

## Chapter II: Finances of the State

### Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2015-16 to 2019-20, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and the information provided by the State Government.

### 2.1 Major changes in Key fiscal aggregates vis-à-vis 2018-19

**Table 2.1** presents the summary of the State Government's fiscal aggregates and **Appendix 2.1** provides an abstract of receipts and disbursements during 2019-20 vis-à-vis 2018-19. Each of these indicators would be analysed in the succeeding paragraphs.

**Table 2.1: Summary of Fiscal aggregates in 2019-20 compared to 2018-19**

(₹ in crore)

Receipts			Disbursements		
	2018-19	2019-20		2018-19	2019-20
<b>Section-A: Revenue Account</b>					
Tax Revenue	57,380.34	59,244.98	General Services	54,364.06	56,186.29
Non-Tax Revenue	18,603.01	15,714.16	Social Services	65,686.92	68,313.23
Share of Union Taxes/ Duties	41,852.35	36,049.14	Economic Services	46,722.12	51,985.51
Grants-in-aid from Government of India	20,037.32	29,105.53	Grants-in-aid and Contributions	0.09	0.07
<b>Total Section-A Revenue Receipts</b>	<b>1,37,873.02</b>	<b>1,40,113.81</b>	<b>Total Section-A Revenue Expenditure</b>	<b>1,66,773.19</b>	<b>1,76,485.10</b>
<b>Section-B: Capital Account and others</b>					
Miscellaneous Capital Receipts	20.13	20.42	<b>Capital Outlay</b>	<b>19,638.20</b>	<b>14,718.05</b>
			General Services	588.26	463.42
			Social Services	6,912.75	5,489.68
			Economic Services	12,137.19	8,764.95
Recoveries of Loans and Advances	15,158.41	15,669.75	Loans and Advances disbursed	1,113.09	2,255.18
Public Debt Receipts*	37,846.82	46,173.72	Repayment of Public Debt*	16,914.80	20,032.69
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts#	1,70,527.88	1,93,165.05	Public Account Disbursements#	1,60,570.22	1,79,741.07
Opening Cash Balance	9,376.99	5,793.75	Closing Cash Balance	5,793.75	7,704.41
<b>Total Section-B Receipts</b>	<b>2,32,930.23</b>	<b>2,60,822.69</b>	<b>Total Section-B Disbursements</b>	<b>2,04,030.06</b>	<b>2,24,451.40</b>
<b>Grand Total (A+B)</b>	<b>3,70,803.25</b>	<b>4,00,936.50</b>	<b>Grand Total (A+B)</b>	<b>3,70,803.25</b>	<b>4,00,936.50</b>

Source: Finance Accounts of the respective years

\* Excluding net transaction under Ways and Means advances and overdraft.

# Figures of Public Account Receipts/Disbursements are shown on gross basis.

**Variation in key fiscal aggregates in 2019-20 as compared to 2018-19**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>➤ Revenue receipts of the State increased by 1.63 per cent.</li> <li>➤ Own Tax receipts of the State increased by 3.25 per cent.</li> <li>➤ Own Non-tax receipts decreased by 15.53 per cent.</li> <li>➤ State's share of Union Taxes and Duties decreased by 13.87 per cent.</li> <li>➤ Grants-in-Aid from Government of India increased by 45.26 per cent.</li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Revenue expenditure increased by 5.82 per cent.</li> <li>➤ Revenue expenditure on General Services increased by 3.35 per cent.</li> <li>➤ Revenue expenditure on Social Services increased by 4.00 per cent.</li> <li>➤ Revenue expenditure on Economic Services increased by 11.27 per cent.</li> <li>➤ Expenditure on Grants-in-Aid decreased by 22.22 per cent.</li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Capital expenditure decreased by 25.05 per cent.</li> <li>➤ Capital expenditure on General Services decreased by 21.22 per cent.</li> <li>➤ Capital expenditure on Social Services decreased by 20.59 per cent.</li> <li>➤ Capital expenditure on Economic Services decreased by 27.78 per cent.</li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>➤ Disbursement of Loans and Advances increased by 102.61 per cent.</li> <li>➤ Recoveries of Loans and Advances increased by 3.37 per cent.</li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>➤ Public Debt Receipts increased by 22.00 per cent.</li> <li>➤ Repayment of Public Debt increased by 18.43 per cent.</li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>➤ Public Account Receipts increased by 13.27 per cent.</li> <li>➤ Disbursement of Public Account increased by 11.94 per cent.</li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>➤ Cash balance increased by ₹ 1,910.66 crore (32.98 per cent) during 2019-20 in comparison to previous year.</li> </ul>

**2.2 Sources and Application of Funds**

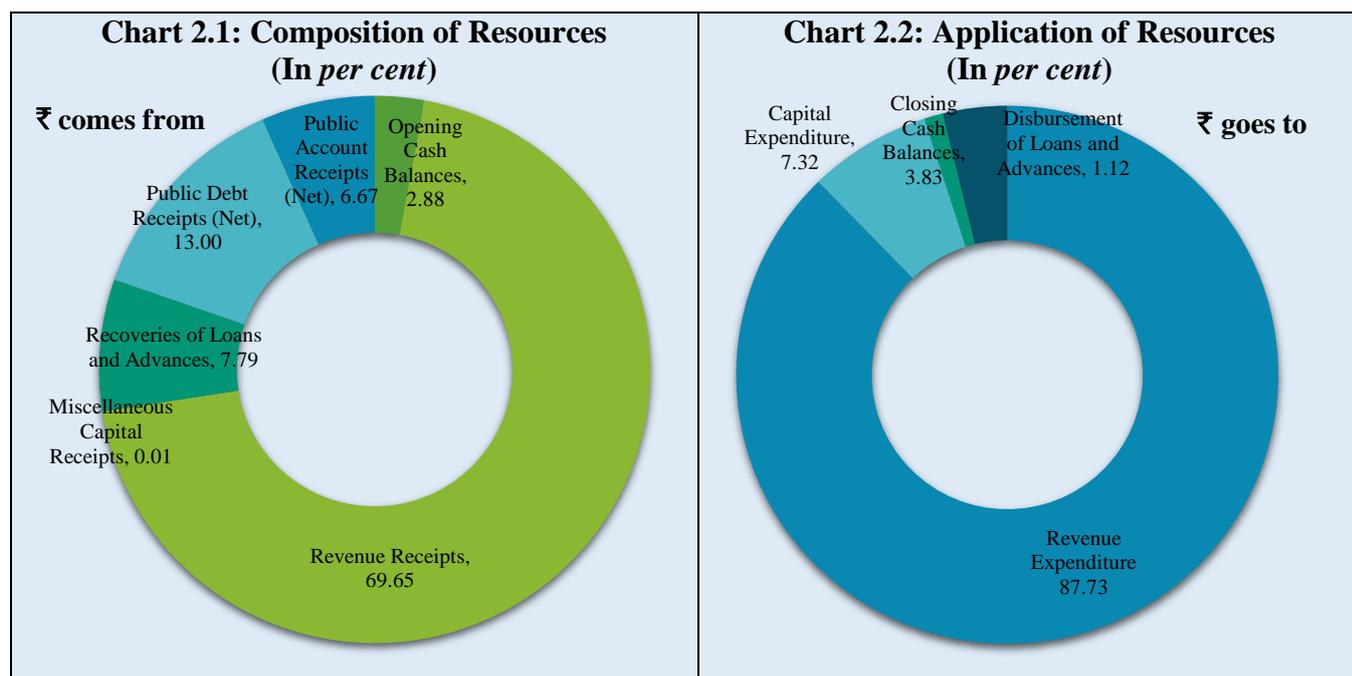
**Table 2.2** compares the figures of sources and application of funds of the State during 2019-20 with 2018-19, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2019-20 in percentage.

**Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20**

(₹ in crore)				
	Particulars	2018-19	2019-20	Increase/ Decrease
<b>Sources</b>	Opening Cash Balance with RBI	9,376.99	5,793.75	(-) 3,583.24
	Revenue Receipts	1,37,873.02	1,40,113.81	2,240.79
	Miscellaneous Capital Receipts	20.13	20.42	0.29
	Recoveries of Loans and Advances	15,158.41	15,669.75	511.34
	Public Debt Receipts (Net)	20,932.02	26,141.04	5,209.02
	Public Account Receipts (Net)	9,957.66	13,423.98	3,466.32
	<b>Total</b>		<b>1,93,318.23</b>	<b>2,01,162.75</b>

	Particulars	2018-19	2019-20	Increase/ Decrease
<b>Application</b>	Revenue Expenditure	1,66,773.19	1,76,485.10	9,711.91
	Capital Expenditure	19,638.20	14,718.05	(-) 4,920.15
	Disbursement of Loans and Advances	1,113.09	2,255.19	1,142.10
	Closing Cash Balance with RBI	5,793.75	7,704.41	1,910.66
	<b>Total</b>	<b>1,93,318.23</b>	<b>2,01,162.75</b>	<b>7,844.52</b>

Source: Finance Accounts



### 2.3 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

Both Revenue and Capital Receipts form part of the Consolidated Fund of the State.

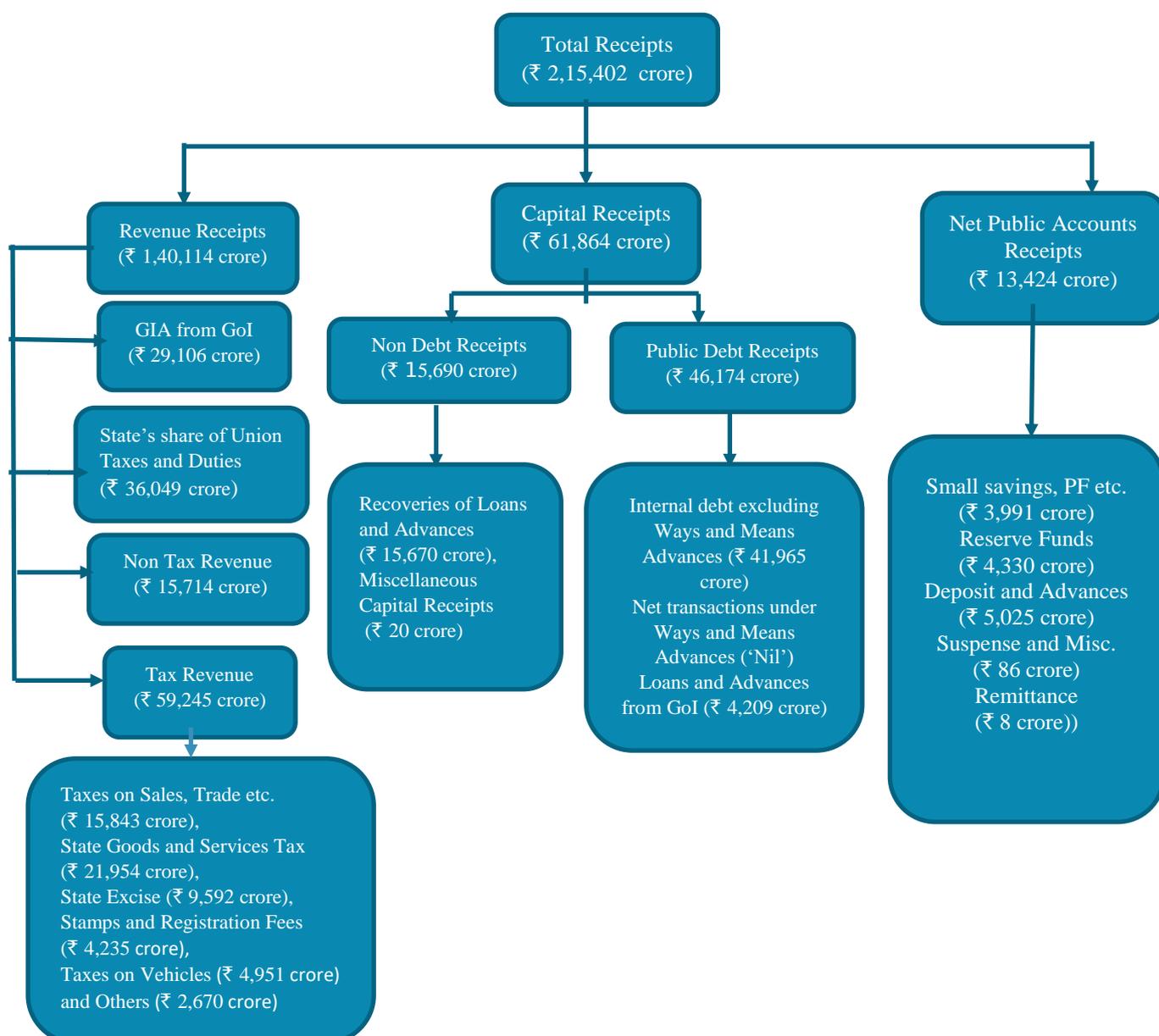
3. **Net Public Accounts Receipts:** These are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These 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. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the State

Revenue Receipts and Capital Receipts are the two streams of receipts that constitute the resources of the State Government. Besides, the funds available in the Public Account after disbursements, are also utilised by the Government to finance its deficit.

**Chart 2.3: Components and sub-components of financial resources during 2019-20**



### 2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the Government of India and State's own receipts.

#### 2.3.2.1 Trends and growth of Revenue Receipts

**Table 2.3** provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2015-20. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively as well as in **Appendix 2.2**.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR) (₹ in crore)	1,00,285	1,09,026	1,27,307	1,37,873	1,40,114
Rate of growth of RR ( <i>per cent</i> )	9.8	8.7	16.8	8.3	1.6
Own Tax Revenue	42,713	44,372	50,605	57,380	59,245
Non-Tax Revenue	10,928	11,615	15,734	18,603	15,714
<b>Own Revenue Receipts</b>	<b>53,641</b>	<b>55,987</b>	<b>66,339</b>	<b>75,983</b>	<b>74,959</b>
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	3.35	4.37	18.49	14.54	(-) 1.35
Gross State Domestic Product (₹ in crore) (2011-12 Series)	6,81,482	7,60,750	8,35,170 <sup>Σ</sup>	9,42,586 <sup>£</sup>	10,20,989 <sup>#</sup>
Rate of growth of GSDP ( <i>per cent</i> )	10.7	11.6	9.8	12.9	8.3
RR/GSDP ( <i>per cent</i> )	14.7	14.3	15.2	14.6	13.7
<b>Buoyancy Ratios<sup>1</sup></b>					
Revenue Buoyancy w.r.t GSDP	0.9	0.8	1.7	0.6	0.2
State's Own Revenue Buoyancy w.r.t GSDP	0.3	0.4	1.9	1.1	(-) 0.2

Source of GSDP figures: Economic Review (2019-20), Department of Economics and Statistics, GoR

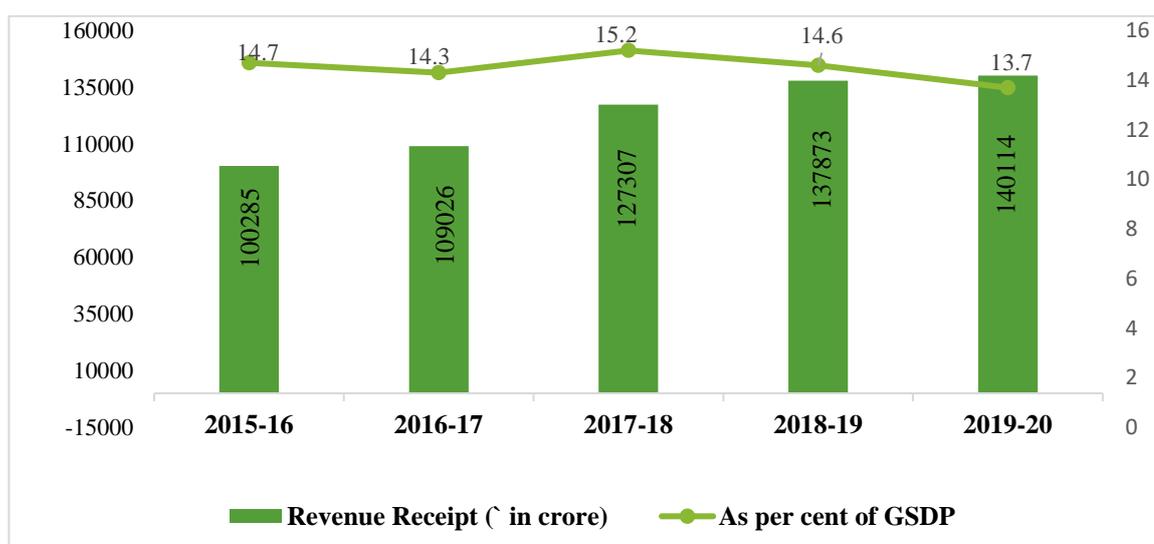
<sup>Σ</sup> Revised Estimate-III

<sup>£</sup> Revised Estimate-I

<sup>#</sup> Advance Estimates

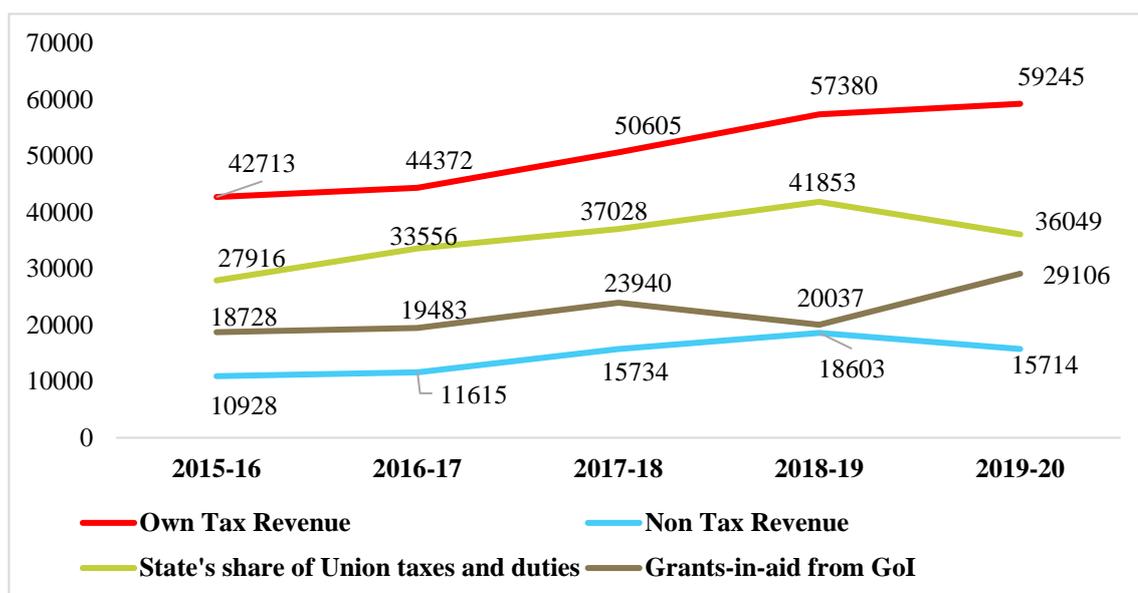
1. Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.7 implies that Revenue Receipts tend to increase by 1.7 percentage points, if the GSDP increases by one *per cent*.

**Chart 2.4: Trend of Revenue Receipts**



**Chart 2.5: Trend of components of Revenue Receipts**

(₹ in crore)



**General trends of Revenue Receipts of the State are as follows:**

- Revenue Receipts increased by 39.72 per cent from ₹ 1,00,285 crore in 2015-16 to ₹ 1,40,114 crore in 2019-20 at compound annual growth rate (CAGR) of 8.72 per cent. During 2019-20, Revenue Receipts increased by ₹ 2,241 crore (1.63 per cent) while the Own Revenue Receipts decreased marginally by ₹ 1,024 crore (1.35 per cent) due to decrease in non-Tax Revenue by ₹ 2,889 crore over the previous year.
- The combined Revenue Receipts for the months of July 2019 (₹ 14,189 crore) and March 2020 (₹ 16,347 crore) were 21.8 per cent of the Revenue Receipts of the entire year.

- 53.5 per cent of the Revenue Receipts during 2019-20 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 46.5 per cent indicating the large influence of tax transfers and Grants-in-Aid from GoI on Rajasthan's fiscal position.
- During the current year, the increase of 5.82 per cent (₹ 9,712 crore) in Revenue Expenditure was significantly higher than the increase of 1.63 per cent (₹ 2,241 crore) in Revenue Receipts, leading to an increase in Revenue Deficit from the previous year.
- There were wide fluctuations in the revenue buoyancy and own revenue buoyancy w.r.t GSDP. Though revenue buoyancy was 0.6 in 2018-19, it declined to 0.2 in 2019-20 due to decline in the rate of growth of receipts from 8.3 per cent to 1.6 per cent in the respective years.
- Ratio of Revenue Receipts to GSDP decreased from 14.6 per cent in 2018-19 to 13.7 per cent in 2019-20.

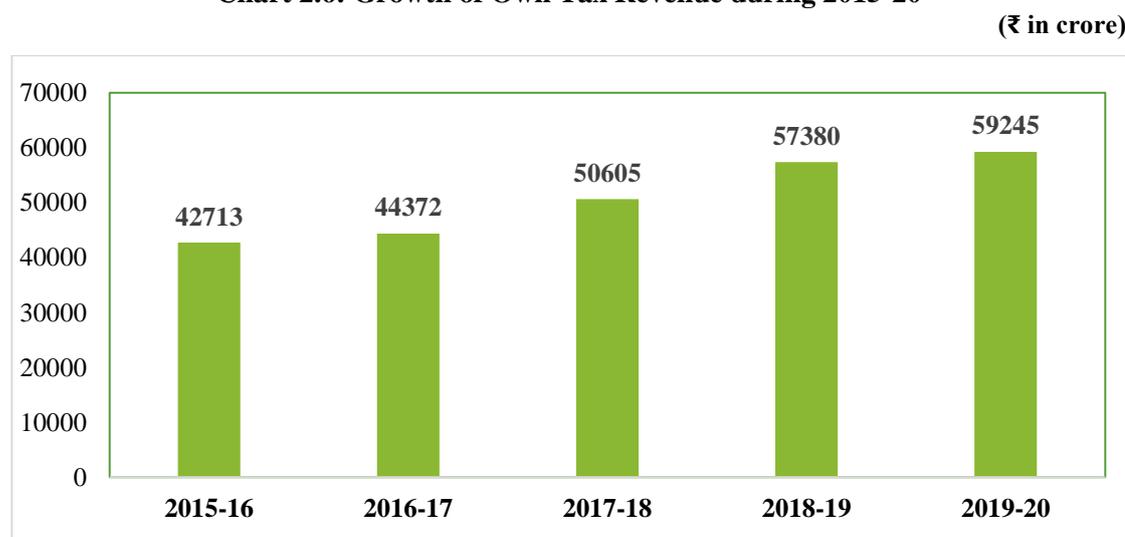
### 2.3.2.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central government are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

#### Own Tax Revenue

The Own tax revenue of the State consist of taxes such as State GST, Sales Tax, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, etc.

**Chart 2.6: Growth of Own Tax Revenue during 2015-20**



The component-wise details of Own Tax Revenue collected during the years 2015-20 were as follows.

**Table 2.4: Components of State's Own Tax Revenue**

						(₹ in crore)
Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
Taxes on Sales, Trade, etc.	26,345	28,558	19,008	14,791	15,843	
Taxes on Goods and Passengers	848	803	341	51	41	
Entertainment Tax and Luxury Tax (under other taxes and duties on Commodities and services)	171	220	64	5	01	
State Goods and Services Tax	-	-	12,137*	22,938*	21,954*	
<b>Total</b>	<b>27,364</b>	<b>29,581</b>	<b>31,550</b>	<b>37,785</b>	<b>37,839</b>	
State Excise	6,713	7,054	7,276	8,694	9,592	
Taxes on Vehicles	3,199	3,623	4,363	4,576	4,951	
Stamps and Registration Fees	3,234	3,053	3,675	3,886	4,235	
Land Revenue	272	315	364	290	364	
Other Taxes <sup>2</sup>	1,931	746	3,377	2,149	2,264	
<b>Grand Total</b>	<b>42,713</b>	<b>44,372</b>	<b>50,605</b>	<b>57,380</b>	<b>59,245</b>	

\*Unaudited figures

Source: Finance Accounts

Own Tax Revenue of the State increased by ₹ 16,532 crore from ₹ 42,713 crore in 2015-16 to ₹ 59,245 crore in 2019-20 at CAGR of 8.52 per cent. During the year 2019-20, major contributors of Tax Revenue were State Goods and Services Tax (37.06 per cent), Taxes on Sales, Trade, etc. (26.74 per cent), and State Excise (16.19 per cent). During 2019-20, the State Excise, Taxes on Vehicles, Stamps and Registration Fees and Land Revenue increased over the previous year by 10.3 per cent, 8.2 per cent, 9.0 per cent and 25.5 per cent respectively.

### State Goods and Services Tax (SGST)

Goods and Services Tax (GST) was implemented w.e.f. 1 July 2017. According to GST (Compensation to the States) Act 2017, Central Government will compensate the States for the shortfall in revenue arising on account of implementation of GST considering an annual growth of 14 per cent from the base year for a period of five years. Accordingly, the projected revenue for Rajasthan was ₹ 28,980.23 crore for the year

2. Other Taxes include taxes on immovable property other than agricultural land, taxes and duties on electricity and other taxes and duties on Commodities and Services (excluding Entertainment Tax and Luxury Tax). It includes receipts under Taxes and Duties on Electricity ₹ 1,921 crore, ₹ 738 crore, ₹ 3,376 crore, ₹ 2,148 crore and ₹ 2,263 crore during 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.

2019-20 by applying the projected growth at the rate of 14 *per cent* per annum over the base year (2015-16) revenue of ₹ 17,158.62 crore.

During the year 2019-20, against the projected revenue of ₹ 28,980.23 crore, the State's GST (SGST) collection was ₹ 21,954.17 crore (including the advance apportionment of IGST<sup>3</sup> amounting to ₹ 13.26 crore) as compared to ₹ 22,938.33 crore in 2018-19, registering a decrease of ₹ 984.16 crore (4.29 *per cent*). The total receipts of the State under GST during 2019-20 were ₹ 32,183.68 crore which included SGST collection and net proceeds of CGST<sup>4</sup> assigned to states while the State did not receive its share of the net proceeds of IGST assigned to the States for the year 2019-20.

As per Section 7 of the GST (Compensation to the States) Act 2017, actual GST revenue collected by the State is to be audited/certified by Comptroller and Auditor General of India for receiving compensation from the Central Government on account of loss of revenue arising out of implementation of GST. The State received compensation of ₹ 4,034.53 crore (excluding ₹ 405.00 crore pertaining to previous year) during 2019-20.

The entire process of collection of Goods and Service Tax (GST) has been made online through the GSTN IT platform. The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22<sup>nd</sup> June, 2020. The administrative action to provide access to GST system was initiated by Government of Rajasthan in November 2020 and access was provided by December 2020. The accounts for the year 2019-2020 have, therefore, been certified on the basis of test audit, as was being done when records were being maintained manually, pending full implementation of the Government of India's decision to provide Audit access to GSTN data.

Due to this, only limited audit checks could be conducted on certain physical copies made available for audit of GST refunds. Therefore, the GST receipts of the year remained unaudited and the compensation received from Central Government is provisional.

### ***Analysis of arrears of revenue***

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

The arrears of revenue as on 31 March 2020 relating to certain principal heads of revenue amounted to ₹ 23,926.61 crore, out of which ₹ 3,343.89 crore was outstanding for more than five years as given in **Table 2.5**.

3. Integrated Goods and Services Tax.

4. Central Goods and Services Tax.

**Table 2.5: Arrear of Revenue****(₹ in crore)**

S. No.	Heads of revenue	Total amount outstanding as on 1 April 2019	Total amount outstanding as on 31 March 2020 and percentage of increase in comparison to previous year	Amount outstanding for more than five years as on 31 March 2020
1	Commercial Taxes	21,330.59	21,820.33 (+) 2.30	2,822.05
2	Transport	63.10	64.14 (+) 1.65	37.45
3	Land Revenue	258.19	179.69 (-) 30.40	80.02
4	Registration and Stamps	494.72	1,339.42 (+) 170.74	119.15
5	State Excise	194.52	201.58 (+) 3.63	193.55
6	Mines, Geology and Petroleum	240.04	321.45 (+) 33.91	91.67
<b>Total</b>		<b>22,581.16</b>	<b>23,926.61 (+) 5.96</b>	<b>3,343.89</b>

Source: Information provided by the concerned Departments.

The information regarding stages at which arrears were pending for collection was not provided though called for (March 2021).

### ***Arrears of Assessment***

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Departments of Commercial Taxes, Registration and Stamps, Mines & Geology and Petroleum and Transport are given in **Table 2.6**.

**Table 2.6: Arrear in Assessment**

Name of the Department	Opening balance	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Commercial Taxes	39	5,30,677	5,30,716	5,30,698	18	99.99
Registration and Stamps	4,980	8,691	13,671	8,549	5,122	62.53
Mines, Geology and Petroleum	5,581	11,627	17,208	8,409	8,799	48.87
Transport	1,938	22,236	24,174	22,637	1,537	93.64

Source: Information provided by the concerned Departments.

It can be seen that the Commercial Taxes Department performed well to achieve a high percentage of disposal. However, disposal of cases was much lower in Departments of Registration and Stamps, Mines & Geology and Petroleum and Transport. These Departments may take necessary action for speedy disposal of the cases.

### ***Details of Evasion of Tax Detected by Departments***

According to the information furnished by the Commercial Taxes Department, 285 cases of tax evasion were noticed during the year 2019-20 and in 234 cases

assessment/investigation was completed. Further, including the above cases, additional demand with penalty *etc.* in 1,862 cases amounting to ₹ 5,123.79 crore was raised in the cases detected from the year 2015-16 to 2019-20 out of which the Department recovered ₹ 4,311.41 crore in 1,316 cases with 66.29 *per cent* settlement of cases during the year 2019-20. In Mines and Geology department, additional demand with penalty *etc.* in 15 cases amounting to ₹ 52.25 crore was raised in the cases detected from the year 2015-16 to 2019-20 out of which the Department recovered ₹ 2.74 crore in 10 cases during 2019-20. Details of pending cases is given in **Table 2.7**.

Land Revenue, State Excise, Transport, Registration and Stamps Departments informed that no cases of Tax Evasion were detected (November 2020). This shows that these departments lacked a proper mechanism for intelligence gathering and acting on inputs to check leakage of revenue as revealed during audit scrutiny of records in these departments regarding leakage of revenue such as vehicles plying without permits, illegal mining, non-conversion of agricultural land for residential or commercial purpose, short levy of stamp duty and illegal transportation of liquor and other drugs *etc.*

**Table 2.7: Evasion of Tax Detected**

Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	No. of cases in which assessment/investigation completed and additional demand with penalty <i>etc.</i> raised		No. of cases pending for finalization as on 31 March 2020
				No. of cases	Amount of demand (₹ in crore)	
Taxes/VAT on Sales, Trade	68	285	353	234	190.41	119
Mines and Geology	0	87	87	80	0.87	7

### Pendency of refund cases

The refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20 as reported by the Departments are given in **Table 2.8**.

**Table 2.8: Pendency of refund cases**

S. No.	Particulars	Commercial Taxes		Registration and Stamps		Transport		Mines, Geology and Petroleum	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	181	103.42	974	5.27	412	1.98	17	2.17
2	Claims received during the year	5930	412.64	1937	13.96	537	2.78	10	0.78
3	Refunds made during the year	3135	203.03	1861	9.22	367	2.08	4	0.25
4	Rejected during the year	1686	182.51	63	0.07	28	0.11	0	0
5	Balance outstanding at the end of year	1290	130.52	987	9.94	554	2.57	23	2.70

Source: Information provided by the Departments.

The progress shows that the Departments have not been able to complete the refund cases as the number as well as the amount pending have increased for all the taxes. The concerned Departments may consider suitable measures for speedy settlement of refund cases as it would not only benefit the claimants but would also save the Government from payment of interest on the delayed payment of refunds.

### Non-Tax Revenue

Non-Tax revenue consists of interest receipts, Revenue from petroleum, Dividends and Profits, etc. The trend of Non-Tax revenue during the five-year period from 2015-16 to 2019-20 is provided in **Table 2.9**.

**Table 2.9: Components of State's Non-Tax Revenue**

						(₹ in crore)
Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
Interest Receipts	1,982	1,933	4,859	5,791	3,852	
Revenue from Petroleum <sup>5</sup>	2,342	2,332	2,579	3,883	3,320	
Non-ferrous Mining and Metallurgical Industries	3,782	4,234	4,522	5,302	4,579	
Dividends and Profits	97	68	67	56	55	
Other Non-Tax Receipts	2,725	3,048	3,707	3,571	3,908	
<b>Total</b>	<b>10,928</b>	<b>11,615</b>	<b>15,734</b>	<b>18,603</b>	<b>15,714</b>	

Source: Finance Accounts

Non-Tax Revenue ranged from 10 per cent to 13 per cent of Total Revenue Receipts of the State during the five-year period from 2015-16 to 2019-20. During 2019-20, the Non-Tax Revenue (₹ 15,714 crore) decreased by 15.5 per cent (₹ 2,889 crore), as compared to the previous year mainly due to significant decrease in Revenue from Interest Receipts from Public Sector and Other Undertakings by ₹ 1,939 crore (33.5 per cent), Non-ferrous Mining and Metallurgical Industries by ₹ 723 crore (13.6 per cent) and Petroleum Receipts from royalties on crude oil by ₹ 563 crore (14.5 per cent).

### 2.3.2.3 Transfers from the Centre

The transfers from Central Government are mainly dependent on the recommendations of the Finance Commission. *XIV-FC recommended an increase in the share of the States in Central Taxes from 32 per cent (recommended by XIII-FC) to 42 per cent.* Trend in transfers from Centre is provided in the table below for a period of 10 years covering the periods of Thirteenth as well as Fourteenth Finance Commissions.

**Table 2.10: Trends in transfers from Centre**

				(₹ in crore)
Year	Share in Central Taxes	Grant from Centre	Transfer from the Centre	
1	2	3	4 = (2+3)	
2010-11	12,856	6,020	18,876	
2011-12	14,977	7,482	22,459	
2012-13	17,103	7,174	24,277	

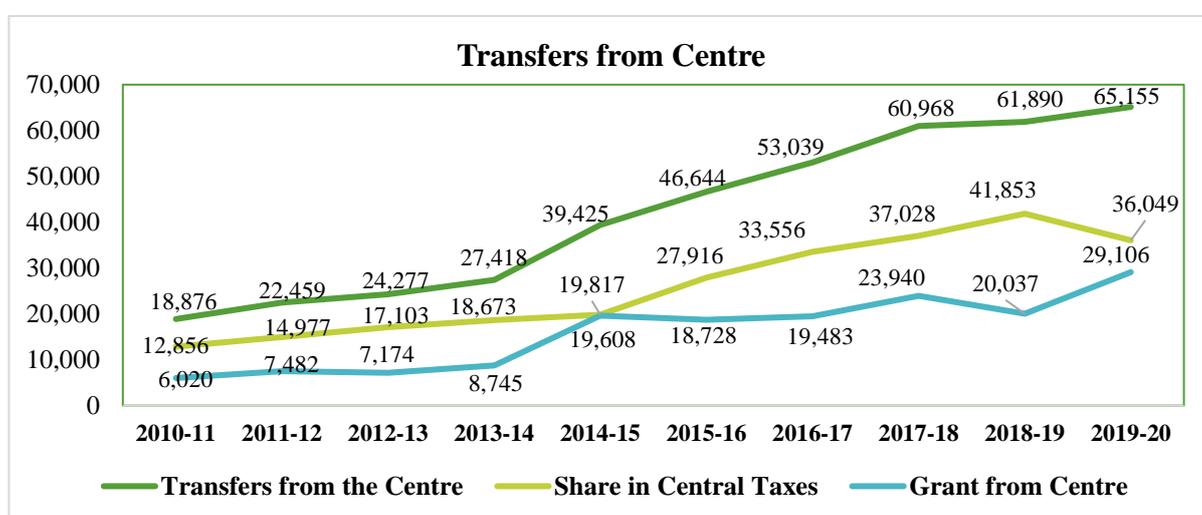
5. Revenue from royalties on crude oil produced in Barmer-Sanchor basin.

Year	Share in Central Taxes	Grant from Centre	Transfer from the Centre
2013-14	18,673	8,745	27,418
2014-15	19,817	19,608	39,425
2015-16	27,916	18,728	46,644
2016-17	33,556	19,483	53,039
2017-18	37,028	23,940	60,968
2018-19	41,853	20,037	61,890
2019-20	36,049	29,106	65,155

Source: Finance Accounts

Transfer from the Centre increased from ₹ 18,876 crore in 2010-11 to ₹ 65,155 crore in 2019-20. As compared to previous year, the State's share in Central Taxes declined in 2019-20 whereas, the Grants from the Centre registered an increase.

Chart 2.7: Trends in transfers from Centre



### Central Tax Transfer

XIV-FC recommended an increase in the share of the States in Central Taxes from 32 per cent (recommended by XIII-FC) to 42 per cent.

Components of the State's share of Union taxes are given in **Table 2.11**.

**Table 2.11: Transfer of different components of the State's share of Union taxes**

Components of the Central Tax Transfers	₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Customs	4,464	4,620	3,735	2,966	2,285
Union Excise Duties	3,731	5,275	3,905	1,971	1,589
Service Tax	4,864	5,433	4,227	389	-
Central Goods and Services Tax (CGST)	-	-	520	10,329	10,229
Integrated Goods and Services Tax (IGST)	-	-	3,736	824	-
Corporation Tax	8,760	10,739	11,334	14,553	12,291
Taxes on Income other than Corporation Tax	6,073	7,464	9,571	10,718	9,631
Taxes on Wealth	2	25	- <sup>6</sup>	5	1

6. ₹ (-) 0.34 crore.

Components of the Central Tax Transfers	2015-16	2016-17	2017-18	2018-19	2019-20
Other Taxes and Duties on Commodities and Services	22	- <sup>7</sup>	- <sup>8</sup>	22	23
Others	-	-	-	76	-
<b>Central Tax Transfers</b>	<b>27,916</b>	<b>33,556</b>	<b>37,028</b>	<b>41,853</b>	<b>36,049</b>
Percentage of increase over previous year	40.9	20.2	10.3	13.0	(-) <sup>13.9</sup>
Percentage of Central tax transfers to Revenue Receipts	27.8	30.8	29.1	30.4	25.7

Source: Finance Accounts

Over the five-year period 2015-20, Central Tax Transfers increased by 29.13 per cent from ₹ 27,916 crore in 2015-16 to ₹ 36,049 crore in 2019-20 when it constituted 26 per cent of the Revenue Receipts.

During 2019-20, Central Tax Transfers (₹ 36,049 crore) decreased by 13.9 per cent (₹ 5,804 crore) as compared to the previous year mainly due to significant decrease in Corporation Tax by ₹ 2,262 crore (15.5 per cent), Taxes on Income other than Corporation Tax by ₹ 1,087 crore (10.1 per cent), Integrated Goods and Services Tax (IGST) by ₹ 824 crore (100 per cent) and Customs by ₹ 681 crore (23.0 per cent).

### Grants-in-aid from GoI

Grants-in-Aid (GIA) received by the State Government from GoI during 2015-20 are detailed in **Table 2.12**.

**Table 2.12: Grants-in-Aid from GoI**

Head	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants*	5,241	5,928	-	-	-
Grants for State Plan Schemes*	12,957	13,462	-	-	-
Grants for Central Plan Schemes (including Centrally Sponsored Schemes) *	530	93	-	-	-
Centrally Sponsored Schemes	-	-	16,104	13,317	14,966
Finance Commission Grants	-	-	4,262	3,121	7,332
Other transfer/Grants to State/Union Territories with Legislature	-	-	3,574	3,599	6,808
<b>Total</b>	<b>18,728</b>	<b>19,483</b>	<b>23,940</b>	<b>20,037</b>	<b>29,106</b>
Percentage of increase over the previous year	(-) 4.5	4.0	22.9	(-) 16.3	45.3
Percentage of GIA to Revenue Receipts	18.7	17.9	18.8	14.5	20.8

Source: Finance Accounts

\*There are no figures since the nomenclature of plan and non-plan grants was removed from the year 2017-18 and was replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

GIA from GoI increased by ₹ 9,069 crore (45 per cent) during the year compared to the previous year mainly due to significant increase in assistance for Rural Local Bodies by ₹ 3,681 crore (270.3 per cent), compensation for loss of revenue arising out of implementation of GST by ₹ 2,263 crore (104.0 per cent), assistance for National Disaster Response Fund (NDRF) by ₹ 1,423 crore (270.5 per cent) and assistance for Urban Local Bodies by ₹ 482 crore (60.1 per cent). GIA constituted 21 per cent of Revenue Receipts during the year 2019-20. Grants for Centrally Sponsored Schemes to the State (₹ 14,966 crore) constituted 51 per cent of the total grants during the year.

7. ₹ 0.09 crore.

8. ₹ (-) 0.01 crore.

Other grants included Finance Commission Grants (₹ 7,332 crore) for Local Bodies and State Disaster Response Fund (SDRF) which constituted 25 per cent of total grants, compensation for loss of revenue arising out of implementation of GST (₹ 4,440 crore) and grants for NDRF (₹ 1,950 crore).

### Fourteenth Finance Commission Grants

The Fourteenth Finance Commission (XIV-FC) submitted its report in December 2014, for the five-year period (2015-20) commencing from April 1, 2015. During 2015-2020, GoI had allocated GIA of ₹ 24,240.75 crore (including State share of SDRF) to the State Government as recommended by XIV-FC.

The State Government had constituted (January 2016) a High-Level Monitoring Committee (HLMC) headed by the Chief Secretary to ensure proper utilisation of Grant-in-aid. During the period 2019-20, HLMC neither conducted any meeting nor evaluated the utilisation of GIA. The Department accepted the facts and stated (November 2020) that the meeting could not be conducted during 2019-20 due to unavoidable reasons.

The position of GIA recommended by XIV-FC, released by GoI and onward transfer by the State Government during 2015-20 is given in table below:

**Table 2.13: Recommended amount, actual release and transfers of Grant-in-aid**

S. No.	Transfers	Recommendation of the XIV-FC 2015-20	Recommendation of the XIV-FC			Actual release by GoI			Release by GoI		
			2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20	Total (% of column 9)
1	2	3	4	5	6	7	8	9	10	11	12
1	<b>Local Bodies</b>										
	(i) Grants to PRIs	13,633.63	9,502.74	4,130.89	13,633.63	7,797.05	5,043.12	12,840.17	7,797.05	5,043.12	12,840.17 (100)
	(a) General Basic Grant	12,270.27	8,589.26	3,681.01	12,270.27	7,227.15	5,043.12	12,270.27	7,227.15	5,043.12	12,270.27 (100)
	(b) General Performance Grants	1,363.36	913.48	449.88	1,363.36	569.90	-	569.90	569.90	-	569.90 (100)
	(ii) Grants to ULBs	4,513.12	3,132.15	1,380.97	4,513.12	2,704.38	1,283.43	3,987.81	2,704.38	1,283.43	3,987.81 (100)
	(a) General Basic Grant	3,610.50	2,527.38	1,083.12	3,610.50	2,527.38	1,083.13	3,610.51	2,527.38	1,083.13	3,610.51 (100)
	(b) General Performance Grants	902.62	604.77	297.85	902.62	177.00	200.30	377.30	177.00	200.30	377.30 (100)
	<b>Total (i)</b>	<b>18,146.75</b>	<b>12,634.89</b>	<b>5,511.86</b>	<b>18,146.75</b>	<b>10,501.43</b>	<b>6,326.55</b>	<b>16,827.98</b>	<b>10,501.43</b>	<b>6,326.55</b>	<b>16,827.98 (100)</b>
2	State Disaster Response Fund*	6,094.00	4,754.00	1,340.00	6,094.00	4,754.00	1,340.00	6,094.00	4,658.22	1,435.78	6,094.00 (100)
	<b>Grand Total (1 to 2)</b>	<b>24,240.75</b>	<b>17,388.89</b>	<b>6,851.86</b>	<b>24,240.75</b>	<b>15,255.43</b>	<b>7,666.55</b>	<b>22,921.98</b>	<b>15,159.65</b>	<b>7,762.33</b>	<b>22,921.98 (100)</b>

Source: XIV-FC Report and Finance Accounts of the State.

\* Including State share of 25 per cent of total grant.

### Transfer to Local Bodies (Rural and Urban)

As per recommendations of the XIV-FC, GoI issued (October 2015) guidelines for implementation of recommendations of the XIV-FC. Para 11 to 13 of the guidelines envisage that Performance Grant is admissible to the Rural Local Bodies after fulfilment of the mandatory conditions, namely (i) submission of reliable audited

accounts along with data of receipts and expenditure, and (ii) improvement in own sources of revenue by the local bodies.

It was observed that the General Performance Grants of ₹ 343.58 crore and ₹ 449.88 crore to Rural Local Bodies as recommended by XIV-FC for the years 2018-19 and 2019-20 had not been released by GoI as of September 2020 even when the information regarding mandatory conditions was sent to GoI for the years 2018-19 and 2019-20 on 20.06.2019 and 20.03.2020 respectively. Reasons for non-disbursing the performance grants for the year 2018-19 and 2019-20 were not intimated to audit (March 2021).

Similarly, XIV-FC recommended General Performance Grants of ₹ 200.30 crore, ₹ 227.47 crore and ₹ 297.85 crore to Urban Local Bodies (ULBs) for the years 2017-18, 2018-19 and 2019-20 respectively. However, grants only for the year 2017-18 were released by GoI in 2019-20 whereas grants for the years 2018-20 had not been released by September 2020. Reasons for not releasing the Performance Grants for the years 2018-20 and delay in release for the year 2017-18 were not provided (March 2021) to audit though called for.

### 2.3.3 Capital Receipts

Capital Receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, net debt receipts from internal sources and loans and advances from GoI. The net public debt receipts after discharging public debt *plus* other capital receipts is the net Capital Receipts.

The following table shows the trends in growth and composition of net Capital Receipts.

**Table 2.14: Trends in growth and composition of net Capital Receipts**

Sources of State's Capital Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Capital Receipts</b>	<b>57,511</b>	<b>40,615</b>	<b>32,033</b>	<b>36,110</b>	<b>41,831</b>
Miscellaneous Capital Receipts	25	28	16	20	20
Recovery of Loans and Advances	1,447	1,713	15,134	15,158	15,670
Net Public Debt Receipts	56,039	38,874	16,883	20,932	26,141
<i>Internal Debt</i>	54,815	35,993	15,959	19,068	22,766
<i>Growth rate</i>	325.09	-34.34	-55.66	19.48	19.39
<i>Loans and Advances from GoI</i>	1,224	2,881	924	1,864	3,375
<i>Growth rate</i>	327.97	135.38	-67.93	101.73	81.07
Rate of growth of debt Capital Receipts	325.15	-30.63	-56.57	23.98	24.89
Rate of growth of non-debt capital receipts	44.46	18.27	770.19	0.18	3.37
Rate of growth of GSDP	10.69	11.63	9.78	12.86	8.32
Rate of growth of Capital Receipts ( <i>per cent</i> )	305.01	-29.38	-21.13	12.73	15.84

Source: Finance Accounts and Economic Review by Department of Economics and Statistics, GoR.

Capital Receipts increased by 15.84 *per cent* from ₹ 36,110 crore in 2018-19 to ₹ 41,831 crore in 2019-20. During 2019-20, 54 *per cent* Capital Receipts came from net Internal Debt and 37 *per cent* from recovery of Loans and Advances.

### 2.3.4 State's performance in mobilization of 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 Own Tax and Non-Tax Revenue *vis-a-vis* assessment made by XIV-FC and Budget Estimates are given in **Table 2.15**.

**Table 2.15: State's Own Tax and Non-Tax Revenue projections and Actual for 2019-20**

(₹ in crore)

	XIV-FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				Budget Estimates	XIV-FC projections
<b>Own Tax Revenue</b>	1,04,964	73,743	59,245	(-) 19.66	(-) 43.56
<b>Non-Tax Revenue</b>	26,665	19,124	15,714	(-) 17.83	(-) 41.07

In comparison to the assessment made by XIV-FC, the Receipts under Tax Revenue and Non-Tax Revenue were less by 43.56 *per cent* (₹45,719 crore) and 41.07 *per cent* (₹10,951 crore) respectively while being lesser than the BE by 19.66 *per cent* and 17.83 *per cent* respectively indicating substantial shortfall in mobilisation of resources by the State.

## 2.4 Application of resources

The application of resources by the State government has to be within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State are not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs give the analysis of expenditure in the State.

### 2.4.1 Growth and composition of expenditure

**Table 2.16** presents the trends in total expenditure over a period of five years (2015-20) depicting its composition in terms of 'economic classification'.

**Table 2.16: Total expenditure and its composition**

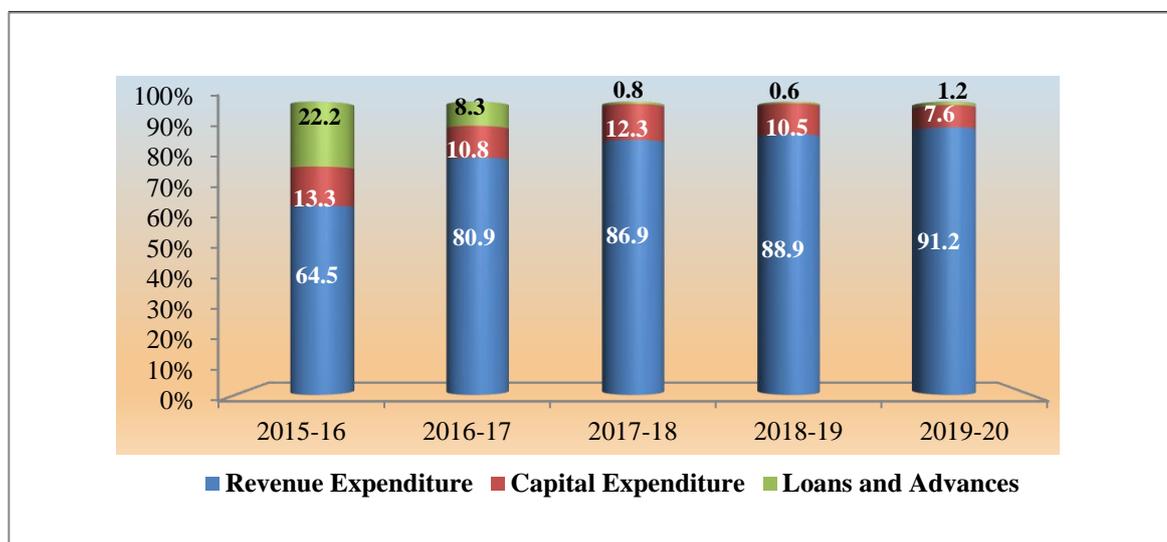
(₹ in crore)

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	1,64,827	1,57,085	1,67,799	1,87,524	1,93,458
Revenue Expenditure (RE)	1,06,239	1,27,140	1,45,842	1,66,773	1,76,485
Capital Expenditure (CE)	21,986	16,980	20,623	19,638	14,718
Loans and Advances	36,602	12,965	1,334	1,113	2,255
<b>As a percentage of GSDP</b>					
TE/GSDP	24.2	20.6	20.1	19.9	18.9
RE/GSDP	15.6	16.7	17.4	17.7	17.3
CE/GSDP	3.2	2.2	2.5	2.1	1.4
Loans and Advances/GSDP	5.4	1.7	0.2	0.1	0.2

Source: Finance Accounts

The table shows that Total Expenditure of the State increased by 17 *per cent* from ₹ 1,64,827 crore in 2015-16 to ₹ 1,93,458 crore in 2019-20. During the year, it increased by three *per cent* over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 18.9 *per cent* to 24.2 *per cent* during the period 2015-20.

**Chart 2.8: Total Expenditure: Trends in share of its components**



Source: Finance Accounts

As evident from the above chart and **Table 2.17**, Capital Expenditure has shown a significant decrease in the last few years, with its share as a percentage of GSDP decreasing from 3.2 *per cent* in 2015-16 to 1.4 *per cent* in 2019-20. This decrease has to be viewed in light of the fact that capital expenditure has decreased from ₹ 21,986 crore in 2015-16 to ₹ 14,718 crore in 2019-20.

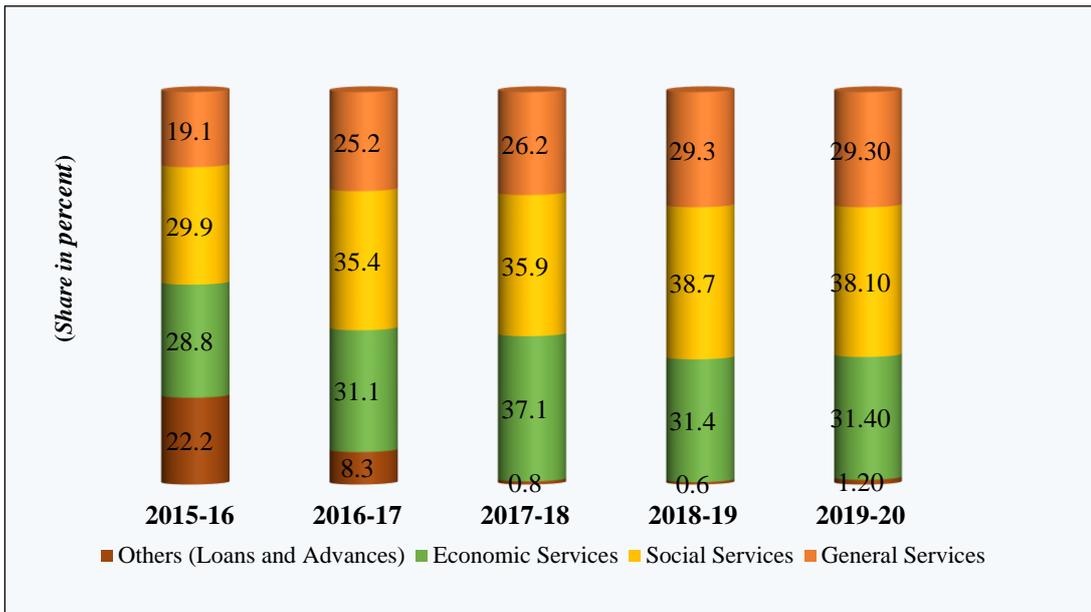
**Table 2.17: Relative share of various sectors of expenditure**

Parameters	(In per cent)				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	19.1	25.2	26.2	29.3	29.3
Social Services	29.9	35.4	35.9	38.7	38.1
Economic Services	28.8	31.1	37.1	31.4	31.4
Others (Loans and Advances)	22.2	8.3	0.8	0.6	1.2

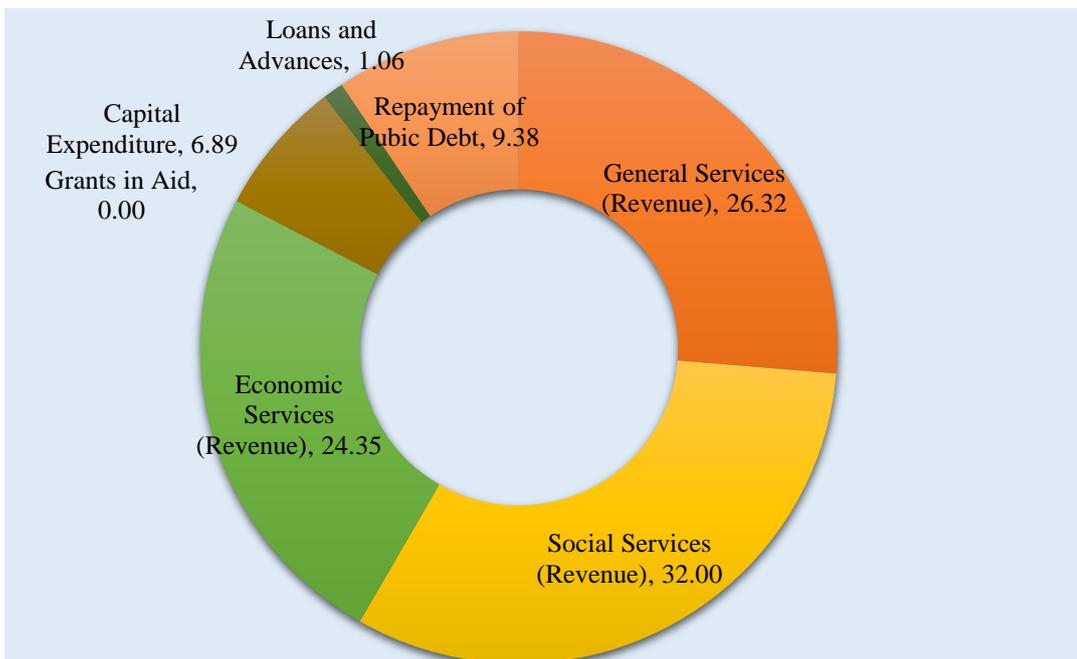
Source: Finance Accounts

The above table reveals that during 2019-20, relative share of Social Services in total expenditure decreased as compared to 2018-19 mainly due to decline in expenditure under General Education, Census Survey and Statistics, Medical and Public Health, Water Supply and Sanitation, Urban Development and Other General Economic Services.

**Chart 2.9: Total expenditure - Expenditure by activities**



**Chart 2.10: Composition of the expenditure**



**2.4.2 Revenue Expenditure**

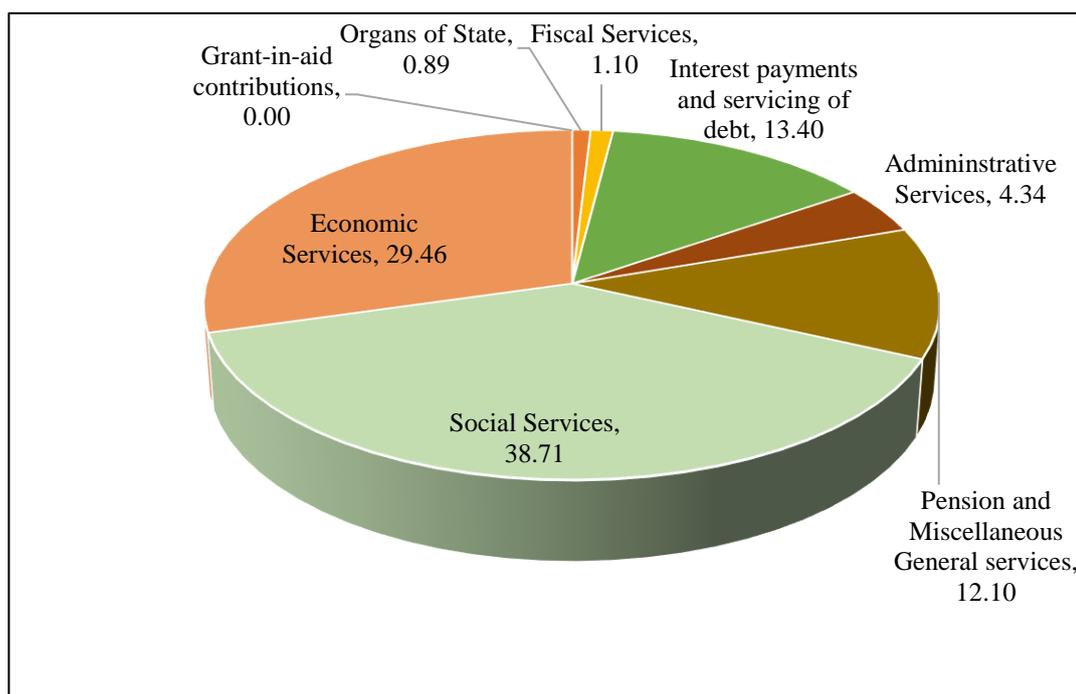
Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State’s infrastructure and services.

**Table 2.18: Revenue Expenditure – Basic Parameters**

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	1,64,827	1,57,085	1,67,799	1,87,524	1,93,458
Revenue Expenditure (RE)	1,06,239	1,27,140	1,45,842	1,66,773	1,76,485
Rate of Growth of RE ( <i>per cent</i> )	12.4	19.7	14.7	14.4	5.8
Revenue Expenditure as percentage of TE	64.5	80.9	86.9	88.9	91.2
RE/GSDP ( <i>per cent</i> )	15.6	16.7	17.5	17.7	17.3
RE as percentage of RR	105.9	116.6	114.6	121.0	126.0
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	1.2	1.7	1.5	1.1	0.7
Revenue Receipts (ratio)	1.3	2.3	0.9	1.7	3.6

Source: Finance Accounts of respective years.

Revenue Expenditure constituted 91.2 *per cent* of total expenditure during 2019-20. It increased at CAGR of 13.53 *per cent* from ₹ 1,06,239 crore in 2015-16 to ₹ 1,76,485 crore in 2019-20. During 2019-20, the revenue expenditure increased by 5.8 *per cent* (₹ 9,712 crore) over the previous year.

**Chart 2.11: Sector-wise distribution of revenue expenditure**

#### 2.4.2.1 Major changes in Revenue Expenditure

**Table 2.19** details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

**Table 2.19: Variation in Revenue Expenditure during 2019-20 as compared to 2018-19**

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-)
2235- Social Security and Welfare	5,993.11	8,195.48	2,202.37
2049- Interest Payments	21,695.20	23,643.27	1,948.07
2515- Other Rural Development Programmes	6,155.20	7,807.53	1,652.33
2801- Power	21,203.73	22,734.43	1,530.70
2425- Cooperation	3,727.80	5,158.98	1,431.18
3054- Roads and Bridges	1,242.21	2,102.55	860.34
2211- Family Welfare	2,803.39	3,402.36	598.97
2245- Relief on account of Natural Calamities	2,054.00	2,609.47	555.47
2202- General Education	34,158.69	33,145.84	(-) 1,012.85
3454- Census Surveys and Statistics	1,283.87	693.40	(-) 590.47

Source: Finance Accounts.

The table indicates that Revenue Expenditure under General Education and Census Surveys and Statistics declined significantly during the year, primarily due to the decrease in expenditure on Sarva Shiksha Abhiyan and Bhamashah Yojana respectively.

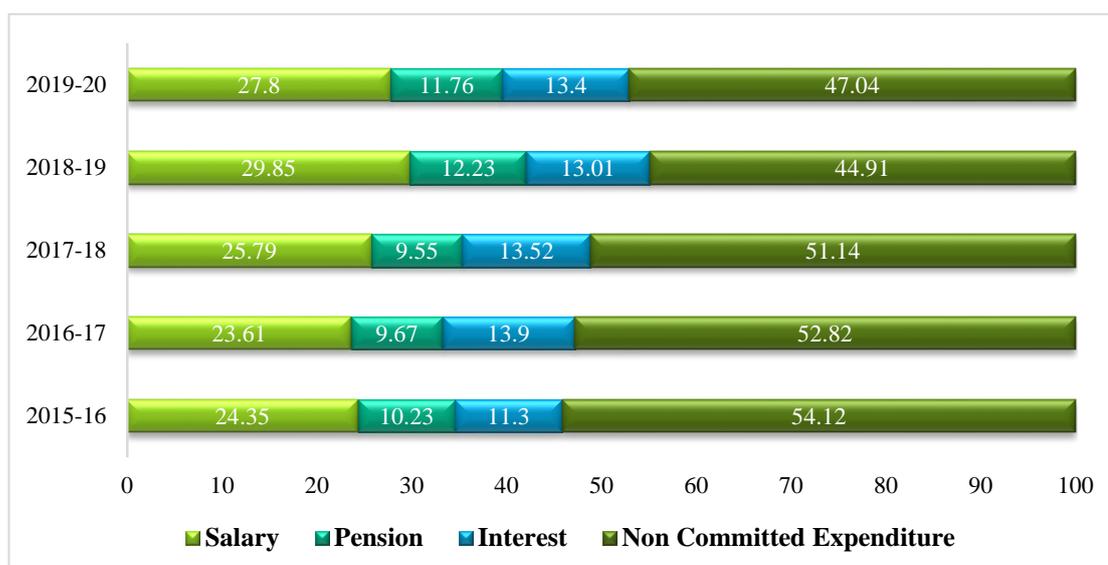
#### 2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It is the first charge on the Government resources. Upward trend in committed expenditure leaves the Government with lesser resources for development initiatives. **Table 2.20** presents the trends in the expenditure on these components during 2015-20.

**Table 2.20: Components of Committed Expenditure**

(₹ in crore)

Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages	25,871	30,016	37,611	49,790	49,066
Expenditure on Pensions	10,864	12,296	13,925	20,396	20,761
Interest Payments	12,008	17,677	19,720	21,695	23,643
<b>Total</b>	<b>48,743</b>	<b>59,989</b>	<b>71,256</b>	<b>91,881</b>	<b>93,470</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	25.80	27.53	29.54	36.11	35.02
Expenditure on Pensions	10.83	11.28	10.94	14.80	14.82
Interest Payments	11.97	16.21	15.49	15.74	16.87
<b>Total</b>	<b>48.60</b>	<b>55.02</b>	<b>55.97</b>	<b>66.65</b>	<b>66.71</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	24.35	23.61	25.79	29.85	27.80
Expenditure on Pensions	10.23	9.67	9.55	12.23	11.76
Interest Payments	11.30	13.90	13.52	13.01	13.40
<b>Total</b>	<b>45.88</b>	<b>47.18</b>	<b>48.86</b>	<b>55.09</b>	<b>52.96</b>

**Chart 2.12: Share of Committed expenditure in total Revenue Expenditure**

The share of committed expenditure to revenue expenditure consistently increased from 45.88 *per cent* in 2015-16 to 55.09 *per cent* in 2018-19, but during 2019-20 it decreased to 52.96 *per cent*. The ratio of committed expenditure also increased to 66.71 *per cent* of revenue receipts in 2019-20 from 48.60 *per cent* in 2015-16.

### Salaries and Wages

The expenditure on Salaries and Wages increased at CAGR of 17.35 *per cent* from ₹ 25,871 crore in 2015-16 to ₹ 49,066 crore in 2019-20. During 2019-20, the expenditure on Salaries and Wages decreased marginally by 1.45 *per cent* over the previous year. It was lower than the assessment made by the State Government (₹ 55,785 crore) in Medium Term Fiscal Policy Statement (MTFPS) by ₹ 6,719 crore.

### Pension payments

The expenditure on pension payments increased at CAGR of 17.57 *per cent* from ₹ 10,864 crore in 2015-16 to ₹ 20,761 crore<sup>9</sup> in 2019-20. During 2019-20, the expenditure on pension payments increased by 1.8 *per cent* over the previous year due to increase in total number of pensioners<sup>10</sup> by 17,635 (4.3 *per cent*). The expenditure on pension and other retirement benefits to the State Government employees was 11.8 *per cent* (12.2 *per cent* in 2018-19) of total revenue expenditure during 2019-20.

Expenditure on pension payments in comparison to assessment made by the XIV-FC and the projections of the State Government in its MTFPS/Budget is given in **Table 2.21**.

9. It includes a sum of ₹ 18,806.50 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 and Government contribution for Defined Contribution Pension Scheme of ₹ 1,954.81 crore.

10. Number of pensioners in 2018-19: 4,13,296 and in 2019-20: 4,30,931.

**Table 2.21: Pension Payments vis-à-vis assessment of the XIV-FC and State's Projections**

(₹ in crore)			
Year	Assessment made by the XIV FC	Assessment made by the State Government in MTFPS/Budget	Actuals
2019-20	14,556	22,580	20,761

The table indicates that the expenditure on pension payments by State Government was within its own projections made in MTFPS/Budget for 2019-20. However, it significantly exceeded the assessment of XIV-FC made for the year by ₹ 6,205 crore.

### **Interest payments**

Interest payments increased at CAGR of 18.46 per cent from ₹ 12,008 crore in 2015-16 to ₹ 23,643 crore in 2019-20. Interest payments (₹ 23,643 crore) during 2019-20 increased by 9 per cent over the previous year (₹ 21,695 crore) mainly due to increase in market loans by ₹ 31,592 crore and Small Savings, Provident Funds, etc. by ₹ 3,991 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 16.9 per cent for 2019-20, which was marginally higher than the previous year (15.7 per cent).

Interest Payments with reference to assessment made by the XIV-FC and the projections of the State Government in its MTFPS/Budget are given in **Table 2.22**.

**Table 2.22: Interest Payments vis-à-vis assessment of the XIV-FC and State's Projections**

(₹ in crore)			
Year	Assessment made by the XIV-FC	Assessment made by the State Government in MTFPS/Budget	Actuals
2019-20	19,928	23,133	23,643

The table indicates that the Interest payments by State Government exceeded its own projections made in MTFPS and Budget for 2019-20 as well as the assessment of XIV FC.

### **2.4.2.3 Undischarged liabilities in National Pension System**

Defined Contribution Pension Scheme widely known as New Contributory Pension Scheme (NPS) has been implemented for all Government Servants appointed on or after 01.01.2004 in Rajasthan. As per the guidelines, it is mandatory for every employee to contribute 10 per cent of basic pay and dearness allowance and matching contribution is to be made by the Government. The State Government has the responsibility to deposit contribution of employees along with matching contribution of employer with the designated pension fund appointed by the National Pension System (NPS) Trust, through the National Securities Depository Limited (NSDL)/Trustee Bank.

Government of Rajasthan has adopted the NPS architecture in toto as designed by the Pension Fund Regulatory Development Authority (PFRDA) and entered into agreements with NSDL and NPS Trust on 09 November 2010 and 02 December 2010 respectively. The contribution details and corresponding amounts are being transferred to the NSDL and Trustee Bank since November 2011. Before November 2011, the employee contribution to the pension account and matching contribution from the Government (from respective salary head of account) up to 2011-12 referred as legacy amount were being deposited in the interest bearing Personal Deposit (PD) Account maintained by concerned Treasury Officers in the budget head 8011-106-103-01.

As per information provided by the Directorate, State Insurance and Provident Fund (SIPF), the details of legacy amount transferred to the NSDL are given in Table below:

**Table 2.23: Details of legacy amount transferred to NSDL**

(₹ in crore)

Year	Opening Balance of Legacy Amount	Total Amount transferred during the year	Un-transferred Legacy Amount	Interest on balance Legacy Amount	Balance Legacy Amount to be transferred
Upto 31/10/2011	1,393.92	0.00	1,393.92	0.00	1,393.92
01/11/2011 to 31/03/2012	1,393.92	0.00	1,393.92	97.41	1,491.33
2012-13	1,491.33	613.58	877.75	56.20	933.95
2013-14	933.95	363.97	569.98	60.00	629.98
2014-15	629.98	297.31	332.67	37.09	369.76
2015-16	369.76	131.66	238.10	34.97	273.07
2016-17	273.07	161.70	111.37	9.46	120.83
2017-18	120.83	65.04	55.79	7.34	63.13
2018-19	63.13	20.72	42.41	4.02	46.43
2019-20	46.43	10.14	36.29	7.65	43.94

From the table above, it is evident that as on 31st March 2020, balance amount of ₹ 43.94 crore on account of legacy amount is pending for transfer. Further, it was observed that there were negative balances of ₹ 0.57 crore in five District Treasury offices<sup>11</sup> due to non-reconciliation of outward and inward entries.

Since November 2011, Government of Rajasthan has operated Major Head 8342-117 for contributions pertaining to All India Services (AIS) officers and Major Head 8011-106 for all other State Government employees. Employees' contribution is to be transferred to these heads and government contribution is to be drawn by SIPF department from Major Head 2071-01-117-01-89 for further transfer to NSDL and NPS Trust with effect from 01.04.2012.

According to the information provided by the State Government, as on 31st March 2020, an amount of ₹ 127.21 crore (₹ 43.94 crore as legacy amount, ₹ 82.92 crore un-transferred contribution of State Government employees and ₹ 0.35 crore un-transferred contribution of AIS Officers) was pending for transfer to NSDL resulting in interest liability on the State Government. Further, there was short transfer of ₹ 83.27 crore of matching employer's contribution (₹ 82.92 crore for State Government employees and ₹ 0.35 crore for AIS officers), which is the liability of the State Government.

11. Alwar: ₹ 0.38 lakh, Dausa: ₹ 7.26 lakh, Kota: ₹ 29.78 lakh, Sawai Madhopur: ₹ 15.93 lakh and Churu: ₹ 3.64 lakh.

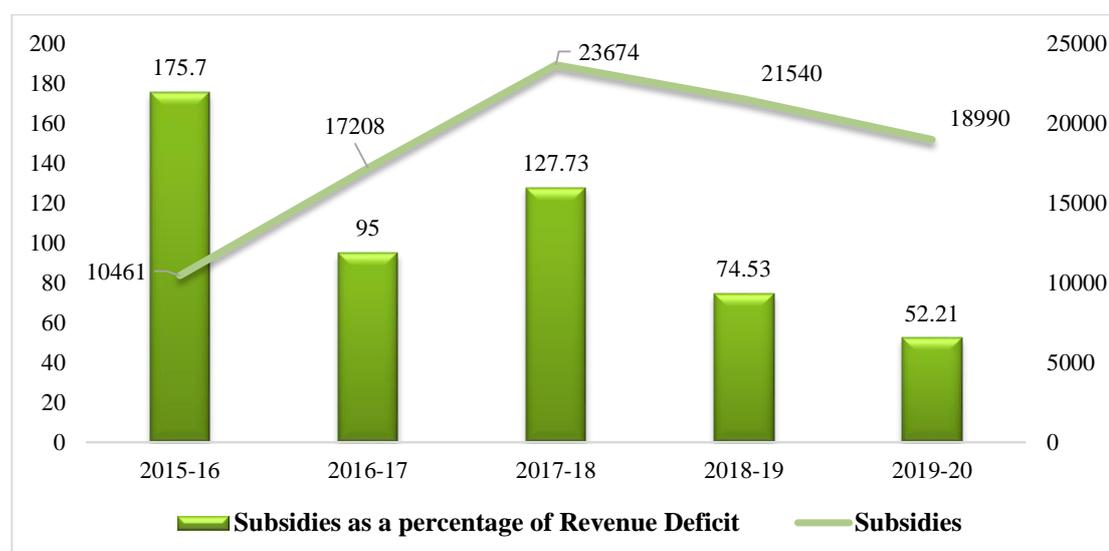
### 2.4.2.4 Subsidies

In a welfare state, subsidies are provided to the disadvantaged sections of the society. The subsidies and subsidies as a percentage of Revenue Receipts (RR) and Revenue Expenditure (RE) for the last five years are as under:

**Table 2.24: Expenditure on subsidies during 2015-20**

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies	10,461	17,208	23,674	21,540	18,990
Subsidies as a percentage of RR	10.43 (1,00,285)	15.78 (1,09,026)	18.60 (1,27,307)	15.62 (1,37,873)	13.55 (1,40,114)
Subsidies as a percentage of RE	9.85 (1,06,239)	13.53 (1,27,140)	16.23 (1,45,842)	12.92 (1,66,773)	10.76 (1,76,485)
Subsidies as a percentage of Revenue Deficit	175.70 (5,954)	95.00 (18,114)	127.73 (18,535)	74.53 (28,900)	52.21 (36,371)
Subsidy given to Power Sector by Government	10,186	16,842	23,391	21,204	18,644
Power sector subsidy as a percentage of total subsidy	97.4	97.9	98.8	98.4	98.2

**Chart 2.13: Subsidies and subsidies as a percentage of Revenue Deficit**



Though the payment on subsidies during 2019-20 (₹ 18,990 crore) decreased by 11.84 per cent from the previous year (₹ 21,540 crore), it still constituted 10.76 per cent of the RE and consumed 13.55 per cent of the total RR during 2019-20. Subsidy as a percentage of Revenue Deficit indicates how much is the contribution of subsidies in the Revenue Deficit. A percentage more than 100 indicates that it is only because of the subsidies given during the year, the revenue surplus has turned into revenue deficit. While subsidies were 175.70 per cent of the Revenue Deficit (RD) in 2015-16, it constituted 52.21 per cent of RD in 2019-20 down from 74.53 per cent in 2018-19.

The biggest component of the subsidy outgo of the GoR was the subsidy to the Power Sector which accounted for 98.2 per cent (₹18,644 crore) of the total subsidy. During 2019-20, the subsidy was given to the Power Sector mainly on account of assistance to Distribution Companies under UDAY<sup>12</sup> (₹ 9,726.06 crore), grant for non-increasing of Power Tariff (₹ 7,384.00 crore) and grant for Electric Fees (₹ 1,482.81 crore). Further, subsidy to Power Sector ranged from 97.4 per cent to 98.8 per cent of the total subsidy provided by GoR during 2015-16 to 2019-20.

Power Sector subsidy (₹ 18,644.02 crore) decreased by 12.07 per cent (₹ 2,560 crore) over the previous year (₹ 21,203.73 crore) mainly due to decrease of ₹ 2,273.94 crore in assistance to Distribution Companies under UDAY component.

The second biggest component of Subsidies was Crop Husbandry (₹ 215 crore). However, Crop Husbandry subsidy decreased by 28.74 per cent from ₹ 301.20 crore in 2018-19 to ₹ 214.64 crore in 2019-20. Also, subsidy under the National Food Security Scheme increased 552 per cent from ₹ 15.92 crore in 2018-19 to ₹103.82 crore in 2019-20.

#### 2.4.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance to the tune of ₹41,024.82 crore was provided by the State Government to Local bodies and Other institutions by way of grants and loans in 2019-20. During 2019-20, the financial assistance to Local bodies and Other Institutions increased by 17.68 per cent in comparison to previous year (₹ 34,862.21 crore) mainly due to increase in assistance to Government Companies. Further, during the period 2015-20, the overall financial assistance to Local Bodies and Other Institutions constituted 21 per cent to 30 per cent of the revenue expenditure.

The quantum of assistance provided through grants and loans to Local Bodies and Other Institutions during 2015-20 is given in **Table 2.25**.

**Table 2.25: Financial Assistance to Local Bodies etc.**

	(₹ in crore)				
Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
<b>(A) Local Bodies</b>					
Municipal Corporations and Municipalities	3,063.89	3,839.93	3,695.48	3,811.13	3,781.24
Panchayati Raj Institutions	15,981.85	14,472.66	18,550.27	14,834.25	15,270.45
<b>Total (A)</b>	<b>19,045.74</b>	<b>18,312.59</b>	<b>22,245.75</b>	<b>18,645.38</b>	<b>19,051.69</b>
<b>(B) Others</b>					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,239.54	1,671.13	1,283.29	1,452.88	1,487.70
Development Authorities	6.19	7.61	11.68	13.65	12.41
Hospitals and Other Charitable Institutions	116.62	77.41	918.96	1,241.07	898.43

12. Ujwal DISCOM assurance Yojana.

Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
Other Institutions	11,316.72	12,823.46	10,525.42	13,509.23	19,574.59 <sup>13</sup>
<b>Total (B)</b>	<b>12,679.07</b>	<b>14,579.61</b>	<b>12,739.35</b>	<b>16,216.83</b>	<b>21,973.13</b>
<b>Total (A+B)</b>	<b>31,724.81</b>	<b>32,892.20</b>	<b>34,985.10</b>	<b>34,862.21</b>	<b>41,024.82</b>
Revenue Expenditure	1,06,239	1,27,140	1,45,842	1,66,773	1,76,485
Assistance as percentage of Revenue Expenditure	30	26	24	21	23

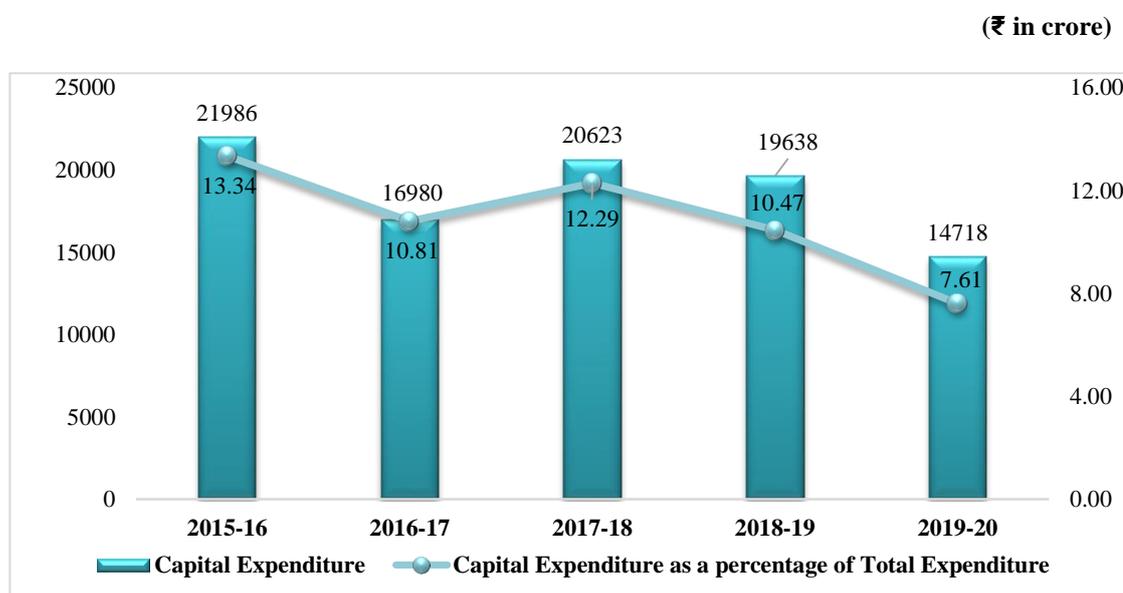
Source: Finance Accounts

During 2019-20, financial assistance was given mainly to General Basic Grant under XIV-FC recommendations (₹ 5,039.78 crore), Farm Loan Waiver Scheme (₹ 4,245.09 crore), Assistance under UDAY (₹ 4,090.41 crore), National Rural Health Mission (₹ 2,345.67 crore), Zila Parishads under Pradhan Mantri Awas Yojana (₹ 2,279.24 crore), Panchayat Samitis for Grant for primary schools (₹ 1,980.81 crore), Special Grants to Municipal Corporations/Municipalities/Municipal Councils (₹ 1,897.41 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 1,896.28 crore) and Crop Insurance scheme (₹ 1,034.95 crore).

### 2.4.3 Capital Expenditure

Capital Expenditure is primarily the expenditure on creation of fixed infrastructure assets such as roads, buildings etc.

**Chart 2.14: Capital expenditure in the State**



During 2019-20, Capital expenditure decreased by 25 per cent (₹ 4,920 crore) over the previous year. The percentage share of capital expenditure in the total expenditure decreased from 10.47 per cent in 2018-19 to 7.61 per cent during 2019-20. It decreased

13. It included mainly grants given for (i) Co-operative Institutions: ₹ 5,292.60 crore; (ii) Government Companies: ₹ 4,458.89 crore; (iii) Family Welfare: ₹ 2,510.64 crore; (iv) Education: ₹ 2,035 crore; (v) Crop Husbandry ₹ 1,350.06 crore; and (vi) Relief on account of Natural Calamities: ₹ 1,078.57 crore.

at CAGR of 9.55 *per cent* from ₹21,986 crore in 2015-16 to ₹14,718.05 crore in 2019-20.

### 2.4.3.1 Major changes in Capital Expenditure

**Table 2.26** highlights the cases of significant increase or decrease in various Heads of Accounts in Capital Expenditure during 2019-20 *vis-à-vis* the previous year.

**Table 2.26: Capital Expenditure during 2019-20 compared to 2018-19**

(₹ in crore)			
Major Heads of Accounts	2018-19	2019-20	Increase (+)/ Decrease (-)
4801- Capital Outlay on Power Projects	3,822.35	2,130.00	(-) 1,692.35
5054- Capital Outlay on Roads and Bridges	4,161.48	3,200.81	(-) 960.67
4215- Capital Outlay on Water Supply and Sanitation	3,869.69	3,184.44	(-) 685.25
4217- Capital Outlay on Urban Development	1,296.09	694.92	(-) 601.17
5475- Capital Outlay on Other General Economic Services	631.18	187.69	(-) 443.49

Source: Finance Accounts

During 2019-20, Capital expenditure decreased by 25 *per cent* (₹ 4,920 crore) over the previous year. This decrease was mainly under Capital Outlay on Power Projects (₹ 1,692.35 crore), Roads and Bridges (₹ 960.67 crore), Water Supply and Sanitation (₹ 685.25 crore), Urban Development (₹ 601.17 crore) and Other General Economic Services (₹ 443.49 crore).

**Table 2.27: Returns on Investment**

Investment>Returns/Cost of Borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹in crore)	37,417.62	41,733.94	45,780.60	49,861.39	52,208.91
Returns (₹in crore)	97.41	67.80	66.76	55.80	54.47
Returns ( <i>per cent</i> )	0.3	0.2	0.1	0.1	0.1
Average rate <sup>14</sup> of interest on Government borrowings ( <i>per cent</i> )	6.7	7.6	7.3	7.3	7.1
Difference between interest rate and returns ( <i>per cent</i> )	6.4	7.4	7.2	7.2	7.0
Difference between interest on Government borrowings and return on investment (₹in crore) <sup>#</sup>	2,394.73	3,088.31	3,296.20	3,590.02	3,654.62

Source: Finance Accounts

# Investment at the end of the year \* Difference between interest rate and return

Statement 19 of Finance Accounts of the State Government contains the details of investments of the Government. As per the statement, as on 31 March 2020, the total Government investment was ₹ 52,208.91 crore in 43 Government Companies (₹ 49,845.97 crore), seven Statutory Corporations (₹ 764.34 crore), two Rural Banks (₹ 73.69 crore), 11 Joint Venture Companies (₹ 916.36 crore), 22 Joint Stock

14. Average rate of interest on Government borrowings = Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]\*100.

Companies (₹ 2.16 crore), one partnership concern<sup>15</sup> and Cooperative Banks and Societies (₹ 606.39 crore). The investment of State Government in five power sector companies was ₹ 47,395 crore which was 90.78 per cent of the total investment of the State Government. The average return on this investment was 0.1 to 0.3 per cent during 2015-20, while the Government paid an average interest of 6.7 to 7.6 per cent on its borrowings (Table 2.27) indicating that the return on investment of the State Government is very low.

**Table 2.28: Investments in companies whose net worth is completely eroded**

(₹ in crore)

S. No.	Company/ Corporation	Period of accounts received upto 31 October 2020	Net worth as on 31 March 2020	Investment made during the year	Cumulative investment as on 31 March 2020
1	Jaipur Vidyut Vitran Nigam Limited	2019-20	-17,539.83	549.04	11,332.51
2	Jodhpur Vidyut Vitran Nigam Limited	2019-20	-19,276.93	533.42	10,487.99
	<b>Total</b>		<b>-36,816.76</b>	<b>1,082.46</b>	<b>21,820.50</b>

As per the finalized accounts for the year 2019-20, the investment during the year in the two State PSUs whose net worth was completely eroded was ₹ 1,082.06 crore. In addition, the government invested ₹ 447.54 crore during 2019-20 (cumulative investment till 2019-20 was ₹ 10,465.57 crore) in *Ajmer Vidyut Vitaran Nigam Limited* whose net worth was (-) ₹ 19,000.52 crore as per the latest finalized accounts of 2018-19.

**Table 2.29: Investments made in loss-making companies**

(₹ in crore)

S. No.	Company/ Corporation	Loss during the previous year	Investment made during the year 2019-20	Cumulative investments as on 31 March 2020
1	Rajasthan Rajya Vidyut Prasaran Nigam Limited	128.02	250.00	4,691.04

During 2019-20, the State Government invested ₹ 250.00 crore in Rajasthan Rajya Vidyut Prasaran Nigam Limited which incurred a loss of ₹ 128.02 crore in 2018-19.

During 2019-20, out of the total capital expenditure of ₹ 14,718.05 crore, State Government has made investment of ₹ 1,780 crore in companies whose net worth is completely eroded or are loss making.

### ***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 2.30 presents the outstanding loans and advances as on 31 March 2020 and interest receipts *vis-à-vis* interest payments during the last five years.

15. Only ₹ 20,833

**Table 2.30: Quantum of loans disbursed and recovered during five years**

	(₹ in crore)				
Quantum of loans disbursed and recovered	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance of loans outstanding	4,701	39,856	51,108	37,308	23,263
Amount advanced during the year	36,602	12,965	1,334	1,113	2,255
Amount recovered during the year	1,447	1,713	15,134*	15,158*	15,670*
Closing Balance of the loans outstanding	39,856	51,108	37,308	23,263	9,848
Net addition during the year (disbursement-repayment)	35,155	11,252	(-) 13,800	(-) 14,045	(-) 13,415
Interest received	196	172	3,020	4,390	2,568
Interest rate on Loans and Advances given by the Government.	0.9	0.4	6.8	14.5	15.5
Rate of Interest paid on the outstanding borrowings of the Government	6.7	7.6	7.3	7.3	7.1
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	(-) 5.8	(-) 7.2	(-) 0.5	(+) 7.2	(+) 8.4

Source: Finance Accounts

\* Including the UDAY loans converted to equity, subsidy and Grant-in-aid: 2017-18 = ₹ 15,000 crore, 2018-19 = ₹ 15,000 crore and 2019-20 = ₹ 14,722 crore.

Total loans and advances (₹ 9,848 crore) included loans and advances of ₹ 5,641 crore (57 *per cent*) given to Power Projects. The amount of loans and advances disbursed increased from ₹ 1,113 crore in 2018-19 to ₹ 2,255 crore (Economic Services: ₹ 1,969 crore and Social Services: ₹ 286 crore) in 2019-20.

During the year, the major portion of loans was advanced to Jaipur Vidyut Vitran Nigam Limited (₹ 688 crore), Ajmer Vidyut Vitran Nigam Limited (₹ 541 crore), Jodhpur Vidyut Vitran Nigam Limited (₹ 532 crore), Jaipur Metro Rail Corporation Limited (₹ 142 crore) and Rajasthan Pensioners Medical Fund (₹ 130 crore).

### Capital blocked in Incomplete projects

An assessment of trends in capital blocked in incomplete capital works indicate about the quality of capital expenditure. The department-wise information pertaining to incomplete projects (more than ₹ 10 crore each) as on 31 March 2020, is given in **Table 2.31** and **Table 2.32**.

**Table 2.31: Age profile of incomplete projects as on 31 March 2020 (₹ in crore)**

Year (Commencement)	No of incomplete projects	Estimated cost (including revised cost)	Expenditure (as on 31 March 2020)
Upto 2010-11	25	9,685.14	8,729.09
2011-12	6	174.40	90.67
2012-13	21	5,345.63	4,280.19
2013-14	34	18,383.20	11,528.94
2014-15	4	321.62	227.69
2015-16	15	1,565.85	1,162.48
2016-17	37	2,604.81	1,255.87
2017-18	106	5,852.74	2,883.62
2018-19	80	5,830.18	1,215.94
2019-20	1	18.00	0.01
<b>Total</b>	<b>329</b>	<b>49,781.57</b>	<b>31,374.50</b>

**Table 2.32: Department-wise profile of incomplete projects as on 31 March 2020 (₹ in crore)**

Department	No. of incomplete projects	Estimated cost (including revised cost)	Expenditure (as on 31 March 2020)
Water Resources	85	17,960.29	9,342.96
Public Works	158	6,096.35	3,139.83
Public Health Engineering	86	25,724.93	18,891.71
<b>Total</b>	<b>329</b>	<b>49,781.57</b>	<b>31,374.50</b>

As per the information furnished by the State Government, there were 329 incomplete projects (more than ₹ 10 crore each) as on 31 March 2020, on which an amount of ₹ 31,374.50 crore had been spent which was 15.5 per cent of the cumulative capital outlay (₹ 2,02,806.46 crore) of the State.

Blocking of funds on incomplete projects/works negatively impacts the quality of expenditure and deprives the State of the intended benefits. Further, the funds borrowed for implementation of these projects during the respective years led to the additional fiscal burden in terms of servicing of debt and interest liabilities. Effective steps need to be taken to expeditiously complete all these projects so that the benefits may reach the people and further cost overruns may be avoided.

### **Implementation of Ujwal Discom Assurance Yojana (UDAY)**

The Ministry of Power, Government of India (GoI) had launched (November 2015) UDAY Scheme for the financial turnaround of Power Distribution Companies (DISCOMs).

With an objective to improve the operational and financial efficiency of the State DISCOMs, a tripartite Memorandum of Undertaking (MoU) was executed (27th January 2016) between Ministry of Power, GoI, GoR and State Power Distribution Companies i.e. Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited and Jodhpur Vidyut Vitran Nigam Limited under this scheme. This scheme facilitated GoR to take over 75 per cent of DISCOM's outstanding debt as on 30<sup>th</sup> September 2015 over a period of two years.

The total outstanding debt of three DISCOMs was ₹ 83,229.89 crore as on 30 September 2015. Out of this, GoR had taken ₹ 62,421.96 crore<sup>16</sup> (75 per cent of ₹ 83,229.89 crore) under UDAY by way of ₹ 8,700 crore as equity, ₹ 44,722 crore as loan and ₹ 9,000 crore as subsidy. It was informed by the State Government to Ministry of Power, GoI that the loan extended (₹ 44,721.96 crore) to DISCOMs under UDAY would be converted into grant and equity in the next three years i.e. upto 2019-20 as per relaxation given in UDAY. Accordingly, during 2017-18 to 2019-20 the GoR has converted loans of ₹ 44,721.96 crore into equity of ₹ 6,905.49 crore, subsidy of ₹ 33,726.06 crore and Grant-in-aid for creation of capital assets ₹ 4,090.41 crore. Finally, on the conclusion of the scheme period, equity support to DISCOMs was 25 per cent of the total debt taken over by the GoR which was within the limit of 25 per cent as prescribed in the guidelines of the scheme. Details are given in **Table 2.33**.

**Table 2.33: Position of Equity/Loan/Subsidy under UDAY**

(₹ in crore)

Year	Equity Investment	Loan	Subsidy/Grant-in-aid	Total
2015-16	5,700.00	34,349.77	-	40,049.77
2016-17	3,000.00	10,372.19	9,000.00	22,372.19
<b>Total</b>	<b>8,700.00</b>	<b>44,721.96</b>	<b>9,000.00</b>	<b>62,421.96</b>
2017-18	3,000.00	(-) 15,000.00	12,000.00	-
2018-19	3,000.00	(-) 15,000.00	12,000.00	-

16. During 2015-16: ₹ 40,049.77 crore and 2016-17: ₹ 22,372.19 crore.

Year	Equity Investment	Loan	Subsidy/ Grant-in-aid	Total
2019-20	905.49	(-) 14,721.96	13,816.47	-
<b>Total</b>	<b>6905.49</b>		<b>37,816.47</b>	
<b>Position as on 31-03-2020</b>	<b>15,605.49 (25.00%)</b>	-	<b>46,816.47 (75.00%)</b>	<b>62,421.96</b>

The above position indicates that on account of taking over debt of DISCOMs under UDAY, the GoR had invested ₹ 15,605.49 crore as Equity, and ₹ 46,816.47 crore as Subsidy in the three DISCOMs upto March 2020. To take over this debt, GoR had raised borrowings of ₹ 62,421.96 crore during 2015-16 and 2016-17 (₹ 40,049.77 crore during 2015-16 and ₹ 22,372.19 crore during 2016-17). At the end of March 2020, outstanding borrowings of the State Government on account of the issue of Non-Statutory Liquidity Ratio Bonds and forfeited Bonds under UDAY were ₹ 44,730.29 crore.

#### 2.4.3.2 Resource availability of the State under Public Private Partnership Projects

Public Private Partnership (PPP) is an arrangement between the government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. The PPP cell was established (July 2007) by the State Government under administrative control of the Planning Department. It acts as the nodal agency to coordinate and monitor all efforts of the State Government for PPP and serves as the repository of all information relating to PPP projects in the State.

As per information furnished (July 2020) by the PPP Cell, 184 projects amounting to ₹ 16,985.30 crore were completed and 31 projects amounting to ₹ 2,558.98 crore were under progress as on 31 March 2020. Besides, 38 projects amounting to ₹ 17,316.32 crore relating to Roads, Urban Infrastructure, Power, Water, Social and Other Sectors are under various stages of planning. Sector-wise details of PPP projects completed, ongoing and to be taken up in future are shown in **Table 2.34**.

**Table 2.34: Sector-wise details of PPP Projects**

S. No.	Sector	(₹ in crore)					
		Completed		Ongoing		Planned for future	
		No.	Estimated Cost	No.	Estimated Cost	No.	Estimated Cost
1.	Road	70	8,536.58	05	597.87	10	1,565.04
2.	Urban Infrastructure	23	454.34	12	612.37	16	12,859.55
3.	Power	11	7,097.90	8	1,310.92	2	45.00
4.	Water	1	46.00	-	-	2	2,165.00
5.	IT	1	54.01	-	-	-	-
6.	Social	63	636.11	5	23.76	5	213.43
7.	Other	15	160.36	1	14.06	3	468.30
	<b>Total</b>	<b>184</b>	<b>16,985.30</b>	<b>31</b>	<b>2,558.98</b>	<b>38</b>	<b>17,316.32</b>

Scrutiny of the budget documents of 2019-20 revealed that the State Government did not provide the details regarding investment made in PPP projects in the previous year. Further, the revenue generated against these projects of the State Government was not ascertainable (by the Private sector as well) in the budget document. For the current year also, the budget documents 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.

#### 2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average.

**Table 2.35**, analyses the fiscal priority of the State Government with regard to aggregate expenditure, capital expenditure, expenditure on Education and expenditure on Health *vis-à-vis* the average of General Category States (GCS) during 2014-15 and 2019-20.

**Table 2.35: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

(In per cent)

	Aggregate Expenditure /GSDP	Capital Expenditure /Aggregate Expenditure	Education/ Aggregate Expenditure	Health/ Aggregate Expenditure
General Category States' Average 2014-15	15.99	13.98	16.54	4.92
Rajasthan 2014-15	18.09	14.46	17.44	5.80
General Category States' Average 2019-20	15.15	12.97	15.91	5.21
Rajasthan 2019-20	18.95	7.61	17.73	6.28

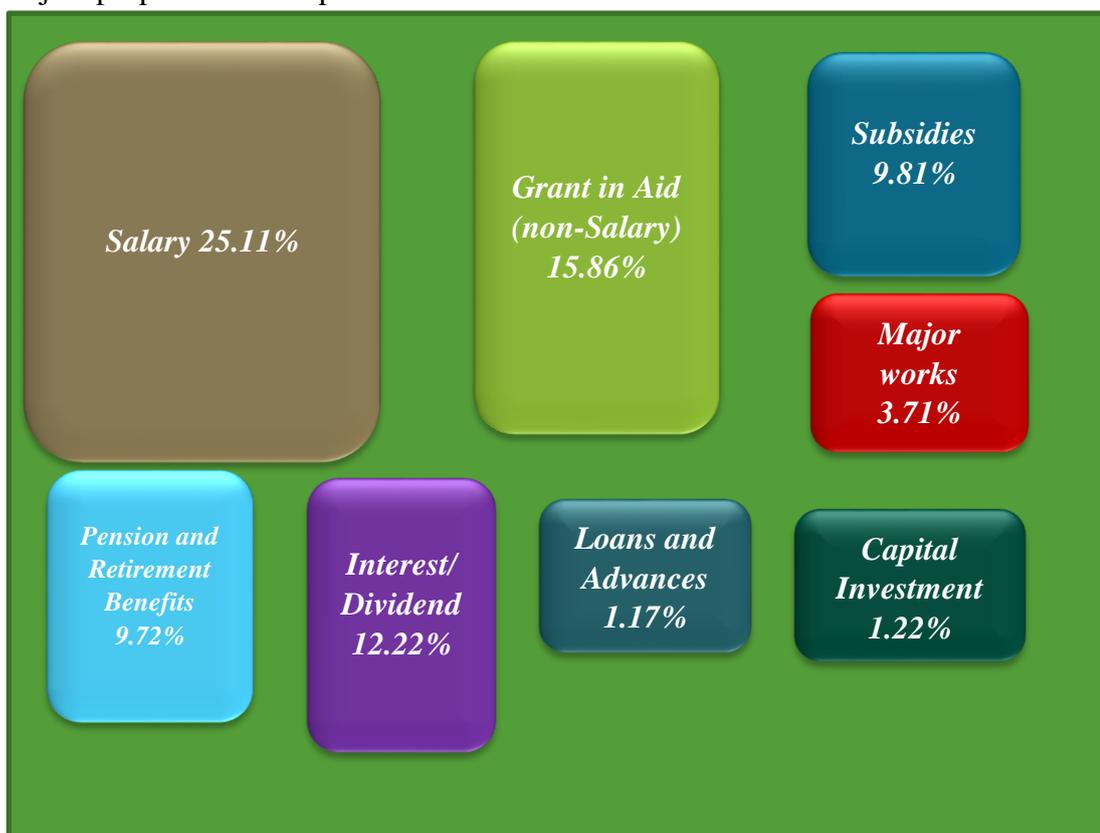
Source: For GSDP of Rajasthan, the information was collected from the Directorate of Economics and Statistics, GoR and Finance Accounts.

**Table 2.35** indicates the following:

- The ratio of Aggregate Expenditure (AE) to GSDP in the State was higher (18.95 *per cent*) as compared to GCS (15.15 *per cent*) during 2019-20.
- The ratio of Capital Expenditure to Aggregate Expenditure in the State was lower (7.61 *per cent*) as compared to GCS (12.97 *per cent*) during 2019-20.
- The ratio of Education Expenditure to Aggregate Expenditure and Health Expenditure to Aggregate Expenditure in the State was higher than the GCS average during 2019-20.

### 2.4.5 Object head wise expenditure

Object head wise expenditure gives the information regarding the specific object/purpose of the expenditure.



During 2019-20, 72.7 per cent of total expenditure was spent on Salary, Pension, Grant-in-Aid (non-Salary), Interest/Dividend payment and Subsidies while the remaining 27.3 per cent was spent on other purposes.

### 2.5 Public Account

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

#### 2.5.1 Net Public Account Balances

Component-wise net balances in Public Account during the last five years are given in **Table 2.36**.

**Table 2.36: Component-wise net balances\* in Public Account as of 31 March**

(₹ in crore)

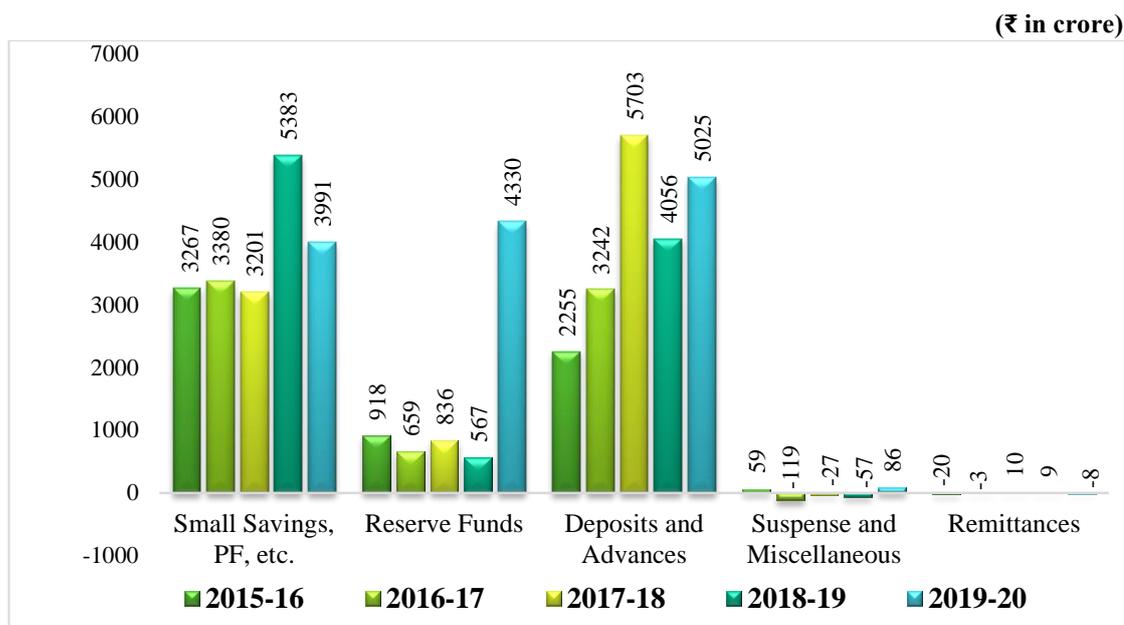
Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	3,267	3,380	3,201	5,383	3,991
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-) 61	93	(-) 243	587	3,094
	(b) Reserve Funds not bearing Interest	979	566	1,079	(-) 20	1,236
	<b>Sub Total</b>	<b>918</b>	<b>659</b>	<b>836</b>	<b>567</b>	<b>4,330</b>
K. Deposits and Advances	(a) Deposits bearing Interest	154	425	393	436	2,150
	(b) Deposits not bearing Interest	2,102	2,815	5,309	3,620	2,875
	(c) Advances	(-) 1	2	1	-	-
	<b>Sub Total</b>	<b>2,255</b>	<b>3,242</b>	<b>5,703</b>	<b>4,056</b>	<b>5,025</b>
L. Suspense and Miscellaneous	(a) Suspense	61	(-) 89	(-) 7	(-) 30	105
	(b) Other Accounts	(-) 2	(-) 30	(-) 20	(-) 27	(-) 19
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
	<b>Sub Total</b>	<b>59</b>	<b>(-) 119</b>	<b>(-) 27</b>	<b>(-) 57</b>	<b>86</b>
M. Remittances	(a) Money Orders, and other Remittances	(-) 20	(-) 3	11	8	4
	(b) Inter-Governmental Adjustment Account	-	-	(-) 1	1	(-) 12
	<b>Sub Total</b>	<b>(-) 20</b>	<b>(-) 3</b>	<b>10</b>	<b>9</b>	<b>(-) 8</b>
<b>Total</b>		<b>6,479</b>	<b>7,159</b>	<b>9,723</b>	<b>9,958</b>	<b>13,424</b>

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

Note: +ve denotes debit balance and -ve denotes credit balance

The net Public Account Receipts of the State increased at CAGR of 19.98 per cent during 2015-20 and increased from ₹ 6,479 crore in 2015-16 to ₹13,424 crore in 2019-20. However, during 2019-20, net Public Account Receipts increased by 34.8 per cent over the previous year.

The yearly changes in composition of balances in Public Account over the five-year period 2015-20 are given in **Chart 2.15**.

**Chart 2.15: Yearly changes in composition of Public Account balances**

Source: Finance Accounts of respective years

### 2.5.2 Reserve Funds

According to Paragraph 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 created 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 has to be reimbursed from the concerned Reserve Fund.

As on 31 March 2020, there was an amount of ₹ 9,881.68 crore<sup>17</sup> in 28 Reserve Funds in Public Accounts including ₹ 3,831.86 crore in four operative interest bearing funds.

- **Operative Reserve Funds**

During 2019-20, a sum of ₹ 7,692.20 crore was credited to 24 operative Reserve Funds of the state which mainly included State Disaster Response Fund (₹ 2,642.89 crore<sup>18</sup>), State Compensatory Afforestation Fund (₹ 1,748.26 crore), State Road and Bridges Fund (₹ 1,170.00 crore), Guarantee Redemption Fund (₹ 837.14 crore), Other

17. It included mainly (a) Interest bearing (i) State Disaster Response Fund: ₹ 2,096.22 crore; (ii) State Compensatory Afforestation Fund: ₹ 1,688.16 crore (iii) Water Works under Depreciation Reserve Fund: ₹ 67.28 crore and (b) Non-interest bearing: (iv) Guarantee Redemption Fund: ₹ 4,917.30 crore; (v) Water Conservation Cess Fund ₹ 236.31 crore (vi) Rajasthan Transport Infrastructure Development Fund: ₹ 298.96 crore (vii) Dedicated Road Safety Fund: ₹ 220.38 crore (viii) Resource Development Fund: ₹ 180.88 crore; and (ix) Environment Reform and Health Fund in Mining Areas: ₹ 79.51 crore.

18. It included ₹ 1,164.99 crore of NDRF.

Development and Welfare Fund (₹ 794.51 crore) and Development Funds for Animal Husbandry Purposes (₹ 490.50 crore).

- ***Inoperative Reserve Funds***

As per Finance Account 2019-20, four Reserve Funds (₹ 4.24 crore) were inactive for more than five years. Of these, one fund<sup>19</sup> (₹ 0.20 crore) was interest bearing and three funds<sup>20</sup> (₹ 4.04 crore) were non-interest bearing.

The State Government was required to credit interest of ₹ 5.06 crore (conservatively estimated at 7.5 per cent, representing the average interest rate on Ways and Means Advances) on ₹ 67.48 crore lying in two interest bearing funds (one operative: ₹ 67.28 crore and one inoperative: ₹ 0.20 crore) as on 31 March 2019. It was, however, observed that the interest was not credited.

### **2.5.2.1 State Disaster Response Fund**

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. The XIV-Finance Commission had recommended that annual contribution to the fund were to be contributed by GoI and State Government in the ratio of 75:25.

Upon receipt of Central's share, the contributions are to be transferred to the Public Account (Major Head-8121, Reserve Fund Bearing Interest) within 15 days of its receipt, otherwise, interest (at bank rate prescribed by Reserve Bank of India) for the period of the delay is required to be transferred to the fund.

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half-yearly basis. As per the guidelines (July 2015) for administration of SDRF, the accretions to the SDRF together with the income earned on the investment of the SDRF are to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

During scrutiny of records and information received (September 2020) from the Disaster Management, Relief and Civil Defense Department, it was observed:

- As per recommendations of the XIV-FC, the GoI transferred ₹ 1,435.78 crore (Central share ₹ 1,005.00 crore, State share ₹ 335.00 crore and arrear of central share received but not transferred to fund in 2018-19 ₹ 95.78 crore) to the SDRF during 2019-20. It was observed that the GoI issued (30 July 2019) sanction for ₹ 502.50 crore as first instalment of SDRF which was transferred by the State Government along with its share (₹ 167.50 crore) on 26 August 2019 with a delay of 12 days. Similarly, the GoI issued (10 September 2018) sanction of ₹ 95.78

19. Departmental Management Scheme of *Jhamar Kotra* Rock Phosphate: ₹ 20.45 lakh.

20. (i) Farmers Reform Fund: ₹ 0.74 lakh, (ii) Fund for intensive egg and hen production and marketing centers with the assistance of World Food Programme: ₹ 0.95 lakh and (iii) State Road Development Fund: ₹ 402.08 lakh.

crore as arrear of central share of first instalment for the year 2018-19 which was transferred to fund on 7 November 2019 with a delay of 408 days.

It was also observed that the GoI issued (30 July 2019 and 27 March 2020) sanction for release of grant amounting to ₹1,949.59 crore for transfer into the National Disaster Response Fund (NDRF) during 2019-20, out of which, the GoR transferred (26 August 2019) only ₹ 1,164.99 crore resulting in short transfer of ₹ 784.60 crore. It caused the revenue deficit of the State to be understated to this extent.

In addition, ₹ 1,164.99 crore received on 30 July 2019 was transferred to NDRF on 26 August 2019 with a delay of 12 days. Thus, the State Government was liable to pay interest of ₹ 10.20 crore for the period of delay.

- (ii) There was net balance of ₹ 2,096.22 crore in SDRF (including balance in NDRF) after setting off expenditure of ₹ 1,217.42 crore on disaster relief operations as on 31 March 2020. During 2019-20, the GoR did not invest the unspent SDRF balance in any of the prescribed instruments. The GoR paid ₹ 8.67 crore as interest on the amount which remained un-invested during 2018-19 and ₹ 33.45 crore as half-yearly (April- September 2019) interest on the amount remaining un-invested during 2019-20.

Failure to invest the unspent SDRF balance in the instruments prescribed as per guidelines resulted in loss of revenue for the State Government.

**Table 2.37: Details of expenditure charged to SDRF**

(₹ in crore)		
Major Head of Account	Minor Head of Account	Expenditure during 2019-20
<b>2245- Relief on Account of Natural Calamities 01- Drought</b>	102- Drinking Water Supply	7.42
	104- Supply of Fodder	40.60
	800- Other Expenditure	338.02
	<b>Sub Total</b>	<b>386.04</b>
<b>2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.</b>	101- Gratuitous Relief	1.17
	106- Repairs and Restoration of Damaged Roads and Bridges	38.41
	111- Ex-gratia payment to bereaved families	5.51
	113- Assistance for repairs/reconstruction of Houses	33.97
	114- Assistance to farmers for purchase of Agriculture Inputs	688.05
	117- Assistance to farmers for purchase of livestock	(-) 0.03
	122- Repairs and Restoration of Damaged Irrigation and Flood Control Works	1.29
	282- Public Health	63.01
<b>Sub Total</b>	<b>831.38</b>	
<b>2245- Relief on Account of Natural Calamities 80- General</b>	800- Other Expenditure	8.71
	<b>Sub-Total</b>	<b>8.71</b>
	<b>Total</b>	<b>1,226.13</b>
<b>05-State Disaster Response Fund</b>	101- Transfers to Reserve Funds and Deposit Accounts State Disaster Response Fund	2,600.76
	901- Deduct - Amount met from State Disaster Response Fund	(-) 1,217.42
	<b>Sub-Total</b>	<b>1,383.34</b>
	<b>Grand Total</b>	<b>2,609.47</b>

During 2019-20, expenditure of ₹1,226.13 crore was incurred on the budget head 'Relief on Account of Natural Calamities' out of which the Government met ₹1,217.42 crore from SDRF.

### **2.5.2.2 Guarantee Redemption Fund**

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

According to Finance Department, GoR office order dated 26.10.2002, receivable Guarantee Fee (GF) will be deposited under Major head '0075-108 Guarantee Fee' and provision for receivable GF would be made under Budget Head 2075 and further will be transferred to Major head 8235- 'Guarantee Redemption Fund'. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantees were issued. This order was effective from 01<sup>st</sup> April 2003.

According to Finance Department (Ways & Means), GoR office order dated 15.12.2007, accumulated fund into the Fund including interest earned on invested funds were to be invested through RBI into Treasury Bills of 364 days of GoI.

The corpus of the Fund is to be gradually increased to the desired level of 5 *per cent* of outstanding guarantees in terms of the guidelines of the RBI which administers the Fund. The Guarantee Redemption Fund has a balance of ₹ 4,917.30 crore as on 31<sup>st</sup> March 2020 which was 6.10 *per cent* of outstanding guarantees (₹ 80,631.25 crore).

As per the information received (16 September 2020) from the Finance Department (Ways & Means), GoR that as of 1<sup>st</sup> April 2019, the opening balance in the Fund under head '8235-117' was ₹ 4,080.16 crore. During the year 2019-20, a sum of ₹ 586.86 crore (₹ 0.64 crore belonging to the period 2018-19 and ₹ 586.22 crore<sup>21</sup> of 2019-20) was transferred into the Fund and no guarantee was invoked in such period. In addition to this, an amount of ₹ 250.28 crore was received by the Government as interest on investment made from Fund during 2018-19. As of 31<sup>st</sup> March 2020, the closing balance in the Fund was ₹ 4,917.30 crore, out of which only ₹ 1,700.32 crore was invested in the Treasury Bills of 364 days and remaining funds of ₹ 3,216.98 crore were lying non-invested as of 31<sup>st</sup> March 2020 in contravention of the Finance Department order dated 15.12.2007.

## **2.6 Debt Management**

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives and to meet any other sovereign debt management goals that the

21. ₹ 586.30 crore received against receivable guarantee fee of ₹ 637.75 crore under head '0075-108'.

Government may have set through enactment or any other annual budget announcements.

**Table 2.38: Total outstanding debts during 2015-20**

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Outstanding Overall Debt</b>	<b>2,09,386</b>	<b>2,55,002</b>	<b>2,81,182</b>	<b>3,11,374</b>	<b>3,52,702</b>
<b>Rate of growth of outstanding Overall debt (percentage)</b>	41.85	21.79	10.27	10.74	13.27
<b>Gross State Domestic Product (GSDP)</b>	6,81,482	7,60,750	8,35,170	9,42,586	10,20,989
<b>Debt/GSDP (per cent)</b>	30.73	33.52	33.67	33.03	34.55

**Chart 2.16: Position of outstanding debts during 2015-20**



The total debt of the State Government increased at CAGR of 13.92 per cent from ₹ 2,09,386 crore in 2015-16 to ₹ 3,52,702 crore in 2019-20. During 2019-20, it increased by 13.3 per cent over the previous year.

### 2.6.1 Debt profile: Components

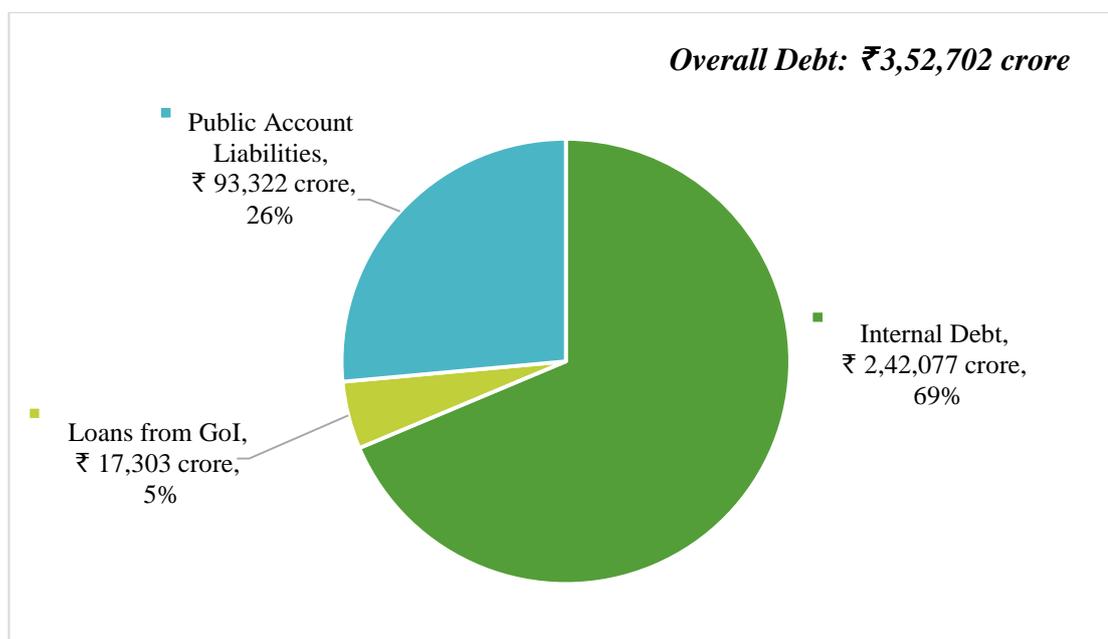
According to Rajasthan FRBM Act, 2005, *total liability* means the explicit liabilities under Consolidated Fund of the State and the Public Account of the State including General Provident Fund. Some of the important terms in this regard are explained in the *Appendix 2.3*.

Table 2.39: Component wise debt trends

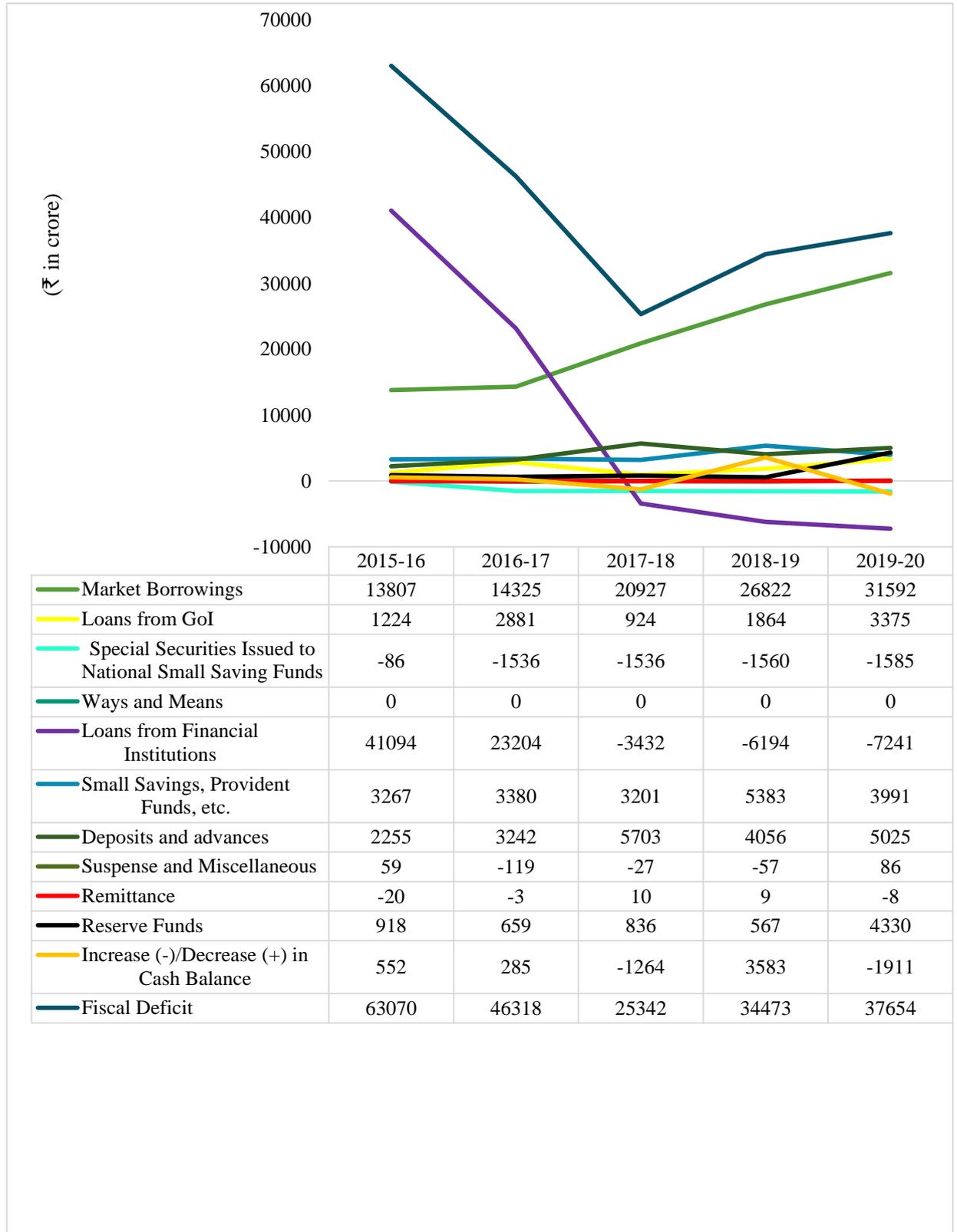
		(₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
<b>Outstanding Overall Debt</b>		<b>2,09,386*</b>	<b>2,55,002*</b>	<b>2,81,182*</b>	<b>3,11,374*</b>	<b>3,52,702*</b>
<i>Public Debt</i>	<i>Internal Debt</i>	1,48,292	1,84,285	2,00,244	2,19,312	2,42,077
	<i>Loans from GoI</i>	8,258	11,139	12,063	13,927	17,303
<b>Liabilities on Public Account</b>		52,836	59,578	68,875	78,135	93,322
<b>Rate of growth of outstanding Overall debt (percentage)</b>		41.85	21.79	10.27	10.74	13.27
<b>Gross State Domestic Product (GSDP)</b>		6,81,482	7,60,750	8,35,170	9,42,586	10,20,989
<b>Overall Debt/GSDP (per cent)</b>		30.73	33.52	33.67	33.03	34.55
<b>Total Debt Receipts</b>		1,99,313	2,01,683	1,86,325	2,08,734	2,39,012
<b>Total Debt Repayments</b>		1,37,536	1,56,067	1,60,145	1,78,542	1,97,684
<b>Total Debt Available</b>		61,777	45,616	26,180	30,192	41,328
<b>Debt Available/Debt Receipts (percentage)</b>		30.99	22.62	14.05	14.46	17.29

\*Including outstanding UDAY loans: 2015-16= ₹ 40,050 crore, 2016-17= ₹ 62,422 crore, 2017-18 = ₹ 58,272 crore, 2018-19= ₹ 51,636 crore, 2019-20= ₹ 44,730 crore.

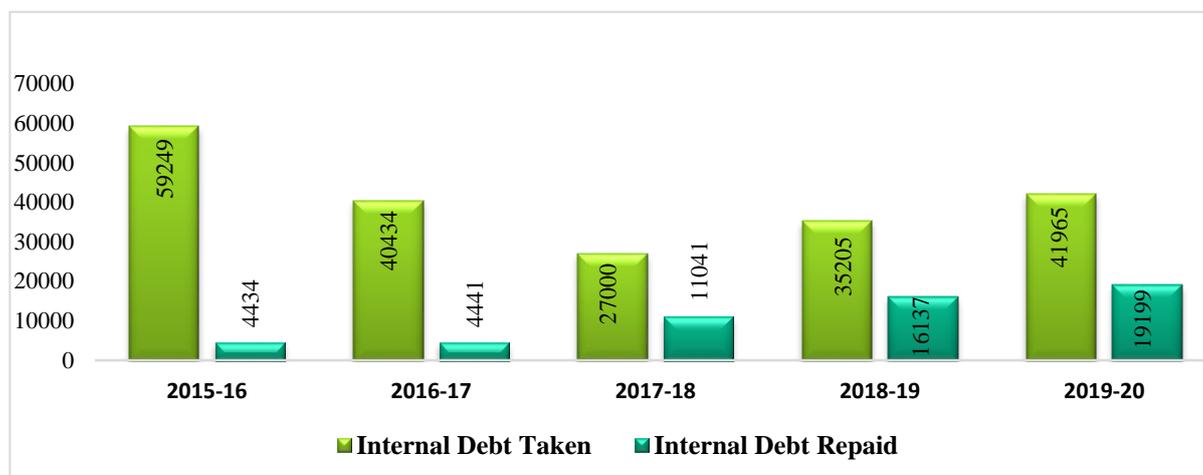
Chart 2.17: Break up of Outstanding Overall Debt at the end of Financial Year



**Chart 2.18: Component wise debt trends\***



\*net figures i.e. the difference between receipts and disbursements under the respective components during the year.

**Chart 2.19: Internal debt taken vis-a-vis repaid**(**₹ in crore**)**Components of fiscal deficit and its financing pattern**

**Table 2.40** presents item-wise net disbursement/outflow financing pattern of fiscal deficits of the State during 2015-16 to 2019-20 (Table 2.41 may be referred to).

**Table 2.40: Components of fiscal deficit and its item-wise financing pattern**(**₹ in crore**)

	2015-16 <sup>#</sup>	2016-17 <sup>#</sup>	2017-18	2018-19	2019-20	
<b>(a) Composition of Fiscal Deficit</b>						
1	Revenue Deficit/ Surplus (-)	5,954	18,114	18,535	28,900	36,371
2	Net Capital Expenditure	21,961	16,952	20,607	19,618	14,698
3	Net Loans and Advances*	35,155 <sup>@</sup>	11,252 <sup>@</sup>	(-) 13,800	(-) 14,045	(-) 13,415
	<b>Total (a)</b>	<b>63,070</b>	<b>46,318</b>	<b>25,342</b>	<b>34,473</b>	<b>37,654</b>
<b>(b) Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	13,807	14,325	20,927	26,822	31,592
2	Loans from GoI	1,224	2,881	924	1,864	3,375
3	Special Securities Issued to National Small Saving Funds	(-) 86	(-) 1,536	(-) 1,536	(-) 1,560	(-) 1,585
4	Ways and Means	-	-	-	-	-
5	Loans from Financial Institutions	41,094	23,204	(-) 3,432	(-) 6,194	(-) 7,241
6	Small Savings, Provident Fund etc.	3,267	3,380	3,201	5,383	3,991
7	Deposits and Advances	2,255	3,242	5,703	4,056	5,025
8	Suspense and Miscellaneous	59	(-) 119	(-) 27	(-) 57	86
9	Remittances	(-) 20	(-) 3	10	09	(-) 8
10	Reserve Funds	918	659	836	567	4,330
	<b>Total (b)</b>	<b>62,518</b>	<b>46,033</b>	<b>26,606</b>	<b>30,890</b>	<b>39,565</b>
11	Increase (-)/ Decrease (+) in Cash Balance (a-b)	552	285	(-) 1,264	3,583	(-) 1,911
12	<b>Overall Fiscal Deficit (b+11)</b>	<b>63,070</b>	<b>46,318</b>	<b>25,342</b>	<b>34,473</b>	<b>37,654</b>

Source: Finance Accounts

<sup>#</sup> The position includes the impact of UDAY.<sup>@</sup> Including UDAY loans given in 2015-16 (₹ 40,050 crore) and 2016-17 (₹ 22,372 crore).

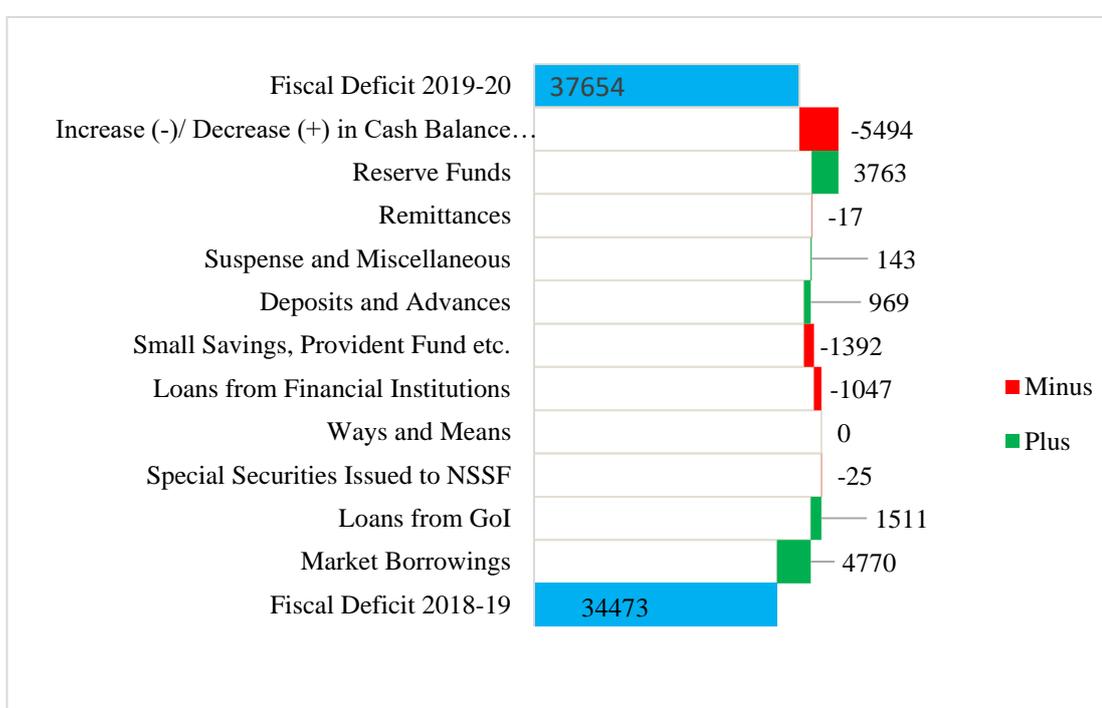
\* Net Loans and Advances means disbursements of Loans and Advances - recovery of Loans and Advances during the year.

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. Composition 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 continued to finance a major portion of fiscal deficit. Its share in financing fiscal deficit increased from 78 per cent in 2018-19 to 84 per cent in 2019-20. During 2019-20, the fiscal deficit of ₹ 37,654 crore was mainly met from Market Borrowings (₹ 31,592 crore).

**Chart 2.20: Financing of fiscal deficit expressed through a water flow chart**

(₹ in crore)



**Table 2.41: Receipts and Disbursements under components financing fiscal deficit**

(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	39,092	7,500	31,592
2 Loans from GOI	4,209	834	3,375
3 Special Securities issued to NSSF	-	1,585	(-) 1,585
4 Ways and Means Advance from Reserve Bank of India	1,416	1,416	-
5 Loans from Financial Institutions	1,456	8,697	(-) 7,241
6 Small Savings, PF, etc.	12,204	8,213	3,991
7 Deposits and Advances	1,69,401	1,64,376	5,025
8 Suspense and Miscellaneous	115	29	86
9 Remittances	3,753	3,761	(-) 8

10	Reserve Fund	7,692	3,362	4,330
11	<b>Overall Deficit</b>	<b>2,39,338</b>	<b>1,99,773</b>	<b>39,565</b>
12	Increase (-)/Decrease (+) in Cash Balance	-	-	(-) 1,911
13	<b>Gross Fiscal Deficit</b>	-	-	<b>37,654</b>

### 2.6.2 Debt profile: Maturity and Repayment

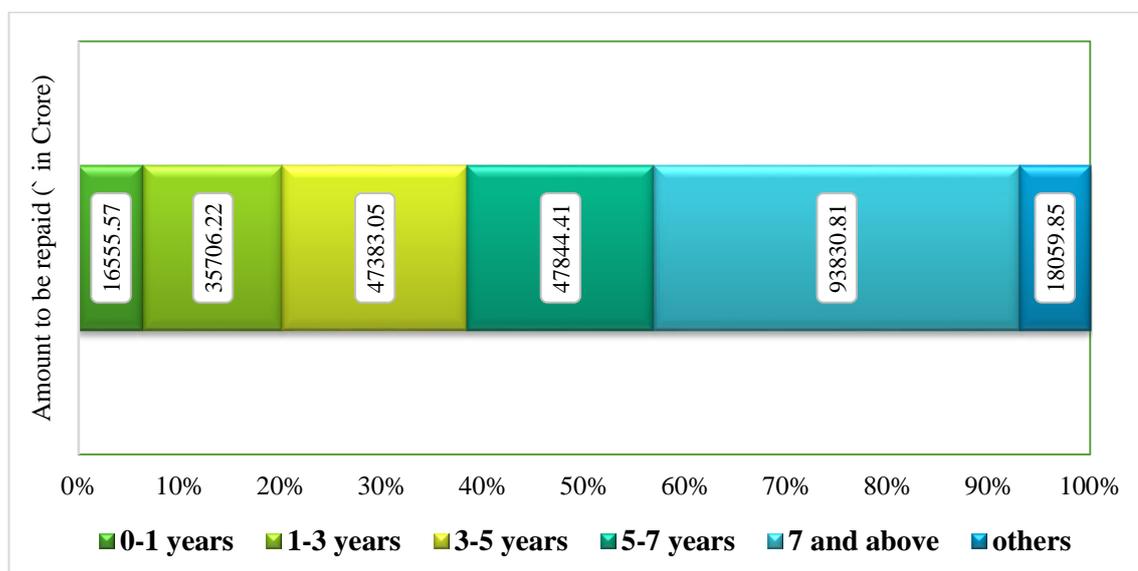
The Maturity Profile of the State Debt (amounts payable in respect of each category of loans in different years) as on 31 March 2020 is depicted in **Table 2.42** and **Chart 2.21**:

**Table 2.42: Debt Maturity profile of repayment of State debt**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	16,555.57	6.38
1 – 3	35,706.22	13.77
3 – 5	47,383.05	18.27
5 – 7	47,844.41	18.45
7 and above	93,830.81	36.17
Others <sup>22</sup>	18,059.85	6.96
<b>Total</b>	<b>2,59,379.91</b>	<b>100.00</b>

Source: Finance Accounts

**Chart 2.21: Debt Maturity Profile**



22. Payment schedule of this amount is not being maintained by office of the Principal Accountant General (A&E).

The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that out of the outstanding public debt of ₹ 2,59,379.91 crore, 56.86 per cent (₹ 1,47,489.25 crore) is payable within the next seven years while the remaining 43.14 per cent (₹ 1,11,890.66 crore) is in the maturity bracket of more than seven years.

### Repayment Schedule of market loans

The repayment schedule of outstanding market loans and interest on these loans is depicted below in **Table 2.43** and **Chart 2.22**.

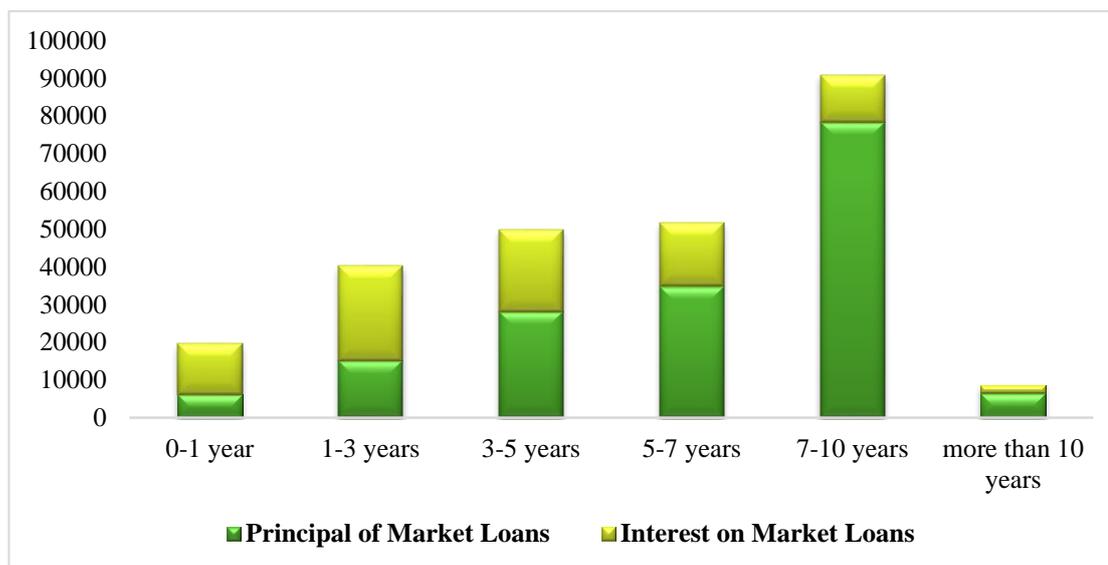
**Table 2.43: Repayment schedule of Market Loans and Interest on Market Loans**

Period of Repayment (Years)	Repayment of Market Loans (Principal) (₹ in crore)	Repayment of Market Loans (Interest) (₹ in crore)
0 – 1	6,180.00	13,432.99
1 – 3	15,041.10	25,276.19
3 – 5	28,050.00	21,833.90
5 – 7	34,853.78	16,834.31
7 -10	78,234.04	12,560.14
More than 10	6,500.00	2,164.09
<b>Total</b>	<b>1,68,858.92</b>	<b>92,101.62</b>

Source: Information provided by the Finance Department.

**Chart 2.22: Repayment schedule of Market Loans and Interest on Market Loans**

(₹ in crore)



The State will have to repay ₹ 21,221.10 crore of market loans and pay interest of ₹ 38,709.18 crore in next three financial years i.e. upto 2022-23. In the following two years upto 2024-25, principal of ₹ 28,050.00 crore and interest of ₹ 21,833.90 crore will be payable. Annual outgo of principal repayment and interest will be approximately ₹ 21,962 crore during next five years upto 2024-25.

In the period 2025-26 to 2029-30, loans of ₹ 1,13,087.82 crore and interest of ₹ 29,394.45 crore will be payable. As such the State will have to repay approximately ₹ 28,496 crore annually on an average during the period 2025-26 to 2029-30.

Therefore, the State Government would have to work out a well-thought out debt repayment strategy to avoid falling into a debt trap.

## 2.7 Debt Sustainability Analysis (DSA)

### Debt Sustainability

Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now and in future. Debt sustainability indicators accordingly seek to assess the creditworthiness and the liquidity position of the borrowers by examining their ability to service the debt and repaying debt out of current and regular sources of revenue.

**Table 2.44** analyses the debt sustainability of the State according to relevant indicators for a period of five years beginning from 2015-16.

**Table 2.44: Trends in debt Sustainability indicators**

Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Overall debt (₹ in crore)	2,09,386	2,55,002	2,81,182	3,11,374	3,52,702
Outstanding Public Debt* (₹ in crore)	1,56,550	1,95,424	2,12,307	2,33,239	2,59,380
Rate of Growth of Outstanding Public Debt ( <i>per cent</i> )	55.8	24.8	8.6	9.9	11.2
GSDP (₹ in crore)	6,81,482	7,60,750	8,35,170 <sup>23</sup>	9,42,586 <sup>24</sup>	10,20,989 <sup>25</sup>
Rate of Growth of GSDP ( <i>per cent</i> )	10.69	11.63	9.78	12.86	8.32
Public Debt/GSDP	0.23	0.26	0.25	0.25	0.25
Overall Debt/GSDP ( <i>per cent</i> )	30.73	33.52	33.67	33.03	34.55
Public Debt Maturity profile of repayment of State debt – including default history, if any (₹ in crore)	4,215	4,386	11,000	16,096	17,702
Public Debt Receipts (₹ in crore)	60,998	43,889	28,557	37,847	46,173
Public Debt Repayment (₹ in crore)	4,959	5,015	11,674	16,915	20,032
Interest paid on Outstanding Public Debt (₹ in crore)	8,872	14,439	16,214	17,804	19,236
Average interest rate of Outstanding Public Debt ( <i>per cent</i> )	6.90	8.20	7.95	7.99	7.81
Percentage of Interest payment to Revenue Receipt	8.85	13.24	12.74	12.91	13.73
Percentage of Public Debt Repayment to Public Debt Receipt	8.13	11.43	40.88	44.69	43.38
Net Public Debt available to the State# (₹ in crore)	47,167	24,435	669	3,128	6,905

23. Revised estimate-III

24. Revised estimate-I

25. Advance Estimate

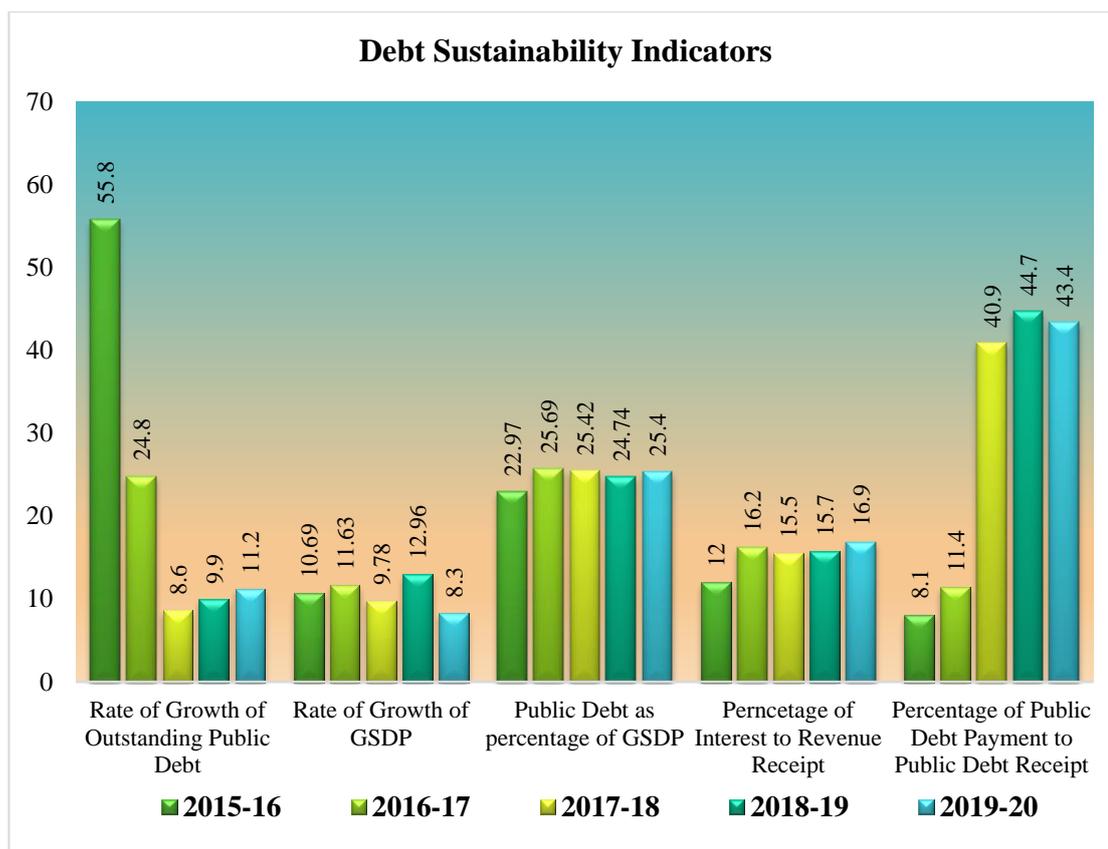
Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Net Public Debt available as per cent to Public Debt Receipts	77.33	55.67	2.34	8.26	14.95

Source: Finance Accounts

\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

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

**Chart 2.23: Trends of Debt Sustainability indicators**



**Net availability of borrowed funds**

Net availability of borrowed funds is defined as the ratio of the public debt redemption (Principal + Interest payments) to public debt receipts and indicates the extent to which the debt receipts are used for redemption of old public debt.

The net fund available from borrowing for current operations after providing for interest and principal repayment decreased from ₹ 47,167 crore in 2015-16 to ₹ 6,905 crore in 2019-20 meaning a greater share of debt receipts are being utilised towards redemption of old public debt resulting in a deteriorating debt situation.

### 2.7.1 Utilisation of borrowed funds

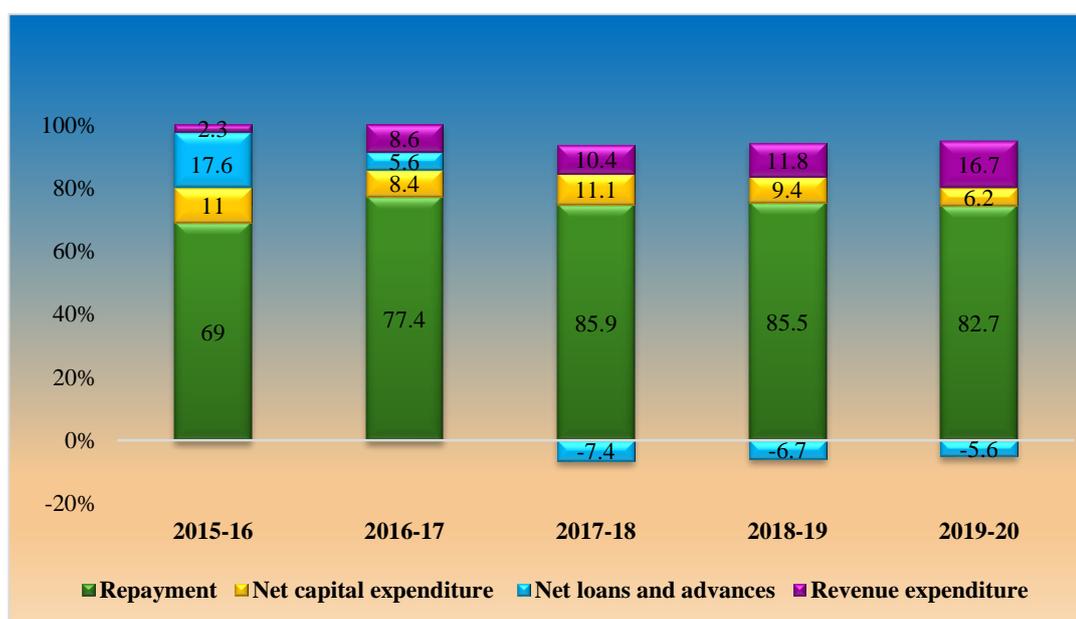
Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

**Table 2.45: Utilisation of borrowed funds**

		(₹ in crore)				
Year		2015-16	2016-17	2017-18	2018-19	2019-20
Total Borrowings received during the year	1	1,99,313	2,01,683	1,86,325	2,08,734	2,39,012
Repayment of earlier borrowings (Principal) (percentage)	2	1,37,536 (69.01)	1,56,067 (77.38)	1,60,144 (85.95)	1,78,542 (85.54)	1,97,684 (82.71)
Net capital expenditure (percentage)	3	21,961 (11.02)	16,952 (8.41)	20,607 (11.06)	19,618 (9.40)	14,698 (6.15)
Net loans and advances	4	35,155	11,252	(-) 13,800	(-) 14,045	(-) 13,415
Portion of Revenue expenditure met out of net available borrowings (percentage)	5= 1-2-3-4	4,661 (2.34)	17,412 (8.63)	19,374 (10.40)	24,619 (11.79)	40,045 (16.75)

Source: Finance Accounts

**Chart 2.24: Trends of Utilisation of borrowed funds**



During 2019-20, borrowing of ₹ 40,045 crore was used for meeting the revenue expenditure. Percentage of repayment of borrowing to total borrowing increased from 69 per cent in 2015-16 to 82.7 per cent in 2019-20. However, it decreased by 2.8 percentage points in 2019-20 over the previous year.

### 2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State which can be invoked in case of default by the borrower for whom the guarantee was extended. As per FRBM Act, 2005 (amended in April 2016) total outstanding Government

guarantee on 31<sup>st</sup> March 2017 shall not exceed 70 *per cent* of estimated receipts in the Consolidated Fund of the State in financial year 2016-17 and thereafter total outstanding government guarantee at the end of each financial year shall not exceed 60 *per cent* of estimated receipts in the Consolidated Fund of the State in that financial year.

As per Statement 9 of the Finance Accounts 2019-20, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table 2.46**.

**Table 2.46: Guarantees given by the Government of Rajasthan**

(₹ in crore)

Guarantees	2015-16	2016-17	2017-18	2018-19	2019-20
Maximum amount guaranteed including interest	1,61,236	1,18,161	1,12,057	1,31,026	1,44,676
Outstanding amount of guarantees including interest	53,620	51,119	61,761	70,430	80,631
Maximum amount guaranteed as a percentage of total Revenue Receipts	160.8	108.4	88.0	95.0	103.3
Estimated receipts in the Consolidated Fund	1,34,430	1,67,405	1,77,390	2,08,306	2,24,905
Outstanding guarantee w.r.t. estimated receipts (in <i>per cent</i> )	39.9	30.5	34.8	33.8	35.9

Source: Finance Accounts and budget documents

The outstanding guarantees increased by 14.5 *per cent* from ₹ 70,430 crore in 2018-19 to ₹ 80,631 crore in 2019-20 and were 57.5 *per cent* of the Revenue Receipts (₹ 1,40,114 crore) of the Government. The outstanding guarantees mainly pertained to five Power Companies (₹ 63,803 crore), Urban Development and Housing Sector (₹ 4,686 crore), one Road and Transport Corporation (₹ 3,086 crore) and seven Co-operatives (₹ 6,967 crore). The guarantees of Power Companies were given for repayment of loans/overdraft, amount raised by issue of bonds/debentures and payment of interest at stipulated rates.

***The outstanding guarantee to estimated receipts ratio (35.9 per cent) during 2019-20 was within the limit fixed under FRBM Act (60.0 per cent).***

### 2.7.3 Management of Cash Balances

As per an agreement with the RBI, the State Government has to maintain a minimum cash balance of ₹ 2.34 crore on all the days w.e.f. 01-03-1999. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special Ways and Means advances/overdrafts from time to time.

For arriving at the daily cash balance for the purpose of grant of Ways and Means advances/overdraft, the RBI evaluates the holdings of the 14 days Treasury Bills along with the transactions reported (at RBI counters, Inter-Government transactions and Treasury transactions reported by the agency banks) for the day. To the cash balance so arrived, the maturity of 14 days Treasury Bills if any, is added and excess balance, if any, after maintaining the minimum cash balance is reinvested in Treasury Bills. If the net cash balance arrived at is less than the minimum cash balance or a credit balance and if there are no 14 days Treasury Bills maturing on that day, RBI rediscounts the holdings of the 14 days Treasury Bills and makes good the shortfall. If there is no holding of 14 days Treasury Bills on that day, the State Government applies for Ways and Means Advances/Special Ways and Means Advances/Overdraft.

The limit for Normal Ways and Means Advances to the State Government was ₹ 1,630.00 crore w.e.f. 27.01.2016 and the same prevailed upto 31 March 2020. The RBI also gives Special Ways and Means Advances against the pledge of Government Securities. The limit of Special Ways and Means Advances is revised by the RBI from time to time. The limit of Special Ways and Means Advances was ₹ 3,496.20 crore on 1 April 2019 and ₹ 1,750.15 crore on 31 March 2020.

The extent to which the Government maintained the Minimum Cash Balance with the RBI during 2019-20 is given below:

(i) **Special Ways and Means Advances:** The balance under Special Ways and Means Advances as on 1 April 2019 was Nil. During 2019-20 the State Government obtained ₹ 1,416.40 crore Special Ways and Means Advances on three occasions ((₹ 366.01 crore from 01-06-2019 to 03-06-2019), (₹ 564.54 crore for 03-06-2019) and (₹ 485.85 crore for 10-06-2019)) from RBI. The balance at the end of the year 2019-20 was Nil.

(ii) **Cash Balance:** The General Cash Balance of the State as on 31 March 2020, apart from 'Investment held in the Cash Balance Investment account' (₹ 5,807.73 crore), 'Investment of Earmarked Funds' (₹ 1,870.87 crore) and Other cash balance (₹ 3.69 crore), was ₹22.12 crore which consisted of the following:

- a. **Cash in Treasuries (MH 8999-101) = ₹ 0.05 crore**
- b. **Deposits with RBI (MH 8999-102) = ₹ 49.03 crore**
- c. **Remittance in transit- local (MH 8999-104) = ₹ (-) 26.96 crore**

The 'Deposits with RBI' depicts the monthly cash balance in respect of Reserve Bank Deposit (State) as on 31 March 2020 after closing of March 2020 accounts. There was a difference of ₹19.23 crore (Cr.) between the figures in the Finance accounts (₹ 49.03 crore (Dr.)) and that intimated by the RBI (₹ 29.80 crore (Cr.)). Amount of ₹ 13.92 crore (Cr.) has been reconciled and cleared. Difference of ₹ 5.31 crore (Cr.) is still outstanding and requires reconciliation.

**Table 2.47: Cash Balances and their investment**

(₹ in crore)		
	Opening balance on 1 April 2019	Closing balance on 31 March 2020
<b>A. General Cash Balance</b>		
Cash in treasuries	0.05	0.05
Deposits with Reserve Bank of India	(-) 64.45	49.03
Remittances in transit – Local	(-) 12.32	(-) 26.96
<b>Total</b>	<b>(-) 76.72</b>	<b>22.12</b>
Investments held in Cash Balance investment account	2,154.46	<b>5,807.73</b>
<b>Total (A)</b>	<b>2,077.74</b>	<b>5,829.85</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	0.87	0.85
Permanent advances for contingent expenditure with department officers	2.86	2.84
Investment in earmarked funds	3,712.28	1,870.87
<b>Total (B)</b>	<b>3,716.01</b>	<b>1,874.56</b>
<b>Total (A + B)</b>	<b>5,793.75</b>	<b>7,704.41</b>
<b>Interest realized</b>	<b>281.20</b>	<b>77.12</b>

Source: Finance Accounts

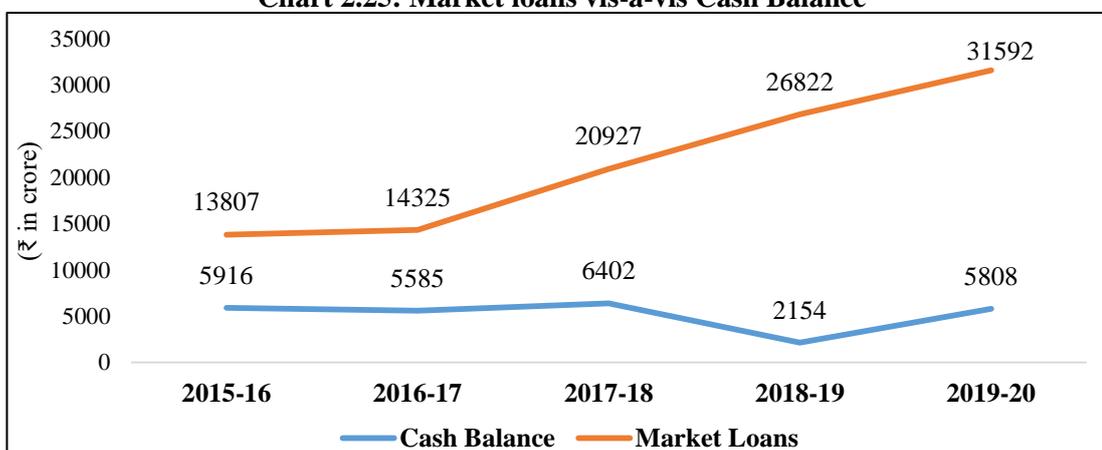
**Table 2.48: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2015-16	7,628.58	5,915.95	(-) 1,712.63	578.23
2016-17	5,915.95	5,585.10	(-) 330.85	460.86
2017-18	5,585.10	6,401.72	816.62	365.84
2018-19	6,401.72	2,154.46	(-) 4,247.26	281.20
2019-20	2,154.46	5,807.73	3,653.27	77.12

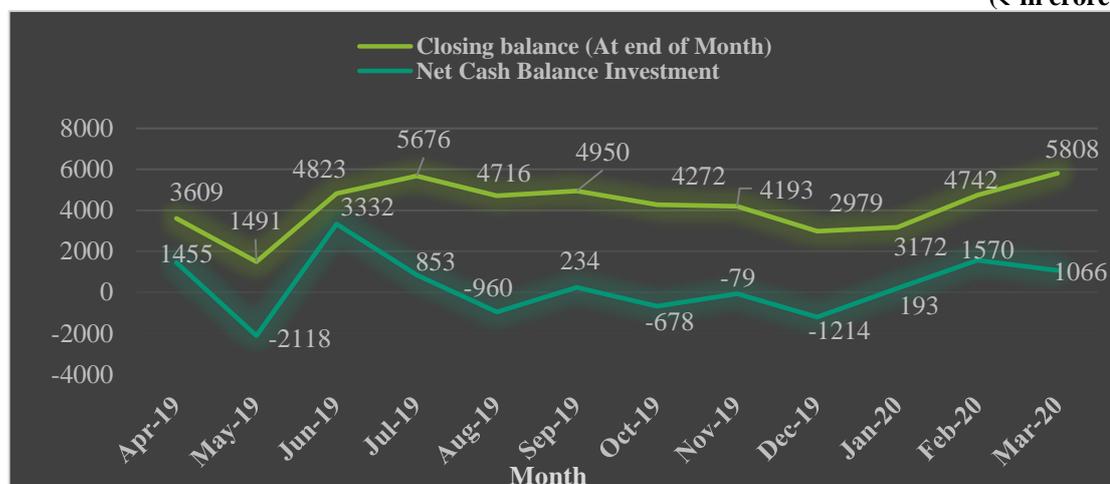
The surplus cash balances of the State Government are automatically invested in 14 day treasury bills with an average interest rate of 5 per cent per annum and partly in 91, 181 and 364 day auctioned treasury bills of RBI. Till the end of 2019-20, a sum of ₹ 5,807.73 crore was invested in GoI Treasury Bills/Securities, which earned an interest of ₹ 77.12 crore. Further, ₹ 1,870.87 crore was also invested in earmarked funds.

**Chart 2.25: Market loans vis-a-vis Cash Balance**



**Chart 2.26: Month-wise movement of Cash Balances and net cash balance investments during the year**

(₹ in crore)



## 2.8 Conclusion and recommendations

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government.

### Key parameters

Positive Indicators	Parameters requiring close watch
Decreasing subsidy expenditure	Decreasing percentage of capital expenditure to total expenditure
Higher expenditure on Education and Health sectors as compared to the average of General Category states	Increasing Overall debt to GSDP ratio
	Revenue/Fiscal/Primary Deficits
	Increasing committed expenditure
	Loans or investment to the companies and corporations, which are loss making or whose net worth is completely eroded
	Increasing revenue deficit
	Short contribution to reserve funds

Improvement in the fiscal position of the state would require efforts by the State Government towards parameters requiring close watch as indicated above.