent* of GSDP.

Following table shows position of BE and actuals of fiscal deficit during 2015-16:

(in *per cent*)

	BE	RE	Actuals
2015-16	2.99	3.62 (Without UDAY[3]) 9.99 (With UDAY)	3.41 (Without UDAY) 9.36 (With UDAY)

[3] Ujwal DISCOM Assurance Yojana (UDAY) is the financial turnaround and revival package for electricity distribution companies of India (DISCOMs) initiated by the Government of India with the intent to find a permanent solution to the financial mismanagement.

It was observed that the fiscal deficit crossed the limit prescribed by FRBM Act and XIV–FC for the second consecutive year 2015-16 (fiscal deficit was 3.10 *per cent* of GSDP during 2014-15). The fiscal deficit of 3.62 *per cent* (without UDAY) was projected in RE for 2015-16, which was above the prescribed limit. It is noteworthy that even after excluding impact of the Ujwal DISCOM Assurance Yojana (UDAY), the fiscal deficit-GSDP ratio (3.41 *per cent*) exceeded prescribed limit of 3.0 *per cent.* If the borrowing under UDAY is taken into account the fiscal deficit- GSDP ratio is 9.36 *per cent.* It is also further noteworthy that revised estimates for fiscal deficit (with UDAY) of the year 2015-16 were prepared taking into account the borrowings of ₹ 42,965 crore under UDAY, whereas the position of debt in DISCOMS as on September 2015 warranted borrowings of ₹ 40,265 crore. The actual borrowings under UDAY were ₹ 40,050 crore during 2015-16.

The aforesaid position indicates deficiencies in forecasting and fiscal management besides violation of provisions of the FRBM Act of the State and recommendations of the XIV-FC.

(iii) As per the provisions of Section 8 of the FRBM Act, the Government, by notification in the Official Gazette is required to constitute a Public Expenditure Review Committee (PERC) consisting of not more than five members with Professional expertise in the fields of Finance, Economic, Management, Planning, Administration, Account and Audit and Law. It was also decided that the committee would hold at least one meeting in three months. However, as per records produced to audit, only one meeting was held.

(iv) The State Government amended the provisions of Section 6(c) of the FRBM Act 2005 (09 April 2016) to prescribe the limit for total outstanding debt upto 36.5 *per cent* of GSDP for the financial year 2015-16, particularly in the context of takeover of loans under UDAY, although the XIV-FC recommended (Para 14.70) Debt-GSDP ratio for Rajasthan as 24.56 for the year 2015-16. Even after excluding the borrowings under UDAY, the Debt-GSDP ratio comes to 25.11, which was marginally above the limit prescribed by the XIV-FC.

1.2.2 Budget Estimates and Actuals

The budget papers presented by the State Government provide projections or estimations of receipts and expenditure for a particular fiscal year. The importance of accuracy in the estimation of receipts and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from the Budget Estimates (BE) are indicative of non-attainment/non-optimisation of the desired fiscal objectives due to various reasons, some within the control of the government and some beyond its control.

A comparison of BE with actuals for the year 2015-16 is given in **Table 1.3** below and in ***Appendix 1.6***.

Table 1.3: Budget Estimates and Actuals for the year 2015-16

(₹ in crore)

Fiscal parameters	Budget Estimates	Actuals	Difference
1	**2**	**3**	**4 (3-2)**
Tax Revenue	47,096	42,713	(-) 4,383
Non-Tax Revenue	15,496	10,928	(-) 4,568
State's share of Union Taxes and Duties	28,925	27,916	(-) 1,009
Grants-in-aid from GoI	19,845	18,728	(-) 1,117
Revenue Receipts	1,11,362	1,00,285	(-) 11,077
Revenue Expenditure	1,10,805	1,06,239	(-) 4,566
Interest Payments	11,962	12,008	46
Capital Expenditure	20,760	21,986	1,226
Revenue Deficit(-) /Surplus (+)	557	(-) 5,954	(-) 6,511
Fiscal Deficit (-)	(-) 20,610	(-) 63,070	(-) 42,460
Primary Deficit (-)	(-) 8,648	(-) 51,062	(-) 42,414

Source: Finance Accounts and Budget Documents

Analysis of the important parameters is given below:

1.2.2.1 Revenue Receipts

Revenue Receipts were lower by ₹ 11,077 crore (10 *per cent*) over BE due to lesser collection in State's Tax Revenue (inclusive of State's share of Union Taxes and Duties) by ₹ 5,392 crore (7 *per cent*), Non-Tax Revenue by ₹ 4,568 crore (29 *per cent*) and Grants-in-aid from GoI by ₹ 1,117 crore (6 *per cent*). In most of the categories of Tax Revenue Receipts, except State Excise, Taxes on Goods and Passengers, Taxes and Duties on Electricity and Other Taxes and Duties on Commodities and Services, the receipts were less than BE. Non-Tax Revenue was also less than BE, due to less receipt of royalty from Petroleum by ₹ 4,233crore (64 *per cent*).

1.2.2.2 Revenue Expenditure

Revenue Expenditure was ₹ 4,566 crore (4.12 *per cent*) less than BE, mainly due to decline in expenditure of ₹ 2,589 crore under 'General Education'; ₹ 1,286 crore under 'Rural Employment'; ₹ 599 crore under 'Social Security and Welfare'; ₹ 585 crore under 'Family Welfare' and ₹ 581 crore under 'Medical and Public Health' and was counterbalanced by increase of ₹1,441 crore under 'Other Rural Development Programmes'.

1.2.2.3 Deficits

Against the targeted revenue surplus of ₹ 557 crore, there was revenue deficit[4] of ₹ 5,954 crore. This was mainly on account of lower revenue receipts, compared to BE. The fiscal deficit[5] and primary deficit[6] were higher by ₹ 42,460 crore and ₹ 42,414 crore respectively from BE, when the impact of

[4] Revenue Deficit = Revenue Expenditure - Revenue Receipts.

[5] Fiscal Deficit = Revenue Expenditure + Capital Expenditure+ Net Loan and Advances - Revenue Receipts - Miscellaneous Capital Receipts.

[6] Primary Deficit = Fiscal Deficit- Interest payments.

UDAY was taken into account. While the details of UDAY are given in para 1.9.5, following **Table 1.4** gives analytical position of the deficits in BE/RE *vis-a-vis* actuals during 2015-16, considering the impact of UDAY also, particularly, in the context of dual mode of Budget presented by the State Government for 2016-17 in March 2016:

Table 1.4: Position of deficits in the context of BE/RE and Actuals

(₹ in crore)

Type of Deficit	Without UDAY			With UDAY		
	BE	RE	Actuals	BE	RE	Actuals
Revenue Deficit/ Surplus	557	(-) 5,232	(-) 5,954	557	(-) 5,232	(-) 5,954
Fiscal Deficit	(-) 20,610	(-) 24,385	(-) 23,020	(-) 20,610	(-) 67,350	(-) 63,070
Primary Deficit	(-) 8,648	(-) 12,445	(-) 11,012	(-)8,648	(-) 55,409	(-) 51,062

The above position reveals that in case of estimations 'without UDAY' the actuals of all deficits significantly varied from BE whereas in case of 'with UDAY' the actuals of Primary Deficit and Fiscal Deficit were significantly lower from RE.

1.2.2.4 Capital Expenditure

During 2015-16, the capital expenditure was ₹ 1,226 crore (6 *per cent*) higher than BE, mainly due to increase in expenditure under Capital Outlay on Power Projects: ₹ 3,675 crore and was counterbalanced by decrease under Capital Outlay on Medical and Public Health: ₹ 493 crore; Urban Development: ₹ 352 crore; Roads and Transport: ₹ 300 crore; Water Supply and Sanitation: ₹ 293 crore; Major Irrigation: ₹ 287 crore; Public Works: ₹ 178 crore and Nutrition: ₹ 159 crore.

1.2.3 Schemes contemplated with Central Assistance under the State Plan but no expenditure incurred

The Government of India has restructured the Central Plans and Centrally Sponsored Schemes/Additional Central Assistance and classified the releases as Central Assistance to State Plan. According to the budget 2015-16 of the State Government, 66 schemes were restructured previously under Central Assistance for State Plan and six more schemes were added in revised estimates. These schemes were aimed to build rural and urban infrastructure, for providing basic services with the objective of increasing inclusiveness and reducing poverty. The position of budget allocations and expenditure during 2015-16 under these 72 schemes is summarised in table below:

(₹ in crore)

No.of programmes/ schemes	Budget estimates for state plan	Central Assistance for state plan	Amount released by GoI	Expenditure
72	27,524.69	14,966.37	12,548.98	22,904.56

It was observed that out of 72 schemes, no expenditure was incurred against budget provision in following three schemes despite release of grant of ₹ 70.88 crore by GoI:

(₹ in crore)

S. No.	Name of programmes/ schemes	Budget provision	Amount released	Shortfall in Expenditure (*per cent*)
1	National Mission on Ayush including Mission on Medicinal Plants	0.50	28.19	28.19 (100)
2	Skill Development Mission (100:00)	0.00	0.27	0.27 (100)
3	*Sardar Patel Shahari Awas Yojana*	0.00	42.42	42.42 (100)
		0.50	**70.88**	**70.88**

The concerned departments did not intimate reasons for not incurring any expenditure on the schemes.

1.2.4 Gender Budgeting

Gender Responsive Budgeting (GRB) is a means to ensure that public resources are allocated in an equitable way to satisfy the most pressing needs of specific gender groups. During the Budget speech of 2009-10, the State Government announced preparation of GRB which would enable gender based budget analysis of each department. Accordingly, a High Level Committee (HLC) was formed (August 2009) under the chairmanship of the Chief Secretary and a Gender Cell was formed (September 2009) in the Department of Women and Child Development. One of the functions and objectives of GRB was consolidating budget schemes and facilitating integration of gender analysis in the Government Budget. Further, during August 2010, Gender Desks were also constituted in various departments for implementation of various GRB initiatives. Besides, the State Government decided (August 2011) to include Gender Budget Statement (GBS) in the new Integrated Financial Management System (IFMS) for preparation of BE from the financial year 2012-13.

The Controlling Officers of the specified departments are required to provide information in the format given by the Finance Department to prepare the annual GBS. This format requires classification of Plan Schemes/Programmes targeted at women in four categories.

The details of the categories and allocation made during 2015-16 is given in Table below:

Category	Classification	Allocation (₹ in crore)
A	Schemes under which expenditure targeted at women is more than 70 *per cent*	5,963.18
B	Schemes under which expenditure targeted at women lies between 70 to 30 *per cent*	30,381.26
C	Schemes under which expenditure targeted at women lies between 30 to 10 *per cent*	2,264.05
D	Schemes under which expenditure targeted at women is less than 10 *per cent*	42.63
Total		**38,651.12**

Test check of Schemes (classified under Category ‘A’, with 100 *per cent* gender budget allotment and exceeding ₹ 10 crore) in Woman and Child Development Department and Rural Development and Panchayati Raj Department revealed the following irregularities:

(i) Woman and Child Development Department

(a) The *Mission Gramya Shakti* (MGS) was aimed to strengthen women Self Help Groups (SHGs). It was observed that no expenditure was incurred in the scheme during 2015-16 though a provision of ₹ 16.60 crore was made for the scheme. The Director, Woman Empowerment Department informed (July 2016) that the scheme could not be implemented due to non approval of work plan of MGS by the Finance Department. It is to state that a mention of not incurring of any expenditure under the scheme was also made in the CAG’s Audit Reports on the State Finances for the years 2013-14 and 2014-15.

(b) Dhan Laxmi Mahila Samridhi Kendra programme was introduced with the objectives of socio-economic empowerment of women by organising programmes including various trainings to the members of SHGs and providing platform for marketing of products.

It was observed that no expenditure was incurred against budget provision of ₹ 11.89 crore during 2015-16. The Director, Woman Empowerment Department intimated (July 2016) that expenditure was not incurred due to non receipt of required documents (land allotment documents, no objection certificates, estimates, drawings etc.) for construction of buildings for the centres.

(ii) Rural Development and Panchayati Raj Department

National Rural Livelihood Mission (NRLM) and National Rural Livelihood Project (NRLP) are being implemented by Rajasthan Grameen Aajeevika Vikas Parishad – RAJEEVIKA (RGAVP) which was established in October, 2010 under administrative control of Rural Development and Panchayati Raj Department. The society aims at creating financially sustainable and effective institutional platform for the rural poor. The NRLM is funded by Government of India (GoI), whereas NRLP is World Bank funded and focused at institutional buildings, capacity building, financial inclusion, etc.

It was observed that despite allocation of ₹ 129.60 crore under NRLM, no expenditure was incurred. The RGAVP intimated (July 2016) that there was no expenditure due to non receipt of funds from GoI.

Further, it was also seen that against provision of ₹ 31.19 crore under NRLP for 2015-16, a sum of only ₹ 8.25 crore was utilised. Reasons of under utilization of funds were not intimated.

Thus, nil expenditure in three gender based schemes and only 26 *per cent* expenditure in one scheme show lack of emphasis on the implementation of gender budgeting.

1.2.5 *Major policy initiatives and the status of action taken on Budget Speech 2015-16*

While presenting budget for the year 2015-16, in March 2015, the State Government announced several schemes/policies. The major policy initiatives and the status of action taken on them were intimated (June-August 2016) by the concerned departments, which are summarised in the following table:

Para No. of Budget speech	Name of the Department	Brief of announcements made in Budget speech	Status of follow up action taken by the Department
46	Energy	5,40,000 electric connections will be given for electrification in 1,864 *Dhanis* and intense electrification in 14,578 *Dhanis* in Jaipur, Dholpur, Banswara, Udaipur, Hanumangarh and Barmer districts under Pandit Deen Dayal Upadhyaya Gram Joyti Yojana, at the cost of ₹ 816 crore. This will benefit 1.60 lakh Below Poverty Line families.	Only district-wise and component wise detailed project reports were approved by the end of the year. No expenditure was incurred against allocation of ₹ 810.69 crore during 2015-16 by any of the DISCOMs. Further, the tendering process was initiated only in May 2016.
52	Tourism Department	Looking at lack of essential facilities like approach road, signages, ramps and public utilities and maintenance of tourism places, the works of tourism development were proposed for Mangarhdham (Bansawra), Jaisamand lake (Udaipur), Havelies in Shekhawati Area, Bharatpur, Karauli, Mount Abu, Ajmer, Baran, Jhalawar, Jaisalmer etc, at the cost of ₹ 35 crore.	The Department allotted ₹ 2.25 crore (₹ 0.50 crore for Mangarhdham, ₹ 1.00 crore for Jhalawar and ₹ 0.75 crore for Karauli). However, neither the funds were allotted nor the expenditure was incurred till 31 March 2016, on the works proposed in Bharatpur, Mount Abu, Ajmer, Baran and Jaisalmer. The Tourism Department intimated (July 2016) that the proposals and tenders were being called from the urban local bodies and other agencies. The fact remains that the works of providing essential facilities were not taken up during 2015-16.
87	Animal Husbandry Department	Establishment of 600 new veterinary sub-centres and upgradation of 200 sub-centers to veterinary hospitals by incurring expenditure of ₹ 13.17 crore.	Despite allotment of fund of ₹ 9.94 crore for establishment of new sub-centers and up gradation of sub-centers expenditure of only ₹ 2.71 crore was incurred during 2015-16. The Director, Animal Husbandry, Rajasthan, Jaipur intimated (June 2016) that the funds could not be utilised due to delay in the sanctions by the Animal Husbandry Department.
106	Education Department	Decision for allotment of land at free of cost was taken for establishment of Sainik School in Jhunjhunu district and necessary funds would be made available for construction of the school building and other resources in the financial year.	The allotment of land was made in August 2014. Proposal for incurring expenditure of ₹ 183.50 crore for construction of the School was submitted by Rajasthan State Road and Development Corporation on 14 March 2016, against which the Finance Department agreed to sanction ₹ 50 crore. The fact remains that the construction work could not be started during the year upto 31 March 2016.

Para No. of Budget speech	Name of the Department	Brief of announcements made in Budget speech	Status of follow up action taken by the Department
113	Medical and Health Department	Provision of ₹ 4.12 crore for establishment of new blood banks in 8 hospitals with more than 150 beds during 2015-16.	An expenditure of ₹ 1.42 crore was incurred up to 31 March 2016. The Director, Medical and Health intimated (July 2016) that the works would be completed by September 2016. The fact remains that new blood banks could not be established during 2015-16.
		Establishment of 7 new blood component separation units at the cost of ₹ 9.10 crore.	An expenditure of ₹ 2.06 crore was incurred up to 31 March 2016. Director, Medical and Health intimated (July 2016) that the works would be completed by September 2016. The fact remains that new blood component separation units could not be established during 2015-16.
115	Medical and Health Department	To provide haemodialysis facility in the District Level Hospitals of the State a Budget provision of ₹ 8.64 crore was made for purchase of the dialysis equipments.	An amount of ₹ 0.30 crore was transferred to the PD account of Rajasthan Medical Service Corporation Limited up to 31 March 2016. The fact remains that the dialysis facilities were not made available in the district hospitals during 2015-16.
190	Social Justice and Empowerment Department	e-tuition to provide qualitative education for IX to XII class students of the residential schools and hostels run by Social Justice and Empowerment Department.	The Department accepted that facility of e-tuition was not provided and intimated (August 2016) that the facility involves technical aspects which would take long time to implement. The fact remains that e-tuition facility was not provided for qualitative education during the 2015-16.

From the above, it is evident that announcements regarding new initiatives were taken up without adequate preparatory work by the concerned departments.

1.3 Resources of the State

Resources of the State as per the Annual Finance Accounts

Receipts of the State Government can be divided into two categories namely Revenue Receipts[7] and Capital Receipts[8]. Besides, the funds available in the Public Account after disbursement are also utilised by the Government to finance its deficit. Following flowchart depicts the components and sub-components of the state's resources:

[7] Revenue Receipts consist of Tax Revenues, Non-Tax Revenues, State's share of Union Taxes and Duties and Grants-in-aid from the GoI.

[8] Capital Receipts comprise of proceeds from disinvestments, recoveries of loans and advances, debt receipts (market loans, borrowings from financial institutions/ commercial banks) and Loans and Advances from GoI.

Components and sub-components of resources

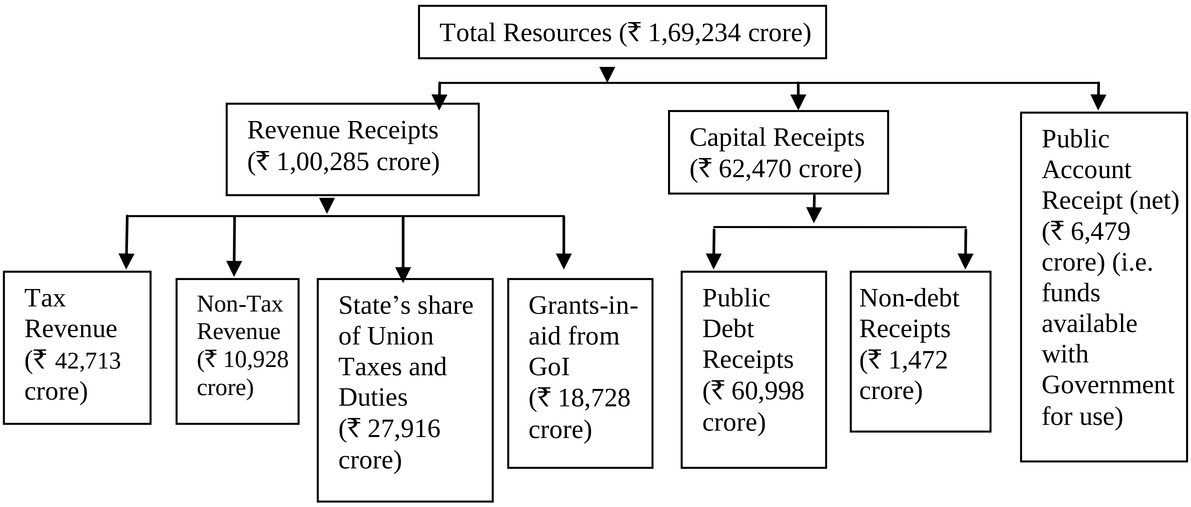
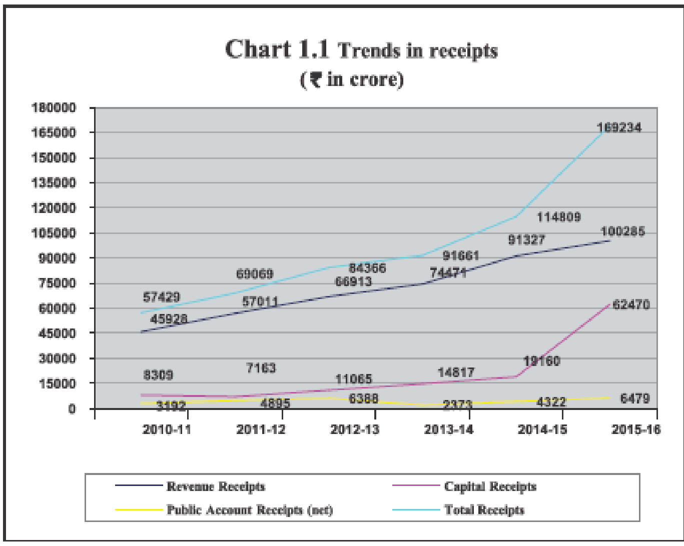
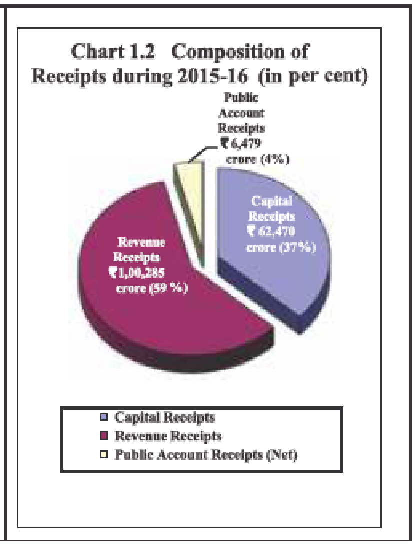


Chart 1.1 depicts the trends in various components of the receipts of the State during 2010-16 and **Chart 1.2** depicts the composition of resources of the State during the current year.





Source: Finance Accounts

During 2010-11 to 2015-16, total receipts (excluding Contingency Fund Receipts) increased from ₹ 57,429 crore in 2010-11 to ₹ 1,69,234 crore in 2015-16, recording annual growth rate of 39 *per cent*. In the current year these increased by ₹ 54,425 crore (47 *per cent*) over the previous year.

The share of revenue receipts in total receipts was 59 *per cent* during the year 2015-16. Further details of Revenue Receipts are given in ***Paragraph 1.4.***

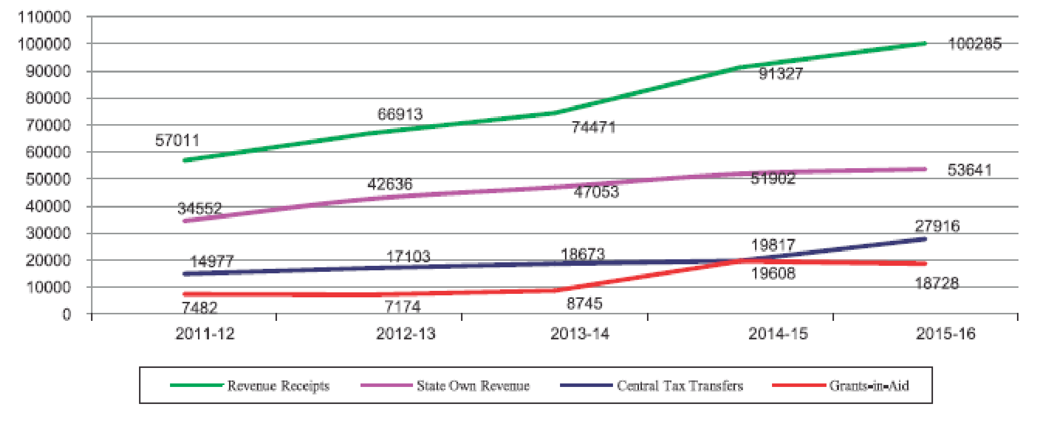
Public Account Receipts which refer to receipts for which the Government acts as a banker/trustee for the public money, accounted for 4 *per cent* of total receipts during 2015-16. Net receipts of Public Account (₹ 6,479 crore) were mainly from Small Savings, Provident Funds, etc. (₹ 3,267 crore).

Capital Receipts increased from ₹ 8,309 crore in 2010-11 to ₹ 62,470 crore in 2015-16 with an annual growth rate of 130 *per cent* during the period and also accounted for 37 *per cent* of total receipts during 2015-16. Public Debt Receipts, which are the main constituents of Capital Receipts, increased by ₹ 42,857 crore from the previous year. Internal Debt and Loans and Advances from GoI are the two components of the Public Debt Receipts and constituted 97 *per cent* and 3 *per cent* respectively. There was a growth of 242 *per cent* and 120 *per cent* in Internal Debt and Loans and Advances from GoI respectively over the previous year. This record growth of 242 *per cent* in internal debt was mainly attributed to issue of Non-statutory Liquidity Ratio Bonds and forfeited Bonds of ₹ 40,050 crore under UDAY during 2015-16.

1.4 Revenue Receipts

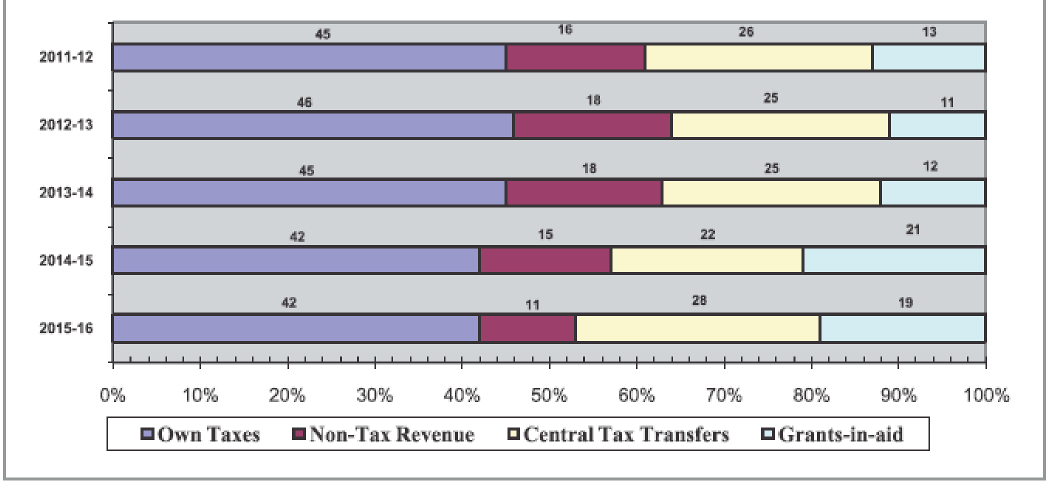
Statement 14 of the Finance Accounts, details the Revenue Receipts of the Government. Revenue Receipts consist of its Own Tax and Non-Tax Revenues, Central Tax transfers and Grants-in-aid from GoI. The trends and composition of Revenue Receipts over the period 2011-16 are presented in ***Appendix 1.3*** and also in **Chart 1.3** and **Chart 1.4** below:

Chart 1.3 Trends in Revenue Receipts (₹ in crore)



Source: Finance Accounts

Chart 1.4 Composition of Revenue Receipts during 2011-16 (Share in per cent)



Source: Finance Accounts

Revenue Receipts increased at an annual growth rate of 19 *per cent* from ₹ 57,011 crore in 2011-12 to ₹ 1,00,285 crore in 2015-16.

On an average, 59 *per cent* of the revenue came from the State's own resources during the period 2011-16 and the balance came from GoI as the State's share of Union Taxes and Duties and Grants-in-aid.

The share of Tax Revenue in Revenue Receipts ranged between 42 and 46 *per cent*, whereas the share of Non-Tax Revenue ranged between 11 and 18 *per cent* during 2011-16. However, the share of Non Tax Revenue in Revenue Receipts decreased from 15 *per cent* in 2014-15 to 11 *per cent* in 2015-16.

The trends in Revenue Receipts relative to GSDP are shown in **Table 1.5.**

Table 1.5: Trends in Revenue Receipts relative to GSDP

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	**57,011**	**66,913**	**74,471**	**91,327**	**1,00,285**
Rate of growth of RR (*per cent*)	24.1	17.4	11.3	22.6	9.8
Rate of growth of State's Own Tax (*per cent*)	22.3	20.2	9.8	15.5	10.4
RR/GSDP (*per cent*)	13.8	13.5	13.5	14.9	14.9
Buoyancy Ratios					
Revenue buoyancy with respect to GSDP	-	1.3	1.0	2.0	1.0
State's own Tax buoyancy with respect to GSDP	-	1.5	0.9	1.4	1.0
Revenue buoyancy with respect to State's Own Tax	1.1	0.9	1.2	1.5	0.9

Source: Finance Accounts

Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. As GSDP grows, the ability of the Government to mobilise its own Tax Revenue should also increase. Revenue buoyancy, which is directly proportionate to growth of Revenue Receipts and GSDP, widely fluctuated during the period due to fluctuations in the growth rate of Revenue Receipts. It decreased to 1.0 in 2015-16 from 2.0 of the previous year. It is to mention that in 2014-15 the GoI transferred more funds to State Implementing Agencies through the Consolidated Fund of the State.

1.4.1 State's own resources

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

The State's actual Tax and Non-Tax Revenue *vis-a-vis* assessment made by XIV-FC and MTFPS are given in **Table 1.6** below:

Table 1.6: Tax and Non-Tax Revenue projection and Actuals for 2015-16

(₹ in crore)

	XIV-FC projections	BE/ MTFPS	Actuals	Difference between Budget Estimates and Actuals	
				Amount	*Per cent*
Tax Revenue	50,703	47,096	42,713	(-) 4,383	9.31
Non-Tax Revenue	16,819	15,496	10,928	(-) 4,568	29.48

The Receipts under Tax Revenue and Non-Tax Revenue were less by 15.76 *per cent* (₹ 7,990 crore) and 35.03 *per cent* (₹ 5,891 crore) respectively than the normative assessment made by XIV-FC and were also less than BE.

1.4.1.1 Tax Revenue

Taxes on Sales, Trade, etc. (62 *per cent)* were the main sources of the State's Tax Revenue, followed by State Excise (16 *per cent*), Stamps and Registration Fees (7 *per cent*) and Taxes on Vehicles (7 *per cent*). The component wise position of gross collection in respect of major taxes and duties is given in **Table 1.7** and **Chart 1.5** below**:**

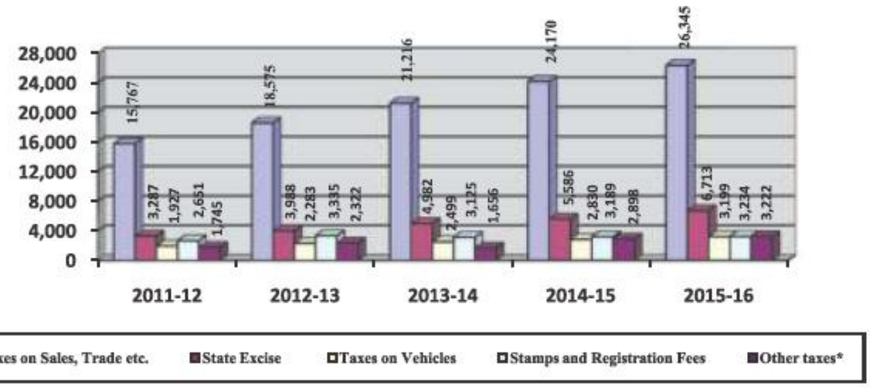
Table 1.7: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16	Rate of increase/ decrease during 2015-16 over previous year
Taxes on Sales, Trade etc.	15,767	18,575	21,216	24,170	26,345	9.0
State Excise	3,287	3,988	4,982	5,586	6,713	20.2
Taxes on Vehicles	1,927	2,283	2,499	2,830	3,199	13.0
Stamps and Registration Fees	2,651	3,335	3,125	3,189	3,234	1.4
Land Revenue	209	304	338	289	272	(-) 5.9
Taxes on Goods and Passengers	220	249	288	956	848	(-) 11.3
Other Taxes[9]	1,316	1,769	1,030	1,653	2,102	27.2
Total	**25,377**	**30,503**	**33,478**	**38,673**	**42,713**	**10.4**

Source: Finance Accounts for the respective years

Chart 1.5: State's own Tax Revenue component during 2011-16 (₹ in crore)



Source: Finance Accounts for the respective years

*** Other Taxes include Land Revenue, Taxes on goods and passengers, Taxes on immovable property other than agricultural land, Taxes and duties on electricity and Taxes on agricultural income etc.**

During 2015-16, the Receipts from Taxes on Sales, Trade, etc., contributed a major share of Tax Revenue (62 *per cent*) and recorded nine *per cent* increase over the previous year. The rate of growth of Taxes on Sales, Trade, etc., declined by five percentage points from the previous year's growth rate of 14 *per cent*. This was due to decline in rate of growth in receipts under Central Sales Tax Act and receipts under State Sales Tax Act.

During 2015-16, State Excise increased by 20 *per cent* over the previous year. The growth rate of State Excise increased by eight percentage points over the

9 Other Taxes include taxes on immovable property other than agricultural land, taxes and duties on electricity and taxes on agricultural income.

previous year 2014-15 (12 *per cent)* mainly due to increase in growth rate of receipts under sale of foreign liquors and spirits and services and service fees.

Taxes on Goods and Passengers (₹ 848 crore) in 2015-16 decreased by 11 *per cent* (₹ 108 crore) from the previous year.

1.4.1.2 Non-Tax Revenue

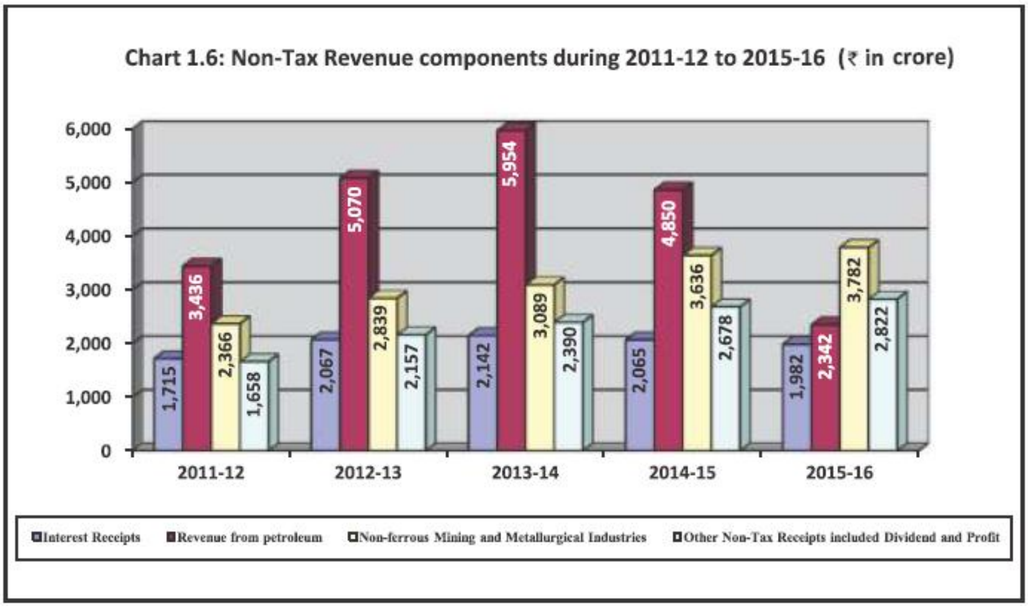
The trends in major constituents of Non-Tax Revenue during the period 2011-16 are shown in **Table 1.8** and **Chart 1.6** below**:**

Table 1.8: Components of Non-Tax Revenue

(₹ in crore)

Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16	Rate of increase/ decrease during 2015-16 over the previous year
Interest Receipts	1,715	2,067	2,142	2,065	1,982	(-) 4.0
Dividends and Profits	58	57	25	63	97	54.0
Revenue from Petroleum[10]	3,436	5,070	5,954	4,850	2,342	(-) 51.7
Non-ferrous Mining and Metallurgical Industries	2,366	2,839	3,089	3,636	3,782	4.0
Other Non-Tax Receipts	1,600	2,100	2,365	2,615	2,725	4.2
Total	**9,175**	**12,133**	**13,575**	**13,229**	**10,928**	**(-) 17.4**

Source: Finance Accounts



Non-Tax Revenue (₹ 10,928 crore) which constituted 11 *per cent* of Revenue Receipts in 2015-16, decreased by 17 *per cent* (₹ 2,301 crore) from the previous year. Revenue from Petroleum significantly decreased by ₹ 2,508 crore, due to less receipt of royalty on crude oil. There was marginal decline in Interest Receipts also.

10 Revenue from royalties on crude oil produced in Barmer-Sanchor basin.

Returns on investment increased from 0.2 *per cent* in 2014-15 to 0.3 *per cent* in 2015-16. Further details are given in ***Paragraph 1.9.3***.

1.4.1.3 Cost recovery from Socio-Economic Services

The ratio of Non-Tax Revenue Receipts (NTRR) to Non-Plan Revenue Expenditure (NPRE) is considered as an indicator of cost recovery from Socio-Economic Services. The details of recovery of current cost as ratio of NTRR to NPRE in respect of Elementary Education, Medical and Public Health, Water Supply and Sanitation, Major, Medium and Minor Irrigation and Roads and Bridges during 2014-15 and 2015-16 are given in **Table1.9.**

Table 1.9: Cost recovery from Socio-Economic Services

(₹ in crore)

S. No.	Service	2014-15			2015-16		
		NTRR in respective services	NPRE in respective services	Cost Recovery (*per cent*)	NTRR in respective services	NPRE in respective services	Cost Recovery (*per cent*)
1	Elementary Education	19.30	7,121.83	0.27	28.12	6,181.57	0.45
2	Medical and Public Health	116.43	2,982.83	3.90	119.21	3,172.31	3.76
3	Water Supply and Sanitation	275.80	2,072.61	13.31	373.64	2,402.50	15.55
4	Major, Medium and Minor Irrigation	81.41	501.87[11]	16.22	86.09	528.28[12]	16.30
5	Roads and Bridges	7.12	975.79	0.73	6.24	635.74	0.98

Source: Finance Accounts

In Irrigation Sector, receipts increased by six *per cent* in 2015-16 from the previous year, whereas actual cost recovered increased by 0.08 percentage points from the previous year.

1.4.2 Grants-in-aid from GoI

Grants-in-aid from GoI increased from ₹ 7,482 crore in 2011-12 to ₹ 18,728 crore in 2015-16, as shown in **Table 1.10** below**:**

Table 1.10: Grants-in-aid from GoI

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Plan Grants	2,901	2,675	3,551	4,527	5,241
Grants for State Plan Schemes	2,416	2,316	2,993	14,885	12,957
Grants for Central Plan Schemes	166	92	135	196	530
Grants for Centrally Sponsored Schemes	1,999	2,091	2,066	-	-
Total	**7,482**	**7,174**	**8,745**	**19,608**	**18,728**
Rate of increase over previous year	24.3	(-) 4.1	21.9	124.2	(-) 4.5
Total grants as a percentage of Revenue Receipts	13.1	10.7	11.7	21.5	18.7

Source: Finance Accounts

The above position reveals that Grants-in-aid from GoI decreased by 4.5 *per cent* during 2015-16 from the previous year. The decrease was mainly due to decline under Grants for State Plan Schemes.

11 Excluding notional adjustment of interest expenditure 2014-15: ₹ 1,124.13 crore.
12 Excluding notional adjustment of interest expenditure 2015-16: ₹ 1,193.34 crore.

1.4.3 *Central Tax transfers*

XIV-FC recommended for increase in the share of the States in Central Taxes from 32 *per cent* (recommended by XIII-FC) to 42 *per cent.* The share of the State in the net proceeds of Central Tax and net proceeds of Service Tax were fixed at 5.50 *per cent* and 5.65 *per cent,* respectively. Components of the State's share of Union taxes and duties and Grant-in-aid from GoI are given below **Table 1.11**.

Table 1.11: Devolution of different components of the State's share of Union taxes and duties and Grant-in-aid from GoI

(₹ in crore)

Components of the State's share of Union taxes and duties and Grant-in-aid from GoI	2014-15	2015-16	Increase/ Decrease (-) (3-2)	Rate of increase/ decrease over previous year
1	2	3	4	5
(A) State's share of Union Taxes and duties				
Corporation Tax	6,920	8,760	1,840	26.6
Taxes on Income other than Corporation Tax	4,942	6,073	1,131	22.9
Taxes on Wealth	19	2	(-) 17	(-) 89.5
Customs	3,205	4,464	1,259	39.3
Union Excise Duties	1,810	3,731	1,921	106.1
Service Tax	2,921	4,864	1,943	66.5
Other Taxes and Duties on Commodities and Services	-	22	22	-
Total (A)	**19817**	**27,916**	**8,099**	**40.9**
(B)Grant-in-aid from GoI				
Non-Plan Grants	4,527	5,241	714	15.8
Grants for State Plan Schemes	14,885	12,957	(-) 1,928	(-) 13.0
Grants for Central Plan Schemes	196	530	334	170.4
Total (B)	**19,608**	**18,728**	**(-) 880**	**(-) 4.5**
Grand Total (A) + (B)	**39,425**	**46,644**	**7,219**	**18.3**

Source: Finance Accounts

The above position reveals that during 2015-16, Central Tax Transfers increased by ₹ 8,099 crore over the previous year and constituted 28 *per cent* of Revenue Receipts. The significant increase was under Union Excise duty (106.1 *per cent*) and Service Tax (66.50 *per cent).* During 2015-16 transfer from GoI (Tax Devolution and Grant-in-aid) increased by 18 *per cent* (₹ 7,219 crore) over the previous year.

1.4.4 *Funds transferred by the Central Government to State Implementing Agencies outside the State Budget*

The Central Government had been transferring a sizeable quantum of funds directly to the State Implementing Agencies (IAs)[13] for the implementation of various schemes/programmes in the social and economic sector. As the funds were not routed through the State Budget/State Treasury System, the Annual Finance Accounts did not capture these funds and to that extent, the State's

[13] State IAs are organisations/institutions including non-governmental organisations which are authorised by the State Government to receive funds from the GoI, for implementing the specific programmes.

receipts and expenditure as well as other fiscal variables/parameters derived from them, were not representing the comprehensive picture.

The Central Government decided that from 2014-15, plan assistance under all Centrally Sponsored Schemes (CSS) and block grants would be classified as Central Assistance to State Plan by transfer through the Consolidated Fund of the State in a phased manner.

During the year, central funds of ₹ 615.47 crore were transferred directly to the State IAs for implementation of the programmes/schemes. Out of this, the Central Government transferred ₹ 250 crore for Renewable Energy, ₹ 135 crore for Member of Parliament Local Area Development, ₹ 28 crore for Integrated Processing Development Scheme, ₹ 26 crore for National Mission on Food Processing and ₹ 19 crore for National Rural Employment Guarantee Scheme. Details of funds directly transferred to the State IAs are presented in ***Appendix 1.7.***

1.4.5 Optimisation of grants

Optimisation of Fourteen Finance Commission grants

The XIV-FC submitted its report in December 2014, covering the five year period commencing from April 1, 2015. The GoI allocated grant-in-aid of ₹ 24,240.75 crore, on the recommendations of XIV-FC to the State Government, to be utilised for Local Bodies and Disaster Relief Fund during 2015-2020. The State Government constituted a High Level Monitoring Committee (HLMC) headed by the Chief Secretary in February 2016 to ensure proper utilization of the grant-in-aid. During 2015-16 the position of releases by GoI and onward transfers by the State Government is given below:

Table 1.12: Transfers recommended and actual release of Grants-in-aid

(₹ in crore)

S. No.	Transfers	Recommendation of the XIV-FC 2015-20	Recommendation of the XIV-FC 2015-16	Actual Release during 2015-16	Transfers during 2015-16
1	2	3	4	5	6
1	**Local Bodies**				
	(i) Grants to PRIs	13,633.63	1,471.95	1,471.95	1,471.95
	(a) General Basic Grant	*12,270.27*	*1,471.95*	*1,471.95*	*1,471.95*
	(b) General Performance Grants	*1,363.36*	-	-	-
	(ii) Grants to ULBs	4,513.12	433.12	433.12	433.12
	(a) General Basic Grant	*3,610.50*	*433.12*	*433.12*	*433.12*
	(b) General Performance Grants	*902.62*	-	-	-
	Total (1)	**18,146.75**	**1,905.07**	**1,905.07**	**1,905.07**
2	State Disaster Relief Fund	**6,094.00**	**1,103.00**	**1,103.00***	**1,103.00**
	Grand Total (1 to 2)	**24,240.75**	**3,008.07**	**3,008.07**	**3,008.07**

*** Including State share ₹ 275.75 crore.**
Source: XIV-FC Report

Besides, above grants the XIV-FC (i) recommended increase in share of tax devolution to 42 *per cent* with a view to increase the flow of unconditional transfers to the States, (ii) desisted from recommending specific purpose grants and suggested introduction of separate institutional arrangement for this purpose, (iii) endorsed the proposal made by the Department of Justice to strengthen the judicial systems in the States and urged the State Government to use the additional fiscal space provided by it in the tax devolution to meet the requirements.

It was observed that no grant was made available during 2015-16 to Law and Legal Works Department, though it proposed ₹ 497.85 crore for additional courts, fast track courts, family courts, lok adalats etc., for the period 2015-20. Similarly, neither were the grants given to other departments including Police, Environment etc., nor any institutional mechanism was developed by the State Government so far in this regard. This was not in consonance with the recommendations of XIV-FC, particularly in the context of substantial increase of 10 *per cent* in Central Transfers on account of devolution of taxes to the States.

It is also noteworthy that Central Transfers on account of devolution of taxes under XIII-FC for the period 2014-15 amounted to ₹ 19,817 crore alongwith ₹ 1,356.62 crore[14] specific transfers for Judiciary, Police, General Administration, Elementary Education, etc. Whereas, during the year 2015-16 despite Central Transfer of ₹ 27,916 crore on account of devolution of taxes, no specific grant was allocated for these sectors.

Besides, it was also observed that the grants of ₹ 433.12 crore were released by the State Government to ULBs, however, the utilisation certificates were received in respect of ₹ 139.14 crore only, as of March 2016. Similarly, the Panchayati Raj Department exhibited expenditure of ₹ 94.27 crore in the Annual Administrative Report, against the release of ₹ 1,471.95 crore.

1.4.6 Revenue forgone

Scrutiny of information received from the Departments revealed the position of revenue forgone under various taxes during 2015-16 as discussed below:

(1) Revenue of ₹ 2.80 crore was foregone through notifications of the Transport Department by waiver/discount/exemptions/deferments of motor vehicle tax, special road tax, surcharge, green tax, one time tax and registration fees, as detailed below:

(i) All passenger vehicles of other States coming and going for *Urs* in Ajmer (₹ one crore) and Ramdevra fair in Jaisalmer (₹ 0.93 crore),

[14] Road and Bridges: ₹ 444.00 crore; State Specific Grants: ₹ 440.05 crore; Elementary Education: ₹ 409.00 crore; Protection of Forest: ₹ 22.08 crore; Improvement in supply of Justice: ₹ 17.59 crore; Incentive for issuing UIDs: ₹ 17.30 crore and Improvement of Statistical Systems of State and District Level: ₹ 6.60 crore.

(ii) Special road tax and surcharge on vehicles of M/s Rajasthan Tours Private Limited, Jaipur (₹ 0.08 crore) and M/s Four Season India Tours, Jaipur (₹ 0.16 crore),

(iii) Green Tax on Electric vehicles (₹ 0.01 crore) and

(iv) Two wheelers distributed to the girls under Dev Narayan Scheme (₹ 0.62 crore) on one time tax and registration fees.

(2) Department of Mines and Geology waived outstanding dues and interest of ₹ 16.74 crore in 758 cases under 'Departmental Dues and Interest on Dues Amnesty Scheme 2014'.

(3) Commercial Taxes Department waived interest and penalty of ₹ 11.30 crore due from 10 assesses, including the Departments of Medical and Health, Forest and Public Works Department.

1.5 Capital Receipts

The trends in growth and composition of Capital Receipts during 2011-16 were as shown in **Table 1.13,** below:

Table 1.13: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2011-12	2012-13	2013-14	2014-15	2015-16
Capital Receipts (CR)	**7,163**	**11,065**	**14,817**	**19,160**	**62,470**
Miscellaneous Capital Receipts	16	8	10	15	25
Recoveries of Loans and Advances	1,229	1,102	316	1,004	1,447
Public Debt Receipts	5,918	9,955	14,491	18,141	60,998
Rate of growth of Debt Receipts (*per cent*)	- 25.8	68.2	45.6	25.2	236.2
Rate of growth of Non-Debt Receipts (*per cent*)	275.0	- 10.8	- 70.6	212.6	44.4
Rate of growth of GSDP (*per cent*)	-	13.2	11.3	11.4	10.1
Rate of growth of CR (*per cent*)	- 13.8	54.5	33.9	29.3	226.0

Source: Finance Accounts

1.5.1 Capital Receipts

Capital Receipts (debt and non-debt receipts) of the State increased at an annual growth rate of 193 *per cent* from 2011-12 to 2015-16. The increase was *226 per cent* with UDAY and 17 *per cent* without UDAY during 2015-16 over the previous year.

1.5.2 Recovery of Loans and Advances

Recovery of loans and advances increased by ₹ 443 crore during 2015-16 over the previous year, due to more recovery, mainly from Ajmer *Vidyut Vitaran Nigam* Limited, Jodhpur *Vidyut Vitaran Nigam* Limited and Jaipur *Vidyut Vitaran Nigam* Limited.

1.5.3 Debt Receipts from internal sources/Public Debt Receipts

During 2015-16, the internal debt receipts i.e. market loans, borrowings from financial institutions, banks, etc., under Public Debt Receipts increased by 242 *per cent* (₹ 41,903 crore) over the previous year, due to issue of Non SLR Bonds and forfeited Bonds of ₹ 40,050 crore under Ujwal DISCOM Assurance Yojana.

1.5.4 Loans and Advances from GoI

During 2015-16, the receipt of loans and advances from GoI (₹ 1,749 crore) increased by 120 *per cent* (₹ 954 crore) over the previous year (₹ 795 crore), due to more receipts under loans for external projects.

1.6 Public Account Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account, set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature. Here, the Government acts as a banker and utilises the balances remaining after disbursements. Details of Public Account Receipts are given in **Table 1.14:**

Table 1.14: Components of Public Account Receipts

(₹ in crore)

Resources under various heads	2011-12	2012-13	2013-14	2014-15	2015-16
a. Small Savings, Provident Fund, etc.	5,630	7,171	6,311	7,082	7,967
b. Reserve Funds	1,638	1,568	2,233	1,724	3,678
c. Deposits and Advances	1,14,301	1,40,748	89,436	1,07,067	1,25,570
d. Suspense and Miscellaneous	27	43	91	22	78
e. Remittances	5,619	7,033	9,908	10,487	9,617[15]
Total	**1,27,215**	**1,56,563**	**1,07,979**	**1,26,382**	**1,46,910**

Source: Finance Accounts

Public Debt Receipts increased by ₹ 20,528 crore (16.2 *per cent*) during 2015-16 over the previous year. The increase was mainly under Deposits and Advances by ₹ 18,503 crore.

1.7 Application of Resources

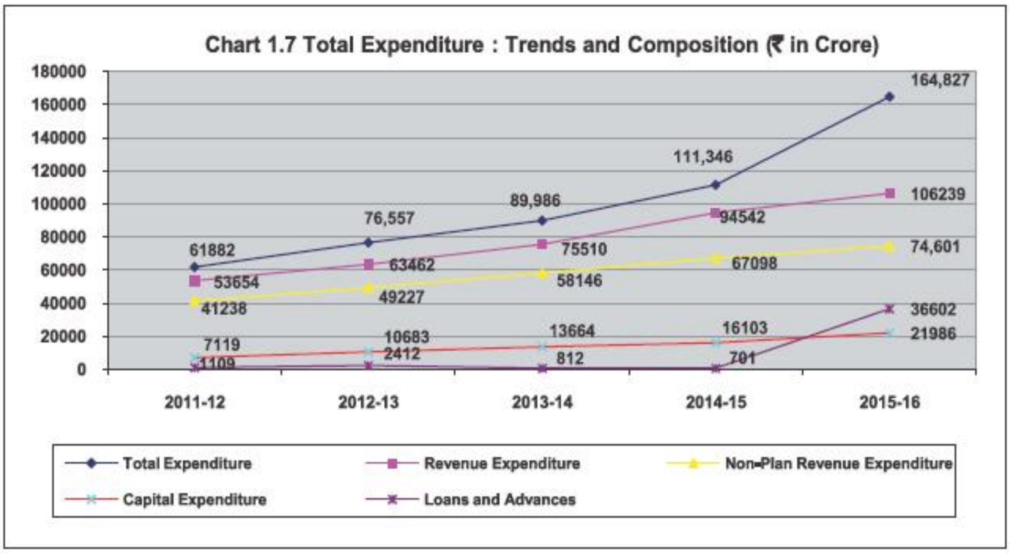
Analysis of the allocation of expenditure at the State Government level assumes significance as major expenditure responsibilities are entrusted with the State Government. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the

[15] It included Cash Remittances between Treasuries and Currency Chests: ₹ 141.46 crore: Public Works Remittances: ₹ 9,163.12 crore and Forest Remittances: ₹ 312.59 crore.

ongoing fiscal correction and consolidation process at the State level, is not done at the cost of expenditure, especially the expenditure directed towards development of social sector.

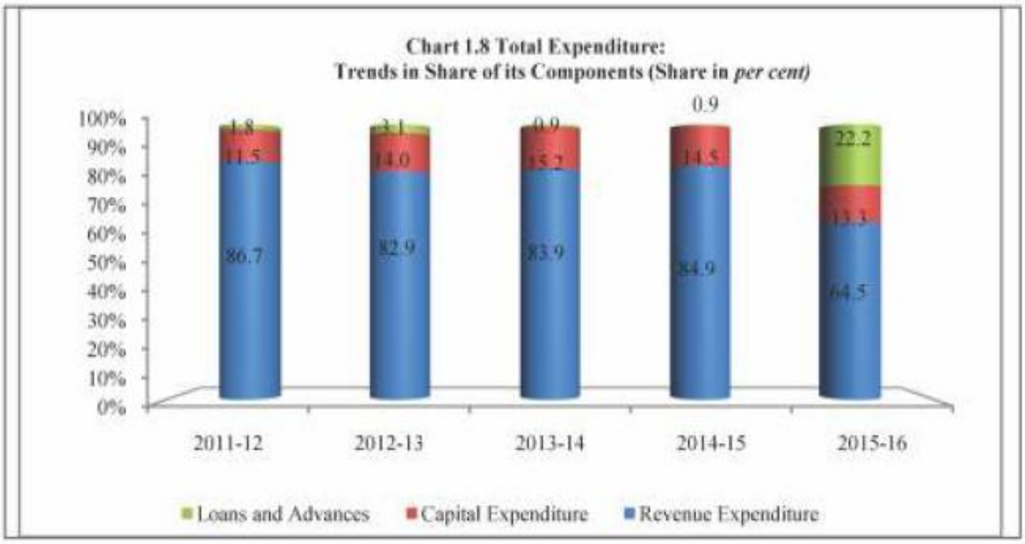
1.7.1 Total Expenditure

Chart 1.7 below, presents the trends in total expenditure over a period of five years (2011-16) and **Chart 1.8** depicts its composition in terms of 'economic classification'.



Source: Finance Accounts

Total expenditure of the State increased at an annual growth rate of 42 *per cent* during 2011-12 to 2015-16. Total expenditure during 2015-16 increased by 48 *per cent* over the previous year.



Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and make payment for past obligation and as such, does not result in any addition to the State's infrastructure and services' network.

Revenue Expenditure constituted 65 *per cent* of total expenditure during 2015-16. It increased at an annual growth rate of 25 *per cent* from ₹ 53,654 crore in 2011-12 to ₹ 1,06,239 crore in 2015-16. During 2015-16, the revenue expenditure increased by 12 *per cent* (₹ 11,697 crore) over the previous year, mainly under Power (₹ 1,902 crore), Relief on account of Natural Calamities (₹ 1,746 crore), General Education (₹ 1,651 crore), Other Rural Development Programmes (₹ 1,582 crore), Interest Payments (₹ 1,545 crore) and Pensions and Other Retirement Benefits (₹ 1,235 crore).

Capital Expenditure

Capital expenditure increased at an annual growth rate of 52 *per cent* from ₹ 7,119 crore in 2011-12 to ₹ 21,986 crore in 2015-16. Capital expenditure increased by 37 *per cent* (₹ 5,883 crore) during 2015-16 over the previous year, mainly under Capital Outlay on Power Projects (₹ 5,185 crore) and Roads and Bridges (₹ 328 crore). However, the percentage share of capital expenditure over total expenditure decreased from 14.5 *per cent* in 2014-15 to 13.3 *per cent* during 2015-16.

1.7.2 Balance from Current Revenue[16]

Revenue Receipts (excluding plan assistance received from the Central Government) of ₹ 86,798 crore (₹ 1,00,285 crore - ₹ 12,957 crore - ₹ 530 crore) ***(Appendix 1.4)*** exceeded NPRE of ₹ 74,601 crore **(Chart 1.7)** by ₹ 12,197 crore, indicating that plan assistance was not utilised to meet NPRE, which is a positive indicator.

1.7.3 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.15** below presents the trends in the expenditure on these components during 2011-2016.

Table-1.15: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
Salaries and Wages - Non-Plan Head	14,829	16,825	19,290	21,466	22,119
Salaries and Wages - Plan Head*	1,018	770	1,314	2,032	3,752
Total Salaries and Wages	15,847 (27.8)	17,595 (26.3)	20,604 (27.7)	23,498 (25.7)	25,871** (25.8)

16 Balance from Current Revenue means 'Revenue Receipts **minus** all Plan Grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the Major Head 2048'.

Components of Committed Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
Interest Payments	7,892 (13.8)	8,340 (12.5)	9,063 (12.2)	10,463 (11.5)	12,008 (12.0)
Expenditure on Pensions	5,920 (10.4)	6,858 (10.2)	7,801 (10.5)	9,629 (10.6)	10,864 (10.8)
Subsidies	3,200 (5.6)	5,464 (8.2)	6,940 (9.3)	8,626 (9.4)	10,461 (10.4)
Total Committed Expenditure	**32,859 (57.6)**	**38,257 (57.2)**	**44,408 (59.6)**	**52,216 (57.2)**	**59,204 (59.0)**
Other Components	20,795 (36.5)	25,205 (37.7)	31,102 (41.8)	42,326 (46.3)	47,035*** (46.9)
Total Revenue Expenditure	**53,654**	**63,462**	**75,510**	**94,542**	**1,06,239**
Revenue Receipts	**57,011**	**66,913**	**74,471**	**91,327**	**1,00,285**
Committed Expenditure as percentage of Revenue Expenditure	61.2	60.3	58.8	55.2	55.7

Note: Figures in parentheses indicate percentage to Revenue Receipts.
* Plan Head also includes the Salaries and Wages paid under Centrally Sponsored Schemes.
** Salaries: ₹ 25,338 crore and Wages ₹ 533 crore.
*** Includes expenditure on financial assistance (Grants-in-aid): ₹ 23,606 crore; Grants-in-aid General (Salaries): ₹ 8,119 crore; Transfer to funds: ₹ 3,638 crore; and Maintenance: ₹578 crore.

Source: Finance Accounts

The State Government managed to reduce the share of committed expenditure in total Revenue Expenditure from 61.2 *per cent* in 2011-12 to 55.7 *per cent* in 2015-16.

1.7.3.1 Salaries and Wages

The expenditure on Salaries and Wages increased at an annual growth rate of 16 *per cent* from ₹ 15,847 crore in 2011-12 to ₹ 25,871 crore in 2015-16. During 2015-16, the expenditure on Salaries and Wages increased by 10 *per cent* over the previous year. It was higher than the assessment made by the State Government in MTFPS by ₹ 1,491 crore**.**

1.7.3.2 Pension payments

- ***General***

The expenditure on overall pension payments increased at an annual growth rate of 21 *per cent* from ₹ 5,920 crore in 2011-12 to ₹ 10,864 crore[17] in 2015-16. During 2015-16, the expenditure on pension payments recorded a growth of 12.8 *per cent* over the previous year, due to increase in total number of pensioners by 10,193[18] (2.8 *per cent*). A comparative analysis of actual pension payments, with the assessment/ projection made by XIV-FC and the

[17] It includes a sum of ₹ 10,346.39 crore on account of expenditure on "pension and other retirement benefits" during the year to the State Government employees recruited on or before 31 December 2003.

[18] Number of pensioners in 2014-15: 3,66,855 and in 2015-16: 3,77,048.

State Government in MTFPS, shows that actual pension payment (₹ 10,864 crore) exceeded the normative assessment made by XIV-FC (₹ 9,942 crore) by 9.3 *per cent* but was marginally lower by 1.9 *per cent* than the assessment made by the State Government in MTFPS (₹ 11,077 crore). The expenditure on pension and other retirement benefits to the State Government employees was 10.2 *per cent* of total revenue expenditure.

- ***Contributory Pension Scheme***

The State Government has switched over to the New Pension Scheme from January 2004. In terms of the Scheme, the employee contributes 10 *per cent* of basic pay and dearness allowances, which is matched by the State Government and the entire amount is transferred to the Public Account under Head of Account '8342 Other Deposits-117 Defined Contribution Pension Scheme' pertaining to All India Services officers and sub head (03) under Head of Account '8011 Insurance and Pension Funds- 106 Other Insurance and Pension Funds' for other employees and thereafter remitted to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank. During 2015-16, the State Government received ₹ 502 crore as employees' contributions and contributed ₹ 517.64 crore as employer's share.

1.7.3.3 Interest payments

Interest payments increased at an annual growth rate by 13 *per cent* from ₹ 7,892 crore in 2011-12 to ₹ 12,008 crore in 2015-16 and by 15 *per cent* over the previous year (₹ 10,463 crore). Major components of interest payments were interest on Internal Debt (₹ 8,423 crore), Interest on Small Savings, Provident Fund etc., (₹ 3,006 crore) and Interest on Loans and Advances from the Central Government (₹ 449 crore).

Interest on Internal Debt which included market loans, increased by 18 *per cent* from ₹ 7,146 crore in 2014-15 to ₹ 8,423 crore in 2015-16, mainly on account of increase in the market loans by ₹ 13,807 crore (22 *per cent*).

Interest on Small Savings, Provident Fund, etc., also increased by 11 *per cent* from ₹ 2,708 crore during 2014-15 to ₹ 3,006 crore in 2015-16, mainly on account of increase in State Provident Fund by ₹ 2,145 crore (10 *per cent*) and Insurance and Pension Fund by ₹ 1,122 crore (11 *per cent*).

Interest payments made during 2015-16 (₹ 12,008 crore) were higher than the projections made in MTFPS (₹ 11,962 crore) and XIV-FC (₹ 11,558 crore).

The ratio of Interest Payments to Revenue Receipts determines the debt sustainability of the State. The ratio of Interest Payments to Total Revenue

Receipts of the State was 12 *per cent* during the year, which was higher than the previous year (11.5 *per cent*).

1.7.3.4 Subsidies

In a welfare state, it is not uncommon to provide subsidies/subventions to disadvantaged sections of the society. Subsidies are dispensed not only explicitly but also implicitly by providing subsidised public services to the people. Budgetary support to financial institutions, inadequate returns on investments and poor recovery of user charges from Social and Economic services provided by the Government, fall in the category of implicit subsidies. The Explicit Subsidies present a partial picture as they are exclusive of the Implicit Subsidies.

Appendix II of Finance Accounts shows an explicit subsidy of ₹ 10,461 crore during the year, which was ₹ 1,835 crore (21 *per cent*) more than the previous year (₹ 8,626 crore), mainly in the areas of power (₹ 10,187 crore), crop husbandry (₹ 225 crore) and domestic gas (₹ 26 crore).

Subsidy to the Power Sector accounted for 97.4 *per cent* of the total subsidy. During 2015-16, the subsidy was given to the Power Sector mainly on account of not increasing the Vidyut tariff rates and due to cash assistance under the Financial Restructuring Programme, etc.

Power Sector subsidy increased by 22.3 *per cent* (₹ 1,857 crore) over the previous year (₹ 8,330 crore) due to increase mainly under grant for not increasing the rates by ₹ 892.84 crore[19]; grant for interest on bonds by ₹ 424.91 crore[20] and assistance to the Distribution Corporations for Connection to Grid from Akshay Urja under the recommendation of XIII-FC by ₹ 407.68 crore[21].

Crop Husbandry Subsidy increased by 73 *per cent* from ₹ 130 crore in 2014-15 to ₹ 225 crore in 2015-16. However, Domestic Gas subsidy declined by 79 *per cent* from ₹ 125 crore in 2014-15 to ₹ 26 crore in 2015-16.

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19 (i) Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 537.15 crore, (ii) Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 309.87 crore and (iii) Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 45.82 crore.

20 (i) Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 157.22 crore, (ii) Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 139.32 crore and (iii) Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 128.37 crore.

21 (i) Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 149.04 crore, (ii) Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 136.54 crore and (iii) Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 122.10 crore.

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

The quantum of assistance provided by way of the grants and loans to Local Bodies and others during 2011-16, is as under:

Table 1.16: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2011-12	2012-13	2013-14	2014-15	2015-16	
					Allotment	Actual
(A) Local Bodies						
Municipal Corporations and Municipalities	1,339.94	2,255.06	2,324.16	2,450.65	3,064.04	3,063.89
Panchayati Raj Institutions	6,217.95	7,675.24	8,953.21	13,833.28	15,989.52	15,981.85
Total (A)	**7,557.89**	**9,930.30**	**11,277.37**	**16,283.93**	**19,053.56**	**19,045.74**
(B) Others						
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2,013.12	2,302.98	2,236.99	1,128.22	1,239.54	1,239.54
Development Agencies	75.07	118.94	195.36	6.93	6.19	6.19
Hospitals and Other Charitable Institutions	72.50	84.27	124.72	169.47	116.62	116.62
Other Institutions	2,618.23	3,781.66	4,929.02	10,740.54	11,334.69	11,316.72[22]
Total (B)	**4,778.92**	**6,287.85**	**7,486.09**	**12,045.16**	**12,697.04**	**12,679.07**
Total (A+B)	**12,336.81**	**16,218.15**	**18,763.46**	**28,329.09**	**31,750.60**	**31,724.81**
Revenue Expenditure	53,654	63,462	75510	94,542	1,10,805	1,06,239
Assistance as percentage of Revenue Expenditure	23	26	25	30	29	30

Source: Finance Accounts and vouchers compiled by PAG (A&E) Rajasthan

During 2015-16, the financial assistance to Local Bodies was increased by ₹ 2761.81 crore, recording a growth of 17 *per cent* over the previous year. The financial assistance to other institutions increased by ₹ 633.91 crore, recording a growth of 5 *per cent* over the previous year. Further, during 2011-16 the overall financial assistance to Local Bodies and Others constituted 23 to 30 *per cent* of revenue expenditure.

During 2015-16, financial assistance was given mainly to *Sarva Shiksha Abhiyan* (₹ 4,025 crore); *Panchayat Samitis* for Primary Schools (₹ 3,282 crore); Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 3,254 crore); Grants to *Gram Panchayats* under State Finance Commission (₹ 1,798 crore); Total Sanitation Campaign (₹ 1,724 crore); General Basic Grants to *Gram Panchayats* under XIV-FC (₹ 1,472 crore); Special Grants to Municipal Corporation (₹ 652 crore); Mid-Day Meal (₹ 648 crore) Special Grants to Municipalities/Municipal Councils (₹ 636 crore); and Municipalities/Municipal Councils under State Finance Commission (₹ 553 crore).

[22] It included grants given for (i) Education: ₹ 4,187.55 crore; (ii) Relief on account of Natural Calamities ₹ 2,480.49 crore and (iii) Crop Husbandry ₹ 673.55 crore.

1.7.5 Major issues relating to Local Bodies

The position of Major issues related to local bodies i.e. *Panchayati Raj* Institutions (PRIs) and Urban Local Bodies (ULBs) is summarised in the following paragraphs

Panchayati Raj Institutions

There were 33 *Zila Parishads* (*Panchayat Cells*), 295 *Panchayat Samitis* and 9,894 *Gram Panchayats*, as on 31 March 2016, under administrative control of Secretary Panchayati Raj Department (PRD). After cancellation of their registration (2003), District Rural Development Authorities were also merged in PRIs at district level, and 33 *Zila Parishads* (Rural Development Cells) are placed under administrative control of Secretary, Rural Development Department. Both the Secretaries are under administrative control of Principal Secretary, *Rural Development and Panchayati Raj* Department (RDPRD). The matters related to audit and accounts of *Zila Parishads (Panchayat Cells), Panchayat Samitis* and *Gram Panchayats* are governed by 'Rajasthan Panchayati Raj Act 1994' and 'Rajasthan Panchayati Raj (RPR) Rules 1996 '.

In compliance to 73rd Constitutional Amendment Act, out of 29 functions to be devolved in terms of XI Schedule of the Constitution, initially 28 functions were transferred. Funds and functionaries were transferred in respect of 20 subjects only ***(Appendix 1.11)***. Subsequently, devolution of funds, functions and functionaries of five subjects relating to Public Health Engineering Department, Public Works Department and Food and Civil Supply Department were withdrawn temporarily in January 2004 by the Department. Incidentally, since 2012 the PRD has been informing (June 2016) the same position of the devolution in the State.

Section 75 (4) of the RPR Act provides for audit of all accounts of PRIs by the Director, Local Fund Audit Department (DLFAD) under 'Rajasthan Local Fund Audit Act 1954' and also by the CAG, whose audit reports are laid before the State Legislature. Besides this mandate, the CAG may also conduct audit of PRIs under Section 14 of the CAG's (DPCs) Act 1971. However, as per provisions of the accounting procedure prescribed for DRDAs (as amended in 2001) by GoI, Ministry of Rural Development, the audit of Zila Parishads (RDC) continues to be done by Chartered Accountants (CAs) and the CAG is the secondary auditor.

As regards certification of accounts of PRIs by the DLFAD, provisions exist in Rule 23 (h) and Rule 25 (XI) of Rajasthan Local Fund Audit (RLFA), Rules, and Para 4 of the DLFAD Manual 1994. It was observed that out of 2,290 certificates issued by the DLFAD during 2015-16, there were only 14 unqualified certificates and the remaining 2,276 certificates were qualified.

Under Technical Guidance and Supervision (TGS) over audit of Local Bodies, the DLFAD regularly obtains guidance from this office. This included vetting and feedback on the Inspection Reports (IRs) of 17 PRIs (ZP: five, PS: seven and GP: five) during the period 2015-16.

Simplified Accounting Formats 2009, issued by Ministry of *Panchayati Raj*, GoI, in consultation with the CAG were adopted for mandatory implementation with effect from April 2011, along with model accounting system '*Panchayati Raj* Institution Accounting Software' (PRIA Soft) for data entry and maintenance of eight database formats. However, till 31 March 2016, the accounts were maintained in conventional formats under RPR Rules.

The Panchayati Raj Department has informed (August 2016) that for the year 2015-16, year books of only one *Zila Parishad*, 10 *Panchayat Samities* and 271 *Gram Panchayats* were closed using PRIA Soft.

Urban Local Bodies

As on 31 March 2016 there were 188 ULBs (7 Municipal Corporations, 34 Municipal Councils and 147 Municipal Boards) under administrative control of Principal Secretary, Local Self Government Department (LSGD). DLFAD is the primary auditor and the CAG conducts audit under Section 14 of the CAG's DPC Act, 1971.

Article 243W inserted through the 74th Constitutional Amendment Act, envisaged devolution of powers and responsibilities to the Municipalities in respect of 18 subjects mentioned in XII Schedule of the Constitution. As per information provided by the Director, Local Bodies (DLB) (June 2016), the functions related to 16 subjects ***(Annexure-1.12)*** were being performed by ULBs. The function of "Urban Planning" is yet to be devolved to ULBs as per notifications (February 2013) and the function of 'Water Supply' is being carried out by seven[23] out of 188 ULBs.

DLB instructed (April 2010) all ULBs to maintain accounts on accrual basis. As per report of the Chief Accounts Officer, LSGD (June 2016), all ULBs in the State are maintaining accounts on accrual basis. However, DLFAD informed (June 2016) that the accounts on accrual based system are being prepared by only four ULB[24].

In compliance to the recommendations of XIII-FC, Section 99A (2) of the Rajasthan Municipal Act, 2009 provides for TGS over audit of DLFAD of ULBs. Under TGS arrangement, DLFAD regularly obtains guidance from this office. This included vetting and feedback by this office on IRs of 12 ULBs (Municipal Corporation: three; Municipal Council: four and Municipal Boards: five) for the period 2007-2016. The scrutiny of these IRs and information furnished by DLFAD revealed that despite provisions of Rule 23 (h) of RLFA Rules, certification of Annual Accounts was not done, due to incomplete maintenance of accounts by ULBs.

1.8 Quality of Expenditure

Availability of better social and physical infrastructure in the State reflects the quality of its expenditure. The improvement in the quality of expenditure

[23] Bundi, Chomu, Jaisalmer, Karauli, Nagaur, Nathdwara and Nokha.
[24] Jodhpur division (Balotra); Kota Division Lakheri (Bundi) and Sangod (Kota); and Udaipur (Nagar Nigam).

basically involves three aspects *viz*., adequacy (adequate provisions for public services), efficiency and its effectiveness (assessment of outlay-outcome relationships for selected services) of expenditure.

1.8.1 Adequacy of Public Expenditure

Expenditure responsibilities relating to the social sector and economic infrastructure assigned to the State Governments are largely state subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education and health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) in a particular Sector, makes it fall below the respective National average.

Table 1.17 below**,** analyses the fiscal priority of the State Government with regard to aggregate expenditure, development expenditure, social sector expenditure and capital expenditure *vis-a-vis* General Category State(GCS) during 2012-13, 2014-15 and 2015-16.

Table 1.17: Fiscal Priority of the State during 2012-13, 2014-15 and 2015-16

Fiscal Priority by the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE#/AE	CE/ AE	Education/ AE	Health/ AE
General Category States' Average (Ratio) 2012-13	14.14	38.47	29.70	70.03	13.70	17.72	4.72
Rajasthan's Average (Ratio) 2012-13	15.50	37.16	35.40	72.56	13.95	17.10	5.15
General Category States' Average (Ratio) 2014-15	14.81	37.35	33.37	70.74	14.37	17.01	5.13
Rajasthan's Average (Ratio) 2014-15	19.38	39.40	35.09	74.49	14.46	17.44	5.80
General Category States' Average (Ratio) 2015-16	16.05	36.29	34.34	70.63	14.89	15.63	4.45
Rajasthan's Average (Ratio) 2015-16	24.45	30.05	50.87	80.92	13.34	12.89	4.71

AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure ESE: Economic Sector Expenditure CE: Capital Expenditure

\# Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

Source: (i) For GSDP of Rajasthan, the information was collected from the Directorate of Economics and Statistics, Government of Rajasthan and Finance Accounts.

(ii) For GSDP the information as available on CSO website as on 29 July 2016 except in case of Assam, Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Kerala, Maharashtra, Mizoram, Nagaland, Rajasthan, Tripura and West Bengal where the figures were provided by the respective PAsG/AsG.

Table 1.17 indicates the following:

- The ratio of Aggregate Expenditure (AE) to GSDP in the State is higher (24.45 *per cent*), compared to GCS (16.05 *per cent*) during 2015-16.
- Development Expenditure as a proportion of AE was higher than GCS average.
- Social Sector Expenditure as a proportion of AE was lower than average of GCS.

- Economic Sector Expenditure as a proportion of AE was higher than average of GCS.

- Rajasthan has decreased the priority accorded to Capital Expenditure during the period 2015-16 as compared to 2012-13. Further, the ratio of Capital Expenditure to AE has been lower than the average ratio of GCS in 2015-16.

1.8.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Government to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public goods and merit goods[25]. Apart from improving the allocation towards development expenditure[26], the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing Social and Economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure. **Table 1.18** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted for the year as well as actuals in the previous years.

Table 1.18: Development Expenditure

(₹ in crore)

Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
a. Development Revenue Expenditure	34,672 (56.0)	42,701 (55.8)	51,921 (57.7)	66,674 (59.9)	79,506 (59.8)	75,223 (45.6)
b. Development Capital Expenditure	6,915 (11.2)	10,434 (13.6)	13,330 (14.8)	15,569 (14.0)	20,439 (15.4)	21,545 (13.1)
c. Development Loans and Advances	1,109 (1.8)	2,412 (3.2)	812 (0.9)	701 (0.6)	1,318 (1.0)	36,602 (22.2)

[25] *Core public goods* are those which all citizens enjoy in common and each individual's consumption of such goods leads to no subtraction from any other individual's consumption of those goods, e.g. enforcement of law and order, security and protection of Citizen’s rights; pollution free air, and road infrastructure, etc.
Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of need, rather than ability and willingness to pay the government. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.

[26] The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, expenditure on social and economic services constitutes development expenditure, while expenditure on general services is treated as non-development expenditure.

(₹ in crore)

Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
Development Expenditure (a to c)	**42,696 (69.0)**	**55,547 (72.6)**	**66,063 (73.4)**	**82,944 (74.5)**	**1,01,263 (76.2)**	**1,33,370 (80.9)**
Rate of Growth of Development Expenditure	27.6	30.1	18.9	25.6		60.8
Figures in parentheses indicate percentage of aggregate expenditure						

Source: Finance Accounts and Budget Documents

Development expenditure comprises Revenue Expenditure, Capital Outlay and Loans and Advances on Socio-Economic Services. As a percentage of total expenditure, it increased from 69.0 *per cent* during 2011-12 to 80.9 *per cent* during 2015-16. On an average, 71.2 *per cent* of development expenditure was on revenue account and the balance was on capital account including loans and advances during the period 2011-16.

Capital Expenditure on Social Services increased from ₹ 5,838 crore in 2014-15 to ₹ 5,996 crore in 2015-16, with a growth rate of 3 *per cent* but its ratio with total Capital Expenditure decreased from 36 *per cent* in 2014-15 to 27 *per cent* in 2015-16. Capital Expenditure on Economic Services increased from ₹ 9,731 crore in 2014-15 to ₹ 15,549 crore in 2015-16, with a growth rate of 60 *per cent*.

As compared to the previous year, capital outlay on the priority economic Sectors *viz.* Transport, Irrigation and Flood Control, Energy and Agriculture and Allied Activities was higher in 2015-16 by ₹ 248 crore, ₹ 37 crore, ₹ 5,190 crore and ₹ 132 crore respectively.

Table 1.19 below, gives details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of the selected Social and Economic services.

Table 1.19: Efficiency of Expenditure Use in Selected Social and Economic Services

(In *per cent*)

Sector	2014-15			2015-16		
	Ratio of Capital Expenditure to Total Expenditure	Revenue Expenditure		Ratio of Capital Expenditure to Total Expenditure	Revenue Expenditure	
		Salaries and Wages	Operation and Maintenance		Salaries and Wages	Operation and Maintenance
(A) Social Services						
General Education	0.29	52.99	Negligible	0.28	55.15	0.01
Health and Family Welfare	7.50	58.50	0.15	7.42	53.63	0.14
Water Supply, Sanitation, Housing and Urban Development	51.94	26.45	1.75	46.01	22.96	1.98
Total (A)	**15.65**	**41.01**	**0.25**	**12.15**	**39.90**	**0.40**

Sector	2014-15			2015-16		
	Ratio of Capital Expenditure to Total Expenditure	Revenue Expenditure		Ratio of Capital Expenditure to Total Expenditure	Revenue Expenditure	
		Salaries and Wages	Operation and Maintenance		Salaries and Wages	Operation and Maintenance
(B) Economic Services						
Agriculture and Allied Activities	12.10	34.27	0.41	9.40	36.36	0.50
Irrigation and Flood Control	42.50	20.43	12.97	41.91	24.05	8.94
Power and Energy	31.76	Negligible	0.00	46.13	0.01	0.00
Transport	60.17	6.85	54.20	66.83	8.50	37.25
Total (B)	**34.68**	**7.75**	**4.30**	**32.79**	**7.27**	**2.35**
Total (A+B)* *percentage*	**23.60**	**26.57**	**2.01**	**18.20**	**26.07**	**1.22**

Source: Finance Accounts

*** (Expenditure on Social Services + Expenditure on Economic Services)/Total Expenditure (Revenue and Capital Expenditure)* 100**

Expenditure on Social Services

The share of expenditure on salary and wages in total revenue expenditure decreased from 41.01 *per cent* in 2014-15 to 39.90 *per cent* in 2015-16.

Expenditure on Economic Services

The share of salary and wages expenditure under economic services in total revenue expenditure decreased from 7.75 *per cent* in 2014-15 to 7.27 *per cent* in 2015-16.

Expenditure on Operation and Maintenance

It is important to ensure that adequate funds are allocated to operation and maintenance, since assets have to be maintained. The share of operation and maintenance in revenue expenditure on social services and economic services was 1.22 *per cent* in 2015-16. During 2015-16, only 1.19 *per cent* of total revenue expenditure was allocated to operation and maintenance.

The share of operation and maintenance increased in revenue expenditure on Social Services from 0.25 *per cent* in 2014-15 to 0.40 *per cent* in 2015-16. However, the share of operation and maintenance decreased in revenue expenditure on Economic Services from 4.30 *per cent* in 2014-15 to 2.35 *per cent* in 2015-16. During 2015-16, as per Finance Accounts the State Government booked only ₹ 1,326.84 crore (Revenue: ₹ 1,268.25 crore, Capital: ₹ 58.59 crore) to maintain its public assets.

1.8.3 Plan and Non-Plan Expenditure

Finance Accounts provide further classification of expenditure into Plan and Non-Plan Expenditure. Plan Expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both Revenue and Capital Expenditure. Non-Plan Expenditure is normally utilised to maintain the level of services already achieved, **Table 1.20** below, presents the growth and composition of Plan and Non-Plan Expenditure over the last five years.

Table 1.20: Growth in Plan and Non-Plan Expenditure

(₹ in crore)

		2011-12	2012-13	2013-14	2014-15	2015-16
Plan	Revenue	12,416	14,235	17,364	27,444	31,638
	Capital	7,103	10,682	13,676	16,087	21,995
	Loan	1,051	2,242	664	646	36,595
	Total	**20,570**	**27,159**	**31,704**	**44,177**	**90,228**
	Percentage of plan to total expenditure	33	35	35	40	55
Non-Plan	Revenue	41,238	49,227	58,146	67,098	74,601
	Capital	16	1	(-) 12	16	(-) 9
	Loan	58	170	148	55	7
	Total	**41,312**	**49,398**	**58,282**	**67,169**	**74,599**
	Percentage of non-plan to total expenditure	67	65	65	60	45
Total Expenditure		**61,882**	**76,557**	**89,986**	**1,11,346**	**1,64,827**

Source: Finance Accounts

The share of plan expenditure in the total expenditure exhibited an increasing trend during 2011-16, which indicated the productive quality of expenditure. During 2011-16, plan expenditure increased by 339 *per cent* from ₹ 20,570 crore in 2011-12 to ₹ 90,228 crore in 2015-16 and non-plan by 81 *per cent* from ₹ 41,312 crore to ₹ 74,599 crore during this period.

The Plan Revenue Expenditure (PRE) and Non-Plan Revenue Expenditure (NPRE) have shown consistent increase over the period 2011-16. PRE increased by 15.3 *per cent* over the previous year which was higher than the projected increase of 11.5 *per cent* in MTFPS for 2015-16. Similarly, NPRE increased by 11.2 *per cent* over previous year which was also higher than the projections of 9.1 *per cent* made in MTFPS for 2015-16.

1.8.3.1 Plan Revenue Expenditure

Increase of PRE by ₹ 4,194 crore over the previous year was mainly under Major Heads of General Education (₹ 1,594 crore), Other Rural Development Programme (₹ 1,276 crore), Medical and Public Health (₹ 596 crore) and Power (₹ 430 crore). During 2015-16, the ratio of PRE to Revenue Expenditure increased by one percentage point over the previous year (29 *per cent*).

1.8.3.2 Non-Plan Revenue Expenditure

Increase in NPRE by ₹ 7,503 crore during the current year was mainly due to Relief on account of Natural Calamity (₹ 1,746 crore), Interest Payments (₹ 1,545 crore), Power (₹ 1,472 crore), Pensions and other Retirement Benefits (₹ 1,235 crore), Housing (₹ 495 crore) and Water Supply and Sanitation (₹ 330 crore). NPRE constituted 70 *per cent* of Revenue Expenditure and 45 *per cent* of total expenditure.

Actual NPRE and PRE *vis-à-vis* assessments made by State Government in MTFPS are given below:

Table 1.21: NPRE and PRE *vis-à-vis* assessments made in MTFPS

(₹ in crore)

	Assessments made by GoR in MTFPS	Actual Expenditure
Non-Plan Revenue Expenditure	75,561	74,601
Plan Revenue Expenditure	35,244	31,638

Source: Finance Accounts and Budget Documents.

Actual NPRE and PRE was lower than the assessment made by the State Government in MTFPS by ₹ 960 crore (1.3 *per cent*) and ₹ 3,606 crore (10.2 *per cent*) respectively.

1.8.4 Major Flagship Programmes/Schemes.

Flagship programmes[27] are implemented with the aim to build rural and urban infrastructure for providing basic services. The ultimate objective behind the flagship programmes is to achieve broad-based improvement in the living standards of people and to ensure that growth is widely spread so that its benefits, in terms of income and employment are adequately shared by the poor and weaker sections of the society, especially the Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Minorities.

GoI approved 17 Major Flagship Programmes/ Schemes out of 66 Centrally Sponsored Programmes/Schemes in 2014-15 for 12th five year plan (2012-2017). The following table shows summary of budget allotment and expenditure in the 15 flagship programmes during 2015-16.

(₹ in crore)

Nature of Flagship programmes/ Schemes	Number of Programmes/Schemes	Budget Estimate for State Plan	Central Assistance for State Plan	Amount released by GoI	Expenditure	Savings
Central	15	22,080.65	12,144.05	10,200.35	19,898.28	2,182.37

It is observed that in following seven flagship schemes the shortfall in expenditure was 20 *per cent* or above against the budget provision.

(₹ in crore)

S. No.	Name of Programmes/ Schemes	Budget provision	Total Expenditure	Shortfall in Expenditure	Shortfall *per cent*
1	National Health Mission	2,915.52	2,320.50	595.02	20
2	Indira Awas Yojana	814.83	634.61	180.22	22
3	Mahatma Gandhi National Rural Employment Guarantee Act	4,345.00	3,254.10	1,095.90	25
4	National Rural Livelihood Mission	315.66	32.01	283.65	90
5	Integrated Child Development Service	1,554.78	1,243.42	311.36	20
6	Accelerated Irrigation Benefit Programme	657.77	420.90	236.87	36
7	National Social Assistance Programme	351.83	259.30	92.53	26

[27] Flagship programmes/Schemes correspond to a few major schemes, with higher fund allocation and rigorously pursued by the Government of India to achieve its national objective.

Non-recognition of flagship schemes of the Central Government, keeps major schemes away from requisite and special attention. The consequence of this can be seen in the range of saving i.e. from 20 to 90 *per cent*, which occurred in above seven Flagship Schemes. Non utilisation of substantial funds in flagship schemes also deprived the public from envisaged benefits to optimum level at large.

1.9 Financial Analysis of Government Expenditure and Investment

In post-FRBM framework, the State is expected to keep its fiscal deficit at low levels and also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to reduce dependence on market resources, the State Government needs to initiate measures to earn adequate returns on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* the previous years.

1.9.1 Financial results of Irrigation Projects

The financial results of six major and 11 medium irrigation projects ***(Appendix 1.8),*** completed with a capital outlay of ₹ 6,405.56 crore at the end of March 2016, revealed that revenue realised (₹ 57.69 crore) from these projects during 2015-16 was only 0.9 *per cent* of capital expenditure. This was not even sufficient to cover the direct working expenses. After meeting working and maintenance expenditure (₹ 241.29 crore) and interest charges (₹ 613.30 crore), the projects suffered a net loss of ₹ 796.90 crore.

Indira Gandhi Nahar Project (IGNP) is the largest irrigation project under execution in Rajasthan and its various stages have been completed over the years. At the end of March 2016, the capital expenditure on IGNP was ₹ 4,790.04 crore. During 2015-16, the revenue realised from IGNP was ₹ 26.50 crore, comprising only 0.55 *per cent* of the capital expenditure. This revenue was negligible (4.36 *per cent*) even with reference to total working and maintenance expenditure incurred (₹ 139.35 crore) and the interest charges (₹ 468.21 crore). The project suffered a net loss of ₹ 581.06 crore.

Gang Canal is the second largest irrigation project in the State. At the end of March 2016, the capital expenditure on Gang Canal was ₹ 641.86 crore. During 2015-16, the revenue realised from Gang Canal was ₹ 3.39 crore, which was not sufficient to cover the working and maintenance expenditure (₹ 19.49 crore) and interest charges (₹ 59.36 crore). The project suffered a net loss of ₹ 75.46 crore.

The main reason for huge losses on these projects was non revision of water charges since long. The Water Resources Department informed that proposals for increase in charges had been prepared and the case was pending for the decision by the State Government.

1.9.2 Incomplete projects

The department-wise information, pertaining to incomplete projects (more than ₹ 10 crore each) as on 31 March 2016, is as follows:

Table 1.22: Department-wise profile of incomplete projects

(₹ in crore)

Department	Total no. of income-plete projects	Original sanctioned cost of all incomplete projects	Original estimated cost of 38 projects which were revised		Revised cost of 38 Income-plete projects	Cost Overrun of 38 projects which were revised	Cumulative actual expenditure of all incomplete projects as on 31 March 2016
			No.	Amount			
Water Resources Department /Projects	46	4,151.23	19	978.02	4,243.20	3,265.18	3,639.57
Public Works Department/ Project	64	3,027.29	5	73.89	137.13	63.24	1,022.85
Public Health Engineering Department	59	19,328.81	14	4,131.95	7,104.22	2,972.27	8,409.94
Total	**169**	**26,507.33**	**38**	**5,183.86**	**11,484.55**	**6,300.69**	**13,072.36**

Source: Finance Accounts

As per the information furnished by the State Government, there were 169 incomplete projects (more than ₹ 10 crore each) as on 31 March 2016, on which an amount of ₹ 13,072 crore was spent. Of these, 33 projects (₹ 4,336.52 crore) were incomplete for the past 5 to 22 years out of which cost of 26 incomplete projects increased by 120 *per cent* i.e. from ₹ 3,560.13 crore (initial cost) to ₹ 7,846.57 crore. Thus, the total cost overrun was ₹ 6,301 crore, of which cost of *Narmada* Jalore Project alone increased by 431 *per cent* (₹ 2,013.96 crore) from ₹ 467.53 crore to ₹ 2,481.49 crore. The amount spent (₹ 13,072.36 crore) in all the incomplete projects/works was 10 *per cent* of the cumulative capital outlay (₹ 1,30,932.21 crore) of the State.

No expenditure was incurred on 17 projects (total project cost more than ₹ 10 crore each) during 2015-16 as detailed in **Table 1.23**. The amount spent up to March 2015 and the cumulative expenditure up to March 2016 remained same at ₹ 179.82 crore.

Table 1.23: No expenditure on incomplete projects during 2015-16

(₹ in crore)

S. No.	Name of Project	Year of Commissioning	Original/Revised sanctioned cost	Cumulative actual expenditure as on 31 March 2016
	Projects of Water Resources Department			
1.	Khoh	2007-08	14.68	6.89
2.	Piplad	2007-08	91.21	78.25
3.	Dohari Minor	2012-13	21.30	0.05
4.	Akoli	2011-12	11.72	5.57
5.	Hadmatiya	2012-13	13.23	2.53
6.	Badanygaon	2013-14	32.40	0.07
7.	BBSC RD 118.59 to 120.84 km (MIS-XI)	2013-14	14.22	-
	Projects of Public Works Department			
8.	New Jail Building for 1000 convicted Prisoners, Kota	2011-12	31.12	1.93
9.	New Jail Building for 1000 under Trial Prisoners, Kota	2011-12	20.54	1.93
10.	Construction of Diagnostic Wing, Ajmer	2013-14	10.00	0.03

S. No.	Name of Project	Year of Commissioning	Original/Revised sanctioned cost	Cumulative actual expenditure as on 31 March 2016
11.	Diagnostic Wing, Jaipur	2013-14	17.14	-
12.	Construction of ROB on Dholpur SWM GGC Mathura Road (SH 1) at Km 230	2007-08	21.57	21.57
13.	Strengthening and Widening on Fateh Nagar Dariba Khendel Road	2010-11	15.62	14.30
14.	Aspur Dungarpur Sarthuna (SH 54) road (Widening to 7.0 m) 75 mm BM & 25 mm SDBC Km 23/0 to 43/0	2012-13	18.14	16.66
15.	Aspur Dungarpur Sarthuna (SH 54) road (Widening to 7.0 m) 75 mm BM & 25 mm SDBC Km 0/0 to 23/0	2012-13	15.40	16.07
16.	Rehabilitation of Bhainsroadgarh to MP Border Road km 36/0 to 62/0	2011-12	15.60	8.80
	Projects of Public Health Engineering Department			
17.	Reorganisation of UWSS Hanumangarh Phase II	2013-14	16.29	5.17
	Total		**380.18**	**179.82**

Source: Finance Accounts

Due to non-completion of projects within the stipulated time, while the expected benefits to society were delayed, the cost also increased over the years due to time overrun.

1.9.3 Investment and returns

As on 31 March 2016, the Government invested ₹ 37,417.62 crore in 47 Government Companies (₹ 35,930.42 crore), seven Statutory Corporations (₹ 764.34 crore), two Rural Banks (₹ 73.69 crore), 25 Joint Stock Companies (₹ 140.65 crore) and Cooperative Banks and Societies (₹ 507.47 crore). The above investment included ₹ 19.37 crore in non-working Statutory Corporations and ₹ 10.83 crore in non-working Government Companies. The average return on this investment was 0.1 to 0.4 *per cent* during 2011-16, while the Government paid an average interest of 6.7 to 7.7 *per cent* on its borrowings **(Table 1.24).** Therefore, return on investment of the State Government is very low.

Continued use of borrowed funds for investments, which do not yield sufficient financial return, would lead to unsustainable financial position.

Table 1.24: Returns on Investment

Investment/Returns/Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year (₹ in crore)	13,920.78	18,753.33	23,518.00	27,909.59	37,417.62
Returns (₹ in crore)	57.58	57.18	24.60	63.33	97.41
Returns *(per cent)*	0.4	0.3	0.1	0.2	0.3
Average rate[28] of interest on Government borrowings *(per cent)*	7.7	7.4	7.3	7.5	6.7
Difference between interest rate and returns *(per cent)*	7.3	7.1	7.2	7.3	6.4

Source: Finance Accounts

[28] See glossary at page 165 for method of calculation.

Net investment of the State Government in Government Companies, Rural Banks and Cooperative Banks and Societies was ₹ 9,508.03 crore during 2015-16. Out of this, ₹ 9,433.83 crore[29] was invested in loss making five power companies. The Government had invested ₹ 33,527.20 crore (90 *per cent* of total investment) in five power companies as on 31 March 2016.

The investment of the State Government included ₹ 35,919.59 crore in 44 working Government Companies, of which only eight companies declared dividend aggregating to ₹ 95.26 crore against an investment of ₹ 574.21 crore.

The total investment in two Statutory Corporations, 18 Government Companies and six Joint Stock Companies, amounted to ₹ 35,850.50 crore and their accumulated losses amounted to ₹ 91,350.36 crore, out of which five power companies accumulated losses of ₹ 86,826.80 crore[30]. It is pertinent to note that Central Government has introduced (November 2015) UDAY schemes to improve the operational and financial efficiency of the State DISCOMs. However, the results of which shall be available only in December 2019.

In view of the huge losses of some of the State-owned Public Sector Undertakings, the Government may consider reviewing their working so as to reduce losses and take adequate steps to strengthen the Undertakings. Besides this Government needs to ensure the financial and operational efficiency of the power distribution companies.

XIII-FC had recommended that the State Government should draw up a road map by March 2011 for closure of non-working companies. However, it was observed that no such road map was drawn by the Government in respect of six non-working Statutory Corporations/ Government Companies[31].

1.9.4 Departmental Commercial Undertakings

Activities of quasi-commercial nature are also performed by the departmental undertakings of certain Government departments. The department-wise position of the investment made by the Government up to the year for which *pro forma* accounts are finalised, net profit/loss as well as return on capital invested in these undertakings are given in ***Appendix 1.9 and 3.3***. It is observed that an amount of ₹ 15,205.65 crore had been invested by the State Government in 10 undertakings at the end of financial year up to which their

[29] (i) Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 2,726.78 crore; (ii) Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 2,540.19 crore; (iii) Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 2,485.70 crore; (iv) Rajasthan *Rajya Vidyut Utpadan Nigam* Limited: ₹ 1,144.00 crore and (v) Rajasthan *Rajya Vidyut Prasaran Nigam* Limited: ₹ 537.16 crore.

[30] (i) Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 27,831.09 crore; (ii) Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 26,843.76 crore; (iii) Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 26,736.45 crore; (iv) Rajasthan *Rajya Vidyut Prasaran Nigam* Limited: ₹ 1,401.33 crore and (v) Rajasthan *Rajya Vidyut Utpadan Nigam* Limited: ₹ 4,014.17 crore.

[31] (i) Rajasthan Land Development Corporation, Jaipur: (₹ 19.36 crore), (ii) Rajasthan State Mandi Development Corporation, Jaipur: (₹ 0.65 lakh), Rajasthan Water Supply and Sewerage Corporation, Jaipur: (₹ 0.08 lakh), (iv) Rajasthan State Mineral Development Corporation Limited, Jaipur: (₹ 10.61 crore), (v) Rajasthan *Rajya Van Vikas Nigam* Limited, Jaipur: (₹ 16.75 lakh) and (vi) Rajasthan State Electricity Corporation, Jaipur: (₹ 5.00 lakh).

accounts were finalised. Of these, eight undertakings incurred accumulated loss of ₹ 11,032.32 crore, continuously for more than five years.

1.9.5 Loans and Advances by the State Government

In addition to investments in Cooperative Societies, Corporations and Companies, the Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.25** presents the outstanding loans and advances as on 31 March 2016 and interest receipts *vis-à-vis* interest payments during the last three years.

Table 1.25: Average interest received on loans advanced by Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2013-14	2014-15	2015-16	
			BE	Actual
Opening Balance	**4,508**	**5,004**	**4,803**	**4,701**
Amount advanced during the year	812	701	1,318	36,602
Amount repaid during the year	316	1,004	903	1,447
Closing Balance	**5,004**	**4,701**	**5,218**	**39,856**
Net addition	496	(-) 303	415	35,155
Interest Receipts	143	129	-	196
Interest Receipts as *per cent* to outstanding Loans and Advances	3.0	2.7	-	0.9
Interest payments as *per cent* to outstanding fiscal liabilities of the State Government.	7.3	7.5	-	6.7
Difference between interest payments and interest Receipts (*per cent*)	(-) 4.3	(-) 4.8	-	(-) 5.8

Source: Finance Accounts

Thus, the State has been borrowing at a higher rate, while earning interest at much lower rate on its lending.

Out of total loans and advances of ₹ 39,856 crore, loans and advances of ₹ 37,348 crore (94 *per cent*) were given to Power Projects. The amount of loans and advances disbursed during the year increased from ₹ 701 crore in 2014-15 to ₹ 36,602 crore (Economic Services: ₹ 36,416 crore and Social Services: ₹ 186 crore) in 2015-16.

The Loans of ₹ 36,416 crore given to Economic Services included sum of ₹ 34,350 crore[32], given to DISCOMs under UDAY, which was launched by GoI in November 2015 with a view to make the DISCOMs financially and operationally healthy. The scheme envisaged that out of outstanding debt of the DISCOMs ₹ 80,530 crore[33] (as 30 September 2015), 50 *per cent* would be taken over by the state in 2015-16 and 25 *per cent* would be taken over by the state in 2016-17. Consequently, the State Government released sum of ₹ 40,050 crore[34] to DISCOMs under UDAY during 2015-16. The overall Loan advanced to the Power sector during 2015-16 was ₹ 36,148 crore (Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 12,454 crore; Ajmer *Vidyut*

32 Jaipur *Vidyut Vitaran Nigam* Limited:₹ 11,785 crore; Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 10,779 crore and Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 11,786 crore.

33 Jaipur *Vidyut Vitaran Nigam* Limited: ₹ 28,056 crore; Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 25,877 crore and Ajmer *Vidyut Vitaran Nigam* Limited: ₹ 26,597 crore.

34 Capital Investment under UDAY - Acquisition of Bonds: ₹ 2,700 crore; Capital Investment under UDAY ₹ 3,000 crore and Loans under UDAY ₹ 34,350 crore.

Vitaran Nigam Limited: ₹ 12,319 crore; Jodhpur *Vidyut Vitaran Nigam* Limited: ₹ 11,313 crore and Rajasthan *Rajya Vidyut Prasaran Nigam* Limited: ₹ 62 crore) under Economic Sector.

Besides above, the major portion of loan was advanced to Jaipur Metro Rail Corporation Limited (₹ 100 crore) during current year, under Social Sector. Regarding repayment of loans, it was seen that more than ₹ 68 crore of loans were not repaid by some loanees (***Appendix 1.10***) for the last 13 years or more.

1.9.6 Adverse balances under DDR Heads

Adverse balances are negative balances appearing under those heads of accounts, where there should not be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayments than the original amount advanced.

As of 31 March 2016, there were 74 cases[35] in 15 Major Heads amounting to ₹ 651.48 crore of adverse balances under Debt, Deposit and Remittances (DDR) heads. The adverse balances were mainly under Pension Funds of employees of Municipal Councils/Municipalities (₹ 567.72 crore) under 'Insurance and Pension Funds', Disbursement of Rajasthan *Rajya Vidyut Prasaran Nigam* Limited (₹ 57.00 crore) under 'Civil Deposits', Agriculture Works (₹ 6.07 crore) and Water Conservation Schemes (₹ 5.75 crore) under 'Loans and Advances from the Central Government’, Rajasthan *Khadi Gramodyog* Board (₹ 5.16 crore) under ‘Deposits of Local Funds’, Remittance to Treasury (₹ 0.71 crore) and Adjustable heads by Division (₹ 2.03 crore) under 'Cash Remittance and adjustments between officers rendering accounts to the same Accounts Officers' and Loans to other employees for purchase of Motor Vehicles (₹ 2.29 crore) under 'Loans to Government Servants'.

1.9.7 Resource availability of the State under Public Private Partnership Projects

Public Private Partnership (PPP) is an arrangement between the government or statutory entity and private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for adequate infrastructure development activities. The PPP cell, established (July 2007) by the State Government in Planning Department, is the nodal agency to coordinate efforts for development of infrastructure sector involving

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[35] Loans to Government Servants (43 cases: ₹ 2.42 crore); Loans for Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Caste and Minorities (1 case: ₹ 0.08 crore); Insurance and Pension Funds (1 case: ₹ 567.72 crore); State Provident Funds (1 case: ₹ 0.01 crore); Deposits of Local Funds (1 case: ₹ 5.16 crore); Loans and Advances from the Central Government (7 cases: ₹ 12.24 crore); Loans for Crop Husbandry (2 cases: ₹ 805 only); Loans for Soil and Water Conservation (1 case: ₹ 19,423 only); Loans for Animal Husbandry (1 case: ₹ one only), Loans for Non-Ferrous Mining and Metallurgical Industries (1 case: ₹ 0.03 crore); Interstate Suspense Account (4 cases: ₹ 44,754 only); Civil Deposits (3 cases: ₹ 59.28 crore); Suspense Account (4 cases: ₹ 1.28 crore); Security Deposits Made by the Government (1 case: ₹ 0.52 crore) and Cash Remittance and adjustments between officers rendering accounts to the same Accounts Officers (3 cases: ₹ 2.74 crore).

PPPs, to function as the secretariat of Empowered Committee on Infrastructure Development (ECID) and to act as repository of all information relating to PPPs in the State. The Administrative Departments are required to submit their proposals to the PPP cell to seek in-principle approval of ECID.

As per information furnished (June 2016) by the PPP cell, 174 projects involving ₹ 14,883.56 crore, have been taken up during the period 1995-2016 under different sectors. Of these, 136 projects (₹ 10,036.87 crore) were completed and 38 projects (₹ 4,846.69 crore) were under progress as on 31 March 2016**.** Besides, 149 projects involving ₹ 31,938.30 crore, relating to Roads, Urban Infrastructures, Power, Water and Social Sectors have been planned for the future. The resources of Participating Agencies for PPP were ₹ 935.42 crore, as per proposed Plan Outlay of Budget 2015-16.

Sector-wise details of PPP projects completed, ongoing and to be taken up in future are shown in Table below:

Table 1.26: Sector-wise details of PPP projects

(₹ in crore)

S. No.	Sector	Completed		On going		Planed for future	
		No.	Cost	No.	Estimated Cost	No.	Estimated Cost
1.	Road	51	3,585.64	10	4,242.10	117	13,954.75
2.	Urban Infrastructure	18	352.30	6	350.58	14	12,320.45
3.	Power	3	5,473.32	1	36.28	6	1,079.46
4.	Water	1	46.00	-	-	2	1,700.00
5.	IT	1	54.01	-	-	-	-
6.	Social	48	401.21	19	165.19	10	2,883.64
7.	Other	14	124.39	2	52.54	-	-
	Total	**136**	**10,036.87**	**38**	**4,846.69**	**149**	**31,938.30**

Source: Planning Department

Scrutiny of the budget documents of 2015-16 revealed that the State Government did not provide the details of figures and information regarding investment made in PPP projects in the previous year. Further, the revenue generated against the resources of the State Government was not ascertainable (by the Private sector as well) in the budget document. For the current year the documents also do not reveal distinctively and separately, the estimated investment to be made by the Private and Government sectors in connection with PPP projects involving the State Government.

1.9.8 Study on certain Reserves/Funds/Deposits

- ***Sub optimal utilisation of deposits with Rajasthan State Library Development Samiti***

Rajasthan *Rajya Pustkalaya Vikash Samiti* (RRPVS), Jaipur is a self governed body, registered in June 1987. The main objectives of the RRPVS were development and promotion of libraries in Rajasthan, providing books to students, encouraging good writers, distribution and purchase of books etc. The major sources of funds of RRPVS, were three *per cent* levy received on sale of books by Rajasthan *Rajya Pathya Pushtak Mandal*, Jaipur and Director, Primary and Secondary Education, Bikaner and the corpus fund recommended by XI-FC.

The financial position of the RRPVS during 2011-16 is summarised in table below:

(₹ in crore)

Year	Opening Balance	Levy received	Interest earned	Total (Col. 2+3+4)	Expenditure incurred	Closing balance
1	2	3	4	5	6	7
2011-12	18.42	3.87	0.84	23.13	2.75	20.38
2012-13	20.38	4.04	0.96	25.38	1.93	23.45
2013-14	23.45	2.73	1.04	27.22	1.34	25.88
2014-15	25.88	4.59	1.22	31.69	0.88	30.81
2015-16	30.81	16.44	1.42	48.67	4.44	44.23
Total		**31.67**	**5.48**		**11.34**	

It is seen from the above table that during 2011-16 a sum of only ₹ 11.34 crore was utilised on library development. The expenditure ranged from 3 *per cent* to 12 *per cent* against the available fund during the years.

The department stated (July 2016) that less utilisation of fund was attributable to low demand for libraries and delay in approval of new proposals.

- ***Lack of monitoring and non utilization of Urban Renewal Fund***

Urban Development and Local Self Government Department constituted (January 2002) Rajasthan Urban Renewal Fund (URF) under section 297 of Rajasthan Municipality Act, 1959. The URF was established with the objectives of strengthening the Urban Local Bodies (ULBs) and making loans/extraordinary loans/grant available to them and assisting in implementation of special schemes relating to public welfare. The sources of the income of the URF included (i) five *per cent* of 60 *per cent* amount given to local bodies by the Government on account conversion of agriculture land, (ii) amount transferred from the proposed grant, (iii) voluntary contribution by Local bodies and other Government institutions and (iv) Contribution by Government of India/State Government for special purposes. The management committee of URF was to be headed by the Minister, Local Self Government with Secretary, Local Self Government Department as vice Chairman and Director, Local Bodies (DLB) as a member.

The financial position of the URF during 2011-12 to 2015-16 was as under:

(₹ in crore)

Year	Opening balance	Receipt	Disbursement	Closing balance
2011-12	8.71	0.34	-	9.05
2012-13	9.05	1.51	-	10.56
2013-14	10.56	3.24	0.01	13.79
2014-15	13.79	1.13	-	14.92
2015-16	14.92	0.83	-	15.75

The amount from this fund was to be transferred to PD account of Director Local Bodies and then released to the concerned ULB through cheques.

The State Government, however, reviewed (April 2003) the procedure and decided the amount would be deposited in the account Head[36] for Development and Welfare Fund by all the contributing agencies. Further, it was also envisaged that complete and separate accounting of the deposit and withdrawal should be ensured and the project section of DLB was given the responsibility of reconciliation and review of funds from time to time.

It was observed that during 2010-16, three Development Authorities, three Urban Improvement Trusts and 12 ULBs received ₹ 758.26 crore on account of conversion, regularization/development charges/peripheral charges, etc. As such a sum of ₹ 22.75 crore was required to be contributed by these bodies in URF. However, none of these bodies deposited the amount in URF except seven ULBs, who contributed a sum of ₹ 1.00 crore[37]. Further a sum of ₹ 1.38 crore was lying in the PD account (A/c No. 3792) of DLB, contrary to instructions issued (April 2003) by the state Government.

DLB stated that all ULBs have directly deposited amount in URF in the treasury through challans. This indicates that monitoring of URF was not done by DLB. Besides this, funds remained unutilised for last five years, depriving the public from the intended benefits.

- ***Deposits of Local Funds- Municipal Fund***

Section 79 of Rajasthan Municipality Act, 2009 provides the Municipality to hold Municipal Fund (MF), in which all money realised or realisable under the Act and all money otherwise received by the Municipality would be credited.

The position of MF appearing in Annual Finance Accounts of the State Government is summarised below:

(₹ in crore)

Year	Opening balance	Receipt	Disbursement	Closing balance
2013-14	598.86	1,637.98	1,688.86	547.98
2014-15	547.98	1,841.45	1,772.49	616.94
2015-16	616.94	2,217.67	1,903.89	930.72

As on 31 March 2016 there were 188 ULBs (seven Municipal Corporations, 34 Municipal Councils and 147 Municipal Boards) who were required to maintain MF. The classified details of receipt and expenditure of all the municipalities were called from DLB to analyse the balances pertaining to various schemes implemented at municipality level, which were not made available to audit.

[36] 8229-Development and Welfare Fund, 200-Other Development and Welfare Fund (05)-Urban Renewal Fund.

[37] Nagar Parishad, Beawar: ₹ 4.94 lakh; Nagar Palika, Vijay Nagar: ₹ 14.00 lakh; Nagar Palika, Sadri: ₹ 44.22 lakh; Nagar Palika, Khudalafalana: ₹ 25.46 lakh; Nagar Palika, Shivganj: ₹ 5.31 lakh; Nagar Palika, Devgarh: ₹ 0.23 lakh and Nagar Parishad, Bundi: ₹ 5.61 lakh.

DLB intimated (June 2016) that the accounts are maintained by the Municipalities themselves. Thus, non maintenance of classified details of receipt and expenditure of all ULBs, indicates lack of monitoring by DLB. In absence of classified information by ULB, analysis of utilisation of the funds could not be done.

1.10 Assets and Liabilities

1.10.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. ***Appendix 1.5*** gives an abstract of such liabilities and the assets as on 31 March 2016, compared with the corresponding position on 31 March 2015. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

According to FRBM Act, 2005, the total liability means the explicit liabilities under the Consolidated Fund of the State and the Public Account of the State including General Provident Fund.

The growth rate of components of assets and liabilities are summarised in the **Table 1.27**:

Table 1.27: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2014-15	**2015-16**	***Per cent* increased**			**2014-15**	**2015-16**	***Per cent* increased**
Consolidated Fund		**1,00,510.54**	**1,56,549.67**	**55.75**	**Consolidated Fund**		**1,13,671.65**	**1,70,787.49**	**50.25**
a	Internal Debt	93,476.44	1,48,291.74	58.64	a	Gross Capital Outlay	1,08,971.29	1,30,932.21	20.15
b	Loans and Advances from GoI	7,034.10	8,257.93	17.40	b	Loans and Advances	4,700.36	39,855.28	747.92
Contingency Fund		**500.00**	**500.00**	-					
Public Account		**48,384.93**	**54,823.85**	**13.31**	**Public Account**		**68.45**	**28.55**	**(-) 58.29**
a	Small Savings, Provident Funds, etc.	32,247.42	35,514.45	10.13	a	Advances	5.74	6.55	14.11
b	Deposits	13,565.10	15,820.93	16.63	b	Remittance	-	18.79	-
c	Reserve Funds	2,570.63	3,488.47	35.70	c	Suspense and Miscellaneous	62.71	3.21	(-) 94.88
d	Remittances	1.78	-	(-) 100.00	**Cash balance (including investment in Earmarked Fund)**		**8,949.28**	**8,397.27**	(-) 6.17
					Total		**1,22,689.38**	**1,79,213.31**	**46.07**
					Deficit in Revenue Account		**26,706.09**	**32,660.21**	22.29
Total		**1,49,395.47**	**2,11,873.52**	**41.82**	**Total**		**1,49,395.47**	**2,11,873.52**	**41.82**

Source: Finance Accounts

During 2015-16, the assets increased by 46 *per cent*, while the liabilities increased by 42 *per cent* over the previous year.

1.10.2 Fiscal Liabilities

The outstanding fiscal liabilities of the State increased from ₹ 1,06,560 crore in 2011-12 to ₹ 2,09,386 crore at the end of 2015-16, it increased by 42 *per cent* over the previous year.

The trends in Fiscal Liabilities relative to GSDP are shown in **Table 1.28**.

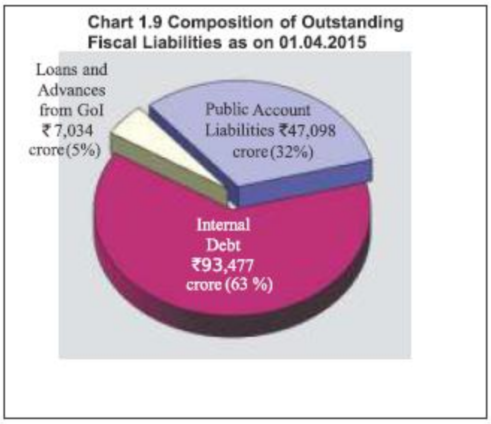
Table 1.28: Fiscal Liabilities- Basic Parameters

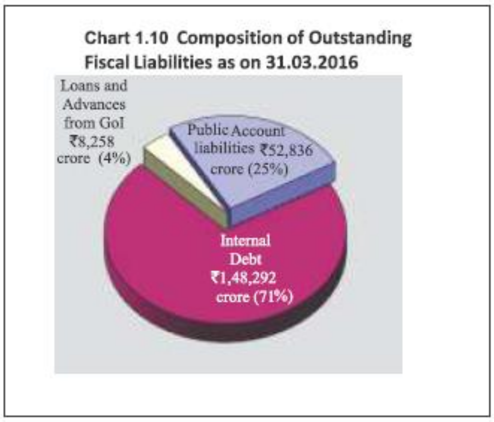
(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Liabilities	1,06,560	1,17,809	1,29,910	1,47,609	2,09,386
Rate of Growth	7.3	10.6	10.3	13.6	41.9
Fiscal Liabilities as a percentage of					
GSDP	24.4	23.8	23.6	24.1	31.1
Revenue Receipts	186.9	176.1	174.4	161.6	208.8
Own Resources	308.4	276.3	276.1	284.4	390.3

Source: Finance Accounts

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.9** and **1.10** below**:**





Source: Finance Accounts

During 2015-16, fiscal liabilities increased by 42 *per cent* (₹ 61,777 crore) over the previous year due to increase in Internal Debt by 59 *per cent* (₹ 54,815 crore), Public Account Liabilities by 12 *per cent* (₹ 5,738 crore) and Loans and Advances from GoI by 17 *per cent* (₹ 1,224 crore).

The fiscal liabilities of ₹ 2,09,386 crore existing on 31 March 2016, included borrowings of ₹ 40,050 crore under UDAY, on account of Compensation and Other Bonds as Internal Debt of the State Government.

During 2015-16, fiscal liabilities (total outstanding debt) to GSDP ratio at 31.06 per cent was higher than the norm (24.56 per cent[38]) recommended by XIV-FC and also higher than the MTFPS projections (24.25 per cent) for the year. These liabilities stood at 2.09 times the revenue receipts and 3.9 times the State's own resources at the end of 2015-16.

[38] XIV-FC Report **(Annexure 14.1).**

During 2015-16, annual incremental borrowings[39] (₹ 61,777 crore) were higher than the ceilings fixed by the GoI (₹ 20,658 crore) as per recommendations of XIV-FC, due to Government borrowing ₹ 40,050 crore under UDAY during 2015-16.

1.10.3 Cash balances and investment of cash balances

Table 1.29 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.29: Cash balances and Investment of Cash balances

(₹ in crore)

	Opening balance on 1 April 2015	Closing balance on 31 March 2016	Increase/ Decrease (-)
(a) General Cash Balance			
Cash in Treasuries	0.05	0.05	-
Deposits with Reserve Bank	29.41	488.99	459.58
Remittances in transit - Local	1.80	0.24	(-) 1.56
Total	**31.26**	**489.28**	458.02
Investments held in Cash Balance investment account	7,628.58	5,915.95	(-) 1,712.63
Total (a)	**7,659.84**	**6,405.23**	**(-) 1,254.61**
(b) Other Cash Balances and Investments			
Cash with departmental officers viz, Public Works Department Officers, Forest Department Officers, District Collectors	1.00	1.11	0.11
Permanent advances for contingent expenditure with departmental officers	3.26	3.11	(-) 0.15
Investment of earmarked funds	1,285.18	1,987.82	702.64
Total (b)	**1,289.44**	**1,992.04**	**702.60**
Grand total (a)+ (b)	**8,949.28**	**8,397.27**	**(-) 552.01**

Source: Finance Accounts

The State Government's cash balances at the end of the current year amounted to ₹ 8,397 crore showing decrease of ₹ 552 crore (6 *per cent*) from the previous year.

- ***Investment of cash balances***

Para 7.123 of XIII-FC and Para 4.48 of XIV-FC suggested for a directed effort by the States with large balances towards utilising their existing cash balances before resorting to fresh borrowings, as many States had cash balances exceeding the total expenditure for one month. While States require some float for smooth expenditure, accumulation of cash beyond a level, can be treated as inefficient management, as it would lead to avoidable interest burden. The Reserve Bank of India also reiterated the fact and advised the States to manage their cash balances more efficiently.

[39] It included Open Market Borrowings, Negotiated Loans from financial institutions, National Small Savings Fund loans, Central Government loans including EAPs, any loans for State Plan Schemes and Centrally Sponsored Schemes, other liabilities arising out of Public Account transfers under Small Savings, Provident Funds, Reserve Funds, Deposits, etc.

Year-wise position of cash balances[40], market loans raised and budgeted expenditure is given in **Table 1.30**.

Table 1.30: Position of cash balances, market loans and budgeted expenditure

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Cash balance as on 1 April	6,087.76	9,785.11	12,886.72	10,446.44	8,949.28
Cash balance as on 31 March	9,785.11	12,886.72	10,446.44	8,949.28	8,397.27
Investment of cash balance in GoI Treasury Bills/Securities	9,307.62	12,127.66	8,997.40	7,628.42	5,915.95
Market loan raised	4,500	8,041	8,800	12,300	15,800
Total budgeted expenditure	60,524	71,956	90,440	1,26,470	1,32,883
Average monthly budgeted expenditure	5,044	5,996	7,537	10,539	11,074

Source: Finance Accounts and Budget Documents

The surplus cash balances of the State Government are automatically invested in 14 day treasury bills with an average interest rate of 5 *per cent* per annum and partly in 91, 181 and 364 day auctioned treasury bills of RBI. Till the end of 2015-16, a sum of ₹ 5,915.95 crore was invested in GoI Treasury Bills/ Securities, which earned an interest of ₹ 578.23 crore. Further, ₹ 1,987.82 crore was also invested in earmarked funds.

1.10.4 Transactions under Reserve Funds

According to Para 4.5 of the State Budget Manual, Reserves and Reserve Funds are created for specific and well defined purposes in the accounts of the State Government (Public Account). These funds are fed by contributions or grants from the Consolidated Fund of State or from outside agencies. The funds are further divided into two parts (i) Reserve Funds bearing interest and (ii) Reserve Funds not bearing interest. The funds are created by the sums transferred by debiting the concerned expenditure head of the Consolidated Fund of the State. Thereafter, the total expenditure incurred during the year is to be reimbursed from the concerned Reserve Fund.

- ***Operative Reserve Funds***

As on 31 March 2016, there were 21 Reserve Funds in Public Accounts containing ₹ 3,488.47 crore[41], which included a sum of ₹ 300.77 crore in three interest bearing funds. During 2015-16, a sum of ₹ 3685.43 crore was credited to the Reserve Funds of the state which mainly included State Disaster Response Fund (₹ 2,503.30 crore[42]), State Roads and Bridges Fund (₹ 597.98 crore) and Guarantee Redemption Fund (₹ 492.95 crore).

[40] It includes Cash in Treasuries, Deposits with Reserve Bank, Remittances in Transit-Local, Cash with the Departmental Officers, Permanent Advance, Investment from Cash balances and Investment from Earmarked balances.

[41] It included (i) State Disaster Response Fund: ₹ 231.57 crore; (ii) Guarantee Redemption Fund: ₹ 2,216.73 crore; (iii) Resource Development Fund: ₹ 180.89 crore; (iv) State Road and Bridges Fund: ₹ 641.13 crore and (v) Water Works under Depreciation Reserve Fund: ₹ 69.00 crore.

[42] It included NDRF of ₹ 1,378.13 crore.

The State Government was required to pay interest of ₹ 5.56 crore (conservatively estimated at 7.5 *per cent*, representing the average interest rate on Ways and Means Advances) on ₹ 74.15 crore lying in other interest bearing funds as on 31 March 2015. It was however, observed that the same was not paid.

- ***Inoperative Reserve Funds***

As per Finance Account 2015-16, five Reserve Funds (₹ 4.24 crore) were inactive for more than five years. Of these, one fund[43] (₹ 0.20 crore) was interest bearing and four funds[44] (₹ 4.04 crore) were non-interest bearing.

1.10.4.1 State Disaster Response Fund

The State Disaster Response Fund (SDRF) was set up on 1 April 2010 replacing the existing Calamity Relief Fund. The size of the Fund ₹ 6,094 crore[45] for the years 2015-20 was fixed by XIV-FC, 75 *per cent* of which was to be contributed by GoI and 25 *per cent* by the State Government.

During 2015-16, GoI and State Government contributed their shares. As on 31 March 2016, the balance in SDRF (including NDRF) was ₹ 231.57 crore (including interest paid by the Government on un-invested amount during 2015-16: ₹ 22.17 crore) after setting off the expenditure (₹ 2,559.75 crore) for disaster relief operations.

1.10.4.2 Guarantee Redemption Fund

The State Government had set up the Guarantee Redemption Fund in 1999-2000. In terms of the guidelines of the Reserve Bank of India (RBI), which administers the Fund, the corpus of the Fund is to be gradually increased to the desirable level of 5 *per cent* of outstanding guarantees. The Guarantee Redemption Fund had a balance of ₹ 2,216.73 crore as on 31 March 2016, which was 4.3 *per cent* of outstanding guarantees (₹ 53,620.09 crore). No amount was reimbursed from this Fund during the year. During 2015-16 all the amount of ₹ 394.67 crore receivable as Guarantee Commission was received by the State Government. This amount was booked under Miscellaneous Receipts and an amount of ₹ 397.22 crore was transferred in Guarantee Redemption Fund.

1.10.5 Contingent liabilities

- ***Status of Guarantees***

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended.

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[43] (i) Departmental Management Scheme of *Jhamar Kotra* Rock Phosphate: ₹ 20.45 lakh.

[44] (i) Farmers Reform Fund: ₹ 0.74 lakh, (ii) Fund for intensive egg and hen production and marketing centres with the assistance of World Food Programme: ₹ 0.95 lakh, (iii) State Road Development Fund: ₹ 402.08 lakh and (iv) Government Security Redemption Fund: ₹ 0.18 lakh.

[45] 2015-16: ₹ 1,103 crore, 2016-17: ₹ 1,158 crore, 2017-18: ₹ 1,216 crore, 2018-19: ₹ 1,277 crore and 2019-20: ₹ 1,340 crore.

As per **Statement 9** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is as follows**.**

Table 1.31: Guarantees given by the Government of Rajasthan

(₹ in crore)

Guarantees	2013-14	2014-15	2015-16
Maximum amount guaranteed	1,40,526	1,61,918	1,61,236
Outstanding amount of guarantees	85,911	94,578	53,620
Maximum amount guaranteed to total Revenue Receipts (in *per cent*)	188.7	177.3	160.8

Source: Finance Accounts

During 2015-16, the Government received guarantee commission of ₹ 394.67 crore against receivable of ₹ 394.67 crore. The outstanding guarantees were 53 *per cent* of the Revenue Receipts of the Government. No guarantee was invoked during 2015-16.

The outstanding guarantees decreased by 43 *per cent* from ₹ 94,578 crore in 2014-15 to ₹ 53,620 crore in 2015-16. The outstanding guarantees mainly pertained to five Power Companies (₹ 45,703 crore), two Urban Development and Housing (₹ 3,116 crore), one Road and Transport (₹ 1,993 crore) and seven Co-operatives (₹ 1,664 crore). The guarantees of Power Companies were given for repayment of loans/overdraft, amount raised by issue of bonds/debentures and payment of interest at stipulated rates.

- **Off Budget borrowings**

The borrowings of a State are governed by Article 293 of the Constitution of India. In addition to the fiscal liabilities, the State Government guaranteed loans are availed of by various sectors including *Zila Parishads*/Companies/Corporations. These sectors borrow funds from the market/financial institutions for implementation of various State Plan Programmes, projected outside the state budget. Although, the State Government projected that fund raised for these programmes would be met out of the resources mobilized by these Companies/Corporations/Zila *Parishads*. In reality the borrowings of many of these concerns are repaid by the Government and ultimately turn out to be the liabilities of the State Government termed as "off budget borrowings", which is not permissible under Article 293 (3). Further, GoI fixed (April, 2015) the net borrowing ceiling of ₹ 20,658 crore for the State for financial year 2015-16 on the recommendation of XIV-FC.

The GoR raised borrowings of ₹ 21,727 crore which crossed the ceiling limit of ₹ 20,658 crore fixed by the GoI during 2015-16. This is exclusive of borrowings of ₹ 40,050 crore raised by GoR under UDAY.

Further, Rural Development and Panchayati Raj Department (RDPRD), informed (May 2016) that till 2015-16, the State Government had given guarantees for payment of principal amount of loans of ₹ 3,948.66 crore obtained by *Zila Parishads* (ZPs) from Housing Urban Development

Corporation (HUDCO) and interest thereon for construction of dwelling units for Economic Weaker Section (EWS) families in Rural areas under Chief Minister Below Poverty Line (CMBPL) *Awas Yojana*.

During 2015-16, to the opening balances of ₹ 2,870.08 crore, guarantees of ₹ 160.52 crore were added and guarantees of ₹ 243.35 crore were cleared, leaving a balance of ₹ 2787.25 crore at the end of 2015-16.

Scrutiny of the sanctions issued by RDPRD revealed that ₹ 491.36 crore (₹ 243.32 crore on account of principal and ₹ 248.04 crore as interest) was transferred by the GoR in PD accounts of 31 ZPs during 2015-16, for payment of the principal and interest on loans raised from HUDCO for CMBPL *Awas Yojana*, which tentamounted to off budget borrowings by the State Government for meeting plan expenditure.

1.10.6 Analysis of Borrowings of the Government

The Public Debt of the State Government increased by 30 *per cent* per annum from ₹ 71,706 crore in 2011-12 to ₹ 1,56,550 crore in 2015-16. It increased by 56 *per cent* over the previous year. The details are given below in **Table 1.32:**

Table 1.32: Outstanding Borrowings during 2011-16

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
(a) Internal Debt					
Market Loans	38,551	44,209	51,384	61,386	75,193
Loans from National Bank for Agriculture and Rural Development	3,947	4,553	5,422	6,482	7,624
Special Securities issued to National Small Savings Fund of the Central Government	21,518	20,767	20,022	20,126	20,040
Loans from other Institutions	441	444	3,753	5,483	45,435*
Total (a)	**64,457**	**69,973**	**80,581**	**93,477**	**1,48,292**
(b) Loans and Advances from the Central Government					
Non-Plan Loans	60	55	49	44	39
Loans for State/Union Territory Plan Schemes	7,052	6,789	6,690	6,980	8,209
Other Plan Loans	137	137	10	10	10
Total (b)	**7,249**	**6,981**	**6,749**	**7,034**	**8,258**
Total Borrowings (a + b)	**71,706**	**76,954**	**87,330**	**1,00,511**	**1,56,550**
Rate of Growth	3.5	7.3	13.5	15.1	55.8

Source: Finance Accounts

*** Including borrowing under UDAY ₹ 40,050 crore**

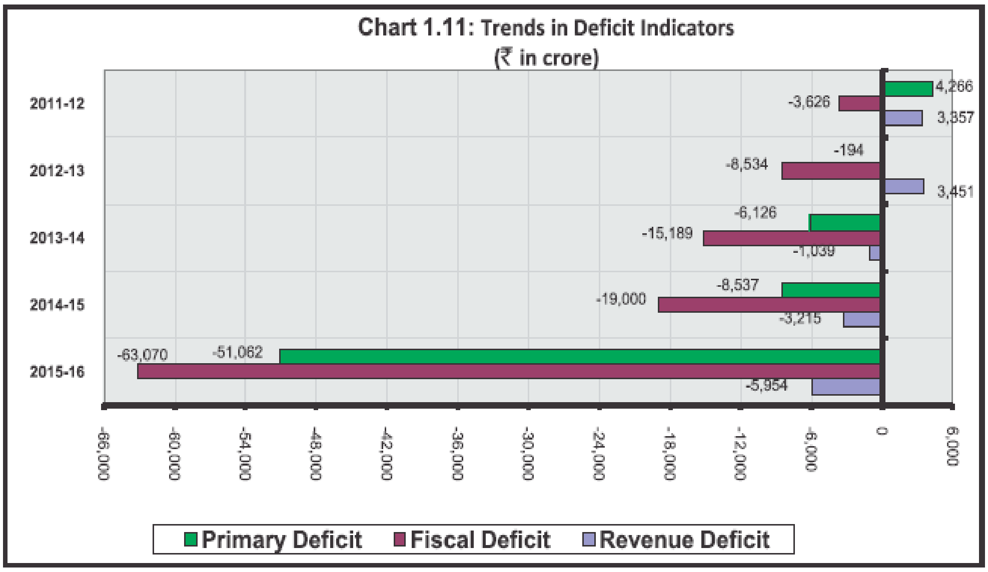
The outstanding borrowings and internal debt have shown a progressive increase over the period 2011-16, while loans and advances from the Central Government showed decreasing trend upto 2011-14 and thereafter increase by ₹ 285 crore during 2014-15 and ₹ 1,224 during 2015-16 over the previous year. The share of market loans to total borrowing decreased from 54 *per cent* in 2011-12 to 48 *per cent* in 2015-16. The market borrowings recorded increase of 22.5 *per cent* over the previous year which was lower than average growth rate of 23.8 *per cent* during 2012-16. The loans from other Institutions recorded increase of 728.7 *per cent* over the previous year.

1.11 Fiscal Imbalances

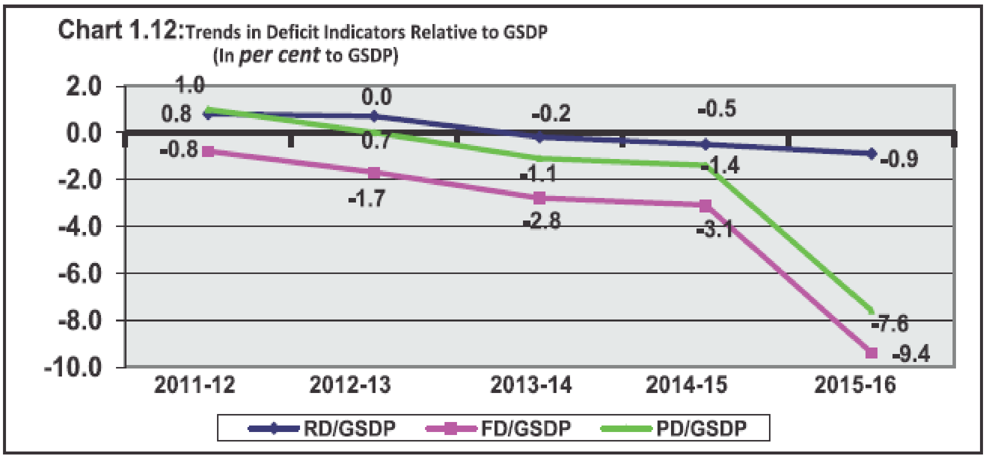
Three key fiscal parameters - Revenue Deficit, Fiscal Deficit and Primary Deficit - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the manner in which the deficit is financed and the resources are applied, are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual level of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2015-16.

1.11.1 Trends in Deficits

Charts 1.11 and **1.12** present the trends in deficit indicators over the period 2011-16.



Source : Finance Accounts



1.11.1.1 Revenue Surplus/Deficit

Revenue Surplus represents the difference between Revenue Receipts and Revenue Expenditures. Revenue Surplus helps to decrease the borrowings.

The State Government turned into a revenue deficit State in 2013-14. During 2015-16, revenue deficit (₹ 5,954 crore) increased by ₹ 2,739 crore over the previous year. During 2015-16, against the growth rate of 9.8 *per cent* of Revenue Receipts, the growth rate of Revenue Expenditure was 12.4 *per cent*. This issue is discussed in detail in **Paragraph 1.2.1**.

1.11.1.2 Fiscal Deficit

Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debts (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relative to key components are indicated in **Table 1.33:**

Table: 1.33: Fiscal deficit and its parameters

(₹ in crore)

Period	Non-debt Receipts	Total Expenditure	Fiscal Deficit	Fiscal Deficit as *per cent* of		
				GSDP	Non-debt Receipts	Total Expenditure
2011-12	58,256	61,882	3,626	0.83	6.2	5.9
2012-13	68,023	76,557	8,534	1.73	12.6	11.2
2013-14	74,797	89,986	15,189	2.76	20.3	16.9
2014-15	92,346	1,11,346	19,000	3.10	20.6	17.1
2015-16*	1,01,757	1,64,827	63,070	9.36	62.0	38.3

Source: Finance Accounts

***** the position includes impact of UDAY.

Fiscal deficit as a percentage of GSDP, non-debt receipts and total expenditure was least in 2011-12, thereafter it continuously increased. During 2015-16, fiscal deficit increased on account of increase in capital expenditure, loans and advances and Revenue Deficit.

Fiscal deficit as a percentage of GSDP increased from 3.10 per cent in 2014-15 to 3.41 per cent (without UDAY) in 2015-16, which was higher than the target of three per cent as prescribed under FRBM Act, 2005. After containing fiscal deficit regularly within the limit for the years 2011-12 to 2013-14 as prescribed under FRBM Act, the State Government has crossed the target of three per cent.

1.11.1.3 Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments. Interest payments represent the expenditure of past obligations and are independent of current allocative priorities. To look at the imbalances of the current nature, these payments need to be separated and deducted from the total imbalances.

The primary surplus was maintained till 2011-12. The primary surplus turned into a primary deficit in 2012-13, due to increase in capital expenditure. The primary deficit further increased from ₹ 8,537 crore in 2014-15 to ₹ 51,062 crore in 2015-16 (with UDAY).

1.11.2 Components of Fiscal Deficit and its item-wise financing pattern

Table 1.34 presents item-wise net disbursement/outflow financing pattern of fiscal deficits of the State during 2010-11 to 2015-16 along with receipts and disbursements during 2015-16.

Table 1.34: Components of fiscal deficit and its item-wise financing pattern

(₹ in crore)

		Net disbursements/outflows					2015-16#		
		2010-11	2011-12	2012-13	2013-14	2014-15	Receipts	Disburse-ments	Net
(a) Decomposition of Fiscal Deficit									
1	Revenue Deficit/ Surplus (-)	(-) 1,055	(-) 3,357	(-) 3,451	1,039	3,215	1,00,285	1,06,239	5,954
2	Net Capital Expenditure	5,238	7,103	10,675	13,654	16,088	25	21,986	21,961
3	Net Loans and Advances	(-) 57	(-) 120	1,310	496	(-) 303	1,447	36,602	35,155
	Total (a)	**4,126**	**3,626**	**8,534**	**15,189**	**19,000**	**1,01,757**	**1,64,827**	**63,070**
(b) Financing Pattern of Fiscal Deficit									
1	Market Borrowings	4,837	3,103	5,658	7,175	10,002	15,800	1,993	13,807
2	Loans from GoI	(-) 94	(-) 131	(-) 268	(-) 232	286	1749	525	1,224
3	Special Securities Issued to National Small Saving Funds	(-) 553	(-)1,138	(-) 751	(-) 745	104	1300	1,386	(-) 86
4	Ways and Means	-	-	-	-	-	-	-	-
5	Loans from Financial Institutions	470	594	610	4,178	2,789	42,149	1,055	41,094
6	Small Savings, Provident Fund etc	2,841	2,767	2,164	2,521	2,982	7,967	4,700	3,267
7	Deposits and Advances	885	1,096	3,416	(-) 421	1,409	1,25,571	1,23,316	2,255
8	Suspense and Miscellaneous	(-) 49	12	(-) 3	12	(-) 40	77	18	59
9	Remittances	-	-	29	(-) 6	(-) 1	9,617	9,637	(-) 20
10	Reserve Funds	(-) 485	1,020	781	267	(-) 28	3,678	2,760	918
	Total (b)	**7,852**	**7,323**	**11,636**	**12,749**	**17,503**	**2,07,908**	**1,45,390**	**62,518**
11	Increase (-)/ Decrease (+) in Cash Balance (a-b)	(-)3,726	(-)3,697	(-)3,102	2,440	1,497	-	-	552
12	Overall Deficit (b+11)	4,126	3,626	8,534	15,189	19,000	-	-	63,070

***** Not applicable in case of summing of receipts and disbursements for 2015-16 being cumulative of (a+b) and not indicative of actual cash balances.

The position includes impact of UDAY.

Source : Finance Accounts

Fiscal deficit is the total borrowing requirement of the State and is the excess of Revenue and Capital Expenditure including loans and advances, over revenue and non-debt receipts. Decomposition of fiscal deficit reveals the extent of various borrowings resorted to, by the State to meet its requirement of funds over and above Revenue and non-debt Receipts.

Market borrowings and Loans from Financial Institutions by the State Government continued to finance a major portion of fiscal deficit. Its share in financing fiscal deficit increased from 67 *per cent* in 2014-15 to 87 *per cent* in 2015-16. During 2015-16, the fiscal deficit of ₹ 63,070 crore was mainly met from Market Borrowings (₹ 13,807 crore), Loans from Financial Institutions (₹ 41,094 crore), Small Savings and Provident Funds etc., (₹ 3,267 crore), Deposits and Advances (₹ 2,255 crore) and Cash Balance (₹ 552 crore). The Market Borrowings and the Small Savings, Provident Fund etc., increased by 22.5 *per cent* and 10.1 *per cent* respectively over the previous year; raising the interest burden in future.

1.11.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the composition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) indicates the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistent high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) did not have adequate assets backup.

The bifurcation of the primary deficit **(Table 1.35)** indicated the extent to which the deficit was on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.35: Primary deficit/surplus- Bifurcation of factors

(₹ in crore)

Year	Non-debt Receipts (NDR)	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	NDR *vis-à-vis* Primary Revenue Expenditure	Primary deficit (-) / surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2011-12	58,256	45,762	7,119	1,109	53,990	(+) 12,494	(+) 4,266
2012-13	68,023	55,122	10,683	2,412	68,217	(+) 12,901	(-) 194
2013-14	74,797	66,447	13,664	812	80,923	(+) 8,350	(-) 6,126
2014-15	92,346	84,079	16,103	701	1,00,883	(+) 8,267	(-) 8,537
2015-16	1,01,757	94,231	21,986	36,602	1,52,819	(+) 7,526	(-) 51,062

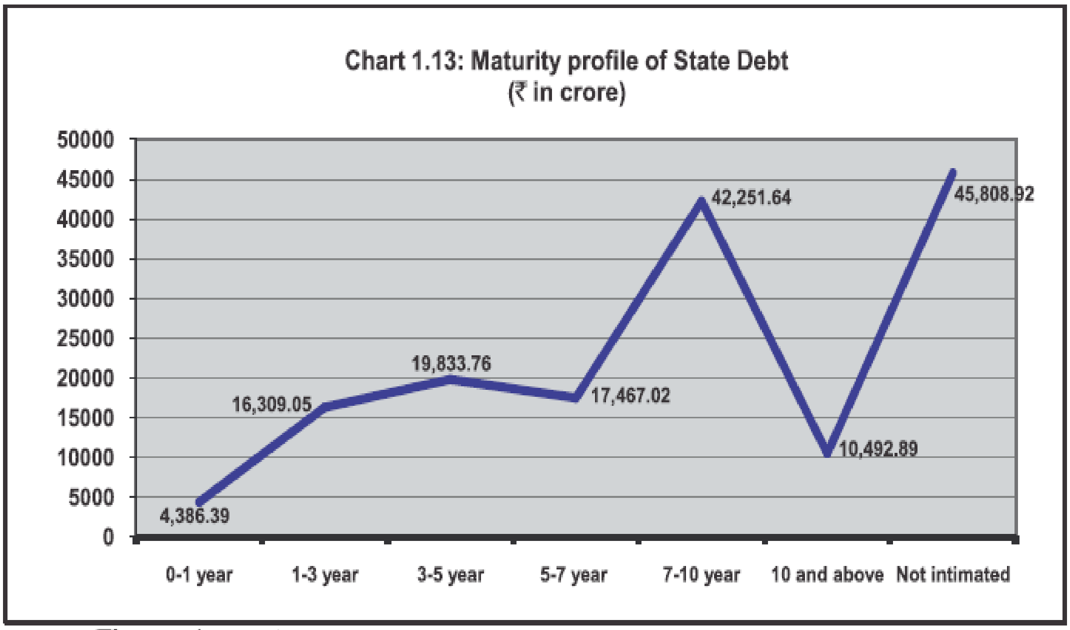
Source: Finance Accounts

The share of capital expenditure in primary expenditure which was 13 *per cent* in 2011-12, increased to 14 *per cent* in 2015-16. The non-debt receipts increased by ₹ 9,411 crore against an increase of ₹ 51,936 crore in primary expenditure during 2015-16 over the previous year. This resulted in increase of primary deficit by ₹ 42,525 crore. The Primary Revenue Expenditure, Capital Expenditure and disbursement of loans and advances increased by ₹ 10,152 crore (12.1 *per cent*), ₹ 5,883 crore (36.5 *per cent*) and ₹ 35,901 crore respectively over the previous year. During 2015-16, the non-debt receipt was less than the primary expenditure resulting in a primary deficit.

1.12 Debt Management

(i) Debt Profile

The Maturity Profile of the State Debt as on 31 March 2016 is depicted in Chart 1.13:



Source: Finance Accounts

As per data shown in **Chart 1.13**, the maturity profile in respect of ₹ 45,808.92 crore was not clearly defined. There would be a bunching of repayments in 1-3 years (₹ 16,309.05 crore), 3-5 years (₹ 19,833.76 crore) and 5-7 years (₹ 17,467.02 crore). In terms of maturity profile, around 27 *per cent* of the total public debt (₹ 42,251.64 crore) at the end of the year belonged to a maturity bracket of 7 to 10 years. A well thought out debt repayment strategy will have to be worked out by the Government to ensure that no additional borrowings which mature in these critical years, are made.

(ii) Debt sustainability

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also indicates the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that increase in fiscal deficit should match with the increase in capacity to service the debt. **Table 1.36** analyses the debt sustainability of the State according to these indicators for a period of five years beginning 2011-12.

Table 1.36: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2011-12	2012-13	2013-14	2014-15	2015-16
Rate of Growth of Outstanding debt	7.3	10.6	10.3	13.6	41.9
Rate of Growth of GSDP	-	13.2	11.3	11.4	10.1
Average interest rate of Outstanding Debt	7.7	7.4	7.3	7.5	6.7
Interest Payments/Revenue Receipts (in *per cent*)	14	12	12	11	12
Debt Redemption (Principal + Interest Payments)/Debt Receipts	100.5	98.2	97.3	94.6	75.0
Net Availability of Borrowed Funds (₹ in crore)	(-) 617	2,908	3,038	7,236	49,769

- ***Net availability of borrowed funds***

Net availability of borrowed funds is defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption.

The net fund available from borrowing for current operations after providing for interest and repayment increased from ₹ 7,236 crore in 2014-15 to ₹ 49,769 crore in 2015-16.

- ***Interest burden***

The ratio of interest payments to revenue determines the debt sustainability of the State. During 2015-16, interest payments constituted 12 *per cent* of Revenue Receipts of the State.

1.13 Conclusions and Recommendations

For the third consecutive year, the State Government was unable to achieve its target of attaining zero revenue deficit envisaged under the FRBM Act. During 2015-16, the revenue deficit increased to ₹ 5,954 crore from ₹ 3,215 crore in 2014-15. The State Government failed to contain the fiscal deficit within the limit of 3 *per cent* of GSDP, as laid down in FRBM Act and at the end of 2015-16, the fiscal deficit was ₹ 23,020 crore (3.41 *per cent* of GSDP), without taking into consideration the impact of Ujwal DISCOM Assurance Yojana (UDAY). The State Government released sum of ₹ 40,050 crore to the DISCOMs during 2015-16. If this impact is taken into account, the fiscal deficit of State Government rises to ₹ 63,070 crore (9.36 *per cent* of GSDP). Further, considering the impact of UDAY, the primary deficit was ₹ 51,062 crore showing increase of ₹ 42,525 crore over the previous year.

With a view to generate a revenue surplus of ₹ 557 crore during 2015-16, the State Government in BE projected revenue expenditure of ₹ 1,10,805 crore and revenue receipts of ₹ 1,11,362 crore. It was observed that the actual expenditure was ₹ 1,06,239 crore (4.12 *per cent* less than estimates) and actual receipts were ₹ 1,00,285 crore (9.95 *per cent* less than estimates) during the year leading to revenue deficit. The outstanding debt showed a steady increase over the years, from ₹ 1,06,560 crore at the end of 2011-12 to

₹ 2,09,386 crore (with UDAY) i.e. 31.1 *per cent* of GSDP (without UDAY it was ₹ 1,69,336 crore i.e. 25.1 *per cent* of GSDP) at the end of 2015-16, which was though within the target of 36.5 *per cent* fixed under the FRBM Act, but above the target of 24.56 *per cent*, as fixed by the XIV-FC. However, annual incremental borrowings of ₹ 21,727 crore (without UDAY) were higher than the ceiling of ₹ 20,658 crore, as fixed by the GoI.

Revenue receipts of the State increased steadily from ₹ 57,011 crore in 2011-12 to ₹ 1,00,285 crore in 2015-16. The growth in revenue receipts during 2015-16 was 9.8 *per cent* (₹ 8,958 crore) as compared to 22.6 *per cent* in the previous year. This was mainly on account of 40.9 *per cent* (₹ 8,099 crore) growth of the State's Share of Union Taxes in 2015-16. The share of tax revenue to revenue receipts declined from 46 *per cent* in 2012-13 to 42 *per cent* in 2015-16.

While overall revenue expenditure of the State increased by 98 *per cent* from ₹ 53,654 crore in 2011-12 to ₹ 1,06,239 crore in 2015-16, its share in total expenditure declined from 86.7 to 64.5 *per cent.* During 2015-16, there was 12.4 *per cent* growth in revenue expenditure as compared to previous year's growth of 25 *per cent*. The Non Plan Revenue Expenditure (NPRE) also increased consistently over the period from ₹ 41,238 crore in 2011-12 to ₹ 74,601 crore in 2015-16 and stood 70 *per cent* of revenue expenditure after recording growth of 11 *per cent* over the previous year. The committed expenditure on salaries and wages, interest payments, pensions and subsidies increased by 80 *per cent* from ₹ 32,859 crore in 2011-12 to ₹ 59,204 crore in 2015-16. During the current year, it recorded growth of 13 *per cent* over the previous year.

The estimation of expenditure and receipts for containing fiscal parameters within the desirable limits should be more realistic and the State Government should endeavour to contain the expenditure within the budget estimates. Regular control over expenditure and management of receipts are required.

Concerted efforts are required to be made by the State Government in fiscal management to bring the revenue deficit again to the zero level and prioritise and mobilise its revenue resources. The State Government should regularly review major fiscal parameters like revenue deficit, fiscal deficit, primary deficit, outstanding liabilities including debt and guarantees, etc., in the context of implementation of UDAY to attain self sufficiency, particularly in the Power sector.

The state of accounting and certification of accounts in the PRIs and ULBs was not satisfactory. DLFAD issued 14 unqualified certificates and 2276 qualified certificates in respect of PRIs. Maintenance of accounts on accrual basis was done in four ULBs (2.13 *per cent*) out of 188 ULBs..

The accounting system in the Local Bodies needs to be strengthened. The State Government should ensure timely preparation and submission of accounts and their certification.

During 2015-16, Government invested ₹ 9,508.03 crore in Government Companies, Statutory Corporations and Cooperative Institutions etc. Out of this, a sum of ₹ 9,433.83 crore was invested in five loss making Power Companies. Though during 2011-16, the State Government invested ₹ 23,496.84 crore, the average return by way of dividend on the investment in the Government Companies and Statutory Corporations was less than 0.5 *per cent*, whereas, the Government paid up to 7.7 *per cent* interest on an average on its borrowings during 2011-16.

It would be advisable for the State Government to ensure better value for money in investment, otherwise high cost borrowed funds will continue to be invested in projects with low financial returns.