

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 2016-17 to 2020-21, 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 2019-20

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 2020-21 *vis-à-vis* 2019-20. Each of these indicators would be analysed in the succeeding paragraphs.

Table 2.1: Summary of Fiscal aggregates in 2020-21 compared to 2019-20

(₹ in crore)					
Receipts			Disbursements		
	2019-20	2020-21		2019-20	2020-21
Section-A: Revenue Account					
Tax Revenue	59,244.98	60,283.44	General Services	56,186.29	60,143.84
Non-Tax Revenue	15,714.16	13,653.02	Social Services	68,313.23	74,009.59
Share of Union Taxes/ Duties	36,049.14	35,575.77	Economic Services	51,985.51	44,155.91
Grants-in-aid from Government of India	29,105.53	24,795.65	Grants-in-aid and Contributions	0.07	0.07
Total Section-A Revenue Receipts	1,40,113.81	1,34,307.88	Total Section-A Revenue Expenditure	1,76,485.10	1,78,309.41
Section-B: Capital Account and others					
Miscellaneous Capital Receipts	20.42	14.08	Capital Outlay	14,718.05	15,270.49
			General Services	463.42	398.17
			Social Services	5,489.68	7,641.58
			Economic Services	8,764.95	7,230.74
Recoveries of Loans and Advances	15,669.75	373.52	Loans and Advances disbursed	2,255.18	491.01
Public Debt Receipts*	46,173.72	89,964.01	Repayment of Public Debt*	20,032.69	41,022.99
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts#	1,93,165.05	2,08,446.75	Public Account Disbursements#	1,79,741.07	1,99,229.24
Opening Cash Balance	5,793.75	7,704.41	Closing Cash Balance	7,704.41	6,487.51
Total Section-B Receipts	2,60,822.69	3,06,538.69	Total Section-B Disbursements	2,24,451.40	2,62,501.24
Grand Total (A +B)	4,00,936.50	4,40,810.65	Grand Total (A+B)	4,00,936.50	4,40,810.65

Source: Finance Accounts of the respective years

* Including net transaction under Ways and Means advances and overdraft. Effective Public Debt receipts would be ₹85,360.01 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

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

Variation in key fiscal aggregates in 2020-21 as compared to 2019-20

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State decreased by 4.14 <i>per cent</i>. ➤ Own Tax receipts of the State increased by 1.75 <i>per cent</i>. ➤ Own Non-tax receipts decreased by 13.12 <i>per cent</i>. ➤ State's share of Union Taxes and Duties decreased by 1.31 <i>per cent</i>. ➤ Grants-in-Aid from Government of India decreased by 14.81 <i>per cent</i>.
Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue expenditure increased by 1.03 <i>per cent</i>. ➤ Revenue expenditure on General Services increased by 7.04 <i>per cent</i>. ➤ Revenue expenditure on Social Services increased by 8.34 <i>per cent</i>. ➤ Revenue expenditure on Economic Services decreased by 15.06 <i>per cent</i>.
Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital expenditure increased by 3.75 <i>per cent</i>. ➤ Capital expenditure on General Services decreased by 14.08 <i>per cent</i>. ➤ Capital expenditure on Social Services increased by 39.20 <i>per cent</i>. ➤ Capital expenditure on Economic Services decreased by 17.50 <i>per cent</i>.
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of Loans and Advances decreased by 78.23 <i>per cent</i>. ➤ Recoveries of Loans and Advances decreased by 97.62 <i>per cent</i>.
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts increased by 94.84* <i>per cent</i>. ➤ Repayment of Public Debt increased by 104.78 <i>per cent</i>.
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts increased by 7.91 <i>per cent</i>. ➤ Disbursement of Public Account increased by 10.84 <i>per cent</i>.
Cash Balance	<ul style="list-style-type: none"> ➤ Cash balance decreased by ₹ 1,216.90 crore (15.79 <i>per cent</i>) during 2020-21 in comparison to previous year.

* Effective increase in Public debt receipts would be 84.87 *per cent* after excluding ₹ 4,604 crore received as back to back loan in lieu of GST compensation from GoI.

2.2 Sources and Application of Funds

Table 2.2 compares the figures of sources and application of funds of the State during 2020-21 with 2019-20, while Charts 2.1 and 2.2 give the details of receipts into and expenditure from the Consolidated Fund during 2020-21 in percentage.

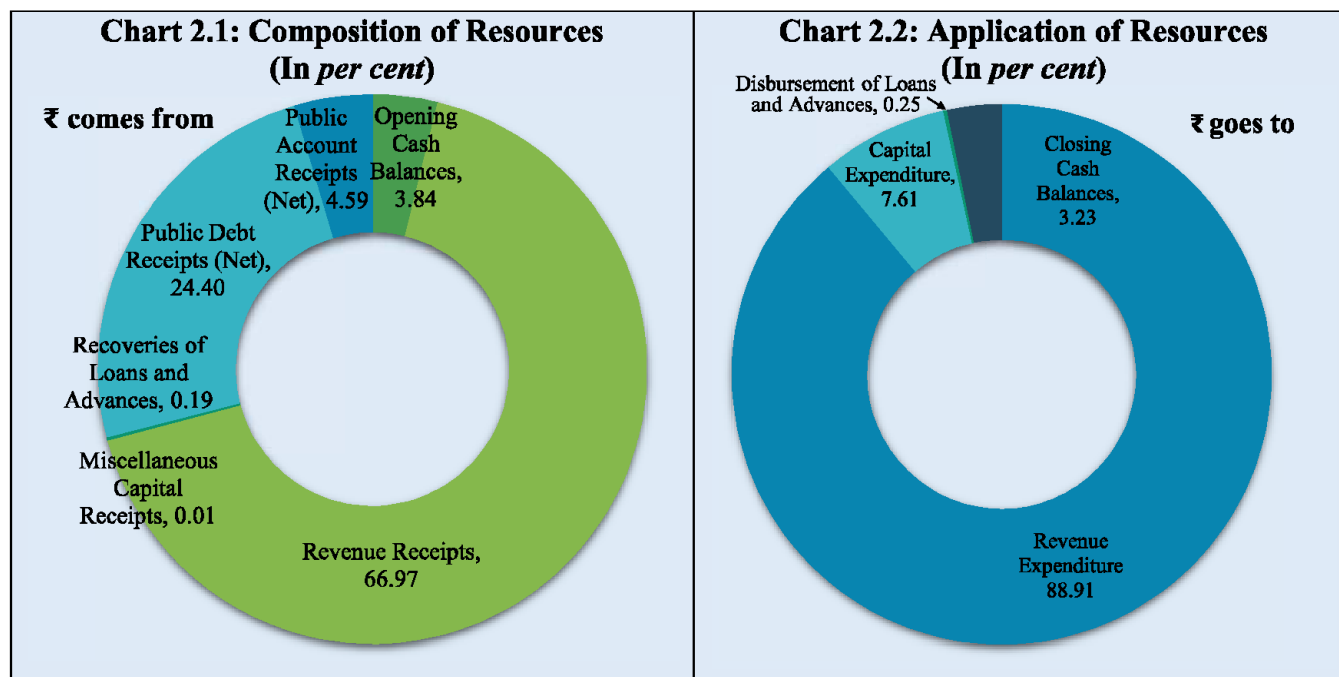
Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)				
	Particulars	2019-20	2020-21	Increase/Decrease
Sources	Opening Cash Balance with RBI	5,793.75	7,704.41	1,910.66
	Revenue Receipts	1,40,113.81	1,34,307.88	(-) 5,805.93
	Miscellaneous Capital Receipts	20.42	14.08	(-) 6.34
	Recoveries of Loans and Advances	15,669.75	373.52	(-) 15,296.23
	Public Debt Receipts (Net)	26,141.04	48,941.02*	22,799.98
	Public Account Receipts (Net)	13,423.98	9,217.51	(-) 4,206.47
	Total	2,01,162.75	2,00,558.42	(-) 604.33
Application	Revenue Expenditure	1,76,485.10	1,78,309.41	1,824.31
	Capital Expenditure	14,718.05	15,270.49	552.44

	Particulars	2019-20	2020-21	Increase/ Decrease
	Disbursement of Loans and Advances	2,255.19	491.01	(-) 1,764.18
	Closing Cash Balance with RBI	7,704.41	6,487.51	(-) 1,216.90
	Total	2,01,162.75	2,00,558.42	(-) 604.33

Source: Finance Accounts

* Effective Public Debt receipts (Net) would be ₹44,337.02 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Accordingly, the increase would be ₹18,195.98 crore.



2.3 Resources of the State

The resources of the State are described below:

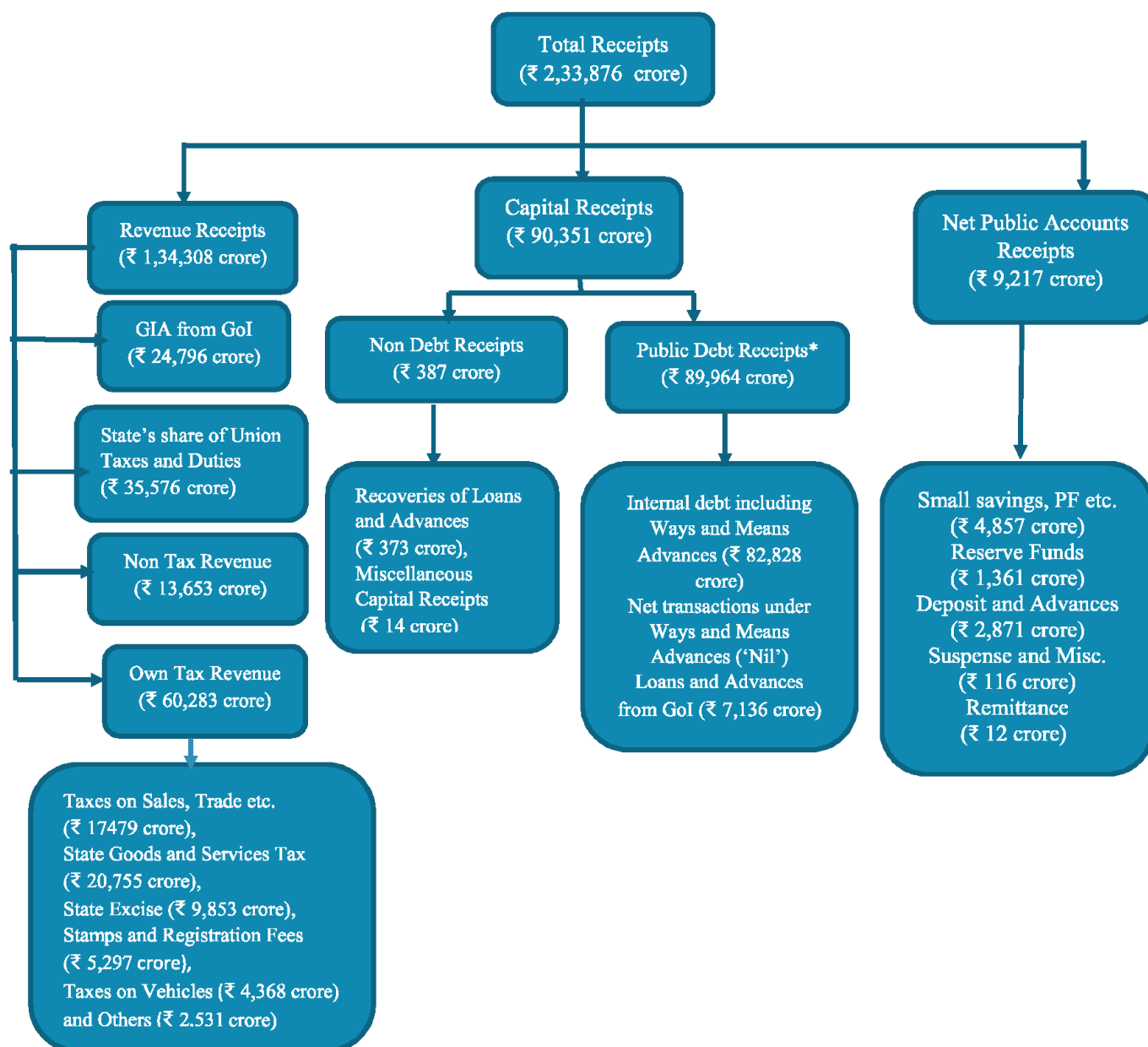
- Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
- Capital Receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts 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.
- 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 2020-21



**Effective Public Debt receipts would be ₹85,360 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.*

2.3.2 States 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 2016-21. 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*.

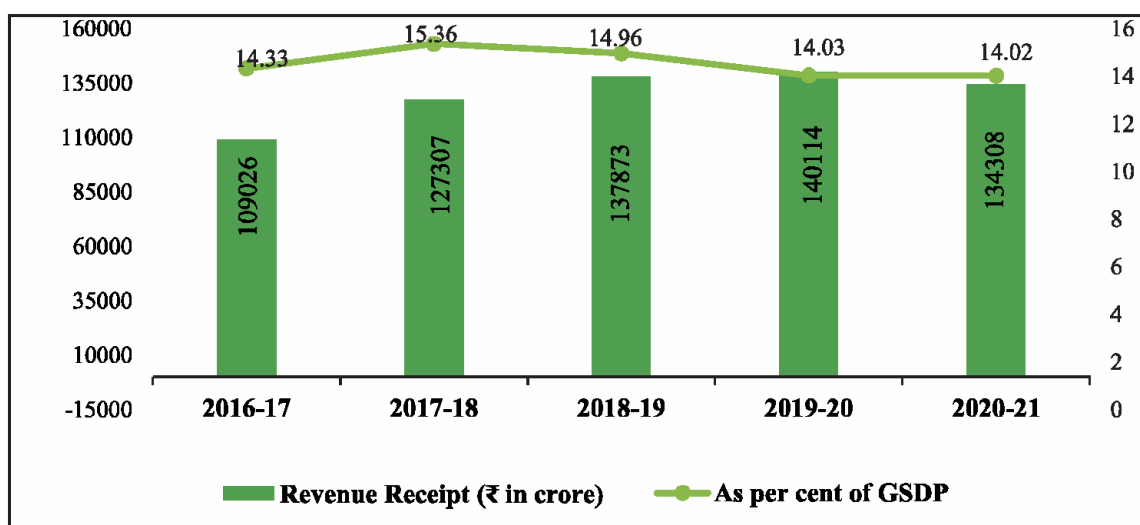
Table 2.3: Trend in Revenue Receipts

S.No.	Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Revenue Receipts (RR) (₹ in crore)	1,09,026	1,27,307	1,37,873	1,40,114	1,34,308
2.	Rate of growth of RR (<i>per cent</i>)	8.72	16.77	8.30	1.63	(-) 4.14
3.	Own Tax Revenue	44,372	50,605	57,380	59,245	60,283
4.	Non-Tax Revenue	11,615	15,734	18,603	15,714	13,653
5.	Own Revenue Receipts	55,987	66,339	75,983	74,959	73,936
6.	Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	4.37	18.49	14.54	(-) 1.35	(-) 1.36
7.	Gross State Domestic Product (₹ in crore) (2011-12 Series)	7,60,587	8,28,661	9,21,789 ^Σ	9,98,999 [£]	9,57,912 [#]
8.	Rate of growth of GSDP (<i>per cent</i>)	11.61	8.95	11.24	8.38	(-) 4.11
9.	RR/GSDP (<i>per cent</i>)	14.33	15.36	14.96	14.03	14.02
10.	Buoyancy Ratios¹					
11.	Revenue Buoyancy w.r.t GSDP	0.75	1.87	0.74	0.19	-*
12.	State's Own Revenue Buoyancy w.r.t GSDP	0.38	2.07	1.29	(-) 0.16	-*

Source of GSDP figures: Economic Review (2020-21), Department of Economics and Statistics, GoR

* Buoyancy ratios cannot be calculated due to negative growth of GSDP and Revenue receipts (including own revenue receipts) in 2020-21.

Chart 2.4: Trend of Revenue Receipts

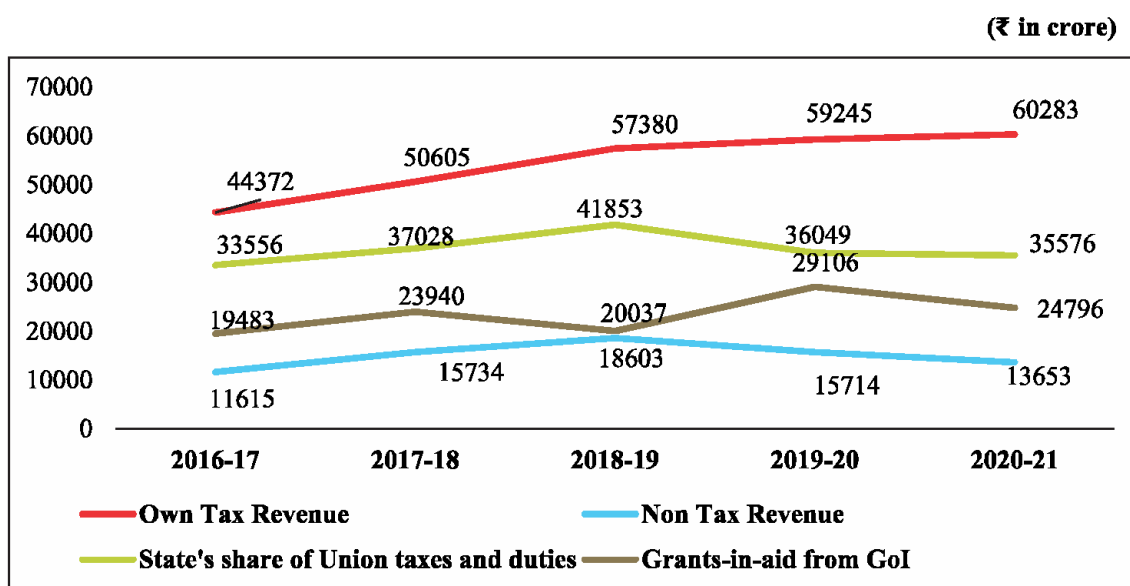


Σ Revised Estimate-II

£ Revised Estimate-I

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

- Revenue Receipts increased by 23.19 *per cent* from ₹1,09,026 crore in 2016-17 to ₹ 1,34,308 crore in 2020-21 at compound annual growth rate (CAGR) of 5.35 *per cent*. During 2020-21, Revenue Receipts decreased by ₹5,806 crore (4.14 *per cent*) over the previous year. While the own tax receipts of the State increased by 1.75 *per cent*, the non-tax receipts, State's share of Union taxes and Duties and Grant-in-Aid from GoI decreased by 13.12 *per cent*, 1.31 *per cent* and 14.81 *per cent* respectively over the previous year.
- The combined Revenue Receipts for the months of July 2020 (₹14,848 crore) and March 2021 (₹24,624 crore) were 29.4 *per cent* of the Revenue Receipts of the entire year.
- 55.05 *per cent* of the Revenue Receipts during 2020-21 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 44.95 *per cent* indicating the large influence of tax transfers and Grants-in-Aid from GoI on Rajasthan's fiscal position.
- During the current year, Revenue Expenditure increased by 1.03 *per cent* (₹ 1,824 crore) while Revenue Receipts decreased by 4.14 *per cent* (₹ 5,806 crore), leading to an increase in Revenue Deficit from the previous year.
- Ratio of Revenue Receipts to GSDP decreased from 14.03 *per cent* in 2019-20 to 14.02 *per cent* in 2020-21.

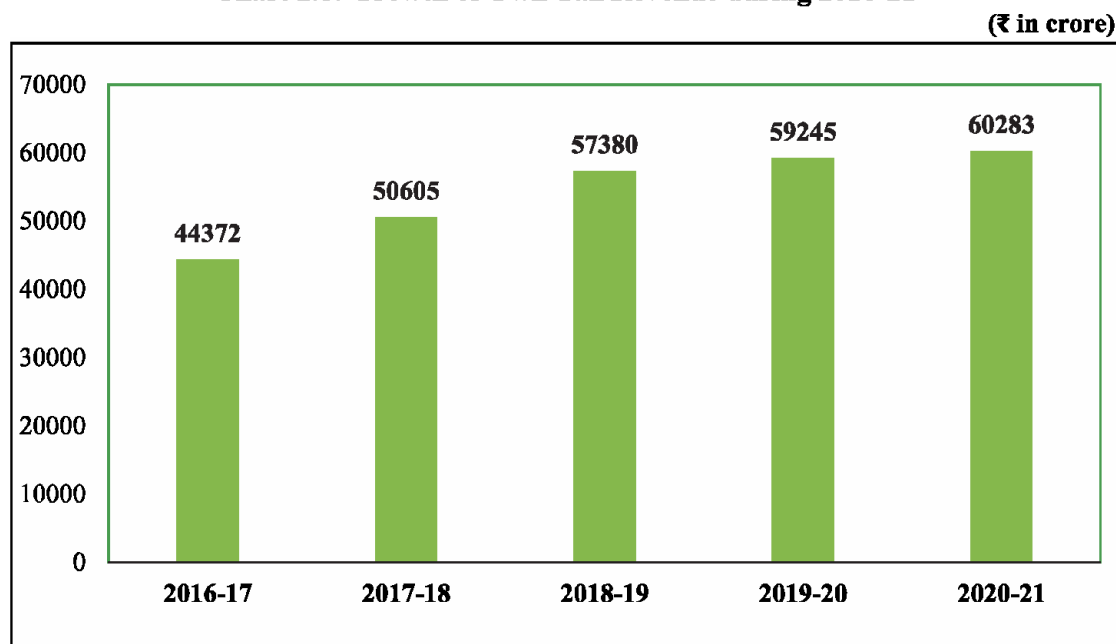
2.3.2.2 States Own Resources

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 2016-21





The component-wise details of Own Tax Revenue collected during the years 2016-21 were as follows.

Table 2.4: Components of State's Own Tax Revenue

(₹ in crore)

S. No.	Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
1.	Taxes on Sales, Trade, etc.	28,558	19,008	14,791	15,843	17,479	
2.	Taxes on Goods and Passengers	803	341	51	41	45	
3.	Entertainment Tax and Luxury Tax (under other taxes and duties on Commodities and services)	220	64	5	01	01	
4.	State Goods and Services Tax	-	12,137	22,938	21,954	20,755*	
	Total	29,581	31,550	37,785	37,839	38,280	
5.	State Excise	7,054	7,276	8,694	9,592	9,853	
6.	Taxes on Vehicles	3,623	4,363	4,576	4,951	4,368	
7.	Stamps and Registration Fees	3,053	3,675	3,886	4,235	5,297	
8.	Land Revenue	315	364	290	364	280	

S. No.	Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
9.	Other Taxes ²	746	3,377	2,149	2,264	2,205	
	Grand Total	44,372	50,605	57,380	59,245	60,283	

*Unaudited figures

Source: Finance Accounts

Own Tax Revenue of the State increased by ₹ 15,911 crore from ₹ 44,372 crore in 2016-17 to ₹ 60,283 crore in 2020-21 at CAGR of 7.96 *per cent*. The growth rate of tax revenue in the State during 2020-21 was 1.75 *per cent* over the previous year and was higher than the average of States other than NE and Himalayan States (-4.43 *per cent*) (**Appendix 1.1**). During the year 2020-21, major contributors of Tax Revenue were State Goods and Services Tax (34.43 *per cent*), Taxes on Sales, Trade, etc. (28.99 *per cent*), and State Excise (16.34 *per cent*). During 2020-21, the Taxes on Sales, Trade, etc. and Stamps and Registration Fees increased over the previous year by 10.33 *per cent* and 25.08 *per cent* respectively.

State Goods and Services Tax (SGST)

Goods and Services Tax (GST) was implemented w.e.f. 1 July 2017. GST is levied on *intra-State* supply of goods or services (except alcohol and five specified petroleum products) and its components are shared by the Centre (CGST) and the State (SGST). Further, integrated GST (IGST) is levied and collected by the Central Government on *inter-State* supply of goods and services. The IGST so collected is apportioned between the Centre and the concerned State where the goods and services are consumed.

The GoI enacted the GST (Compensation to the States) Act 2017 to 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 ₹ 33,037.46 crore for the year 2020-21 by applying the projected growth rate of 14 *per cent* per annum over the base year (2015-16) revenue of ₹ 17,158.62 crore.

During the year 2020-21, against the projected revenue of ₹ 33,037.46 crore, the State's GST (SGST) collection was ₹ 20,754.87 crore (including the advance apportionment of IGST amounting to ₹ 1,628.07 crore) as compared to ₹ 21,954.17 crore in 2019-20. Therefore, SGST collection registered a decrease of ₹ 1,199.30 crore (5.46 *per cent*) over previous year. The total receipts of the State under GST during 2020-21 were ₹ 31,357.49 crore which included SGST collection and net proceeds of CGST assigned to states³ while the State did not receive its share of the net proceeds of IGST assigned to the States for the year 2020-21.

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 ₹ 738 crore, ₹ 3,376 crore, ₹ 2,148 crore, ₹ 2,263 crore and ₹ 2,142 crore during 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 respectively.
3. ₹ 10,602.62 crore

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 ₹ 2,957.37 crore (excluding ₹ 2,675.47 crore pertaining to previous year) during 2020-21.

To bridge the GST revenue shortfall compensation, the GoI has implemented the scheme of “back-to-back loan to States in lieu of GST Compensation shortfall”. During 2020-21, ₹ 4,604 crore was received by Rajasthan. The debt servicing of this loan is to be done from the collection of the cess in GST Compensation Fund, and hence the repayment obligation will not be met from any other resources of the State.

Access to GST database was provided to Audit in December 2020 and the Accountant General (Audit-I), Rajasthan certified the compensation figures for the year 2017-18 during 2020-21 and for the years 2018-19 and 2019-20 during 2021-22. The compensation figures for 2020-21 are awaited from the Commercial Taxes Department, GoR (December 2021) for certification.

Analysis of arrears of revenue

The arrears of revenue indicate delayed realization of revenue due to the Government.

The arrears of revenue as on 31 March 2021 relating to certain principal heads of revenue amounted to ₹ 20,577.89 crore, out of which ₹ 4,125.75 crore was outstanding for more than five years as given in **Table 2.5**.

Table 2.5: Arrear of Revenue

(₹ in crore)

S. No.	Heads of revenue	Total amount outstanding as on 1 April 2020	Total amount outstanding as on 31 March 2021 and percentage of increase in comparison to previous year	Amount outstanding for more than five years as on 31 March 2021
1.	Commercial Taxes	21,874.45	18,225.98 (-) 16.68	3,358.61
2.	Transport	64.14	59.39 (-) 7.41	35.28
3.	Land Revenue	200.65	186.16 (-) 7.22	89.82
4.	Major and Medium Irrigation	2.79	2.73 (-) 2.15	1.54
5.	Registration and Stamps	1,339.42	1,318.38 (-) 1.57	135.62
6.	Land Tax	238.08	300.66 (+) 26.29	232.93
7.	State Excise	201.58	208.07 (+) 3.22	194.45
8.	Mines, Geology and Petroleum	321.45	276.52 (-) 13.98	77.50
Total		24,242.56	20,577.89 (-) 15.12	4,125.75

Source: Information provided by the concerned Departments.

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

Arrears of Assessment

The arrears of assessment indicate potential revenue which is blocked due to delayed assessment. This deprives the Government of potential revenue receipts and ultimately impacts the revenue deficit. 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, Petroleum and Transport are given in Table 2.6.

Table 2.6: Arrear in Assessment

S. No.	Name of the Department	Opening balance	New cases due for assessment during 2020-21	Total assessments due	Cases disposed of during 2020-21	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
	1	2	3	4	5	6	7
1.	Commercial Taxes	18	4,626	4,644	4,643	1	99.98
2.	Registration and Stamps*	7,383	10,464	17,847	8,826	9,021	49.45
3.	Mines, Geology and Petroleum	8,799	10,609	19,408	9,107	10,301	46.92
4.	Transport	1,537	19,963	21,500	20,264	1,236	94.25

Source: Information provided by the concerned Departments.

*including Land Tax

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

Details of Evasion of Tax Detected by Departments

The cases of evasion of tax detected by the Departments and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. According to the information furnished by the Commercial Taxes Department, 3059 cases⁴ of tax evasion were noticed during the year 2020-21. In 2,870 cases, assessment/investigation was completed and 855 cases were pending for finalisation as on 31st March 2021. In Registration and Stamps Department, 432 cases of tax evasion were noticed during the year 2020-21, all of which were assessed/investigated by the Department. Out of this, recoveries were effected in 75 cases while 357 cases were pending finalization as on 31 March 2021.

Land Revenue, State Excise and Transport Departments informed that no cases of Tax Evasion were detected. This shows that these departments lacked a proper mechanism to check leakage of revenue by acting on inputs such as vehicles plying without permits; illegal mining; non-conversion of agricultural land for residential or commercial purpose; and illegal transportation of liquor and other drugs etc., as revealed during audit scrutiny of records in these departments. Details of pending cases is given in Table 2.7.

Table 2.7: Evasion of Tax Detected

S. No.	Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	No. of cases in which assessment/investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2021
					No. of cases	Amount of demand (₹ in crore)	
1.	Commercial Tax	666	3059	3725	2870	21,473.37	855
2.	Mines, Geology and Petroleum	Nil	15	15	15	0.18	Nil
3.	Registration and Stamps	Nil	432	432	432	8.36	357

Source: Information provided by the concerned Departments.

4. There is more than a 10 fold increase in the number of such cases compared to last year (285 cases) due to inclusion of information pertaining to 17 anti-evasion circles of the 13 zones of the state.

Pendency of refund cases

Promptness in disposal of refund cases is also an important indicator of performance of the Department. The refund cases pending at the beginning of the year 2020-21, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2020-21 as reported by the Departments are given in Table 2.8.

Table 2.8: Pendency of refund cases

(₹ in crore)

S. No.	Particulars	Commercial Taxes		Transport		Registration and Stamps	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1290	130.52	554	2.57	987	9.94
2.	Claims received during the year	4600	1,006.15	629	3.29	1698	8.90
3.	Refunds made during the year	3513	184.99	413	3.10	1436	7.59
4.	Rejected during the year	1614	839.56	28	0.19	23	0.30
5.	Balance outstanding at the end of year	763	112.12	742	2.57	1226	10.95

Source: Information provided by the concerned Departments.

It can be seen that the number of pending refund cases has increased in the Transport Department while the number as well as the pending amount have increased in Registration and Stamps Department. Further, *nil* information was provided by Petroleum, Mines & Geology and State Excise Departments in this regard. Audit could not ascertain whether the closing balance of 23 cases as on 31 March 2020 shown by the Petroleum, Mines & Geology Department was cleared during the year.

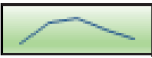

The concerned Departments may consider suitable measures for speedy settlement of refund cases as it would not only benefit the claimants but would also save the Government from payment of interest on the delayed payment of refunds.

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 2016-17 to 2020-21 is provided in Table 2.9.

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

(₹ in crore)

S.No.	Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
1.	Interest Receipts	1,933	4,859	5,791	3,852	2,693	
2.	Revenue from Petroleum ⁵	2,332	2,579	3,883	3,320	1,905	

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

S.No.	Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	Sparkline
3.	Non-ferrous Mining and Metallurgical Industries	4,234	4,522	5,302	4,579	4,966	
4.	Dividends and Profits	68	67	56	55	3	
5.	Other Non-Tax Receipts	3,048	3,707	3,571	3,908	4,086	
	Total	11,615	15,734	18,603	15,714	13,653	

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 2016-17 to 2020-21. During 2020-21, the Non-Tax Revenue (₹ 13,653 crore) decreased by 13.12 *per cent* (₹ 2,061 crore), as compared to the previous year mainly due to significant decrease in Revenue from Interest Receipts from Public Sector and Other Undertakings by ₹ 1,159 crore (30.09 *per cent*) and Petroleum Receipts from royalties on crude oil by ₹ 1,415 crore (42.62 *per cent*). The growth rate of non-tax revenue in the State was negative (-13.12 *per cent*) during 2020-21 as compared to previous year while the average growth rate in States other than NE and Himalayan States was (-)35.60 *per cent* (**Appendix 1.1**).

2.3.2.3 Transfers from the Centre

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

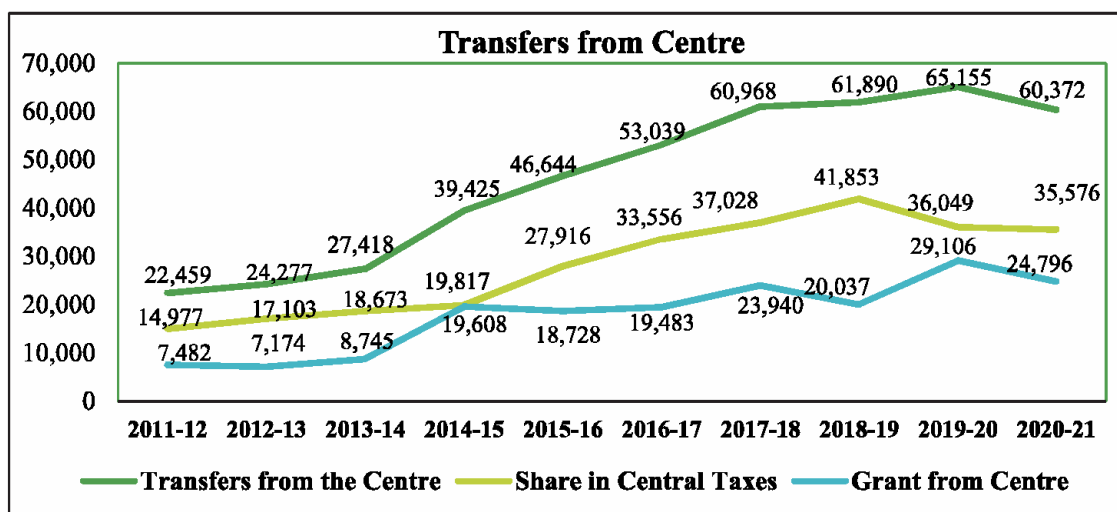
(₹ in crore)				
S. No.	Year	Share in Central Taxes	Grant from Centre	Transfer from the Centre
	1	2	3	4 = (2+3)
1.	2011-12	14,977	7,482	22,459
2.	2012-13	17,103	7,174	24,277
3.	2013-14	18,673	8,745	27,418
4.	2014-15	19,817	19,608	39,425
5.	2015-16	27,916	18,728	46,644
6.	2016-17	33,556	19,483	53,039
7.	2017-18	37,028	23,940	60,968
8.	2018-19	41,853	20,037	61,890
9.	2019-20	36,049	29,106	65,155
10.	2020-21	35,576	24,796	60,372

Source: Finance Accounts

Transfers from the Centre increased from ₹ 22,459 crore in 2011-12 to ₹ 60,372 crore in 2020-21. As compared to previous year, the State's share in both Central Taxes and Grants from the Centre declined in 2020-21.

Chart 2.7: Trends in transfers from Centre

(₹ in crore)



Central Tax Transfer

XV-FC recommended decrease in the share of the States in Central Taxes from 42 per cent (recommended by XIV-FC) to 41 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

(₹ in crore)

S. No.	Components of the Central Tax Transfers	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Customs	4,620	3,735	2,966	2,285	1,910
2.	Union Excise Duties	5,275	3,905	1,971	1,589	1,199
3.	Service Tax	5,433	4,227	389	-	150
4.	Central Goods and Services Tax (CGST)	-	520	10,329	10,229	10,603
5.	Integrated Goods and Services Tax (IGST)	-	3,736	824	-	-
6.	Corporation Tax	10,739	11,334	14,553	12,291	10,711
7.	Taxes on Income other than Corporation Tax	7,464	9,571	10,718	9,631	10,978
8.	Taxes on Wealth	25	- ⁶	5	1	-
9.	Other Taxes and Duties on Commodities and Services	- ⁷	- ⁸	22	23	25
10.	Others	-	-	76	-	-
11.	Central Tax Transfers	33,556	37,028	41,853	36,049	35,576
12.	Percentage of increase/decrease (-) over previous year	20.20	10.35	13.03	(-)13.87	(-) 1.31
13.	Percentage of Central tax transfers to Revenue Receipts	30.78	29.09	30.36	25.73	26.49

Source: Finance Accounts

6. ₹(-) 0.34 crore.

7. ₹0.09 crore.

8. ₹(-) 0.01 crore.

During 2020-21, Central Tax Transfers constituted 26.49 *per cent* of the Revenue Receipts. Over the five-year period 2016-21, Central Tax Transfers increased by 6.02 *per cent* from ₹ 33,556 crore in 2016-17 to ₹ 35,576 crore in 2020-21.

During 2020-21, Central Tax Transfers (₹ 35,576 crore) decreased by 1.31 *per cent* (₹ 473 crore) as compared to the previous year mainly due to significant decrease in Corporation Tax by ₹ 1,580 crore (12.85 *per cent*) and Union Excise Duties by ₹ 390 crore (24.54 *per cent*) which was counterbalanced to some extent by increase of ₹ 1,347 crore (13.99 *per cent*) under Taxes on Income other than Corporation Tax.

Grants-in-aid from GoI

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-21 are detailed in Table 2.12.

Table 2.12: Grants-in-Aid from GoI

		(₹ in crore)				
S. No.	Head	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Non-Plan Grants*	5,928	-	-	-	-
2.	Grants for State Plan Schemes*	13,462	-	-	-	-
3.	Grants for Central Plan Schemes (including Centrally Sponsored Schemes) *	93	-	-	-	-
4.	Centrally Sponsored Schemes (CSS)	-	16,104	13,317	14,966	12,595
5.	Finance Commission Grants	-	4,262	3,121	7,332	6,237
6.	Other transfer/Grants to State/Union Territories with Legislature	-	3,574	3,599	6,808	5,964
	Total	19,483	23,940	20,037	29,106	24,796
7.	Percentage of increase/decrease (-) over the previous year	4.03	22.88	(-) 16.30	45.26	(-) 14.81
8.	Percentage of GIA to Revenue Receipts	17.87	18.80	14.53	20.77	18.46

Source: Finance Accounts

*There are no figures after 2016-17 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 decreased by ₹ 4,310 crore (14.81 *per cent*) during the year compared to the previous year mainly due to significant decrease in assistance for Rural Local Bodies by ₹ 2,146 crore (42.6 *per cent*), Pradhan Mantri Awas Yojana- Gramin by ₹ 917 crore (70 *per cent*), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) by ₹ 1,217 crore (61.1 *per cent*), Integrated Education by ₹ 686 crore (23.6 *per cent*) and Human Resource in Health and Medical Education by ₹ 189 crore (22 *per cent*). GIA constituted 18 *per cent* of Revenue Receipts during the year 2020-21. Grants for Centrally Sponsored Schemes to the State (₹ 12,595 crore) constituted 51 *per cent* of the total grants during the year. Finance Commission Grants included Grants for Local Bodies (₹ 4,756 crore) and Grant-in-aid for State Disaster Response Fund (SDRF) (₹ 1,481 crore). Further, Other grants included compensation for loss of revenue arising out of implementation of GST (₹ 5,633 crore).

Fifteenth Finance Commission Grants

The XV-Finance Commission (XV-FC) submitted its first report in December 2019 for the financial year 2020-21. The State Government had constituted (September 2020) a

High Level Monitoring Committee (HLMC) headed by the Chief Secretary to ensure proper utilization of Grant-in-aid. HLMC conducted a meeting in January 2021.

The position of grant-in-aid recommended by XV-FC, released by GoI and transferred by State Government during the year 2020-21 is given in Table 2.13.

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

(₹ in crore)				
S.No	Transfers	Recommendation of the XV-FC for 2020-21	Actual Release by GoI	Released by GoR
1	Local Bodies			
	(i) Grant to Rural Local Bodies (RLBs)	3,862.00	2,896.50	2,896.50
	a) Basic Grant(Untied)	1,931.00	1,931.00	1,931.00
	b) Tied Grant	1,931.00	965.50	965.50
	(ii) Grant to Urban Local Bodies (ULBs)	1,859.00	1,859.00	1,859.00
	A. Non-Million Plus Cities	1,297.00	1,297.00	1,297.00
	a) Basic Grant(Untied)	648.50	648.50	648.50
	b) Tied Grant	648.50	648.50	648.50
	B. Million Plus Cities (Jaipur, Jodhpur and Kota)	562.00	562.00	562.00
	a) For Air Quality Improvement Measures, including Institution Building	281.00	281.00	281.00 [#]
	b) For improving Water and Solid Waste Management and Achieving of Star rating by the Urban Local Bodies.	281.00	281.00	281.00 ^{##}
	Total (1)	5,721.00	4,755.50	4,755.50
2	State Disaster Response Fund*	1,975.00	1,975.00	1,975.00
	Grand Total (1+2)	7,696.00	6,730.50	6,730.50

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

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

Including ₹ 140.50 crore transfer to ULBs on 12.04.2021.

Including ₹ 140.50 crore transfer to ULBs on 06.04.2021.

Transfer to local bodies (Rural and Urban)

The XV-FC recommended grants for Rural Local Bodies (RLBs) as basic grant (un-tied) for local specific needs and tied grant for basic services of sanitation and maintenance of Open Defecation Free (ODF) status, supply of drinking water, rain water harvesting and water recycling. Para 5.3(vii) of XV-FC report for 2020-21 envisaged that the State should also make allotment of grants for areas falling within the State based on population and area in the ratio of 90:10. Accordingly, for Urban Local Bodies (ULBs) the grants have been divided for Million Plus agglomeration/cities and Non-Million Plus cities and Cantonment Boards. For Million Plus cities, grants have been given for ambient air quality improvement measures and improving water and solid waste management. For Non-Million Plus cities the grants have been given as basic (un-tied) and tied grant. No pre-conditions have been prescribed for getting grants both for RLBs and ULBs for the year 2020-21.

It was observed that XV-FC allotted ₹ 3,862 crore (Basic Grant ₹ 1,931 crore and tied grant ₹ 1,931 crore) for the year 2020-21 and released ₹ 2,896.50 crore for RLBs in 2020-21 and ₹ 1,859 crore (Million Plus cities ₹ 562 crore and Non-Million Plus cities ₹ 1,297 crore) for ULBs. GoI did not release the 2nd installment of tied grant (₹ 965.50

crore) to RLBs during the year 2020-21 and the same has been released in the year 2021-22 (May 2021). Regarding delay in release of 2nd instalment of 2020-21 for RLBs, Finance department stated (October 2021) that the delay in release was at the level of GoI.

Similarly, XV-FC also recommended sectoral grants (Health, Police Training and Housing, Judiciary, Statistics) and performance based incentives grants (Agriculture reforms, Power sector, Education and Domestic and International tourism) from 2021-22 onwards. For these grants government had to undertake some preparatory work in 2020-21 to become eligible for the grant from 2021-22 onwards. Brief status of the preparatory work in respect of some of the grants is given below:

Sectoral Grants

Health:-The XV-FC recommended that State Government should undertake preparatory work related to the establishment of medical colleges in district hospitals with 100 beds. Work on developing district hospitals as training sites should be initiated for availing grants. Information in this regard was sought for from the Medical and Health Department (June 2021), their reply is awaited (December 2021).

Police Training and Housing: The XV-FC recommended that to consider providing grants for police training and housing, the State Government should identify the land and premises for creation of additional facilities and undertake preparatory work for police training programmes in the year 2020-21. Information in this regard was sought for from the Police Department (June 2021), their reply is awaited (December 2021).

Judiciary: For availing this sectoral grant, the Department of Justice and the State Government should take preparatory action for starting more fast track courts to bring down the huge backlog of pending cases. Information in this regard was sought for from the Justice Department (June 2021), their reply is awaited (December 2021).

Performance Based Incentives

Power Sector Reforms: The XV-FC recommended that for availing the incentives, the Ministry of Power, in consultation with the State Government shall develop a monitorable performance index in 2020-21 with State-wise targets and clear roadmap. Information in this regard was sought for from the Energy Department (June 2021), their reply is awaited (December 2021).

Incentives for Education: The XV-FC introduced financial incentives for best performing states in terms of incremental change in a few indicators which form the performance grading index of the Ministry of Human Resources Development. To avail this financial incentive from the year 2021-22 onwards, the Ministry and the State Government should prepare state-wise targets based on these indicators during the year 2020-21. Information in this regard was sought from the School Education Department (June 2021), their reply is awaited (December 2021).

Promotion of Domestic and International Tourism: The XV-FC recommended that during 2020-21, the Ministry of Tourism, in consultation with NITI Aayog and the state government should develop a State-wise roadmap and action plan to become eligible for grant from 2021-22 onwards. Tourism Department stated (August 2021) that neither the department received a roadmap from Government of India nor Ministry of Tourism issued any guidelines in this regard.

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

(₹ in crore)

S. No.	Sources of State's Capital Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
	Capital Receipts	40,615	32,033	36,110	41,831	49,328
1.	Miscellaneous Capital Receipts	28	16	20	20	14
2.	Recovery of Loans and Advances	1,713	15,134	15,158	15,670	373
3.	Net Public Debt Receipts	38,874	16,883	20,932	26,141	48,941
4.	<i>Internal Debt</i>	35,993	15,959	19,068	22,766	42,712
5.	<i>Growth rate</i>	(-)34.34	(-)55.66	19.48	19.39	87.61
6.	<i>Loans and Advances from GoI</i>	2,881	924	1,864	3,375	6,229
7.	<i>Growth rate</i>	135.38	(-)67.93	101.73	81.07	84.56
8.	Rate of growth of debt Capital Receipts	(-)30.63	(-)56.57	23.98	24.89	87.22
9.	Rate of growth of non-debt capital receipts	18.27	770.19	0.18	3.37	(-) 97.53
10.	Rate of growth of GSDP	11.63	9.78	12.86	8.32	(-) 4.11
11.	Rate of growth of Capital Receipts (<i>per cent</i>)	(-)29.38	(-)21.13	12.73	15.84	17.92

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

Capital Receipts increased by 17.92 *per cent* from ₹ 41,831 crore in 2019-20 to ₹ 49,328 crore in 2020-21. During 2020-21, 86.59 *per cent* Capital Receipts came from net Internal Debt and 12.63 *per cent* from net Loans and Advances from GoI. During 2020-21, internal debt increased by 87.61 *per cent* and Loans and Advances from GoI increased by 84.56 *per cent* over the previous year due to receipt of ₹ 4,604 crore under the scheme of “back-to-back loan to States in lieu of GST Compensation shortfall”.

Effective Net Public Debt receipts would be ₹44,337 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. As a result, the effective Net Capital Receipts would stand at ₹44,724 crore.

2.3.4 States 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* Budget Estimates are given in **Table 2.15**.

Table 2.15: State's Own Tax and Non-Tax Revenue projections and Actual for 2020-21
(₹ in crore)

S. No.		Budget Estimates	Actual	Percentage variation of actual over Budget Estimates
1.	Own Tax Revenue	77,029	60,283	(-) 21.74
2.	Non-Tax Revenue	19,596	13,653	(-) 30.33

Source: Finance Accounts and budget document.

The Receipts under Own Tax Revenue and Non-Tax Revenue were less than BE by 21.74 *per cent* (₹ 16,746 crore) and 30.33 *per cent* (₹ 5,943 crore) respectively indicating substantial shortfall in mobilisation of resources by the State.

2.4 Application of resources

The State government is vested with the responsibility of incurring expenditure 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

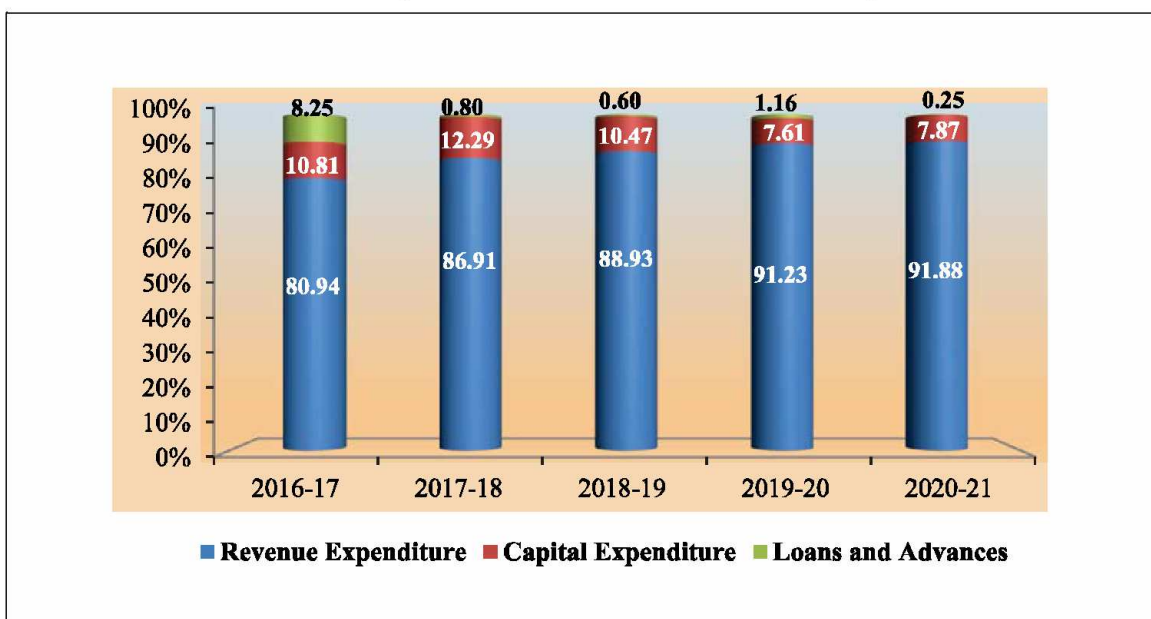
Table 2.16 presents the trends in total expenditure over a period of five years (2016-21) depicting its composition in terms of 'economic classification'.

Table 2.16: Total expenditure and its composition

(₹ in crore)						
S. No.	Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Total Expenditure (TE)	1,57,085	1,67,799	1,87,524	1,93,458	1,94,071
2.	Revenue Expenditure (RE)	1,27,140	1,45,842	1,66,773	1,76,485	1,78,309
3.	Capital Expenditure (CE)	16,980	20,623	19,638	14,718	15,271
4.	Loans and Advances	12,965	1,334	1,113	2,255	491
As a percentage of GSDP						
5.	TE/GSDP	20.65	20.25	20.34	19.37	20.26
6.	RE/GSDP	16.72	17.60	18.09	17.67	18.61
7.	CE/GSDP	2.23	2.49	2.13	1.47	1.59
8.	Loans and Advances/GSDP	1.70	0.16	0.12	0.23	0.06

Source: Finance Accounts

The table shows that Total Expenditure of the State increased by 23.55 *per cent* from ₹ 1,57,085 crore in 2016-17 to ₹ 1,94,071 crore in 2020-21. During the year, it registered a marginal increase of 0.32 *per cent* over the previous year due to marginal increase in Revenue Expenditure and Capital Expenditure, offset by decrease in Loans and Advances. As a percentage of GSDP, the Total Expenditure remained in the range of 19.37 *per cent* to 20.65 *per cent* during the period 2016-21. The growth rate of Total Expenditure in the State (0.32 *per cent*) during 2020-21 over the previous year, was significantly lower than the average growth rate of 4.54 *per cent* registered by States other than NE and Himalayan States (*Appendix 1.1*).

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 2.23 *per cent* in 2016-17 (₹ 16,980 crore) to 1.59 *per cent* in 2020-21 (₹ 15,271 crore). The rate of growth of Capital expenditure during 2020-21 was lower (-7.13 *per cent*) than the average growth rate (-2.36 *per cent*) of States other than NE and Himalayan States.

In term of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances.

Table 2.17: Relative share of various sectors of expenditure(In *per cent*)

S. No.	Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
1.	General Services	25.23	26.21	29.30	29.28	31.20
2.	Social Services	35.39	35.92	38.71	38.16	42.07
3.	Economic Services	31.13	37.07	31.39	31.40	26.48
4.	Others (Loans and Advances)	8.25	0.80	0.60	1.16	0.25

Source: Finance Accounts

The above table reveals that during 2020-21, relative share of Economic Services in total expenditure decreased as compared to 2019-20 mainly due to decline in expenditure under Power, Crop Husbandry, Roads and Bridges and Other Rural Development Programmes.

Chart 2.9: Total expenditure - Expenditure by activities

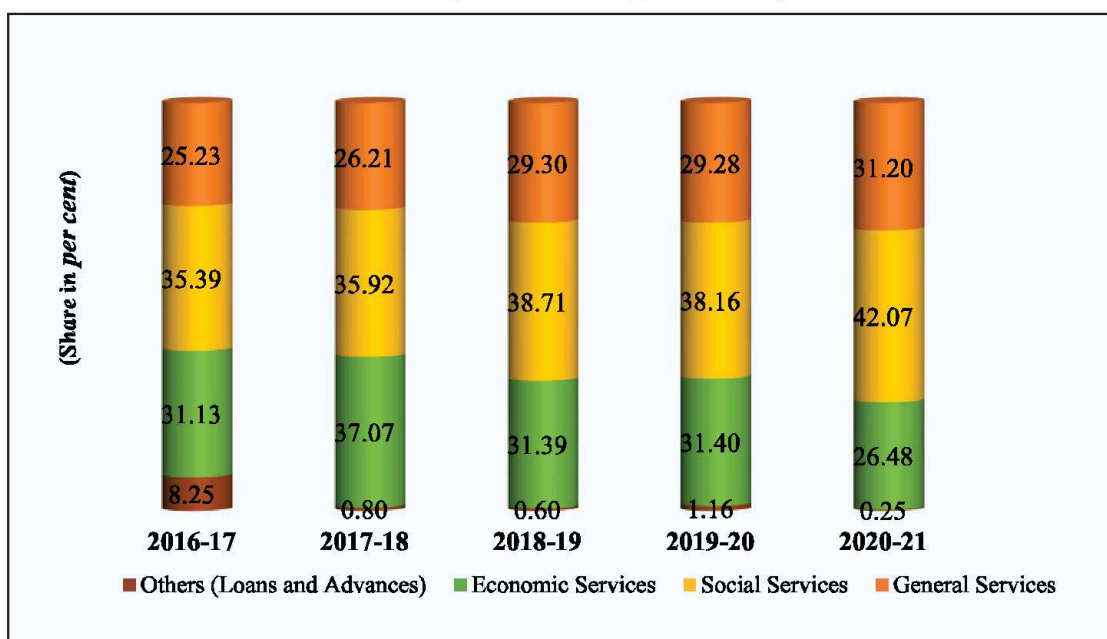
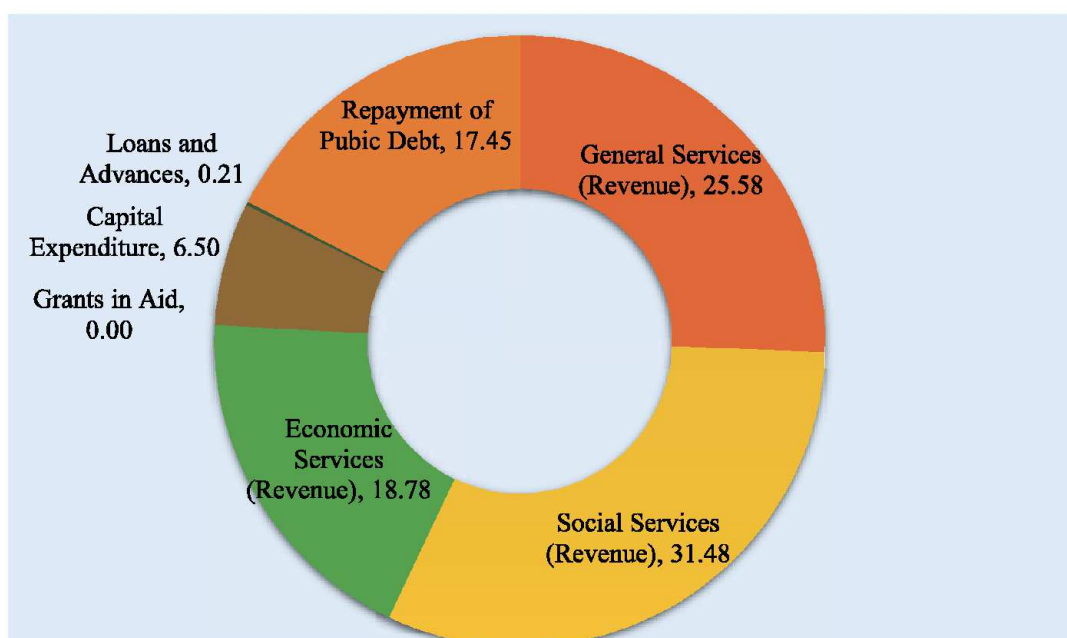


Chart 2.10: Composition of the expenditure



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. The overall revenue expenditure, its rate of growth and ratio to GSDP for the last five years are indicated in **Table 2.18**. Sector wise distribution of revenue expenditure is presented in **Chart 2.11**.

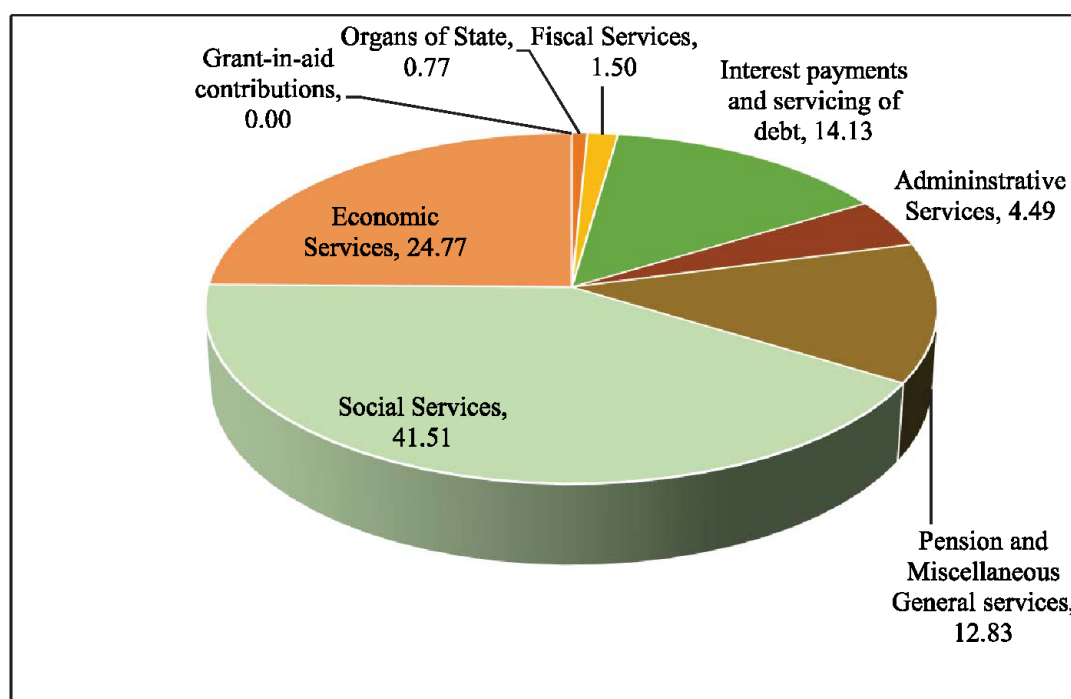
Table 2.18: Revenue Expenditure – Basic Parameters

(₹ in crore)						
S. No.	Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Total Expenditure (TE)	1,57,085	1,67,799	1,87,524	1,93,458	1,94,071
2.	Revenue Expenditure (RE)	1,27,140	1,45,842	1,66,773	1,76,485	1,78,309
3.	Rate of Growth of RE (<i>per cent</i>)	19.67	14.71	14.35	5.82	1.03
4.	Revenue Expenditure as percentage of TE	80.94	86.91	88.93	91.23	91.88
5.	RE/GSDP (<i>per cent</i>)	16.72	17.60	18.09	17.67	18.61
6.	RE as percentage of Revenue Receipts	116.61	114.56	120.96	125.96	132.76
Buoyancy of Revenue Expenditure with						
7.	GSDP (ratio)	1.69	1.64	1.28	0.69	.*
8.	Revenue Receipts (ratio)	2.26	0.88	1.73	3.57	.*

Source: Finance Accounts of respective years.

*Due to negative growth of GSDP and revenue receipts in 2020-21, buoyancy ratios cannot be calculated.

Revenue Expenditure constituted 91.88 *per cent* of total expenditure during 2020-21. It increased at CAGR of 8.82 *per cent* from ₹ 1,27,140 crore in 2016-17 to ₹ 1,78,309 crore in 2020-21. During 2020-21, the revenue expenditure increased by 1.03 *per cent* (₹ 1,824 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 2020-21 as compared to 2019-20

(₹ in crore)

S. No.	Major Heads of Account	2019-20	2020-21	Increase/ Decrease (-)
1.	2217- Urban Development	4,274.80	5,982.22	1,707.42
2.	2071- Pension and Other Retirement Benefits	20,761.31	22,439.62	1,678.31
3.	2401- Crop Husbandry	2,467.00	4,049.76	1,582.76
4.	2049- Interest Payments	23,643.27	25,201.81	1,558.54
5.	2235- Social Security and Welfare	8,195.48	9,647.75	1,452.27
6.	2202- General Education	33,145.84	34,506.82	1,360.98
7.	2040- Taxes on Sales, Trade etc.	741.23	1,375.45	634.22
8.	3456- Civil Supplies	658.10	1,277.33	619.23
9.	2801- Power	22,734.43	14,264.26	(-) 8,470.17
10.	2515- Other Rural Development Programmes	7,807.53	6,216.41	(-) 1,591.12
11.	3054- Roads and Bridges	2,102.55	1,464.00	(-) 638.55

Source: Finance Accounts.

The table indicates that Revenue Expenditure under 'Power' and 'Other Rural Development Programmes' declined significantly during the year, primarily due to less assistance to Power Companies and Zila Parishads/District level Panchayats/ Gram Panchayats.

2.4.2.2 Committed expenditure

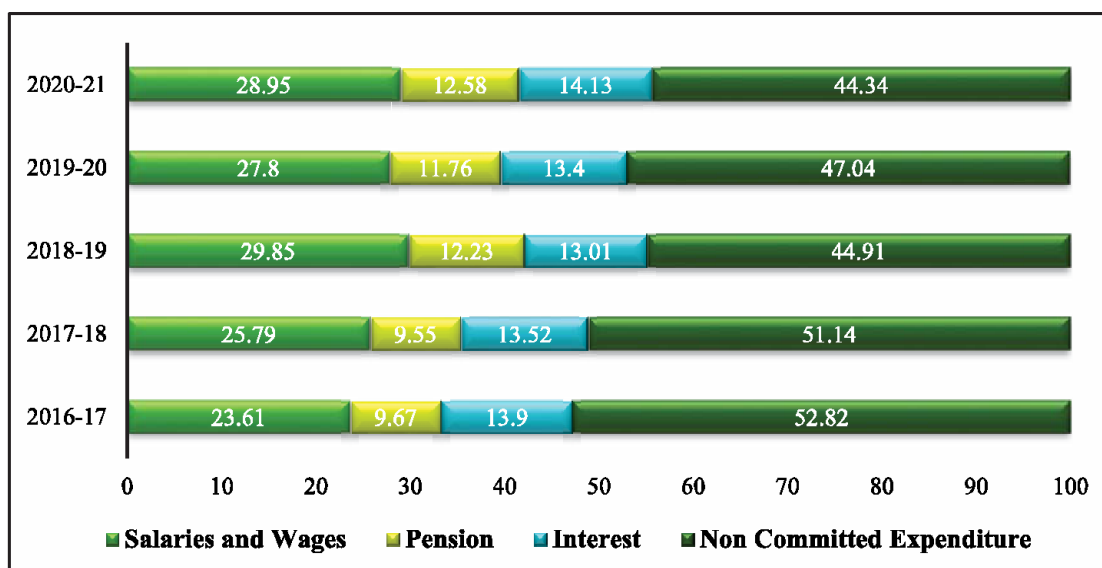
The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It is the first charge on the Government resources. An upward trend in committed expenditure leaves the Government with lesser resources for development initiatives. **Table 2.20** presents the trends in the expenditure on these components during 2016-21.

Table 2.20: Components of Committed Expenditure

(₹ in crore)

S.No.	Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Salaries & Wages	30,016	37,611	49,790	49,066	51,619
2.	Expenditure on Pensions	12,296	13,925	20,396	20,761	22,440
3.	Interest Payments	17,677	19,720	21,695	23,643	25,202
	Total	59,989	71,256	91,881	93,470	99,261
As a percentage of Revenue Receipts (RR)						
4.	Salaries & Wages	27.53	29.54	36.11	35.02	38.43
5.	Expenditure on Pensions	11.28	10.94	14.80	14.82	16.71
6.	Interest Payments	16.21	15.49	15.74	16.87	18.76
	Total	55.02	55.97	66.65	66.71	73.90
As a percentage of Revenue Expenditure (RE)						
7.	Salaries & Wages	23.61	25.79	29.85	27.80	28.95
8.	Expenditure on Pensions	9.67	9.55	12.23	11.76	12.58
9.	Interest Payments	13.90	13.52	13.01	13.40	14.13
	Total	47.18	48.86	55.09	52.96	55.66

Source: Finance Accounts.

Chart 2.12: Share of Committed expenditure in total Revenue Expenditure

The share of committed expenditure to revenue expenditure increased from 47.18 *per cent* in 2016-17 to 55.09 *per cent* in 2018-19 and 52.96 *per cent* in 2019-20 to 55.66 *per cent* in 2020-21, but during 2019-20 it decreased to 52.96 *per cent*. The ratio of committed expenditure to revenue receipts has increased every year during 2016-17 to 2020-21. Committed expenditure accounts for 73.90 *per cent* of revenue receipts, which indicates that only a small portion of revenue receipts is available for meeting uncommitted expenditure.

Salaries and Wages

The expenditure on Salaries and Wages increased at CAGR of 14.52 *per cent* from ₹ 30,016 crore in 2016-17 to ₹ 51,619 crore in 2020-21. During 2020-21, the expenditure on Salaries and Wages increased by 5.20 *per cent* over the previous year, which was higher than the average of States other than NE and Himalayan States (2.27 *per cent*). It was lower than the assessment made by the State Government (₹ 55,938 crore) in Medium Term Fiscal Policy Statement (MTFPS) by ₹ 4,319 crore.

Pension payments

The expenditure on pension payments increased at CAGR of 16.23 *per cent* from ₹ 12,296 crore in 2016-17 to ₹ 22,440 crore⁹ in 2020-21. During 2020-21, the expenditure on pension payments increased by 8.09 *per cent* over the previous year, which was higher than the average of States other than NE and Himalayan States (6.02 *per cent*), mainly due to increase in total number of pensioners¹⁰ by 9,392 (2.2 *per cent*). The expenditure on pension and other retirement benefits to the State Government employees was 12.6 *per cent* (11.8 *per cent* in 2019-20) of total revenue expenditure during 2020-21.

9. It includes a sum of ₹ 20,260.71 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 ₹ 2,178.91 crore.

10. Number of pensioners in 2019-20: 4,30,931 and in 2020-21: 4,40,323.

Expenditure on pension payments in comparison to the projections of the State Government in its MTFPS/Budget is given in **Table 2.21**.

Table 2.21: Pension Payments vis-à-vis State's Projections in MTFPS/Budget

(₹ in crore)		
Year	Assessment made by the State Government in MTFPS/Budget	Actual
2020-21	23,404	22,440

Source: Finance Accounts and budget documents.

The table indicates that the expenditure on pension payments by State Government was within its own projections made in MTFPS/Budget for 2020-21.

Interest payments

Interest payments increased at CAGR of 9.27 *per cent* from ₹ 17,677 crore in 2016-17 to ₹ 25,202 crore in 2020-21. Interest payments (₹ 25,202 crore) during 2020-21 increased by 6.59 *per cent* over the previous year (₹ 23,643 crore) mainly due to increase in market loans by ₹ 51,179 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 18.8 *per cent* for 2020-21, which was higher than the previous year (16.9 *per cent*).

Interest Payments with reference to the projections of the State Government in its MTFPS/Budget are given in **Table 2.22**.

Table 2.22: Interest Payments vis-à-vis State's Projections in MTFPS/Budget

(₹ in crore)		
Year	Assessment made by the State Government in MTFPS/Budget	Actuals
2020-21	25,494	25,202

Source: Finance Accounts and budget documents.

The table indicates that the Interest payments by State Government was within its own projections made in MTFPS/Budget for 2020-21.

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 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 on 09 November 2010 and NPS Trust on 02 December 2010. The contribution details and corresponding amounts are being transferred to the NSDL and Trustee Bank since November 2011. Prior to 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) were being deposited in the interest bearing Personal Deposit (PD) Account maintained by concerned Treasury Officers in the budget head 8011-106-103-01, also referred as legacy amount.

As per information made available by the Directorate, State Insurance and Provident Fund (SIPF) Department, 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)

S. No.	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
1.	Upto 31/10/2011	1,393.92	0.00	1,393.92	0.00	1,393.92
2.	01/11/2011 to 31/03/2012	1,393.92	0.00	1,393.92	97.41	1,491.33
3.	2012-13	1,491.33	613.58	877.75	56.20	933.95
4.	2013-14	933.95	363.97	569.98	60.00	629.98
5.	2014-15	629.98	297.31	332.67	37.09	369.76
6.	2015-16	369.76	131.66	238.10	34.97	273.07
7.	2016-17	273.07	161.70	111.37	9.46	120.83
8.	2017-18	120.83	65.04	55.79	7.34	63.13
9.	2018-19	63.13	20.72	42.41	4.02	46.43
10.	2019-20	46.43	10.14	36.29	7.65	43.94
11.	2020-21	43.94	7.85	36.09	1.24	37.33

Source: Information provided by SIPF Department.

From the table above, it is evident that as on 31st March 2021, balance amount of ₹ 37.33 crore on account of legacy amount is pending transfer. State Insurance and Provident Fund Department intimated (December 2021) that as on 31.10.2021 only ₹ 32.88 crore of legacy amount was pending transfer due to reconciliation issues like mismatch of PRAN numbers, non-availability of deduction statements, etc.

Since November 2011, Government of Rajasthan operates Major Head 8342-117 for contribution pertaining to All India Services (AIS) officers and Major Head 8011-106 for all other state government employees. Employees' contribution is to be transferred in 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 2021, an amount of ₹ 160.83 crore (₹ 37.33 crore as legacy amount and ₹ 123.01 crore un-transferred employees' contribution of State Government employees and ₹ 0.49 crore un-transferred contribution of AIS Officers) was pending for transfer to NSDL, resulting in interest liability on State Government. Further, the corresponding matching employer's contribution is also pending for transfer to NSDL, which is the liability of the State Government.

2.4.2.4 Subsidies

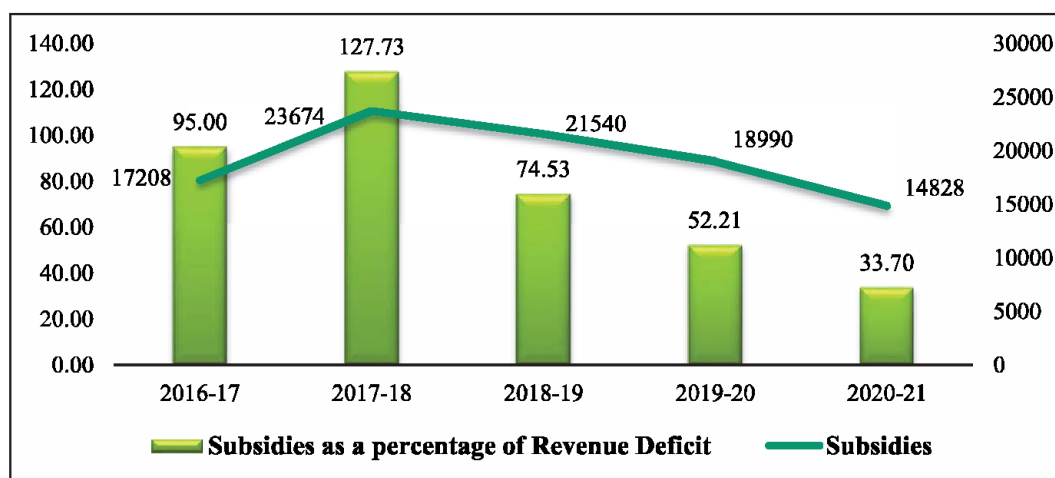
In a welfare state, subsidies are provided to the disadvantaged sections of the society. The subsidies and subsidies as a percentage of Revenue Receipts (RR) and Revenue Expenditure (RE) for the last five years are as under:

Table 2.24: Expenditure on subsidies during 2016-21

		(₹ in crore)				
S. No.		2016-17	2017-18	2018-19	2019-20	2020-21
1.	Subsidies	17,208	23,674	21,540	18,990	14,828
2.	Subsidies as a percentage of RR	15.78 (1,09,026)	18.60 (1,27,307)	15.62 (1,37,873)	13.55 (1,40,114)	11.04 (1,34,308)
3.	Subsidies as a percentage of RE	13.53 (1,27,140)	16.23 (1,45,842)	12.92 (1,66,773)	10.76 (1,76,485)	8.32 (1,78,309)
4.	Subsidies as a percentage of Revenue Deficit	95.00 (18,114)	127.73 (18,535)	74.53 (28,900)	52.21 (36,371)	33.70 (44,001)
5.	Subsidy given to Power Sector by Government	16,842	23,391	21,204	18,644	14,264
6.	Power sector subsidy as a percentage of total subsidy	97.87	98.80	98.44	98.18	96.20

Source: Finance Accounts.

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



Subsidy in absolute terms and as a percent of revenue receipts and revenue expenditure has been declining steadily since 2017-18. Payment on subsidies during 2020-21 (₹ 14,828 crore) decreased by 21.92 *per cent* from the previous year (₹ 18,990 crore). 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. Subsidies which were 95.00 *per cent* of the Revenue Deficit (RD) in 2016-17, constituted 33.70 *per cent* of RD in 2020-21 and 52.21 *per cent* in 2019-20.

The biggest component of the subsidy outgo of the GoR was the subsidy to the Power Sector which accounted for 96.20 *per cent* (₹ 14,264 crore) of the total subsidy. During 2020-21, subsidy was given to the Power Sector mainly on account of grant for non-increasing of Power Tariff (₹ 12,754.09 crore) and grant for Electric Fees (₹ 1,414.37

crore). Further, subsidy to Power Sector ranged from 96.20 *per cent* to 98.80 *per cent* of the total subsidy provided by GoR during 2016-17 to 2020-21.

Power Sector subsidy (₹ 14,264.25 crore) decreased by 23.49 *per cent* (₹ 4,379.77 crore) over the previous year (₹ 18,644.02 crore) mainly due to decrease of ₹ 9,726.06 crore in assistance to Distribution Companies under UDAY component.

The second biggest component of Subsidies in 2020-21 was Crop Husbandry (₹ 292.50 crore) which increased by 36.27 *per cent* from ₹ 214.64 crore in 2019-20. In addition, subsidy under the National Food Security Scheme increased by 103 *per cent* from ₹ 103.82 crore in 2019-20 to ₹ 210.90 crore in 2020-21.

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

Financial assistance to the tune of ₹ 39,744.68 crore was provided by the State Government to Local bodies and Other Institutions by way of grants and loans in 2020-21. During 2020-21, the financial assistance to Local bodies and Other Institutions decreased by 3.12 *per cent* in comparison to previous year (₹ 41,024.82 crore) mainly due to decrease in assistance to Government Companies under Other Institutions. Further, during the period 2016-21, the overall financial assistance to Local Bodies and Other Institutions constituted 20.90 *per cent* to 25.87 *per cent* of the revenue expenditure.

The quantum of assistance provided through grants and loans to Local Bodies and Other Institutions during 2016-21 is given in Table 2.25.

Table 2.25: Financial Assistance to Local Bodies etc.

(₹ in crore)

S. No.	Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
	(A) Local Bodies					
1.	Municipal Corporations and Municipalities	3,839.93	3,695.48	3,811.13	3,781.24	5,205.98
2.	Panchayati Raj Institutions	14,472.66	18,550.27	14,834.25	15,270.45	14,543.19
	Total (A)	18,312.59	22,245.75	18,645.38	19,051.69	19,749.17
	(B) Others					
3.	Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,671.13	1,283.29	1,452.88	1,487.70	1,267.73
4.	Development Authorities	7.61	11.68	13.65	12.41	12.87
5.	Hospitals and Other Charitable Institutions	77.41	918.96	1,241.07	898.43	430.43
6.	Other Institutions	12,823.46	10,525.42	13,509.23	19,574.59	18,284.48 ¹¹
	Total (B)	14,579.61	12,739.35	16,216.83	21,973.13	19,995.51
	Total (A+B)	32,892.20	34,985.10	34,862.21	41,024.82	39,744.68
7.	Revenue Expenditure	1,27,140	1,45,842	1,66,773	1,76,485	1,78,309
8.	Assistance as percentage of Revenue Expenditure	25.87	23.99	20.90	23.25	22.29

Source: Finance Accounts

11. It included mainly grants given for (i) Co-operative Institutions: ₹5,248.63 crore; (ii) Crop Husbandry ₹2,748.10 crore; (iii) Family Welfare: ₹2,637.67 crore; (iv) Education: ₹2,254.28 crore; (v) Relief on account of Natural Calamities: ₹673.57 crore and (vi) Government Companies: ₹541.01 crore.

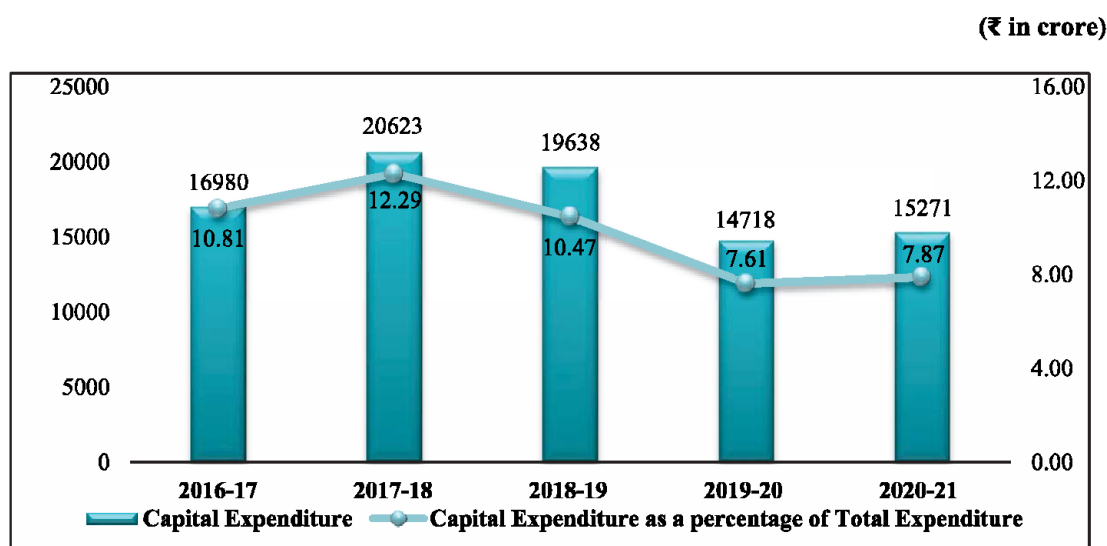
During 2020-21, financial assistance was given mainly to

- Agriculture loan waiver scheme (₹ 4,517.28 crore),
- Grant under Pradhan Mantri Awas Yojana to Zila Parishads (₹ 2,630.37 crore),
- National Rural Health Mission (₹ 2,474.20 crore),
- Crop Insurance Scheme (₹ 2,337.83 crore),
- Grant under State Finance Commission recommendations to Gram Panchayat (₹ 2,178.33 crore),
- Octroi reimbursement to Municipal Corporations/Municipalities/Municipal Councils (₹ 2,084.00 crore),
- National Rural Employment Guarantee Scheme (₹ 1,929.23 crore),
- Grant for Primary Schools to Panchayat Samitis (₹ 1,593.59 crore),
- General Basic grant under recommendations of Central Finance Commission to Gram Panchayat (₹ 1,448.25 crore),
- Grant under State Finance Commission recommendations to Municipalities/Municipal Councils (₹ 1,190.90 crore) and
- National Mid-Day Meal Programme in Schools (₹ 873.58 crore).

2.4.3 Capital Expenditure

Capital Expenditure is primarily the expenditure on creation of fixed infrastructure assets such as roads, buildings etc. The overall capital expenditure and its percentage to total expenditure during 2016-21 is indicated in **Chart 2.14**.

Chart 2.14: Capital expenditure in the State



The percentage share of capital expenditure in the total expenditure increased from 7.61 per cent in 2019-20 to 7.87 per cent during 2020-21. It decreased at CAGR of 2.62 per cent from ₹ 16,980 crore in 2016-17 to ₹ 15,271 crore in 2020-21.

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 2020-21 *vis-à-vis* the previous year.

Table 2.26: Capital Expenditure during 2020-21 compared to 2019-20

(₹ in crore)				
S. No.	Major Heads of Accounts	2019-20	2020-21	Increase / Decrease (-)
1.	4217- Capital Outlay on Urban Development	694.92	1,483.67	788.75
2.	4215- Capital Outlay on Water Supply and Sanitation	3,184.44	3,832.74	648.30
3.	4202- Capital Outlay on Education, Sports, Art and Culture	766.07	1,280.49	514.42
4.	4700- Capital Outlay on Major Irrigation	1,584.83	1,878.99	294.16
5.	4210- Capital Outlay on Medical and Public Health	483.82	631.85	148.03
6.	4801- Capital Outlay on Power Projects	2,130.00	403.49	(-)1,726.51
7.	5054- Capital Outlay on Roads and Bridges	3,200.80	3,004.93	(-)195.87
8.	4515- Capital Outlay on Other Rural Development Programme	375.04	239.15	(-)135.89

Source: Finance Accounts

During 2020-21, Capital expenditure increased by 3.75 *per cent* (₹ 552.44 crore) over the previous year. This increase was mainly under Capital Outlay on Urban Development (₹ 788.75 crore), Water Supply and Sanitation (₹ 648.30 crore), Education, Sports, Art and Culture (₹ 514.42 crore) and was counterbalanced to a certain extent by decrease of ₹ 1,726.51 crore under Power Projects.

Table 2.27: Returns on Investment

S.No.	Investment/Returns/Cost of Borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Investment at the end of the year (₹ in crore)	41,733.94	45,780.60	49,861.39	52,208.91	52,784.40
2.	Returns (₹ in crore)	67.80	66.76	55.80	54.47	2.89
3.	Returns (<i>per cent</i>)	0.16	0.15	0.11	0.10	0.01
4.	Average rate ¹² of interest on Government borrowings (<i>per cent</i>)	7.61	7.36	7.32	7.12	6.60
5.	Difference between interest rate and returns (<i>per cent</i>)	7.45	7.21	7.21	7.02	6.59
6.	Difference between interest on Government borrowings and return on investment (₹ in crore) [#]	3,109.18	3,300.78	3,595.01	3,665.07	3478.49

Source: Finance Accounts

Investment at the end of the year multiplied by 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 2021, the total Government investment was ₹ 52,784.40 crore in 44 Government Companies (₹ 50,253.97 crore), seven Statutory Corporations (₹ 764.34 crore), two Rural Banks (₹ 73.69 crore), 11 Joint Venture Companies (₹ 1,102.58 crore), 22 Joint Stock Companies (₹ 2.16 crore), one partnership concern¹³ and Cooperative Banks and

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

13. Only ₹ 20,833

Societies (₹ 587.66 crore). The investment of State Government in five power sector companies was ₹ 47,798.55 crore which was 90.55 *per cent* of the total investment of the State Government. The average return on this investment varied from 0.01 to 0.16 *per cent* during 2016-21, while the Government paid an average interest of 6.60 to 7.61 *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 30 September 2021)	Net worth as on 31 st March 2021	Investment made during 2020-21	Cumulative investment as on 31 st March 2021
1.	Jaipur Vidyut Vitran Nigam Limited	2020-21	(-)17,424.91	114.92	11,447.43
2.	Jodhpur Vidyut Vitran Nigam Limited	2020-21	(-)21,008.01	148.97	10,636.96
3.	Ajmer Vidyut Vitran Nigam Limited	2020-21	(-)17,601.80	106.32	10,571.89
	Total		(-)56,034.72	370.21	32,656.28

As per the latest finalized accounts for the year 2020-21, during the year, out of the total capital expenditure of ₹ 15,270.49 crore, State Government made investment of ₹370.21 crore in companies whose net worth was completely eroded. No investment in loss making companies was made during the year by the State Government.

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 institutions/ organisations. Table 2.29 presents the outstanding loans and advances as on 31 March 2021 and interest receipts *vis-à-vis* interest payments during the last five years.

Table 2.29: Quantum of loans disbursed and recovered during five years

(₹ in crore)

S. No.	Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Opening Balance of loans outstanding	39,856	51,108	37,308	23,263	9,848
2.	Amount advanced during the year	12,965	1,334	1,113	2,255	491
3.	Amount recovered during the year	1,713	15,134*	15,158*	15,670*	373
4.	Closing Balance of the loans outstanding	51,108	37,308	23,263	9,848	9,966
5.	Net addition during the year (disbursement-repayment)	11,252	(-) 13,800	(-) 14,045	(-) 13,415	118
6.	Interest received	172	3,020	4,390	2,568	1,253
7.	Interest rate on Loans and Advances given by the Government.	0.38	6.83	14.50	15.51	12.65
8.	Rate of Interest paid on the outstanding borrowings of the Government	7.61	7.36	7.32	7.12	6.60
9.	Difference between the rate of interest paid and interest received (<i>per cent</i>)	(-) 7.23	(-) 0.53	(+) 7.18	(+) 8.39	(+) 6.05

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 (₹ 9,966 crore) included loans and advances of ₹ 5,516 crore (55.35 per cent) given to Power Projects. The amount of loans and advances disbursed decreased from ₹ 2,255 crore in 2019-20 to ₹ 491 crore (Social Services: ₹ 281 crore and Economic Services: ₹ 210 crore) in 2020-21.

During the year, the major portion of loans was advanced to Rajasthan Pensioners Medical Fund (₹ 150 crore), Jaipur Metro Rail Corporation Limited (Phase 1-B) (₹ 127 crore), Swami Keshwanand Rajasthan Agriculture University, Bikaner (₹ 58 crore) and Rajasthan State Road Transport Corporation Limited (₹ 50 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 adequate and quantitative infrastructure development activities. 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 (June 2021) by the PPP Cell, 185 projects amounting to ₹ 16,564.42 crore were completed and 30 projects amounting to ₹ 2,611.36 crore were under progress as on 31 March 2021. Besides, 38 projects amounting to ₹ 16,855.78 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 2.30.

Table 2.30: 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	8,142.29	05	597.87	10	1,565.04
2.	Urban Infrastructure	26	456.74	09	609.97	17	13,071.20
3.	Power	11	7,097.90	09	1,356.92	03	1,636.11
4.	Water	1	46.00	-	-	01	365.00
5.	IT	1	54.01	-	-	-	-
6.	Social	61	607.12	06	40.60	06	217.43
7.	Other	15	160.36	01	06.00	01	01.00
	Total	185	16,564.42	30	2,611.36	38	16,855.78

Source: Information provided by Planning Department.

Scrutiny of the budget documents of 2020-21 revealed that the State Government did not provide the details of figures and information regarding investment made in PPP projects in the previous year. Further, the revenue generated against 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 total expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the better is the quality of expenditure.

Table 2.31, analyses the fiscal priority of the State Government with regard to total expenditure, capital expenditure, expenditure on Education and expenditure on Health *vis-à-vis* the average of States other than North Eastern (NE) and Himalayan States during 2016-17 and 2020-21.

Table 2.31: Expenditure priority of the State with regards to Health, Education and Capital expenditure

(In per cent)

S. No.		Total Expenditure /GSDP	Capital Expenditure including Loans and Advances /Total Expenditure	Education/ Total Expenditure	Health and Family Welfare/ Total Expenditure
1.	Average of States other than NE and Himalayan States 2016-17	17.12	19.77	14.93	5.49
2.	Rajasthan 2016-17	20.65	19.06	15.54	5.25
3.	Average of States other than NE and Himalayan States 2020-21	16.18	13.03	15.00	6.74
4.	Rajasthan 2020-21	20.26	8.12	18.55	6.50

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

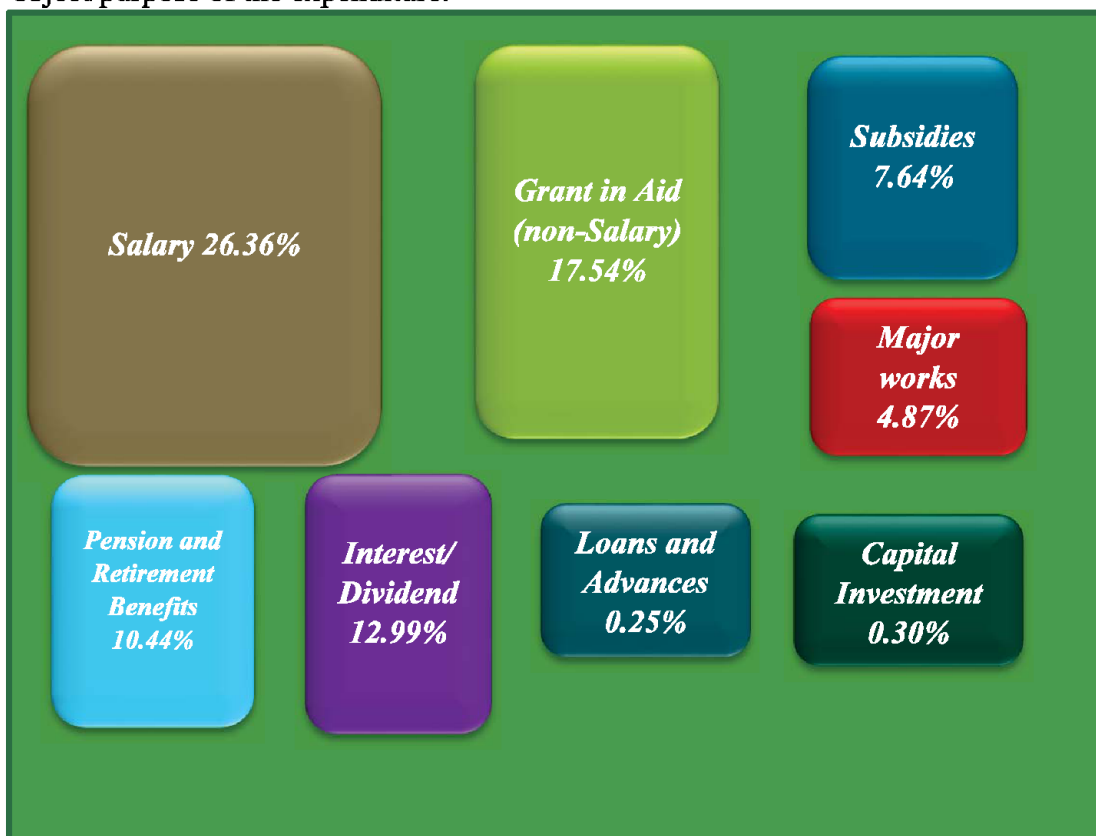
Table 2.31 indicates the following:

- The ratio of Total Expenditure (TE) to GSDP in the State was higher (20.26 *per cent*) as compared to the average of States other than NE and Himalayan States (16.18 *per cent*) during 2020-21.
- The ratio of Capital Expenditure including Loans and Advances to Total Expenditure in the State was lower (8.12 *per cent*) as compared to the average of States other than NE and Himalayan States (13.03 *per cent*) during 2020-21. Interestingly, Rajasthan enjoyed a ratio (19.06) which was only marginally lower than the average of States other than NE and Himalayan States (19.77) in 2016-17.
- The ratio of Education Expenditure to Total Expenditure in the State was higher than the average of States other than NE and Himalayan States during 2020-21.

- The ratio of Expenditure on Health and Family Welfare to Total Expenditure in the State was lower than the average of States other than NE and Himalayan States during 2020-21.

2.4.5 Object head wise expenditure

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



During 2020-21, 74.97 *per cent* of total expenditure was spent on Salary, Pension, Grant-in-Aid (non-Salary), Interest/Dividend payment and Subsidies while the remaining 25.03 *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 2.32.

Table 2.32: Component-wise net balances* in Public Account as of 31 March

(₹ in crore)

S. No.	Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
1.	I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	3,380	3,201	5,383	3,991	4,857
2.	J. Reserve Funds	(a) Reserve Funds bearing Interest	93	(-) 243	587	3,094	697
		(b) Reserve Funds not bearing Interest	566	1,079	(-) 20	1,236	664
		Sub Total	659	836	567	4,330	1,361
3.	K. Deposits and Advances	(a) Deposits bearing Interest	425	393	436	2,150	3,604
		(b) Deposits not bearing Interest	2,815	5,309	3,620	2,875	(-) 733
		(c) Advances	2	1	-	-	-
		Sub Total	3,242	5,703	4,056	5,025	2,871
4.	L. Suspense and Miscellaneous	(a) Suspense	(-) 89	(-) 7	(-) 30	105	125
		(b) Other Accounts	(-) 30	(-) 20	(-) 27	(-) 19	(-) 9
		(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
		(d) Miscellaneous	-	-	-	-	-
		Sub Total	(-) 119	(-) 27	(-) 57	86	116
5.	M. Remittances	(a) Money Orders, and other Remittances	(-) 3	11	8	4	-
		(b) Inter- Governmental Adjustment Account	-	(-) 1	1	(-) 12	12
		Sub Total	(-) 3	10	9	(-) 8	12
	Total		7,159	9,723	9,958	13,424	9,217

Source: Finance Accounts

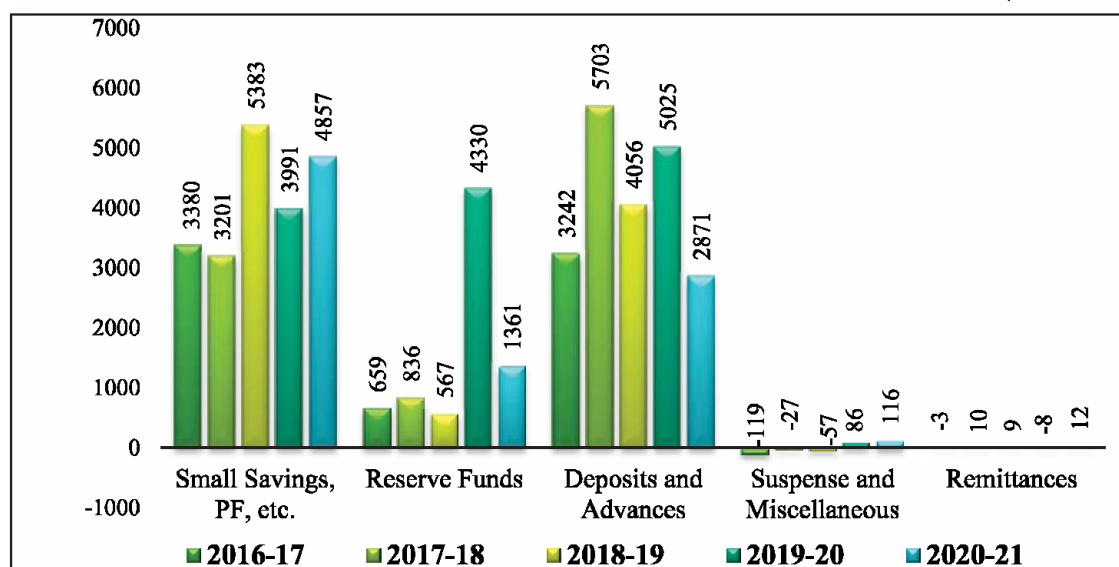
* Net balance means difference between receipts and disbursements under the respective components during the year.

The net Public Account Receipts of the State increased at CAGR of 6.52 per cent during 2016-21 and increased from ₹ 7,159 crore in 2016-17 to ₹ 9,217 crore in 2020-21. However, during 2020-21, net Public Account Receipts decreased by 31.34 per cent over the previous year.

The yearly changes in composition of balances in Public Account over the five-year period 2016-21 are given in **Chart 2.15**.

Chart 2.15: Yearly changes in composition of Public Account balances

(₹ in crore)



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 2021, there was an amount of ₹ 11,242.76 crore¹⁴ in 28 Reserve Funds in Public Accounts including ₹ 4,528.43 crore in three operative interest bearing funds.

- **Operative Reserve Funds**

During 2020-21, a sum of ₹ 6,227.67 crore was credited to 24 operative Reserve Funds of the state which mainly included State Disaster Response Fund (₹ 2,971.92 crore¹⁵), State Road and Bridges Fund (₹ 1,011.46 crore), Guarantee Redemption Fund (₹ 537.02 crore) and Development Funds for Animal Husbandry Purposes (₹ 599.12 crore).

14. It included mainly (a) Interest bearing (i) State Disaster Response Fund: ₹ 2,979.44 crore; (ii) State Compensatory Afforestation Fund: ₹ 1,481.72 crore (iii) Water Works under Depreciation Reserve Fund: ₹ 67.27 crore and (b) Non-interest bearing: (iv) Guarantee Redemption Fund: ₹ 5,454.31 crore; (v) Water Conservation Cess Fund ₹ 234.47 crore (vi) Rajasthan Transport Infrastructure Development Fund: ₹ 310.14 crore (vii) Dedicated Road Safety Fund: ₹ 298.68 crore (viii) Resource Development Fund: ₹ 180.88 crore; and (ix) Environment Reform and Health Fund in Mining Areas: ₹ 79.25 crore.

15. It included ₹853.25 crore of NDRF.

• ***Inoperative Reserve Funds***

As per Finance Account 2020-21, four Reserve Funds (₹ 4.23 crore) were inactive for more than five years. Of these, one fund¹⁶ (₹ 0.20 crore) was interest bearing, two funds¹⁷ (₹ 4.03 crore) were non-interest bearing and one fund¹⁸ was without balance.

The State Government was required to credit interest of ₹ 2.70 crore¹⁹ on ₹ 67.47 crore lying in two interest bearing funds (one operative: ₹ 67.27 crore and one inoperative: ₹ 0.20 crore) as on 31st March 2020. It was, however, observed that the interest was not credited. Finance Department intimated (December 2021) that the four inoperative reserve funds have been closed.

2.5.2.1 State Disaster Response Fund

Government of India replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from April 2010. The coverage of the funds recommended by the Finance Commission goes beyond the disaster response funds that already exist at national (NDRF) and state (SDRF) levels. Hence, the XV- Finance Commission recommended creation of funds for disaster mitigation along with disaster response, called State Disaster Risk Management Fund (SDRMF) with effect from 1 April 2020.

On receipt of Central's share, the contributions are to be transferred to the Public Account²⁰ within 15 days of its receipts, otherwise, interest (at bank rate prescribed by Reserve Bank of India) for the period of the delay is to be transferred to the fund.

The State Government is 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 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.

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

- (i) As per recommendation of the XV-FC, the GoR transferred ₹ 1,975 crore (Central share: ₹ 1,481 crore and State share: ₹ 494 crore) to the SDRF during 2020-21. It was observed that GoI issued (07 January 2021) sanction for ₹ 740.50 crore towards second instalment of SDRMF which was transferred by the State Government along with its share (₹ 247 crore) after a delay of 13 days.
- (ii) There was a net balance of ₹ 2,979.44 crore in SDRF (including balance in NDRF) after incurring an expenditure of ₹ 2,088.71 crore on disaster relief operations as on 31 March 2021. During 2020-21, the GoR did not invest the unspent SDRF balance in any of the prescribed instruments. The GoR paid ₹ 55.46 crore as interest on the amount which remained un-invested during 2019-20 and ₹ 88.21

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

17. (i) Fund for intensive egg and hen production and marketing centres with the assistance of World Food Programme: ₹ 0.95 lakh and (ii) State Road Development Fund: ₹ 402.08 lakh.

18. Farmer Reform Fund.

19. Conservatively estimated at 4.00 *per cent*, representing the average interest rate on Ways and Means Advances.

20. Major Head-8121, Reserve Fund Bearing Interest.

crore as half-yearly (April- September 2020) interest on the amount remaining un-invested during 2020-21.

Department stated (July 2021) that the unspent balance could not be invested in any of the instruments as meeting of the investment committee could not be held during 2020-21 due to Covid-19.

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

Table 2.33: Details of expenditure charged to SDRF

(₹ in crore)			
S. No.	Major Head of Account	Minor Head of Account	Expenditure during 2020-21
1.	2245- Relief on Account of Natural Calamities 01-Drought	102- Drinking Water Supply	9.37
		104- Supply of Fodder	12.01
		800- Other Expenditure	360.67
		Sub Total	382.05
2.	2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	0.07
		106-Repairs and Restoration of Damaged Roads and Bridges	117.58
		107- Repairs and restoration of damaged Government Office Buildings	0.13
		111- Ex-gratia payment to bereaved families	1.60
		113- Assistance for repairs/reconstruction of Houses	2.45
		114- Assistance to farmers for purchase of Agriculture Inputs	471.90
		117- Assistance to farmers for purchase of livestock	0.23
		122-Repairs and Restoration of Damaged Irrigation and Flood Control Works	7.39
		282- Public Health	1,126.41
		Sub Total	1,727.76
		Grand Total	
3.	2245- Relief on Account of Natural Calamities 80- General	800-Other Expenditure (Administration Expenses)	7.96
		Sub-Total	7.96
		Total	2,117.77
4.	05-State Disaster Response Fund	101- Transfers to Reserve Funds and Deposit Accounts State Disaster Response Fund (including NDRF share)	2,828.25
		901- Deduct - Amount met from State Disaster Response Fund	(-) 2,109.81*

Source: Finance Accounts.

*includes ₹ 21.10 crore pertaining to previous year deposited by various Treasuries and Sub-treasuries.

During 2020-21, expenditure of ₹ 2,117.77 crore was incurred on the budget head 'Relief on Account of Natural Calamities' out of which the Government met ₹ 2,109.81 crore from SDRF (excluding Administration expenses).

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.

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 01st 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.

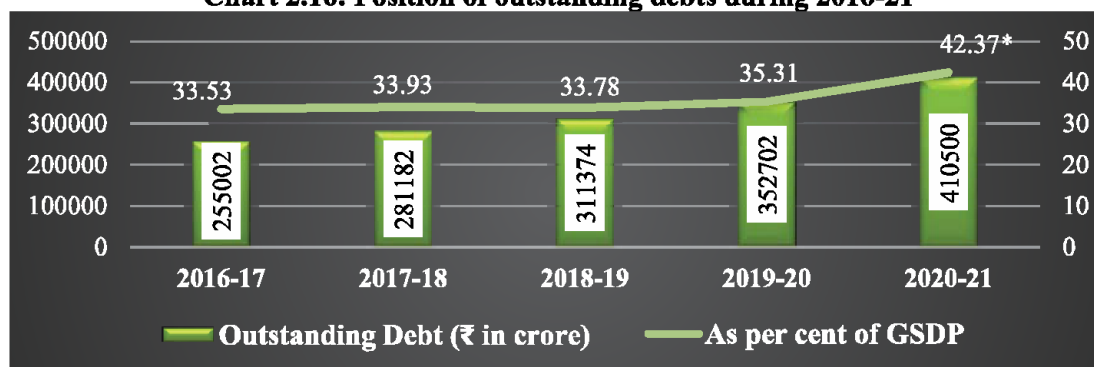
The corpus of the Fund is to be gradually increased to the desired level of 5 *per cent* of outstanding guarantees in terms of the guidelines of the RBI which administers the Fund. The Guarantee Redemption Fund has a balance of ₹ 5,454.32 crore as on 31st March 2021 which was 6.60 *per cent* of outstanding guarantees (₹ 82,612.45 crore).

As per Finance Accounts as of 1st April 2020, the opening balance in the Fund was ₹ 4,917.30 crore. During the year 2020-21, a sum of ₹ 437.34 crore (₹ 0.07 crore belonging to the period 2019-20 and ₹ 437.27 crore²¹ of 2020-21) was transferred into the Fund and no guarantee was invoked in such period. In addition to this, an amount of ₹ 99.68 crore was received by the Government as interest on investment made from Fund during 2019-20. As of 31st March 2021, the closing balance in the Fund was ₹ 5,454.32 crore, out of which only ₹ 1,933.19 crore was invested in the Treasury Bills of 364 days and remaining funds of ₹ 3,521.13 crore were lying non-invested as of 31st March 2021 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 Government may have set through enactment or any other annual budget announcements.

Chart 2.16: Position of outstanding debts during 2016-21



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

The total debt of the State Government increased at CAGR of 12.64 *per cent* from ₹ 2,55,002 crore in 2016-17 to ₹ 4,10,500 crore²² in 2020-21. During 2020-21, it increased by 16.39 *per cent* over the previous year. These liabilities were nearly thrice the revenue receipts (₹ 1,34,308 crore) and more than five times the State's own resources (₹ 73,936) during 2020-21.

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 *Appendix 2.3*.

Table 2.34 presents the component-wise overall debt trends for the period 2016-21.

21. ₹439.64 crore received against receivable guarantee fee of ₹740.81 crore under head '0075-108'.

22. Effective outstanding debt would be ₹ 4,05,896 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Table 2.34: Component wise debt trends

			(₹ in crore)				
S. No.			2016-17	2017-18	2018-19	2019-20	2020-21
1.	Outstanding Overall Debt		2,55,002*	2,81,182*	3,11,374*	3,52,702*	4,10,500*
2.	Public Debt	Internal Debt	1,84,285	2,00,244	2,19,312	2,42,077	2,84,789
3.		Loans from GoI	11,139	12,063	13,927	17,303	23,532
4.	Liabilities on Public Account		59,578	68,875	78,135	93,322	1,02,179
5.	Rate of growth of outstanding Overall debt (percentage)		21.79	10.27	10.74	13.27	16.39
6.	Gross State Domestic Product (GSDP)		7,60,587	8,28,661	9,21,789	9,98,999	9,57,912
7.	Overall Debt/GSDP (per cent)		33.53	33.93	33.78	35.31	42.37 ²³
8.	Total Debt Receipts during the year including public accounts receipts		2,01,683	1,86,325	2,08,734	2,39,012	2,92,254
9.	Total Debt Repayments during the year including Public Account disbursements		1,56,067	1,60,145	1,78,542	1,97,684	2,34,456
10.	Total Debt Available		45,616	26,180	30,192	41,328	57,798
11.	Debt Available/Debt Receipts (percentage)		22.62	14.05	14.46	17.29	19.78

Source: Finance Accounts of the respective years

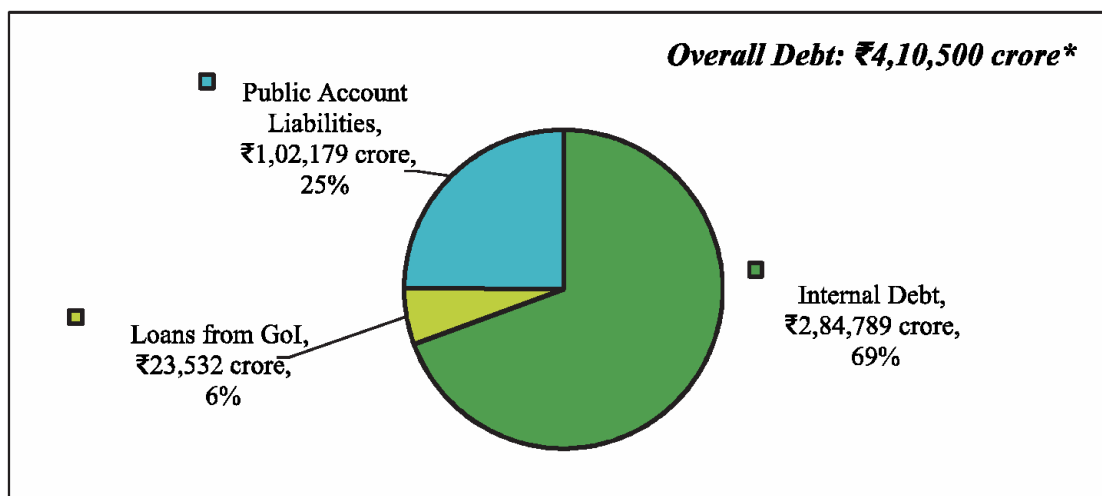
*Including outstanding UDAY loans: 2016-17= ₹62,422 crore, 2017-18 = ₹ 58,272 crore, 2018-19= ₹ 51,636 crore, 2019-20= ₹ 44,730 crore, 2020-21= ₹ 37,825 crore.

The effective outstanding overall debt would be ₹ 4,05,896 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

During 2020-21, the overall debt increased by ₹ 57,798 crore as compared to previous year mainly due to increase in public debt (₹ 48,941 crore) and public account liabilities (₹ 8,857 crore).

The overall debt-GSDP ratio increased from 35.31 *per cent* in 2019-20 to 42.37 *per cent*²³ in 2020-21. The State could not achieve the target of 38.20 *per cent* fixed under FRBM Act.

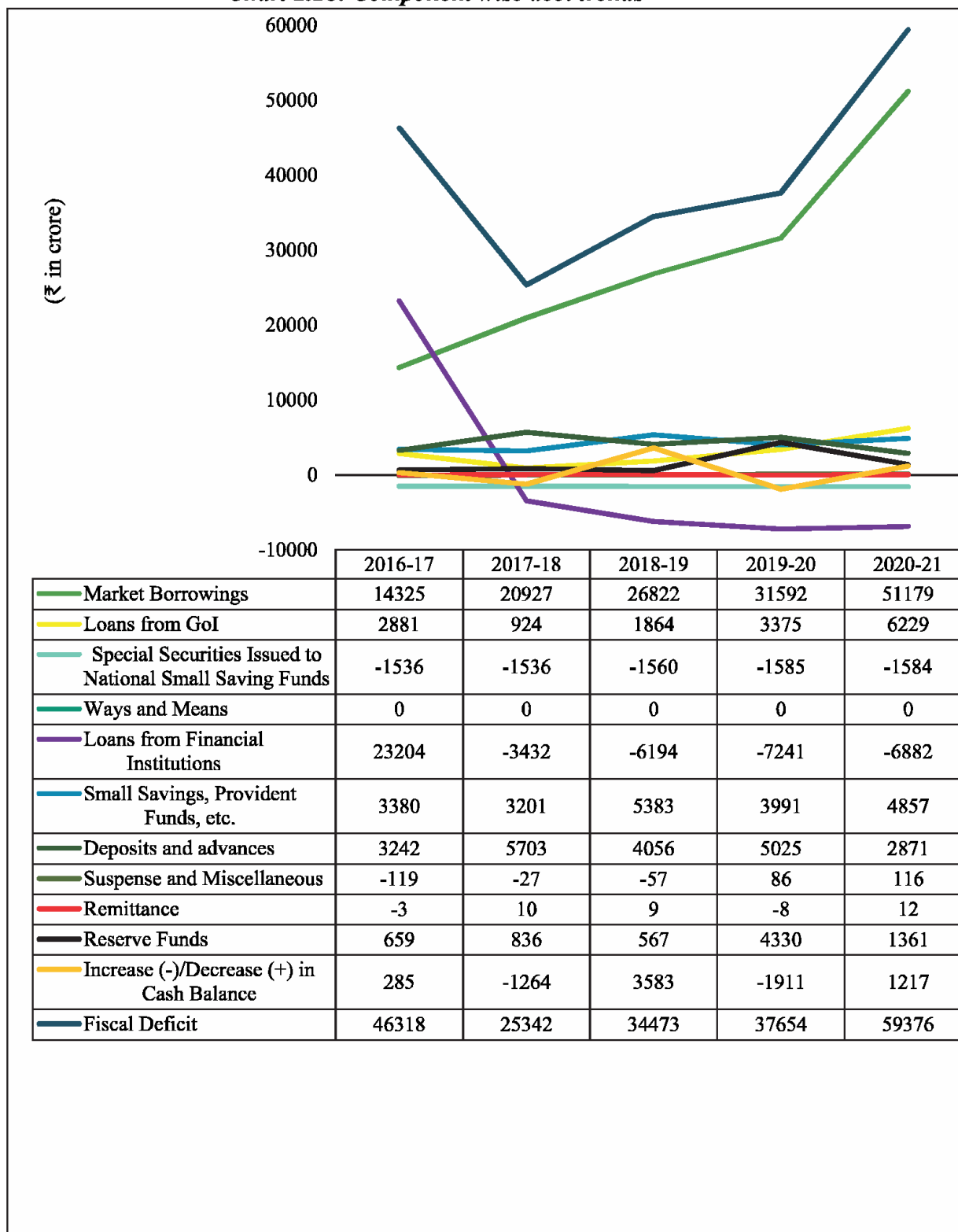
Chart 2.17: Break up of Outstanding Overall Debt at the end of Financial Year



* Effective overall debt would be ₹ 4,05,896 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 4,604 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission

23. The Debt to GSDP ratio as per the Finance Accounts is 42.85 *per cent*. However, the effective debt to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 4,604 crore received as back to back loan under debt receipts from the outstanding overall debt.

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)

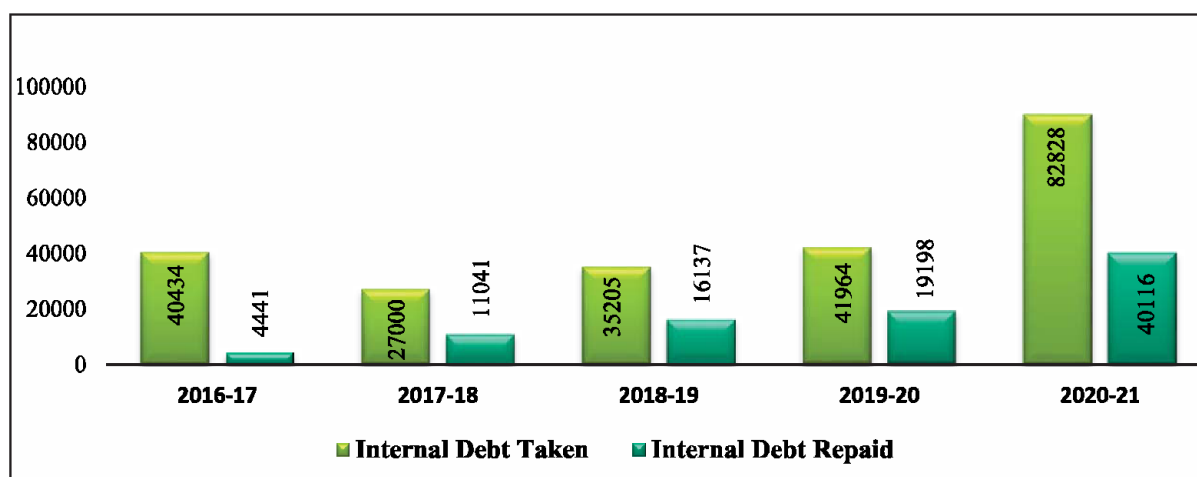
**Components of fiscal deficit and its financing pattern**

Table 2.35 presents item-wise net disbursement/outflow financing pattern of fiscal deficits of the State during 2016-17 to 2020-21.

Table 2.35: Components of fiscal deficit and its item-wise financing pattern

(₹ in crore)

		2016-17 [#]	2017-18	2018-19	2019-20	2020-21
(a) Composition of Fiscal Deficit						
1	Revenue Deficit/ Surplus (-)	18,114	18,535	28,900	36,371	44,001
2	Net Capital Expenditure	16,952	20,607	19,618	14,698	15,257
3	Net Loans and Advances*	11,252 [@]	(-) 13,800	(-) 14,045	(-) 13,415	118
	Total (a)	46,318	25,342	34,473	37,654	59,376
(b) Financing Pattern of Fiscal Deficit						
1	Market Borrowings	14,325	20,927	26,822	31,592	51,179
2	Loans from GoI	2,881	924	1,864	3,375	6,229
3	Special Securities Issued to National Small Saving Funds	(-) 1,536	(-) 1,536	(-) 1,560	(-) 1,585	(-) 1,584
4	Ways and Means	-	-	-	-	-
5	Loans from Financial Institutions	23,204	(-) 3,432	(-) 6,194	(-) 7,241	(-) 6,882
6	Small Savings, Provident Fund etc.	3,380	3,201	5,383	3,991	4,857
7	Deposits and Advances	3,242	5,703	4,056	5,025	2,871
8	Suspense and Miscellaneous	(-) 119	(-) 27	(-) 57	86	116
9	Remittances	(-) 3	10	09	(-) 8	12
10	Reserve Funds	659	836	567	4,330	1,361
	Total (b)	46,033	26,606	30,890	39,565	58,159
11	Increase (-)/ Decrease in Cash Balance (a-b)	285	(-) 1,264	3,583	(-) 1,911	1,217
12	Overall Fiscal Deficit (b+11)	46,318	25,342	34,473	37,654	59,376

Source: Finance Accounts

[#] The position includes the impact of UDAY.[@] Including UDAY loans given in 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 84 *per cent* in 2019-20 to 86 *per cent* in 2020-21. During 2020-21, the fiscal deficit of ₹ 59,376 crore was mainly met from Market Borrowings (₹ 51,179 crore).

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

(₹ in crore)

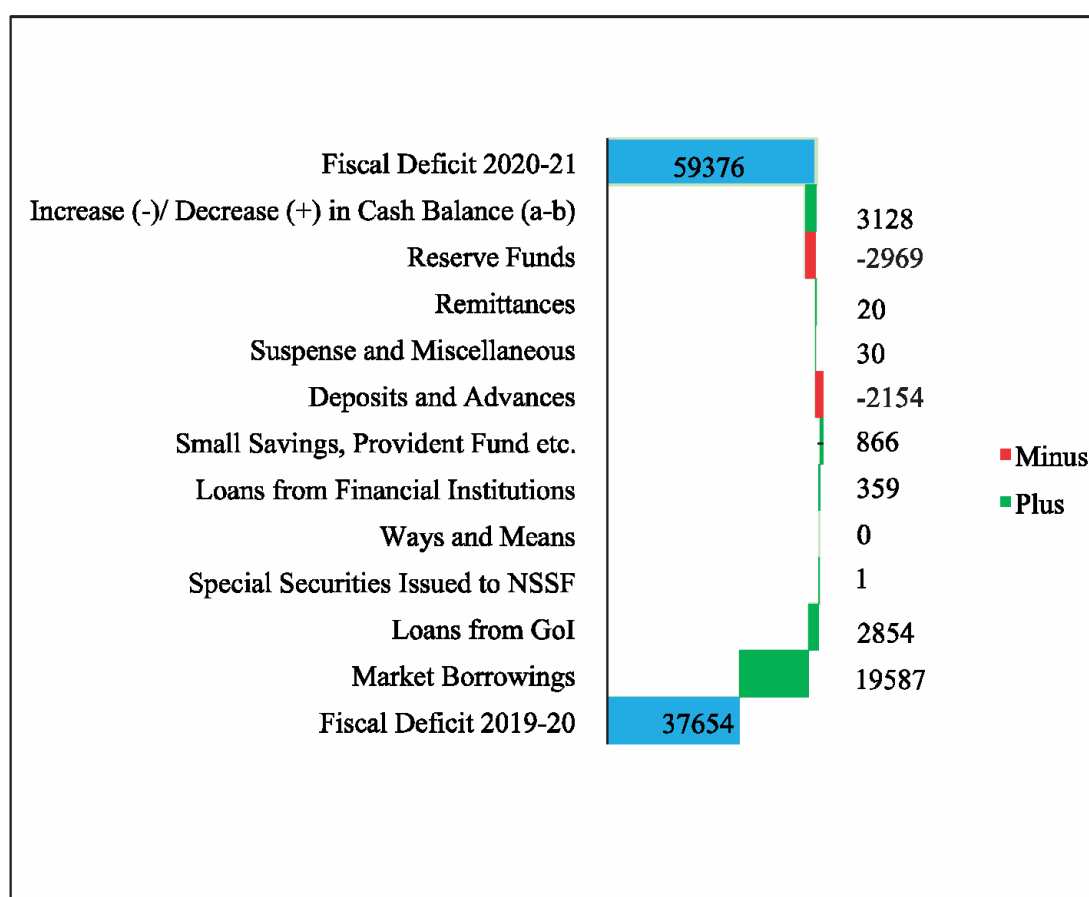


Table 2.36: Receipts and Disbursements under components financing fiscal deficit

(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	57,359	6,180	51,179
2 Loans from GOI	7,136	907	6,229
3 Special Securities issued to NSSF	-	1,584	(-) 1,584
4 Ways and Means Advance from Reserve Bank of India	23,484	23,484	-
5 Loans from Financial Institutions	1,986	8,868	(-) 6,882

Particulars	Receipt	Disbursement	Net
6 Small Savings, PF, etc.	13,705	8,848	4,857
7 Deposits and Advances	1,80,656	1,77,785	2,871
8 Suspense and Miscellaneous	107	(-) 9	116
9 Remittances	7,750	7,738	12
10 Reserve Fund	6,227	4,866	1,361
11 Overall Deficit	2,98,410	2,40,251	58,159
12 Increase (-)/Decrease in Cash Balance	-	-	1,217
13 Gross Fiscal Deficit	-	-	59,376

2.6.2 Debt profile: Maturity and Repayment

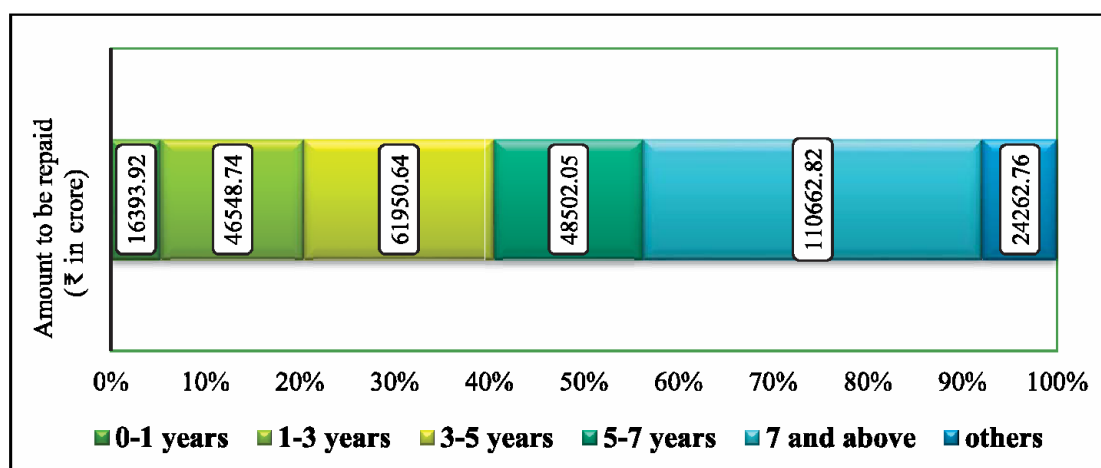
The Maturity Profile of the State Debt (amounts payable in respect of Internal debt and loans from GoI in different years) as on 31 March 2021 is depicted in **Table 2.37** and **Chart 2.21**:

Table 2.37: Debt Maturity profile of repayment of State debt

S. No.	Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
1.	0 – 1	16,393.92	5.32
2.	1 – 3	46,548.74	15.10
3.	3 – 5	61,950.64	20.09
4.	5 – 7	48,502.05	15.73
5.	7 and above	1,10,662.82	35.89
6.	Others ²⁴	24,262.76	7.87
	Total	3,08,320.93	100.00

Source: Finance Accounts

Chart 2.21: Debt Maturity Profile



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

The maturity profile of outstanding stock of public debt as on 31st March 2021 indicates that out of the outstanding public debt of ₹ 3,08,320.93 crore, 56.24 per cent (₹1,73,395.35 crore) is payable within the next seven years, 35.89 per cent (₹ 1,10,662.82 crore) is in the maturity bracket of more than seven years while the repayment schedule of the remaining amount (₹ 24,262.76 crore) is not available.

Repayment Schedule of market loans

The borrowings of State Government are governed by Article 293 of the Constitution of India. The State Government takes loans/borrows from market for implementation of various State Plan programmes and fulfilment of fiscal liabilities.

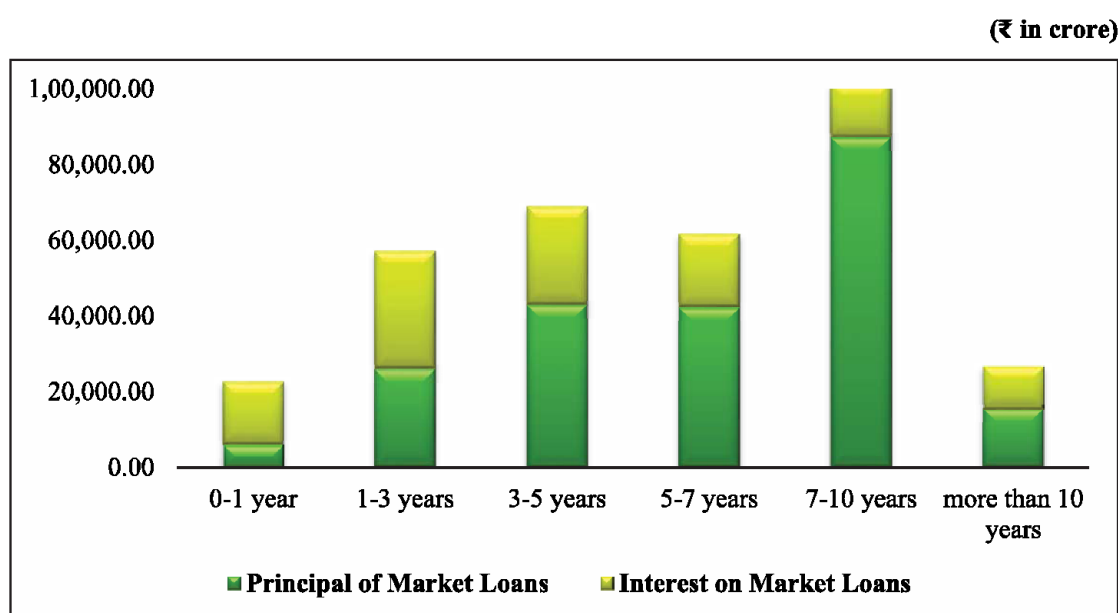
As per information provided by the Finance Department GoR, (July 2021) the repayment schedule of outstanding market loans and interest on these loans for the years 2020-21 to 2055-56 is depicted below in **Table 2.38** and **Chart 2.22**.

Table 2.38: Repayment schedule of Market Loans and Interest on Market Loans

S. No.	Period of Repayment (Years)	Repayment of Market Loans (Principal) (₹ in crore)	Repayment of Market Loans (Interest) (₹ in crore)
1.	0 – 1	6,000.00	16,665.90
2.	1 – 3	26,041.10	31,126.90
3.	3 – 5	42,850.00	26,126.33
4.	5 – 7	42,317.78	19,454.43
5.	7 -10	87,329.04	14,297.26
6.	More than 10	15,500.00	11,220.62
	Total	2,20,037.92	1,18,891.44

Source: Information provided by the Finance Department.

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



The State will have to repay ₹ 32,041.10 crore of market loans and pay interest of ₹ 47,792.80 crore in next three financial years i.e. up to 2023-24. In the following two years up to 2025-26, principal of ₹ 42,850.00 crore and interest of ₹ 26,126.33 crore

will be payable. Annual outgo of principal repayment and interest will be approximately ₹ 29,762 crore during next five years up to 2025-26.

In the period 2026-27 to 2030-31, loans of ₹ 1,29,646.82 crore and interest of ₹ 33,751.69 crore will be payable. As such the State will have to repay approximately ₹ 32,680 crore annually on an average during the period 2026-27 to 2030-31.

Rising debt-GSDP ratio, mounting committed expenditure and continuous revenue deficit over the last five years are compelling grounds for the State Government 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.

This section assesses the sustainability of debt of the State Government in terms of debt-GSDP ratio, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of the State Government debts.

Table 2.39 analyses the debt sustainability of the State according to relevant indicators for a period of five years beginning from 2016-17.

Table 2.39: Trends in debt Sustainability indicators

S.No.	Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Overall debt (₹ in crore)	2,55,002	2,81,182	3,11,374	3,52,702	4,10,500 ²⁵
2.	Outstanding Public Debt* (₹ in crore)	1,95,424	2,12,307	2,33,239	2,59,380	3,08,321 ²⁶
3.	Rate of Growth of Outstanding Public Debt (<i>per cent</i>)	24.83	8.64	9.86	11.21	18.87
4.	GSDP (₹ in crore)	7,60,587	8,28,661	9,21,789 ²⁵	9,98,999 ²⁶	9,57,912 ²⁷
5.	Rate of Growth of GSDP (<i>per cent</i>)	11.61	8.95	11.24	8.38	(-) 4.11
6.	Public Debt/GSDP	0.26	0.26	0.25	0.26	0.32 ²⁸
7.	Overall Debt/GSDP (<i>per cent</i>)	33.53	33.93	33.78	35.31	42.37 ²⁸
8.	Public Debt Maturity profile of repayment of State debt – including default history, if any (₹ in crore)	4,386	11,000	16,096	17,702	16,556
9.	Public Debt Receipts (₹ in crore)	43,889	28,557	37,847	46,173	89,964
10.	Public Debt Repayment (₹ in crore)	5,015	11,674	16,915	20,032	41,023
11.	Interest paid on Outstanding Public Debt (₹ in crore)	14,439	16,214	17,804	19,236	20,720
12.	Average interest rate of Outstanding Public Debt (<i>per cent</i>)	8.20	7.95	7.99	7.81	7.30
13.	Percentage of Interest payment to Revenue Receipt	13.24	12.74	12.91	13.73	15.43

25. Revised estimate-II

26. Revised estimate-I

27. Advance Estimate

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

S.No.	Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
14.	Percentage of Public Debt Repayment to Public Debt Receipt	11.43	40.88	44.69	43.38	45.60
15.	Net Public Debt available to the State [#] (₹ in crore)	24,435	669	3,128	6,905	28,221
16.	Net Public Debt available as <i>per cent</i> to Public Debt Receipts	55.67	2.34	8.26	14.95	31.37

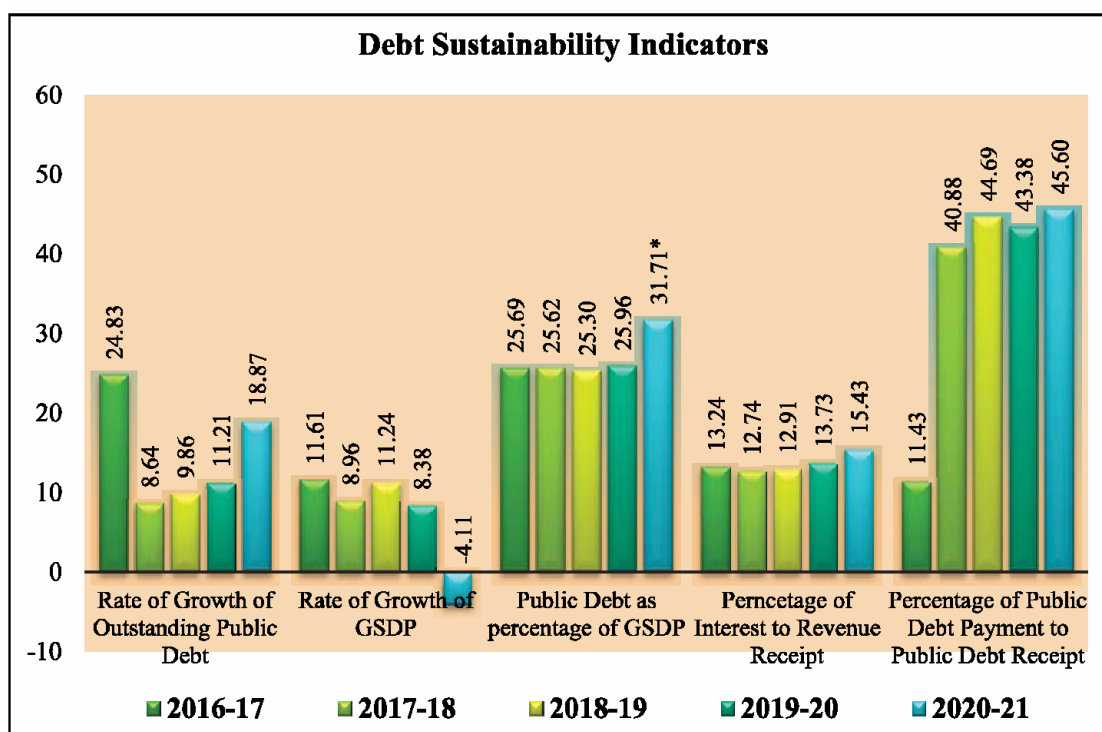
Source: Finance Accounts

^s The effective debt would be ₹ 4,05,896 crore as GST compensation of ₹ 4,604 crore given to the States as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

* 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



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

Analysis of various debt sustainability indicators as shown in **Table 2.39** revealed the following:

- The debt-GSDP ratio increased from 35.31 *per cent* in 2019-20 to 42.37 *per cent*²⁹ in 2020-21.
- The burden of interest payment on public debt as percentage of revenue receipts increased from 13.73 *per cent* in 2019-20 to 15.43 *per cent* in 2020-21.
- The percentage of public debt repayment to public debt receipts during 2020-21 increased to 45.60 *per cent* as against 43.38 *per cent* in 2019-20.

29. The Debt to GSDP ratio as per the Finance Accounts is 42.85 *per cent*. However, the effective debt to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 4,604 crore received as back to back loan under debt receipts from the outstanding overall debt.

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 increased from ₹24,435 crore in 2016-17 to ₹28,221 crore in 2020-21. However, the net public debt available as a percentage of Public debt receipts declined from 55.67 per cent in 2016-17 to 31.37 per cent in 2020-21 indicating 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

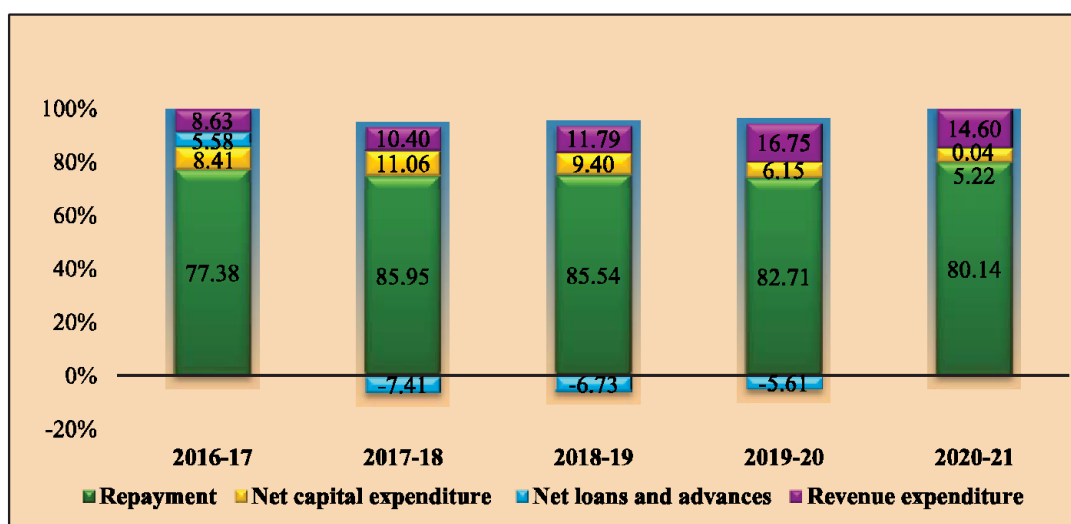
Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

Table 2.40: Utilisation of borrowed funds

			(₹ in crore)				
S. No.	Year		2016-17	2017-18	2018-19	2019-20	2020-21
1.	Total Borrowings received during the year	1	2,01,683	1,86,325	2,08,734	2,39,012	2,92,554
2.	Repayment of earlier borrowings (Principal) (percentage)	2	1,56,067 (77.38)	1,60,144 (85.95)	1,78,542 (85.54)	1,97,684 (82.71)	2,34,456 (80.14)
3.	Net capital expenditure (percentage)	3	16,952 (8.41)	20,607 (11.06)	19,618 (9.40)	14,698 (6.15)	15,257 (5.22)
4.	Net loans and advances	4	11,252	(-)13,800	(-) 14,045	(-) 13,415	118
5.	Portion of Revenue expenditure met out of net available borrowings (percentage)	5= 1-2- 3-4	17,412 (8.63)	19,374 (10.40)	24,619 (11.79)	40,045 (16.75)	42,723 (14.60)

Source: Finance Accounts

Chart 2.24: Trends of Utilisation of borrowed funds



During 2020-21, borrowing of ₹ 42,723 crore was used for meeting the revenue expenditure. Percentage of repayment of borrowing to total borrowing increased from

77.4 *per cent* in 2016-17 to 80.1 *per cent* in 2020-21. However, it decreased by 2.6 percentage points in 2020-21 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 31st 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 2020-21, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in Table 2.41.

Table 2.41: Guarantees given by the Government of Rajasthan

(₹ in crore)						
S.No.	Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Maximum amount guaranteed including interest	1,18,161	1,12,057	1,31,026	1,44,676	1,56,822
2.	Outstanding amount of guarantees including interest	51,119	61,761	70,430	80,631	82,612
3.	Maximum amount guaranteed as a percentage of total Revenue Receipts	108.38	88.02	95.03	103.26	116.76
4.	Estimated receipts in the Consolidated Fund	1,67,405	1,77,390	2,08,306	2,24,905	2,19,467
5.	Outstanding guarantee w.r.t. estimated receipts (in <i>per cent</i>)	30.54	34.82	33.81	35.85	37.64

Source: Finance Accounts and budget documents

The outstanding guarantees increased by 2.46 *per cent* from ₹ 80,631 crore in 2019-20 to ₹ 82,612 crore in 2020-21 and were 61.51 *per cent* of the Revenue Receipts (₹ 1,34,308 crore) of the Government. The outstanding guarantees mainly pertained to five Power Companies (₹ 69,556 crore), Urban Development and Housing Sector (₹ 4,408 crore), one Road Transport Corporation (₹ 2,945 crore) and six Co-operatives (₹ 2,791 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 (37.64 per cent) during 2020-21 was within the limit fixed under FRBM Act (60.00 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 ₹ 2,119 crore w.e.f. 01.04.2020. It was raised to ₹ 2,608 crore w.e.f 17.04.2020 and the same prevailed upto 31 March 2021. The RBI has also agreed to give Special Ways and Means Advances against the pledge of Government Securities. The limit of Special Ways and Means Advances is revised by the RBI from time to time. The limit of Special Ways and Means Advances was ₹ 1,752.87 crore on 1 April 2020 and ₹ 1,977.34 crore on 31 March 2021.

The extent to which the Government maintained the Minimum Cash Balance with the RBI during 2020-21 is given below:

(i) **Special Ways and Means Advances:** The balance under Special Ways and Means Advances as on 1 April 2020 was Nil. During 2020-21, the State Government obtained ₹ 16,071.08 crore by Special Ways and Means Advances on 31 occasions for 99 days from RBI and paid ₹ 11.03 crore as interest. The balance at the end of the year 2020-21 was Nil.

(ii) **Normal ways and means Advances:** The balance under Normal ways and means Advances as on 1 April 2020 was Nil. During 2020-21, the state Government obtained ₹ 7,412.49 crore by Normal ways and Means Advances on 19 occasions for 34 days from RBI and paid ₹ 2.82 crore as interest. On these 34 days the State Government also obtained Special Ways and Means Advances. The balance at the end of the year 2020-21 was Nil.

(iii) **Cash Balance:** The General Cash Balance of the State as on 31 March 2021, apart from 'Investment held in the Cash Balance Investment account' (₹4,440.13 crore), 'Investment of Earmarked Funds' (₹2,103.74 crore) and Other cash balance (₹ 3.61 crore), was ₹(-) 59.97 crore which consisted of the following:

- a. **Cash in Treasuries (MH 8999-101) = ₹ 0.05 crore**
- b. **Deposits with RBI (MH 8999-102) = ₹ 20.99 crore**
- c. **Remittance in transit- local (MH 8999-104) = ₹ (-) 81.01 crore**

The 'Deposits with R.B.I' depicts the monthly cash balance in respect of Reserve Bank Deposit (State) as on 31 March 2021 after closing of March 2021 accounts. There was a difference of ₹ 2.07 crore (Cr.) between the figures in the Finance accounts (₹ 20.99 crore (Dr.)) and that intimated by the RBI (₹ 18.92 crore (Cr.)). Out of this, amount of ₹ 1.96 crore (Cr.) has been reconciled and cleared. Difference of ₹ 0.11 crore (Cr.) is still outstanding and requires reconciliation.

Table 2.42: Cash Balances and their investment

(₹ in crore)

S. No.		Opening balance on 1 April 2020	Closing balance on 31 March 2021
	A. General Cash Balance		
1.	Cash in treasuries	0.05	0.05
2.	Deposits with Reserve Bank of India	49.03	20.99
3.	Remittances in transit – Local	(-) 26.96	(-) 81.01
	Total	22.12	(-) 59.97
4.	Investments held in Cash Balance investment account	5,807.73	4,440.13
	Total (A)	5,829.85	4,380.16
	B. Other Cash Balances and Investments		
5.	Cash with departmental officers viz., Public Works, Forest Officers	0.85	0.77
6.	Permanent advances for contingent expenditure with department officers	2.84	2.84
7.	Investment in earmarked funds	1,870.87	2,103.74
	Total (B)	1,874.56	2,107.35
	Total (A + B)	7,704.41	6,487.51
	Interest realized	77.12	23.38

Source: Finance Accounts

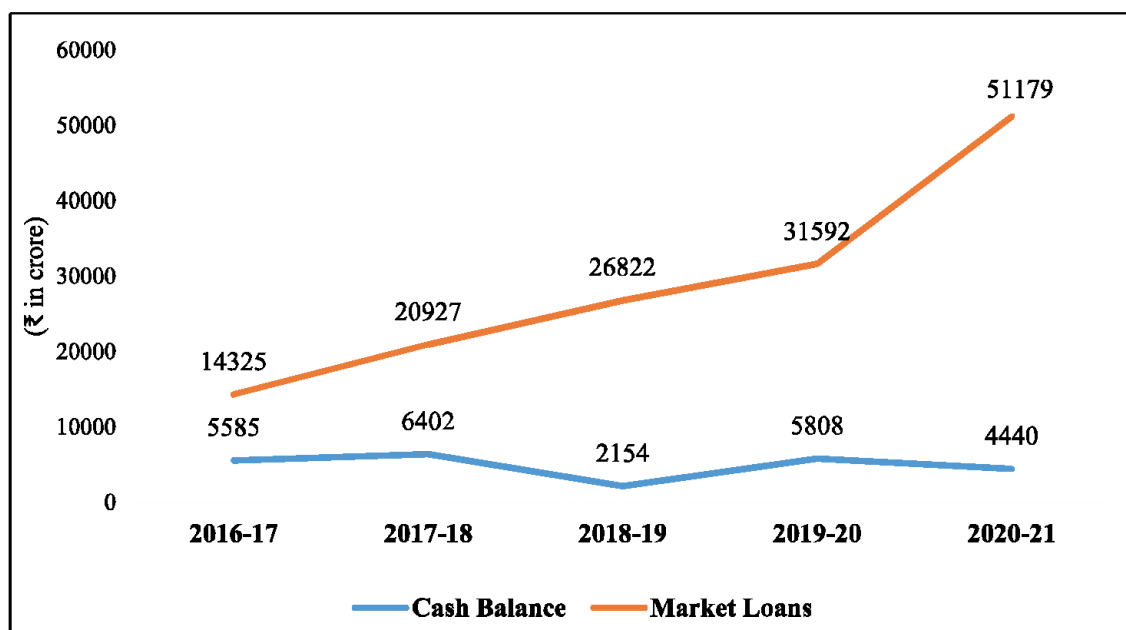
Table 2.43: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

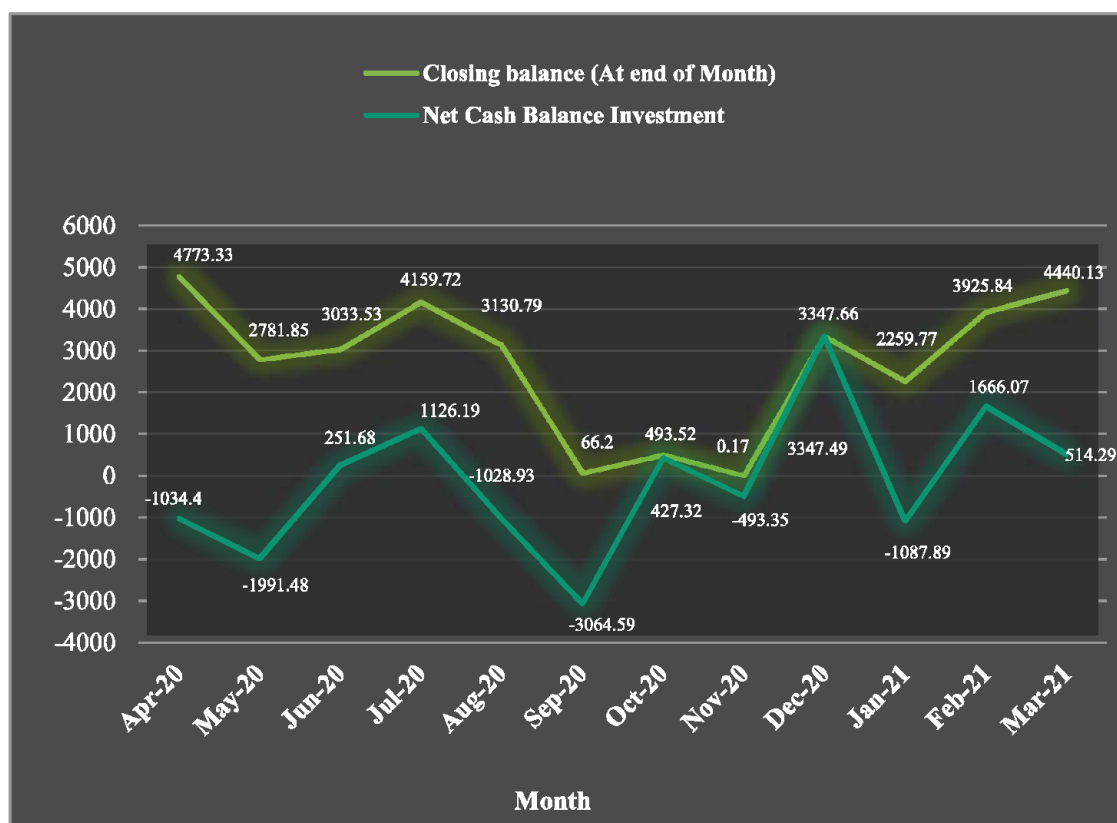
S.No.	Year	Opening Balance	Closing Balance	Increase / decrease (-)	Interest earned
1.	2016-17	5,915.95	5,585.10	(-) 330.85	460.86
2.	2017-18	5,585.10	6,401.72	816.62	365.84
3.	2018-19	6,401.72	2,154.46	(-) 4,247.26	281.20
4.	2019-20	2,154.46	5,807.73	3,653.27	77.12
5.	2020-21	5,807.73	4,440.13	(-) 1,367.60	23.38

Source: Finance Accounts

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. At the end of 2020-21, a sum of ₹ 4,440.13 crore was invested in GoI Treasury Bills/Securities, which earned an interest of ₹ 23.38 crore. Further, ₹ 2,103.74 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.	Increasing Overall debt to GSDP ratio.
	Increasing Revenue/ Fiscal/ Primary Deficits.
	Increasing committed expenditure.
	Investment in companies whose net worth is completely eroded.

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