

Chapter II: Finances of the State

2.1 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 2017-18 to 2021-22, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

Major changes in Key Fiscal Aggregates during 2021-22 vis-à-vis 2020-21

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2021-22, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21

Revenue Receipts	<ul style="list-style-type: none">➤ Revenue Receipts of the State increased by 26.08 per cent➤ Own Tax Receipts of the State increased by 18.33 per cent➤ Non-Tax Receipts increased by 94.08 per cent➤ State's Share of Union Taxes and Duties increased by 40.48 per cent➤ Grants-in-Aid from Government of India decreased by 20.81 per cent
Revenue Expenditure	<ul style="list-style-type: none">➤ Revenue Expenditure increased by 7.11 per cent➤ Revenue Expenditure on General Services increased by 9.14 per cent➤ Revenue Expenditure on Social Services increased by 11.56 per cent➤ Revenue Expenditure on Economic Services increased by 1.25 per cent➤ Expenditure on Grants-in-Aid and contributions decreased by 1.12 per cent
Capital Expenditure	<ul style="list-style-type: none">➤ Capital Expenditure increased by 16.40 per cent➤ Capital Expenditure on General Services decreased by 30.93 per cent➤ Capital Expenditure on Social Services increased by 10.19 per cent➤ Capital Expenditure on Economic Services increased by 23.98 per cent
Loans and Advances	<ul style="list-style-type: none">➤ Disbursements of Loans and Advances increased by 541.70 per cent➤ Recoveries of Loans and Advances decreased by 15.97 per cent
Public Debt	<ul style="list-style-type: none">➤ Public Debt Receipts decreased by 30.04 per cent➤ Repayment of Public Debt increased by 10.29 per cent
Public Account	<ul style="list-style-type: none">➤ Public Account Receipts increased by 6.84 per cent➤ Public Account Disbursements increased by 6.90 per cent
Cash Balance	<ul style="list-style-type: none">➤ Cash balance and investment of cash balances increased by ₹460.25 crore (4.86 per cent) during 2021-22 over the previous year

Each of the above indicators is analyzed in the succeeding paragraphs.

2.2 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2021-22 with 2020-21 figures, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2021-22 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2020-21 and 2021-22

(₹ in crore)

Sl. No.	Particulars	2020-21	2021-22	Increase (+)/ Decrease (-)
1	Source			
2	Opening Cash Balance ¹	11,396.60	9,461.37	(-)1,935.23
3	Revenue Receipts	63,176.18	79,652.03	16,475.85
4	Misc. Capital Receipts	4.85	4.89	0.04
5	Recoveries of Loans and Advances	104.80	88.06	(-)16.78
6	Inter-State Settlement	(-)0.67	(-)0.04	0.63
7	Public Debt Receipts (Net)	13,561.39	6,252.98	(-)7,308.41
8	Public Account Receipts (Net)	325.76	300.37	(-)25.39
9	Contingency Fund	0	0	0
10	Total	88,568.91	95,759.66	7,190.75
11	Application			
12	Revenue Expenditure	70,032.84	75,010.01	4,977.17
13	Capital Expenditure	9,024.19	10,504.22	1,480.03
14	Disbursement of Loans and Advances	50.5	324.06	273.56
15	Inter-State Settlement	0.01	(-)0.25	(-)0.26
16	Contingency Fund	0.00	0.00	0.00
17	Closing Cash Balance	9,461.37	9,921.62	460.25
18	Total	88,568.91	95,759.66	7,190.75

Source: Finance Accounts 2020-21 and 2021-22

Chart 2.1: Sources of Resources (per cent)

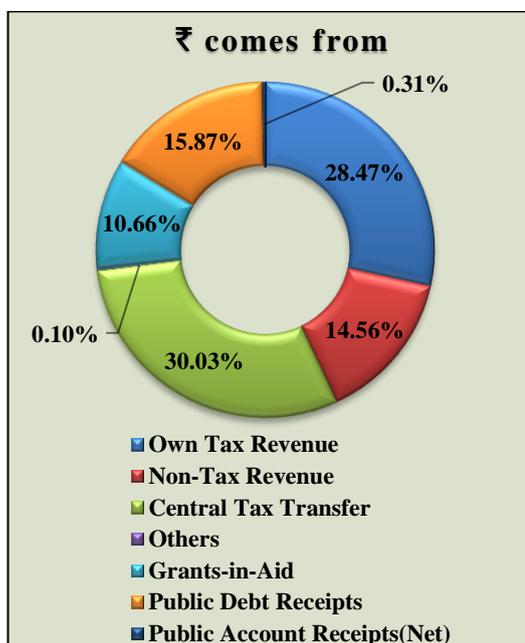
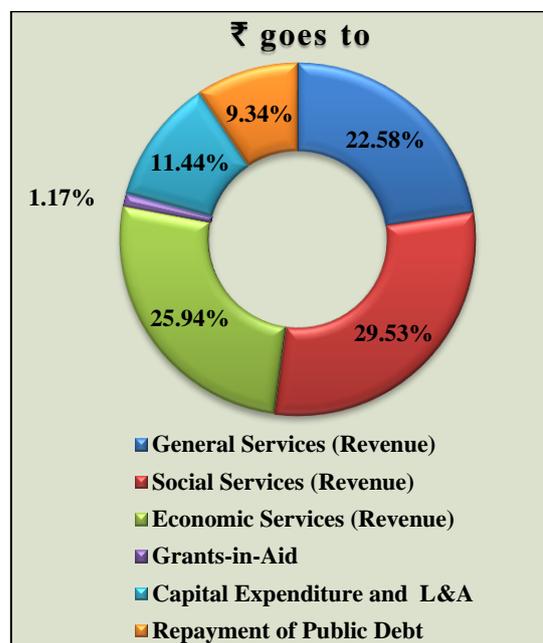


Chart 2.2: Application of Resources (per cent)



Source: Finance Accounts 2021-22

Note: Others include Recoveries of Loans & Advances and Capital Receipts

¹Opening/ closing cash balance includes cash balance, investments of cash balances & earmarked funds

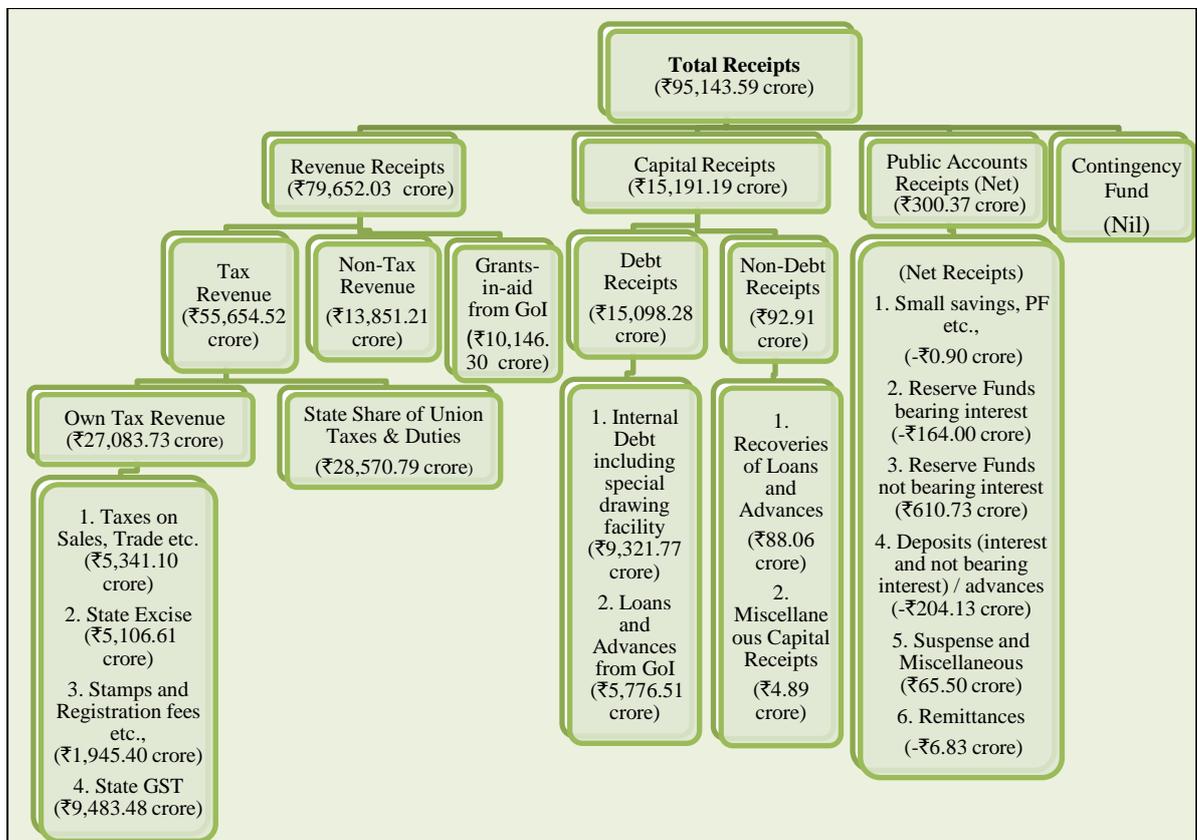
2.3 Resources of the State

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

Chart 2.3 presents the composition of the overall receipts. Besides, the Revenue and Capital receipts, funds available in the Public Account (net of disbursement made from it) are also utilized by the Government to finance its deficit.

Chart 2.3: Composition of receipts of the State during 2021-22



Source: Finance Accounts 2021-22

2.3.2 Revenue Receipts

Revenue receipts consist of the State's Own Tax and Non-Tax Revenue, Central Tax transfers and Grants-in-aid from GoI.

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 2017-22. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4 and 2.5** respectively.

Table 2.3: Trend in Revenue Receipts

(₹ in crore)						
Sl. No.	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
1	Revenue Receipts (RR)	59,647.07	65,094.93	63,868.70	63,176.18	79,652.03
2	Rate of growth of RR (<i>per cent</i>)	11.11	9.13	(-1.88)	(-)1.08	26.08
3	Own Tax Revenue	19,894.68	21,427.26	22,117.85	22,889.20	27,083.73
4	Non-Tax Revenue	6,340.42	7,703.02	7,933.77	7,136.95	13,851.21
5	Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	6.58	11.04	3.16	(-)0.08	36.33
6	Gross State Domestic Product	2,82,266	3,27,693	3,44,571^P	3,52,161^Q	4,00,061^A
7	Rate of growth of GSDP (<i>per cent</i>)	7.41	16.09	5.15	2.20	13.60
8	RR/GSDP (<i>per cent</i>)	21.13	19.86	18.54	17.94	19.91
Buoyancy Ratios²						
9	Revenue Buoyancy w.r.t GSDP	1.50	0.57	(-)0.37	(-)0.49	1.92
10	State's Own Revenue Buoyancy to GSDP	0.89	0.69	0.61	(-)0.04	2.67

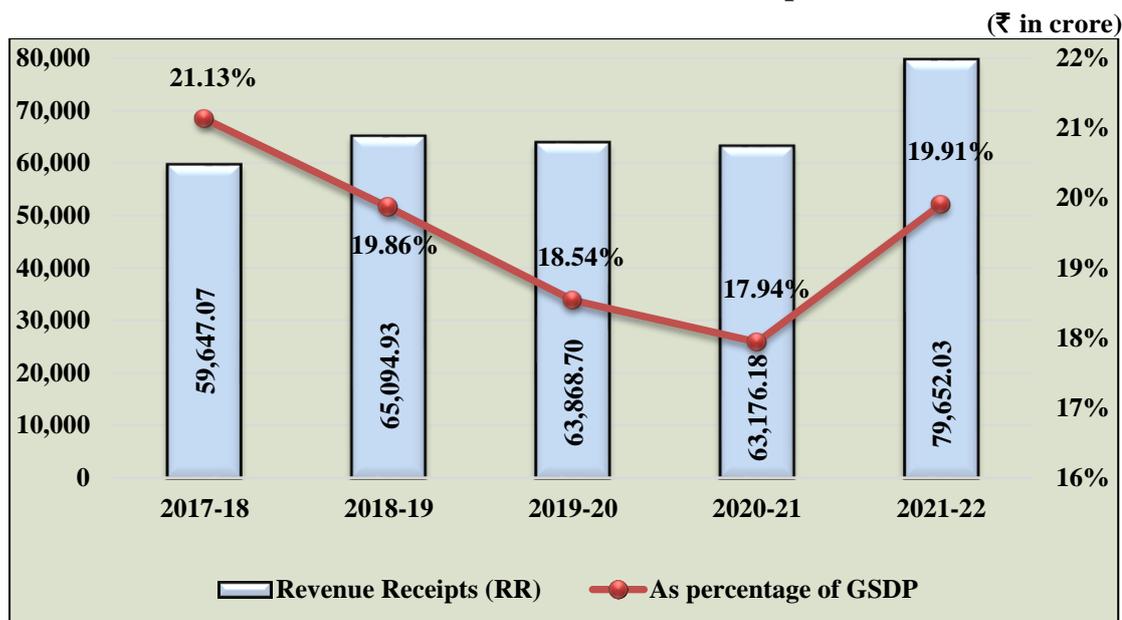
Source: Finance Accounts of the respective years, GSDP figures: Directorate of Economics and Statistics of the Chhattisgarh State.

P-Provisional Estimates; Q-Quick Estimates; A-Advance Estimate

Revenue buoyancy measures the percentage change in the revenue receipts to the percentage change in GSDP. As can be seen from **Table 2.3**, Revenue buoyancy which was (-)0.49 during the year 2020-21 has increased to 1.92 in the year 2021-22, this shows that during the year 2021-22 when GSDP has grown by one basis point, Revenue Receipts of the State showed a growth of 1.92 basis points. Further, Own Revenue buoyancy increased from (-)0.04 in 2020-21 to 2.67 during the year 2021-22 which implies that during the year 2021-22 when GSDP of the State has grown by one basis point, Own Revenue showed a growth by 2.67 basis points.

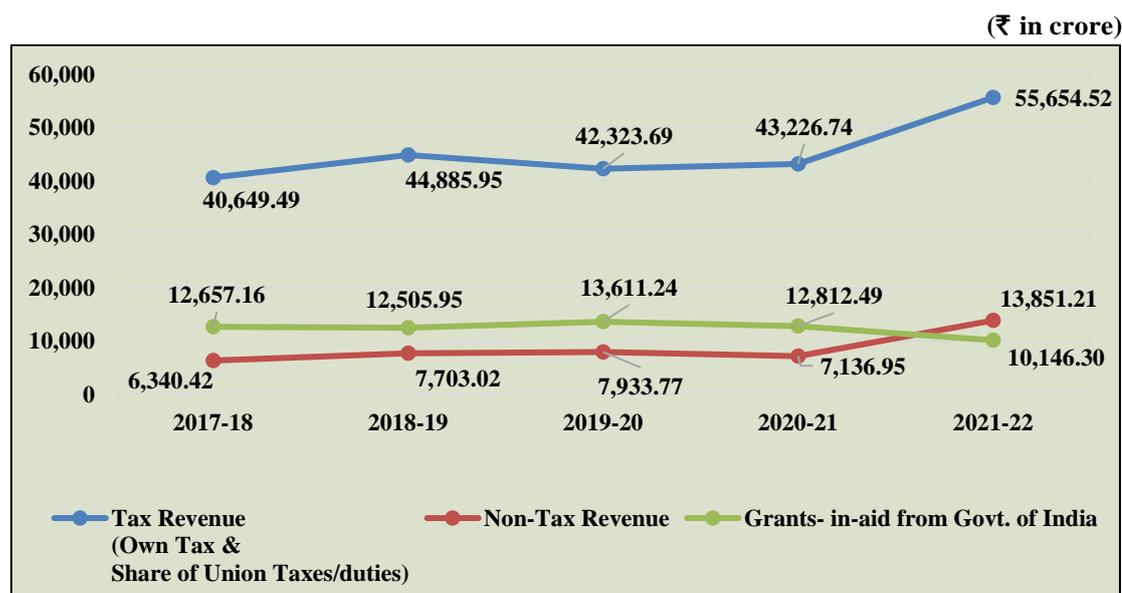
²Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Chart 2.4: Trend of Revenue Receipts



Source: Finance Accounts of the respective years

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts of the respective years

An analysis of Revenue receipts of the State revealed that:

- Revenue receipts increased by ₹20,004.96 crore from ₹59,647.07 crore in 2017-18 to ₹79,652.03 crore during 2021-22. During 2021-22, Revenue receipts increased by ₹16,475.85 crore (26.08 per cent) over previous year mainly due to increase in receipts of Tax Revenue by ₹12,427.78 crore (28.75 per cent) and Non-Tax Revenue by ₹6,714.26 crore (94.08 per cent).
- During 2017-18, about 44 per cent of the Revenue receipts came from State's own resources, while Central Tax Transfers and Grants-in-Aid together

contributed 56 *per cent*. In the year 2021-22 about 51 *per cent* of the Revenue receipts came from State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 49 *per cent*.

- During the current year, Revenue receipts increased significantly by 26.08 *per cent* (₹16,475.85 crore) while the Revenue expenditure increased by 7.11 *per cent* (₹4,977.17 crore), leading to Revenue surplus of ₹4,642.02 crore, as against Revenue Deficit of ₹6,856.66 crore in the previous year.

2.3.3 State's own resources

State's share in central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-Aid 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.

The states actual Own Tax and Non-Tax Revenue receipts for the year 2017-18 to 2021-22 are given in the **Table 2.4**.

Table 2.4: Growth of State's own Tax/Non-Tax revenue during 2017-22

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Own Tax Revenue	19,894.68	21,427.26	22,117.85	22,889.20	27,083.73
2	Rate of Growth (<i>per cent</i>)	5.01	7.70	3.22	3.49	18.33
3	Non-Tax Revenue	6,340.42	7,703.02	7,933.77	7,136.95	13,851.21
4	Rate of Growth (<i>per cent</i>)	11.84	21.49	3.00	(-)10.04	94.08

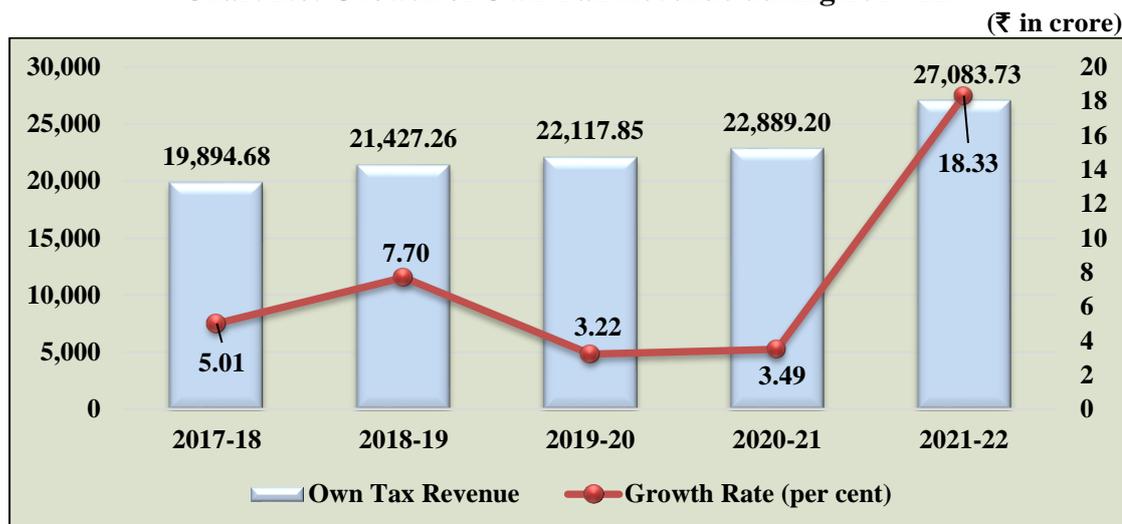
Source: Finance Accounts of the respective years

- The growth rate of Own Tax Revenue (OTR) showed fluctuating trends ranging from 3.22 *per cent* to 18.33 *per cent* during 2017-22 and increased significantly by ₹4,194.57 crore (18.33 *per cent*) from ₹22,889.20 crore in 2020-21 to ₹27,083.73 crore in 2021-22.
- The growth rate of Non-Tax Revenue (NTR) showed fluctuating trends ranging from (-)10.04 *per cent* to 94.08 *per cent* during 2017-22 and increased significantly by ₹6,750.04 crore (94.08 *per cent*) from ₹7,136.95 crore in 2020-21 to ₹13,851.21 crore in 2021-22.

2.3.3.1 Own Tax Revenue

Own tax revenues of the State consist of State GST, State excise, taxes on vehicles, Stamp duty and Registration fees, Land revenue, taxes on goods and passengers, etc. Growth of Own Tax Revenue of the State Government during the five-year period 2017-22 is given in **Chart 2.6**:

Chart 2.6: Growth of Own Tax Revenue during 2017-22



Source: Finance Accounts of the respective years

The component-wise details of Own Tax Revenue collected during the five-year period 2017-22 are given in Table 2.5.

Table 2.5: Component-wise Own Tax Revenue during 2017-22

(₹ in crore)

Sl. No.	Heads	2017-18	2018-19	2019-20	2020-21	2021-22	% Increase (+) / Decrease (-) in 2021-22 over 2020-21
1	Taxes on Sales, Trades, etc.	6,449.60	4,087.72	3,931.37	4,236.04	5,341.10	26.09
2	State Goods and Services Tax	4,386.56	8,203.41	7,894.82	7,925.01	9,483.48	19.67
3	State Excise	4,054.00	4,489.03	4,952.36	4,635.80	5,106.61	10.16
4	Taxes on Vehicles	1,180.01	1,204.85	1,274.85	1,148.07	1,372.51	19.55
5	Stamps and Registration Fees	1,197.47	1,108.46	1,634.63	1,584.94	1,945.36	22.74
6	Land Revenue	446.41	487.57	551.5	937.71	949.94	1.30
7	Taxes on Goods and Passengers	477.66	54.51	40.51	79.83	47.90	(-)40.00
8	Taxes and duties on electricity	1,688.96	1,790.27	1,837.00	2,341.41	2,836.05	21.13
9	Other Taxes ³	14.01	1.44	0.81	0.39	0.78	100.00
	Total	19,894.68	21,427.26	22,117.85	22,889.20	27,083.73	18.33

Source: Finance Accounts of respective years

- Own Tax Revenue of the State increased by ₹7,189.05 crore (36.14 per cent) from ₹19,894.68 crore in 2017-18 to ₹27,083.73 crore in 2021-22. During the current year, the Own Tax Revenue increased by ₹4,194.57 crore (18.33 per cent) mainly due to increase in receipts under State Goods and Services Tax (₹1,558.47 crore), Taxes on Sales, Trades, etc. (₹1,105.06 crore).

³ Other taxes include Hotel Receipts Tax and Other Taxes on Income and Expenditure.

- Out of the Total Own Tax Revenue of ₹27,083.73 crore in 2021-22, the State Goods and Services Tax contributed 35.02 *per cent* followed by Taxes on Sales, Trades, etc. 19.72 *per cent* and State Excise 18.85 *per cent*.

2.3.3.2 State Goods and Services Tax (SGST)

The State Government implemented the Goods and Services Tax (GST) Act, with effect from 01 July 2017. Under the GST (Compensation to the States) Act, 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State shall be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. A base year (2015-16) revenue figure of taxes subsumed under GST was finalised under GST Act. As per the provisions of the Act, the projected revenue for Chhattisgarh was calculated at ₹16,149.36 crore for the year 2021-22 by applying the projected growth at the rate of 14 *per cent* per annum over the base year (2015-16) revenue of ₹7,357.43 crore.

Revenue on account of GST for the year 2021-22 has been depicted in the Finance Accounts as per nature of receipts *i.e.*, State Goods and Services Tax (SGST), Input Tax Credit cross utilization of SGST and Integrated Goods and Services Tax (IGST), Apportionment of IGST-transfer-in of Tax component to SGST and Advance apportionment from IGST. Against the projected revenue of ₹16,149.36 crore, the revenue receipts of the State under GST were ₹9,483.48 crore during the year 2021-22. The State Government received compensation of ₹1,216.86 crore from GoI for loss of revenue arising out of implementation of GST. Besides, the State Government also received back to back loan of ₹4,965.15 crore from GoI to meet the resource gap due to shortfall in GST compensation during 2021-22.

2.3.3.3 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The component-wise details of Non-Tax Revenue collected during the years 2017-22 were as follows:

Table 2.6: Component wise non-tax Revenue during 2017-22

(₹ in crore)							
Sl. No.	Revenue head	2017-18	2018-19	2019-20	2020-21	2021-22	% Increase (+)/ Decrease (-) in 2021-22 over 2020-21
1	Non-ferrous Mining and Metallurgical Industries	4,911.44	6,110.24	6,195.73	5,538.49	12,305.39	122.18
2	Interest receipts	180.44	189.55	232.41	89.77	137.96	53.68
3	Dividend and Profits	4.80	1.49	2.39	2.29	3.64	58.95
4	Major Irrigation	461.23	521.81	437.04	445.91	418.17	(-)6.22
5	Forestry and Wild Life	291.17	236.73	249.37	277.09	346.90	25.19
6	Other non-tax receipts	491.34	643.20	816.83	783.40	639.15	(-)18.41
Total		6,340.42	7,703.02	7,933.77	7,136.95	13,851.21	94.08

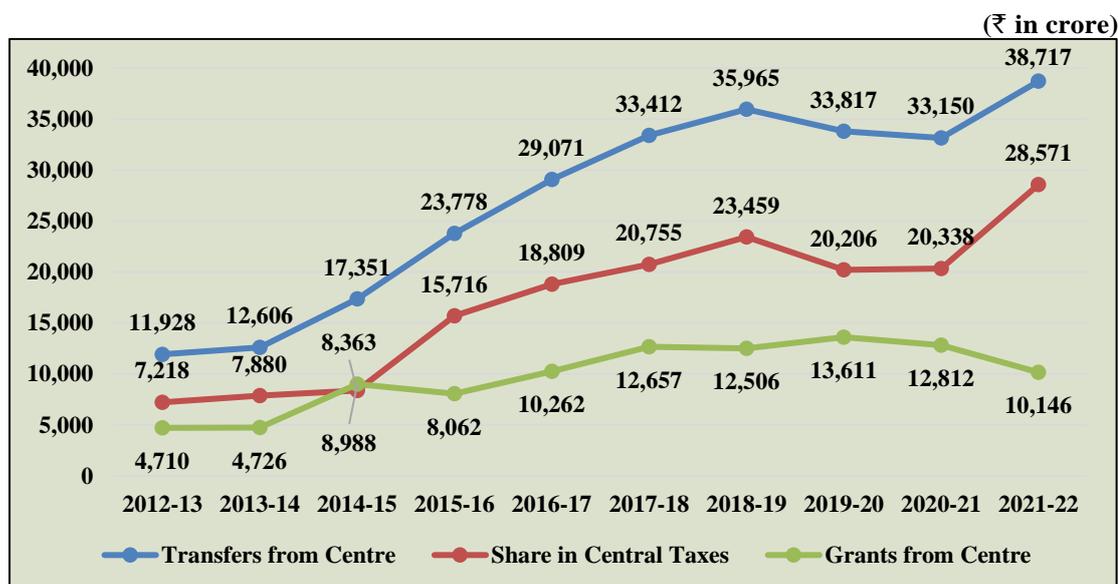
Source: Finance Accounts of the respective years

The Total Non-Tax Revenue receipts increased by ₹7,510.79 crore (118.46 per cent) from ₹6,340.42 crore in 2017-18 to ₹13,851.21 crore in 2021-22. The Non-Tax Revenue increased significantly by ₹6,750.04 crore (94.08 per cent) during 2021-22 over the previous year mainly due to increase in receipts from auction of coal blocks and other minerals under Non-ferrous Mining and Metallurgical Industries by ₹6,766.90 crore.

2.3.3.4 Transfers of funds from the Centre

Transfer of funds from Central Government are dependent on recommendations of Finance Commission. The trends in this regard during the ten year period 2012-22 are given in **Chart 2.7:**

Chart 2.7: Trends in transfers from the Centre



Source: Finance Accounts of the respective years

Transfer of funds from the Centre have increased from 2015-16 onwards, as State's share of Central taxes increased to 42 per cent from 32 per cent as per XIV Finance Commission. Also, The GoI accepted the recommendations of XV FC to decrease the States' share in the divisible pool of taxes from 42 per cent to 41 per cent with effect from 2020-21 onwards.

Transfers from the Centre increased by ₹26,789.16 crore from ₹11,927.93 crore in 2012-13 to ₹38,717.09 crore in 2021-22. During the current year, Transfers from the Centre increased by ₹5,567.06 crore from ₹ 33,150.03 crore in 2020-21 to ₹38,717.09 crore in 2021-22.

Central Tax Transfers

The details of Chhattisgarh State's share in Union Taxes and Duties during 2017-22 are given in **Table 2.7.**

Table 2.7: Central Tax Transfers

(₹ in crore)

Sl. No.	Head	2017-18	2018-19	2019-20	2020-21	2021-22
1	Central Goods and Services Tax	291.44	5,789.33	5,733.71	6,068.90	8,628.50
2	Integrated Goods and Services Tax	2,094.36	462.00	0.00	0.00	0.00
3	Corporation Tax	6,352.98	8,157.09	6,889.42	6,117.65	7,699.82
4	Taxes on Income other than Corporation Tax	5,364.62	6,007.35	5,398.34	6,269.51	8,887.95
5	Customs	2,093.70	1,662.66	1,280.78	1,097.20	2,017.68
6	Union Excise Duties	2,188.50	1,104.93	890.49	686.04	1,009.06
7	Service Tax	2,369.40	217.76	0.00	84.52	296.68
8	Other Taxes	(-)0.19	57.57	13.10	13.72	31.10
9	Central Tax transfers	20,754.81	23,458.69	20,205.84	20,337.54	28,570.79
10	Percentage of increase over previous year	10.34	13.03	(-)13.87	0.65	40.48
11	Percentage of Central tax transfers to Revenue Receipts	34.80	36.04	31.64	32.19	35.87

Source: Finance Accounts of the respective years

Over the five-year period 2017-22, Central tax transfers increased by ₹7,815.98 crore (37.66 per cent) from ₹20,754.81 crore in 2017-18 to ₹28,570.79 crore in 2021-22. The growth rate of Central Tax Transfers showed fluctuating trends ranging from (-)13.87 per cent to 40.48 per cent during 2017-22. The increase of Central Tax transfers by ₹8,233.25 crore (40.48 per cent) in 2021-22 over the previous year was mainly under Taxes on Income other than Corporation Tax (₹2,618.44 crore) and Central Goods and Service tax (₹2,559.60 crore).

2.3.3.5 Grants-in-Aid from Government of India

The State Government receives Grants-in-Aid and share of Union Taxes and Duties based on the recommendations of Finance Commission. Details of Grants-in-Aid (GIA) received by the State Government from GoI during 2017-22 are given below in **Table 2.8:**

Table 2.8: Grants-in-Aid from GoI

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Grants for Centrally Sponsored Schemes	9,275.76	8,214.77	7,808.24	6,975.55	6,170.60
2	Finance Commission Grants	1,460.23	1,679.48	2,044.75	2,289.50	2,379.80
3	Other Transfers/Grants to State	1,921.17	2,611.70	3,758.25	3,547.44	1,595.90
4	Total	12,657.16	12,505.95	13,611.24	12,812.49	10,146.30
5	Percentage of increase over the previous year	23.34	(-)1.19	8.84	(-)5.87	(-)20.81
6	Revenue Receipts	59,647.07	65,094.93	63,868.70	63,176.18	79,652.03
7	Total grants-in-aid as a percentage of Revenue Receipts of the State	21.22	19.21	21.31	20.28	12.74

Source: Finance Accounts of the respective years

GIA constituted 12.74 per cent of revenue receipts of the State Government during the year 2021-22. Grants for Centrally Sponsored Schemes (₹6,170.60 crore) to the State constituted 61 per cent of the total grants during the year. Finance Commission Grants (₹2,379.80 crore) to the State were provided for Local Bodies and State Disaster Response Fund (SDRF) and constituted 23 per cent of total grants during the year. Other Grants to State from the GoI (₹1,595.90 crore) included GST compensation of ₹1,216.86 crore which constituted 76.25 per cent of other transfer/grant.

Grants-in-Aid from GoI decreased by ₹2,666.19 crore (20.81 per cent) during the year 2021-22 compared to the previous year primarily due to decrease in receipt of Grants for Centrally Sponsored Schemes by ₹804.95 crore (under *Pradhan Mantri Awas Yojna (Urban)* (₹234.01 crore), *Urban Rejuvenation Mission-(AMRUT)* (₹411.38 crore) and others) and GST compensation by ₹1,951.54 crore under Other Transfers/Grants to State.

Further, the State Government received back to back loan of ₹4,965.15 crore in lieu of shortfall in GST compensation during 2021-22 as debt receipt which would otherwise be a transfer as GIA from GoI.

2.3.3.6 Fifteenth Finance Commission Grants

Government of India provided grants under Fifteenth Finance Commission for local bodies and State Disaster Risk Management Fund (SDRMF) to the states. Details of grants provided by the GoI to the State in this regard during the year 2021-22 are given in **Table 2.9**:

Table 2.9: Grants-in-Aid released by GoI during 2021-22 as per recommendation of Fifteenth Finance Commission (XVFC)

(₹ in crore)			
Sl. No.	Transfers	Recommendation of 15 th FC	Grant released in 2021-22 by GoI
Local Bodies			
1	Grants to PRIs		
(a)	Basic Grants (Grants-in-aid-General)	1,075.00	1,075.00
2	Grants to ULBs		
(a)	Grants for Million Plus cities	163.00	107.50 [#]
(b)	Grants for non-Million Plus cities	367.00	426.50*
3	Health Grant to Local Bodies	339.00	338.80
4	Total for Local Bodies	1,944.00	1,947.80
5	State Disaster Risk Management Fund (SDRMF)	432.00	432.00
6	Grand Total	2,376.00	2,379.80

Source: Finance Accounts of 2021-22 and XVFC report

Includes ₹53.50 crore pertaining to the year 2020-21 released by GoI in the 2021-22, * Includes ₹243 crore pertaining to the year 2020-21 released by GoI in the 2021-22

- As of March 2022, the State Government received entire basic grants for PRIs (₹1,075.00 crore) as against the recommendation of Fifteenth Finance Commission (XVFC) during 2021-22.

- The State Government received ₹237.50 crore for ULBs against the XVFC recommendation of ₹530.00 crore for the year 2021-22. Grant of ₹ 296.50 crore for ULBs against the recommendation of XVFC for the year 2020-21 was also received during the year 2021-22.
- The State Government received entire Union's share of State Disaster Response Fund against the recommendation of XVFC (₹432.00 crore) during 2021-22.

2.3.3.7 Receipts under Capital Section

Receipts under capital section comprise miscellaneous capital receipts such as proceeds from disinvestment, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

The following table shows the trends in growth and composition of receipts in capital section for the year 2017-18 to 2021-22.

Table 2.10: Trends in growth and composition of Receipts in Capital Section

(₹ in crore)						
Sl. No.	Sources of State's Receipts under capital section	2017-18	2018-19	2019-20	2020-21	2021-22
1	Miscellaneous Capital Receipts	3.32	5.26	4.70	4.85	4.89
2	Recovery of Loans and Advances	138.59	162.32	256.78	104.80	88.06
3	Inter-State Settlement	1.24	0.56	0.13	(-)0.67	(-)0.04
4	Non-Debt Capital Receipts (A)	143.15	168.14	261.61	108.98	92.91
5	Internal Debt	9,187.89	13,816.66	19,308.36	17,961.37	9,321.77
6	Growth Rate (in <i>per cent</i>)	80.21	50.38	39.75	(-)6.98	(-)48.10
7	Loans and advances from the Central Government	464.55	553.44	279.17	3,620.31	5,776.51
8	Growth Rate (in <i>per cent</i>)	21.76	19.13	(-)49.56	1,196.81	59.56
9	Public Debt Receipts (B)	9,652.44	14,370.10	19,587.53	21,581.68	15,098.28
10	Receipts under capital section (A+B)	9,795.59	14,538.24	19,849.14	21,690.66	15,191.19
11	Rate of growth of non-debt Capital Receipts (<i>per cent</i>)	(-)18.54	17.46	55.59	(-)58.34	(-)14.75
12	Rate of growth of Public Debt receipts under capital section (<i>per cent</i>)	76.14	48.88	36.31	10.18	(-)30.04
13	Rate of growth of GSDP at current price (<i>per cent</i>)	7.41	16.09	5.15	2.20	13.60
14	Rate of growth of receipts under capital section (<i>per cent</i>)	73.20	48.42	36.53	9.28	(-)29.96

Source: Finance Accounts of the respective years

Capital section receipts of the State increased by ₹5,395.60 crore (55.08 *per cent*) from ₹9,795.59 crore in 2017-18 to ₹15,191.19 crore in 2021-22. During 2021-22, the capital section receipts decreased by ₹6,499.47 crore (29.96 *per cent*) over the previous year mainly due to decrease in Public Debt receipts by ₹6,483.40 crore (30.04 *per cent*) inspite of increase in loans and advances from GoI. Increase in loans and advances was due to receipt of ₹4,965.15 crore from GoI as back to back loan in lieu of GST compensation shortfall.

Non-Debt capital receipts, mainly in the form of recovery of loans and advances decreased by ₹16.07 crore (14.75 *per cent*) in 2021-22 over the previous year.

2.3.4 State's performance in mobilization of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. Details of the State's actual own tax and non-tax revenues for 2021-22 in comparison to the Fifteenth Finance Commission (XVFC) assessment and budget estimates are given in **Table 2.11**.

Table 2.11: Tax and non-tax receipts vis-à-vis projections

(₹ in crore)

Sl. No.	Particulars	XVFC projections	Budget Estimates	Actual	Percentage variation of actual over	
					Budget estimates	XVFC projections
1	Own Tax revenue	24,105.00	25,750.00	27,083.73	5.18	12.36
2	Non-tax revenue	8,871.00	9,250.00	13,851.21	49.74	56.14
	Total	32,976.00	35,000.00	40,934.94	16.96	24.14

Source: Finance Accounts, Budget Books and Finance commission report

The State Government exceeded in meeting the expectations of the XVFC by 24.14 per cent and 16.96 per cent in mobilizing its own resources against the targets set in its own budget estimates. Increase in Own Tax revenue (₹1,333.74 crore) was mainly due to increase in Taxes on Sales, Trades, etc. by ₹ 984.21 crore than projections made in the budget. Similarly, increase of ₹4,601.21 crore in Non-Tax revenue was mainly due to more receipts under Non Ferrous Mining and Metallurgical Industries (₹5,705.39 crore) than projections made in the budget.

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 is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

2.4.1 Growth and composition of expenditure

The total expenditure incurred, its composition, and relative share in GSDP during the years 2017-18 to 2021-22 is presented in **Table 2.12**.

Table 2.12: Total Expenditure and its composition

(₹ in crore)

Sl. No.	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22 (Budget)	2021-22 (Actual)
1	Total Expenditure(TE)	66,600.54	73,555.31	82,099.86	79,107.54	97,106.45	85,838.04
2	Revenue Expenditure (RE)	56,229.75	64,411.17	73,477.31	70,032.84	83,027.55	75,010.01
3	Capital Expenditure	10,000.96	8,903.45	8,566.39	9,024.19	13,839.35	10,504.22

4	Loans and Advances ⁴	369.83	240.69	56.16	50.51	239.55	323.81
5	As a percentage of GSDP						
6	GSDP at current prices	2,82,266	3,27,693	3,44,571	3,52,161	3,83,098	4,00,061
7	TE/GSDP	23.59	22.45	23.83	22.46	25.35	21.46
8	RE/GSDP	19.92	19.66	21.32	19.89	21.67	18.75
9	CE/GSDP	3.54	2.72	2.49	2.56	3.61	2.63
10	Loans and Advances/GSDP	0.13	0.07	0.02	0.01	0.06	0.08

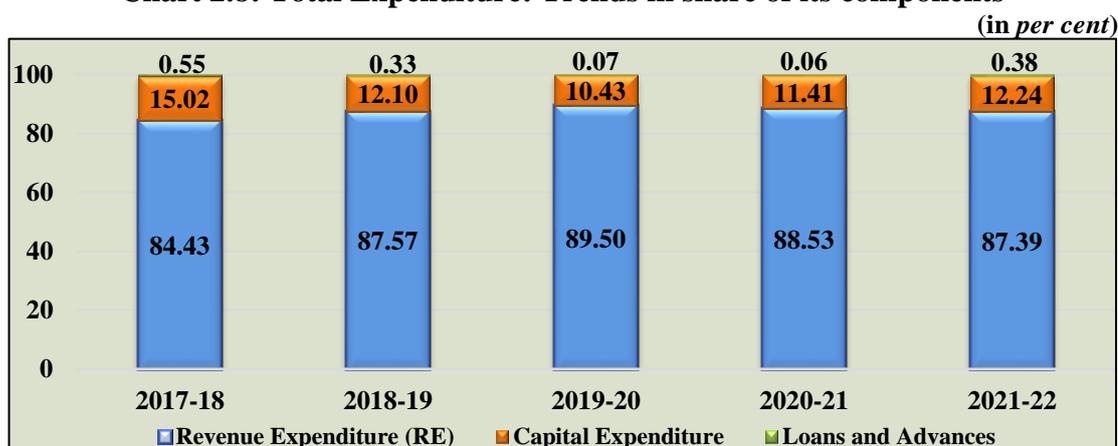
Source: Finance Accounts of the respective years

The above table shows that total expenditure of the State increased by 19,237.50 crore (28.88 per cent) from ₹66,600.54 crore in 2017-18 to ₹85,838.04 crore in 2021-22. The total expenditure showed increasing trend during 2017-22 except for the year 2020-21. However, the total expenditure as a percentage of GSDP decreased from 23.59 per cent to 21.46 per cent during the same period. During the current year, total expenditure increased by ₹6,730.50 crore (8.51 per cent) over the previous year due to increase in revenue expenditure by ₹4,977.17 crore (7.11 per cent), capital expenditure by ₹1,480.03 crore (16.40 per cent) and loans and advances by ₹273.30 crore (541.08 per cent).

During the 2021-22, actual expenditure on revenue and capital was less than the budgeted estimates however the expenditure on loans and advances was more than the budgeted estimates. Deviations from the budget estimates are indicative of non-attainment and non-optimisation of the desired fiscal objectives due to a variety of causes, both within and outside the control of the Government.

Further, the revenue expenditure as a percentage of GSDP has decreased from 19.89 per cent to 18.75 per cent, while capital expenditure as a percentage of GSDP increased from 2.56 per cent to 2.63 per cent over the previous year. **Chart 2.8** depicts the trend of the share of the components in total expenditure.

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



Source: Finance Accounts of the respective years

⁴ Loans and advances including inter-State settlement.

It is evident from the above Chart that Capital Expenditure and Loans & Advances have generally displayed a decreasing trend with inter year fluctuations in the last five years.

In terms of activities, the total expenditure (refer *Appendix 2.1*) comprises of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative expenditure on these components is shown in **Table 2.13**.

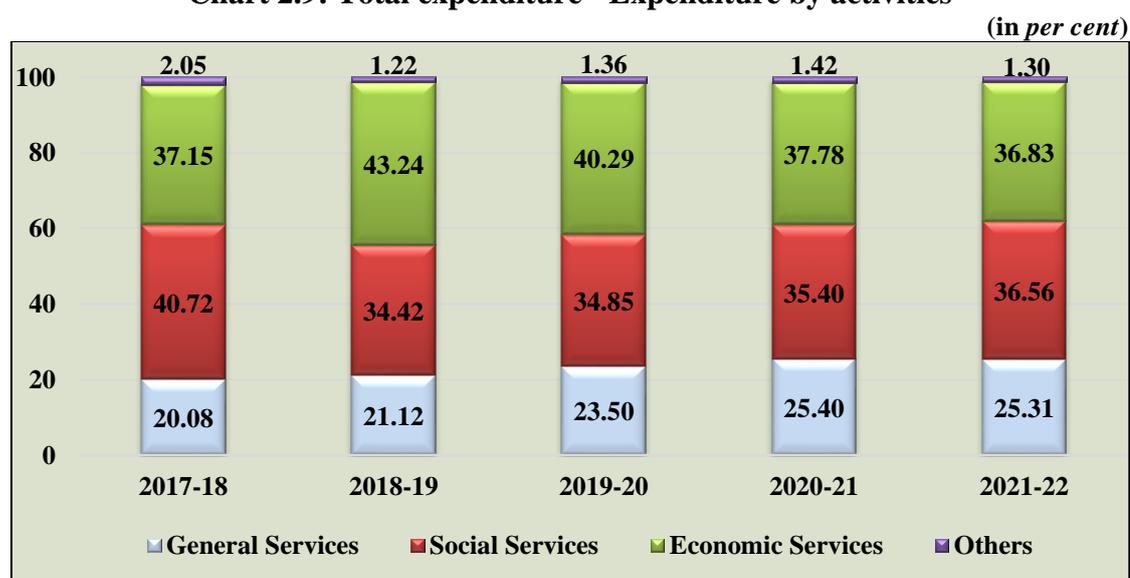
Table 2.13: Relative share of various sectors of expenditure

(₹ in crore)						
Sl. No.	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
1	General Services	13,373.74	15,535.80	19,289.82	20,095.21	21,727.03
2	Social Services	27,116.57	25,319.17	28,610.12	28,001.32	31,382.55
3	Economic Services	24,744.50	31,804.93	33,079.55	29,885.69	31,615.95
4	Others (Grants to Local Bodies and Inter-State settlement)	1,365.73	895.41	1,120.37	1,125.32	1,112.51
Total Expenditure		66,600.54	73,555.31	82,099.86	79,107.54	85,838.04

Source: Finance Accounts of the respective years

- Expenditure on General services increased by ₹1,631.82 crore (8.12 per cent) from ₹20,095.21 crore in 2020-21 to ₹21,727.03 crore in 2021-22 mainly due to increase in expenditure on Government Contribution to Defined Pension Contribution Scheme by ₹286.00 crore and interest payment by ₹511.00 crore.
- Expenditure in Social Services increased by ₹3,381.23 crore (12.08 per cent) over the previous year mainly due to increase in expenditure in General Education by ₹1,361.11 crore, Medical and Public Health by ₹844.93 crore and Water supply and Sanitation by ₹534.62 crore.
- Expenditure in Economic Services increased by ₹1,730.26 crore (5.79 per cent) over the previous year mainly due to increase in expenditure on Rural Employment by ₹629.41 crore and Road and Bridges by ₹1,071.81 crore.

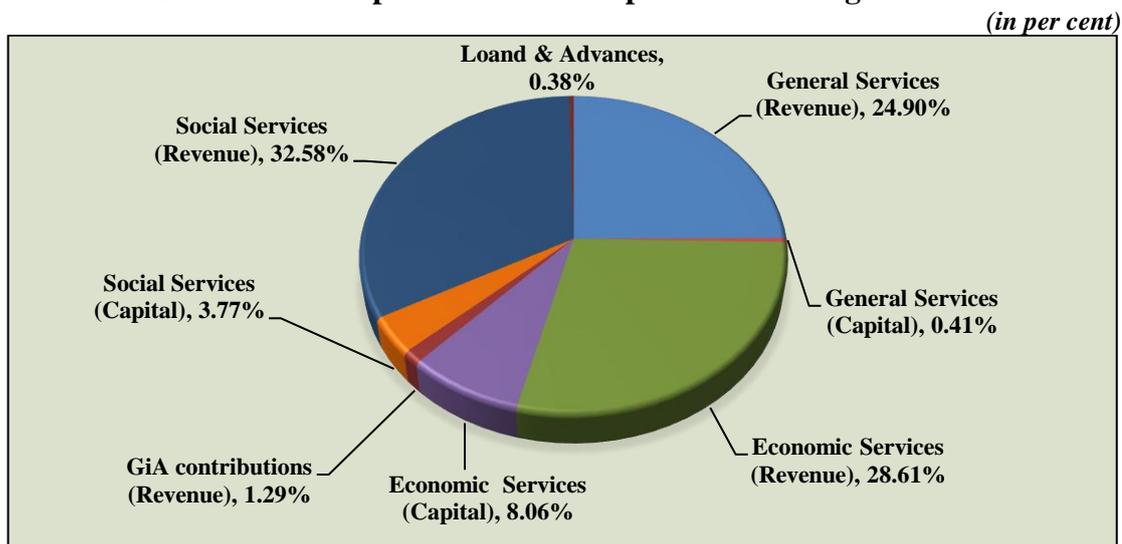
Chart 2.9: Total expenditure - Expenditure by activities



Source: Finance Accounts of the respective years

As can be seen from **Chart 2.9**, Social and Economic services constituted 73.39 *per cent* of total expenditure during the 2021-22. The State has spent more amount in social services whereas marginal reduction has been seen in General and Economic services w.r.t to activity components of total expenditure during 2021-22. **Chart 2.10** depicts the composition of expenditure during 2021-22.

Chart 2.10: composition of total expenditure during 2021-22



Source: Finance Accounts 2021-22

Chart 2.10 presents that during the year 2021-22, the revenue expenditure under Social Services was highest at 32.58 *per cent* of total expenditure followed by Economic Service 28.61 *per cent* and General Service 24.90 *per cent*. The capital expenditure on General, Social, Economic services and loans and advances disbursed was 12.61 *per cent* of total 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 service network.

The overall revenue expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and revenue receipts are indicated in **Table 2.14** and trend of revenue expenditure w.r.t. Budget estimates and GSDP is shown in **Chart 2.11**.

Table 2.14: Revenue Expenditure–basic parameter

(₹ in crore)

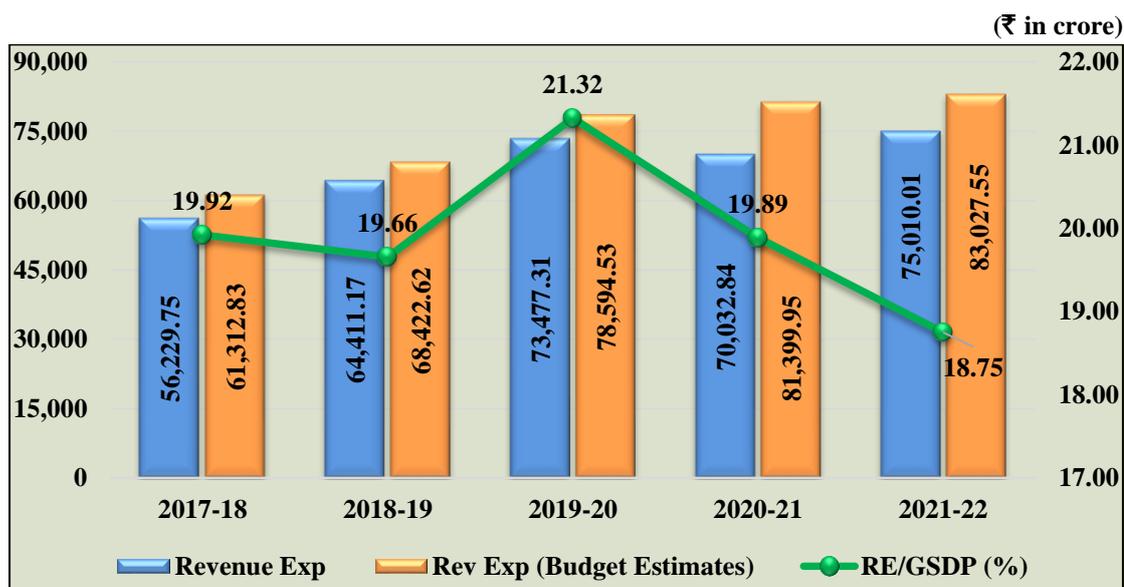
Sl. No.	Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
1	Total Expenditure (TE)	66,600.55	73,555.31	82,099.86	79,107.54	85,838.04
2	Revenue Expenditure (RE)	56,229.75	64,411.17	73,477.31	70,032.84	75,010.01
3	Rate of Growth of RE (<i>per cent</i>)	16.74	14.55	14.08	(-4.69)	7.11
4	Revenue Expenditure as percentage of TE	84.43	87.57	89.50	88.53	87.39
5	RE/GSDP (<i>per cent</i>)	19.92	19.66	21.32	19.89	18.75

6	Revenue Receipts (RR)	59,647.07	65,094.93	63,868.70	63,176.18	79,652.03
7	Rate of Growth of RR (<i>per cent</i>)	11.11	9.13	(-) <i>1.88</i>	(-) <i>1.08</i>	26.08
8	RE as percentage of RR	94.27	98.95	115.04	110.85	94.17
Buoyancy of Revenue Expenditure with						
9	GSDP (ratio)	2.26	0.90	2.73	(-) <i>2.13</i>	0.52
10	Revenue Receipts (ratio)	1.51	1.59	(-) <i>7.49</i>	4.34	0.27

Source: Finance Accounts of respective years

Revenue expenditure continued to be the dominant component of the total expenditure and its share increased from 84.43 *per cent* in the year 2017-18 to 87.39 *per cent* in the year 2021-22. The rate of growth of revenue expenditure of the state showed a decreasing trend from 16.74 *per cent* in 2017-18 to 7.11 *per cent* in 2021-22 with inter year fluctuations. Revenue expenditure increased during 2021-22 by ₹4,977.17 crore (7.11 *per cent*) over the previous year mainly due to increase in salary and wages from ₹21,543.04 crore in 2020-21 to ₹23,541.33 crore in 2021-22. Revenue Expenditure buoyancy with GSDP measures the percentage change in the revenue expenditure to the percentage change in GSDP. As can be seen from the **Table 2.14**, the revenue expenditure buoyancy ratio which was (-)2.13 in the year 2020-21 has increased to 0.52 in the year 2021-22 due to positive growth rate of revenue expenditure.

Chart 2.11: Revenue Expenditure w.r.t. Budget estimates and GSDP

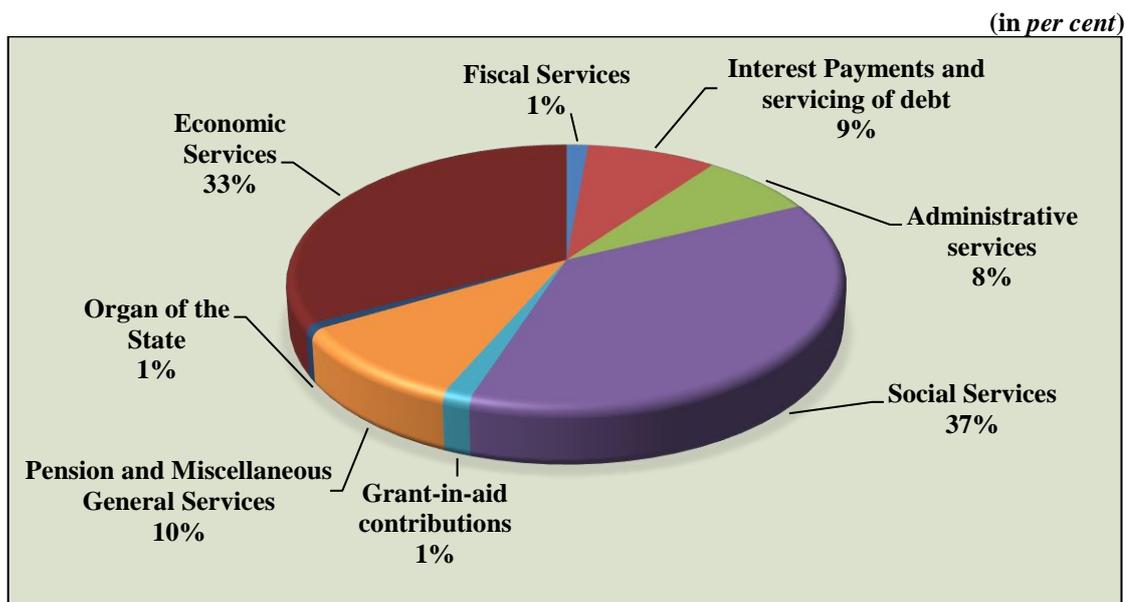


Source: Finance Accounts of respective years

As can be seen from above Chart, the revenue expenditure was within the budgeted estimates in last five years i.e. 2017-18 to 2021-22. During 2021-22, revenue expenditure as percentage of GSDP has decreased from 19.89 *per cent* to 18.75 *per cent* over the previous year.

The sectoral distribution of revenue expenditure is given in **Chart 2.12:**

Chart 2.12: Sectoral distribution of Revenue Expenditure during 2021-22



Source: Finance Accounts of 2021-22

2.4.2.1 Major Changes in Revenue Expenditure

Table 2.15 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 2.15: Details of significant variation in Revenue Expenditure

(₹ in crore)

Sl. No.	Major Heads of Accounts	2020-21	2021-22	Increase (+)/ Decrease (-)
1	2202-General Education	13,964.06	15,332.29	1,368.23
2	2210-Medical and Public Health	4,924.27	5,956.21	1,031.94
3	2505-Rural Employment	971.90	1,601.31	629.41
4	2049-Interest Payments	5,633.11	6,144.24	511.13
5	2406-Forest	1,039.07	1,300.58	261.51
6	2055-Police	3,909.77	4,265.75	355.98
7	2801-Power	4,393.81	3,800.00	(-)593.81
8	2515-Other Rural Development Programmes	2,453.72	2,096.79	(-)356.93

Source: Finance Accounts for the respective years

Revenue expenditure under Major Head 2202-General Education increased significantly during the year, primarily due to increase in expenditure on Government Secondary Schools and teachers training. Increase in expenditure under the Head 2210-Medical and Public Health was mainly due to increase on expenditure of components of public health like Prevention and Control of Diseases, Tribal Sub-Plan etc. by 123 per cent. Further, increase in expenditure under the Head 2505-Rural Employment during 2021-22 as compared to previous year was due to increase in expenditure on assistance provided to Zilla Panchayats by 70 per cent.

During 2021-22, decrease in expenditure under the Major Head 2801-Power was due to less expenditure incurred on Special Component Plan for Scheduled Castes under

General and Rural Electrification as compared to previous year. Decrease in expenditure on 2515-Other Rural Development Programmes during current year was mainly due to decrease in expenditure on Assistance to *Gram Panchayats* and Assistance to *Janpad Panchayats* over the previous year.

2.4.2.2 Committed and Non-Committed Expenditure

Expenditure of the State Government on revenue account can be classified as committed and non-committed expenditure. Committed Expenditure of Government on revenue account consists mainly of expenditure on salaries and wages, interest payments, pensions and subsidies. Expenditure other than committed expenditure can be classified into non-committed expenditure. Increase in committed expenditure restricts the Government's ability to incur developmental expenditure.

Table 2.16 presents the trends in the components of committed expenditure during 2017-22.

Table 2.16: Components of Committed Expenditure

(₹ in crore)

Sl. No.	Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22 (Budget)	2021-22 (Actual)
1	Salaries & Wages	13,183.70	17,807.60	21,763.92	22,002.14	25,121.65	24,017.78
2	Expenditure on Pensions	3,923.58	5,428.50	6,637.98	7,136.00	6,580.76	7,472.22
3	Interest Payments	3,098.33	3,652.55	4,970.36	5,633.11	6,470.83	6,144.24
4	Subsidies	5,004.69	8,323.01	11,483.23	7,307.94	7,479.68	6,565.30
5	Total	25,210.30	35,211.66	44,855.49	42,079.19	45,652.92	44,199.54
6	As a percentage of Revenue Receipts (RR)						
7	Salaries & Wages	22.10	27.36	34.08	34.83	31.54	30.15
8	Expenditure on Pensions	6.58	8.34	10.39	11.3	8.26	9.38
9	Interest Payments	5.19	5.61	7.78	8.92	8.12	7.71
10	Subsidies	8.39	12.79	17.98	11.57	9.39	8.24
11	Total	42.26	54.10	70.23	66.62	57.31	55.48
12	As a percentage of Revenue Expenditure (RE)						
13	Salaries & Wages	23.45	27.65	29.62	31.41	33.49	32.02
14	Expenditure on Pensions	6.98	8.43	9.03	10.19	8.77	9.96
15	Interest Payments	5.51	5.67	6.77	8.04	8.63	8.19
16	Subsidies	8.90	12.92	15.63	10.44	9.97	8.75
17	Total	44.84	54.67	61.05	60.08	60.86	58.92

Source: Finance Accounts of the respective years

The committed expenditure affects the State in prioritising expenditure and in meeting capital investments to meet growing needs of social and economic infrastructure. The high proportion of committed expenditure to revenue receipts and revenue expenditure indicates that the State has limited flexibility in allocation of its resources for new schemes. **Table 2.16** shows that, Committed Expenditure has increasing trend and grown from ₹25,210.30 crore (44.84 per cent of RE) in 2017-18 to ₹44,199.54 crore (58.92 per cent of RE) in 2021-22. During the current year, committed Expenditure increased by ₹2,120.35 crore mainly on account of increase in expenditure towards

Salaries & Wages. The interest payment has increased (98.31 per cent) as compared to the year 2017-18 due to continuous rise in the public debt during 2017-18 to 2021-22.

Further, during 2021-22, the State Government, paid ₹6,565.30 crore as subsidy. The expenditure on subsidies increased by ₹1,560.61 crore (31.18 per cent) from ₹5,004.69 crore in 2017-18 to ₹6,565.30 crore in 2021-22. It also includes central assistance of ₹168.07 crore for subsidy under Centrally Sponsored Schemes. During the year 2021-22, subsidy of ₹6,565.30 crore (which was less than the budget estimates of ₹7,479.68 crore) was 8.24 per cent and 8.75 per cent of revenue receipts and revenue expenditure respectively. Subsidies as a percentage of Revenue Receipt decreased from 11.57 per cent in 2020-21 to 8.24 per cent in 2021-22 and as a percentage of Revenue expenditure decreased from 10.44 per cent in 2020-21 to 8.75 per cent in 2021-22. The overall decrease (₹742.64 crore) during the 2021-22 as compared to previous year 2020-21 was mainly due to decrease in subsidies under Chief Ministers food assistance scheme. The departments with major portion of subsidy during the year 2021-22 are shown in **Table 2.17**.

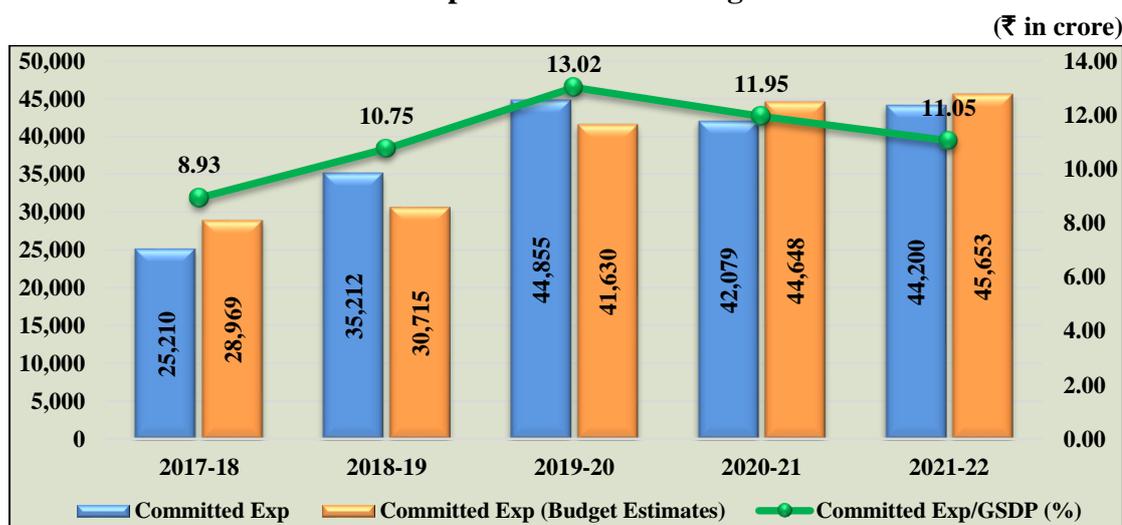
Table 2.17: Departments with major portion of subsidy during the year 2021-22

Sl. No.	Name of the Department	Subsidy (₹ in crore)	Percentage of total Subsidy	Particulars
1	Energy	2,243.00	34.16	Grant (₹1,075.00 crore) for free Supply of electricity to Agriculture Pumps up to five Horse Power and Relief in Electricity Bills (₹900 crore) to Domestic Electricity Consumers
2	Food and Civil Supplies	3,675.95	55.98	On Account of grant to State Cooperative Marketing Federation for meeting losses on food procurement (₹1,005.25 crore) and Chief Ministers Food Assistance Scheme (₹2,382.99 crore)

Source: Finance Accounts 2021-22

The trend of committed expenditure w.r.t. Budget estimates and GSDP is shown in **Chart 2.13**.

Chart 2.13: Committed Expenditure w.r.t. Budget estimates and GSDP



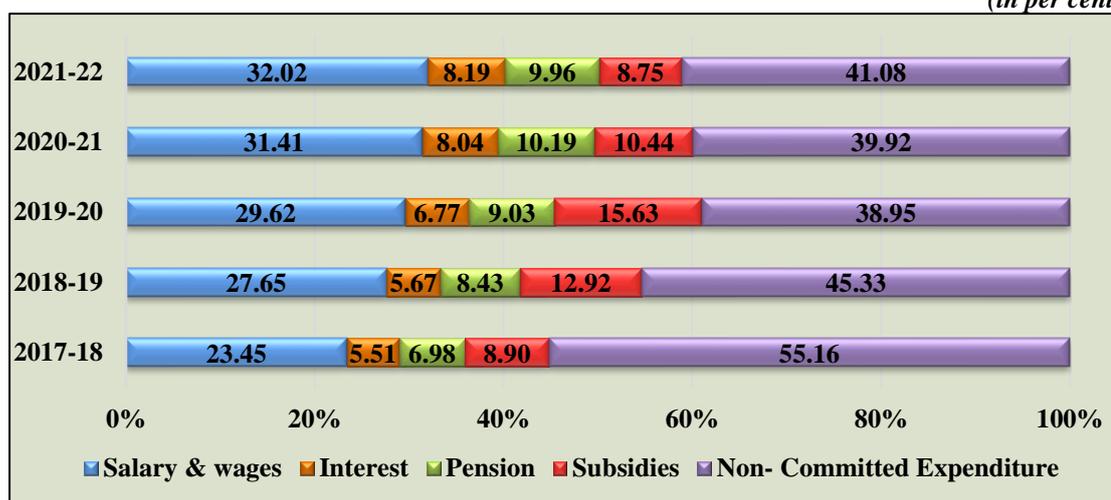
Source: Finance Accounts of respective years

As can be seen from above Chart, committed Expenditure showed increasing trend during the last five years except during 2020-21. Committed expenditure remained within the projected budget figures during the five year except during the year 2018-19 and 2019-20 it exceeded the budget estimates.

Percentage of committed and non-committed expenditure to revenue expenditure during 2017-22 is given in **Chart 2.14**:

Chart 2.14: Share of Committed and Non-Committed Expenditure

(in per cent)



Source: Finance Accounts of the respective years

As can be seen from **Chart 2.14** above, share of committed expenditure in total revenue expenditure increased from 44.84 *per cent* in 2017-18 to 58.92 *per cent* in 2021-22. Ratio of committed expenditure also increased to 55.48 *per cent* of revenue receipts in 2021-22 from 42.26 *per cent* in 2017-18. Further, non-committed expenditure decreased from 55.16 *per cent* in 2017-18 to 41.08 *per cent* in 2021-22.

2.4.2.3 Un-discharged Liability under National Pension System

During 2021-22, expenditure on pension payments was ₹7,472.22 crore, out of which ₹1,282.75 crore was incurred towards National Pension System (NPS) applicable to employees recruited on or after 1 January 2005.

National Pension System (NPS)

The State Government employees recruited on or after 1 November 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. In terms of the scheme, the employee contributes 10 *per cent* of basic pay and dearness allowance, which is matched by the State Government, and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

Deduction of contributions under New Pension System from the employees commenced from March 2006 along with contribution of arrears for the period December 2004 to February 2006. During 2021-22, receipts under the Public Accounts

- Major Head 8342 Other Deposits – (117) Defined Contribution Pension Scheme was ₹1,296.61 crore⁵, out of which ₹1,291.00 crore was transferred to NSDL, resulting in less transfer of amount *i.e.* ₹5.61 crore. As on 31 March 2022, ₹37.78 crore remained in the Public Account, pending transfer to NSDL/Trustee Bank. Short transfer of ₹5.61 crore and previous balance of ₹32.17 crore resulted in avoidable liability of ₹37.78 crore to the State Government and created uncertainty in respect of benefit due to the employees to that extent.

After the commencement of work of Regulation of Pension fund by Pension Fund Regulatory Development Authority, the State Government contribution is debited to Major Head 2071 and directly transferred to the Trusty Bank without routing it through Major Head 8342-117. Against employee's contribution of ₹1,286.67 crore, the State Government contributed only ₹1,282.75 crore, resulting in short contribution of ₹3.92 crore to Defined Contribution of Pension Scheme.

2.4.2.4 Financial assistance by the State Government to Local Bodies and other Institutions

The quantum of financial assistance by way of grants and loans provided by the State Government to Local Bodies and other institutions during last five years are given in **Table 2.18**.

Table 2.18: Financial Assistance to Local Bodies and other Institutions

(₹ in crore)

Sl. No.	Financial Assistance to Institutions	2017-18	2018 -19	2019-20	2020-21	2021-22
1	(A) Local Bodies					
2	Urban Local Bodies	3,425.75	2,778.73	3,138.94	3,554.17	3,904.13
3	<i>Panchayati Raj</i> Institutions	10,899.36	6,905.17	6,006.83	4,421.79	4,345.60
4	Total (A)	14,325.11	9,683.90	9,145.77	7,975.96	8,249.73
5	(B) Others					
6	Educational Institutions (Aided Schools, Aided Colleges, Universities, <i>etc.</i>)	235.45	170.44	273.67	204.97	254.57
7	Development Authorities	287.03	271.41	235.06	229.93	393.08
8	Co-operative & Other Institutions and NGOs	10,155.72	13,255.70	10,499.70	12,555.37	13,241.09
9	Total (B)	10,638.20	13,697.55	11008.43	12,990.27	13,888.74
10	Total (A+B)	24,963.31	23,381.45	20,154.20	20,966.23	22,138.47
11	Revenue Expenditure	56,229.75	64,411.17	73,477.31	70,032.84	75,010.01
12	Assistance as percentage of Revenue Expenditure	44.40	36.30	27.43	29.94	29.51

Source: Finance accounts of respective years

Financial assistance to Local Bodies and other Institutions has shown a decreasing trend upto 2020-21 and increased by ₹1,172.24 crore from ₹20,966.23 crore in 2020-21 to

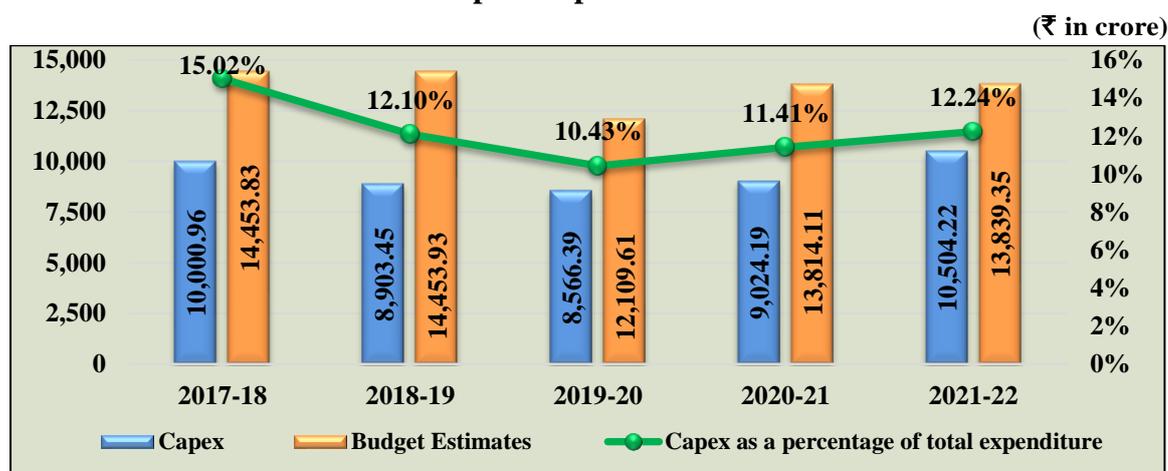
⁵ ₹1,286.67 crore pertains to employees contribution and ₹9.93 crore pertains to employee and employers contribution of deputation employees.

₹22,138.47 crore in 2021-22. During 2021-22, Financial assistance to Local Bodies increased by ₹273.77 crore over the previous year mainly due to more assistance provided to Urban Local Bodies. Financial assistance to Local Bodies and other Institutions by the State Government as percentage of Revenue Expenditure has decreased from 44.40 per cent in 2017-18 to 29.51 per cent in 2021-22.

2.4.3 Capital Expenditure

Capital expenditure includes primarily expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges, etc. Details of capital expenditure against the budget estimates during the five-year period 2017-22 are given in **Chart 2.15**.

Chart 2.15: Capital expenditure in the State



Source: Finance Accounts of the respective years

Capital expenditure increased during the last five years from ₹10,000.96 crore in 2017-18 to ₹10,504.22 crore in 2021-22. However, the State could not meet the budget estimate on creation of assets from 2017-18 to 2021-22. During 2021-22, Capital expenditure increased by 16.40 per cent (₹1,480.03 crore) over the previous year mainly due to increase in expenditure in *Jal Jeevan Mission Yojana*, and State Highway Road Construction works.

During 2021-22, 42 per cent of total capital expenditure (₹10,504.22 crore) was incurred on Roads and Bridges (₹4,415.62 crore) followed by 13.56 per cent on water supply and sanitation (₹1,424.47 crore).

2.4.3.1 Major changes in Capital Expenditure

Table 2.19 highlights the cases of significant increase or decrease in various heads of account in capital expenditure during 2021-22 *vis-à-vis* the previous year.

Table 2.19: Capital Expenditure during 2021-22 compared to 2020-21

(₹ in crore)				
Sl. No.	Major Heads of Accounts	2020-21	2021-22	Increase (+)/ Decrease (-)
1	5054-Capital Outlay on Roads and Bridges	3,351.28	4,415.62	1,064.34
2	4215-Capital Outlay on Water Supply and Sanitation	907.93	1,424.47	516.54
3	4801-Capital Outlay on Power Projects	52.11	327.95	275.84
4	5275-Capital Outlay on Other Communication Services	70.00	200.00	130.00
5	4059-Capital Outlay on Public Works	400.11	247.43	(-)152.68
6	4210-Capital Outlay on Medical and Public Health	511.71	324.70	(-)187.01
7	4515-Capital Outlay on other Rural Development Programmes	350.57	271.28	(-)79.29

Source: Finance Accounts of 2020-21 and 2021-22

The increase in expenditure on Roads and Bridges was mainly due to administrative approval of new work under State Highways Bridges and Road works projects. Increase in expenditure on Water Supply and Sanitation was mainly due to increase in expenditure under *Jal Jeevan Mission Yojana* and Water Augmentation Scheme of Urban Bodies. Further, increase in expenditure on Power Projects was mainly due to increase in *Mukhyamantri Mazra Tola Vidhyutikaran Yojna* and increase in expenditure on Other Communication Services was due to payment of pending bills.

During 2021-22, decrease in expenditure under the Major Head 4210-Capital outlay on Medical and Public Health and under the Major Head 4515- Capital outlay on other Rural Development programmes was due to delay in administrative approval of work. Decrease in expenditure on Public Works was mainly due to decrease in expenditure on Infrastructure Development Fund and Environment Fund.

2.4.3.2 Quality of Capital Expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government as of 31 March 2022.

Quality of investment in Companies, Corporations and other Bodies

Capital Expenditure in companies, corporations and other bodies, which are loss making or where net worth is completely eroded, is not sustainable.

Investments made and loans given to companies, corporations, and co-operatives which are loss making and those whose net worth is completely eroded, affect the quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure. Issues related to quality of investment in PSUs viz. Investment in PSUs, Rate of Return on Investment, Erosion of Net Worth, Dividend Payout, Return on Capital Employed etc., have been discussed in detail in **Chapter V** of the Report.

Investment and Returns

As per the Finance Accounts 2021-22, the Government of Chhattisgarh had invested ₹7,320.19 crore in 10 Statutory Corporations, 28 Government Companies, 22 Joint

Stock Companies, two Rural Banks and 1460 Co-operative Institutions and local bodies in the State as of 31 March 2022. The State Government earned a return of ₹3.64 crore on these investments during 2021-22. Year-wise details of investment by the Government of Chhattisgarh over the five-year period 2017-18 to 2021-22 are as follows:

Table 2.20: Details of Investment and Return on Investment

Sl. No.	Investment/Return/Cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
		(₹ in crore)				
1	Statutory Corporations (No. of entities)	37.82 (02)	86.92 (10)	87.88 (10)	88.34 (10)	89.69 (10)
2	Government Companies (No. of entities)	6,459.45 (13)	6,683.34 (28)	6,683.34 (28)	6,683.34 (28)	6,733.34 (28)
3	Joint Stock Companies (No. of entities)	144.80 (05)	145.21 (22)	145.21 (22)	145.21 (22)	156.93 (22)
4	Rural Banks (No. of entities)	25.15 (01)	25.15 (02)	25.15 (02)	25.15 (02)	25.15 (02)
5	Co-operative Institutions and Local Bodies (No. of entities)	199.15 (1523)	327.42 (1523)	324.21 (1460)	319.26 (1460)	315.08 (1460)
6	Total Investment	6,866.37	7,268.05	7,265.79	7,261.30	7,320.19
7	Investment at the end of the year	6,866.37	7,268.05	7,265.79	7,261.30	7,320.19
8	Return on investment	4.80	1.49	2.39	2.29	3.64
9	Return on investment (<i>per cent</i>)	0.07	0.02	0.03	0.03	0.05
10	Average rate of interest on Government borrowing (<i>per cent</i>)	6.38	6.10	6.83	6.57	6.40
11	Difference between interest rate and return (<i>per cent</i>)	6.31	6.08	6.80	6.54	6.35
12	Loss due to difference between interest rate of market borrowing and returns	433.27	442.15	493.86	474.89	464.85
<i>Figures in the bracket shows the number of entities</i>						

Source: Finance Accounts of respective years

During 2021-22, the return on investment was ₹3.64 crore (0.05 *per cent*). However, the Government paid interest on its borrowing at an average rate of 6.40 *per cent* during the same period. Continued use of borrowed funds to fund investment which do not have sufficient financial returns will lead to an unsustainable financial position.

Loans and Advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, the State Government has also provided loans and advances to many institutions/organisations.

Table 2.21 presents the outstanding loans and advances as on 31 March 2022, along with interest receipts *vis-à-vis* interest payments during the five-year period 2017-18 to 2021-22.

Table 2.21: Loans disbursed and recovered during 2017-18 to 2021-22

(₹ in crore)

Sl. No.	Loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
1	Opening balance of loans outstanding	941.98	1,519.63	1,597.75	1,397.08	1,173.86 ⁶
2	Amount advanced during the year	368.76	240.44	56.11	50.50	324.06
3	Amount recovered during the year	138.59	162.32	256.78	104.8	88.06
4	Closing Balance of loans outstanding	1,172.16	1,597.75	1,397.08	1,342.78	1,409.86
5	Net addition	230.17	78.12	(-)200.67	(-)54.30	236.00
6	Interest received	27.61	28.32	1.67	6.88	3.27
7	Interest rate on Loans and Advances given by the Government	2.17	2.04	0.11	0.50	0.24
8	Average rate of Interest paid on the outstanding borrowings of the Government	6.38	6.10	6.83	6.57	6.40
9	Difference between rate of interest paid and interest received (<i>per cent</i>)	4.21	4.06	6.72	6.07	6.16

Source: Finance Accounts of Respective years

The loans disbursed during the year have increased as compared to the previous year. Interest received by the State Government against loan given was ₹3.27 crore. At the end of March 2022, the Government had outstanding loans and advances of ₹1,409.86 crore, out of which ₹324.61 crore pertains to Urban Local Bodies, ₹213.01 crore pertains to Government companies and ₹427.43 crore pertains to co-operative societies/bodies.

Further, the State Government made fresh loans and advances during the year to the following sugar mills against which the repayment of earlier loans and interest is in arrears.

Table 2.22: Details of loans and advances to sugar mills during 2021-22

(₹ in crore)

Sl. No	Name	Year of previous Loans outstanding Since	Amount of principal outstanding as of 1 st April 2021	Amount of loans during this year	Re-payment made during the year	Total loans outstanding as on 31 st March 2022	Interest arrear as on 31 March 2022
1	Loh Purush Sardar Vallabh Bhai Patel Sugar Mill Limited	2017-18	95.00	13.00	2.00	106.00	31.15
2	Bhoramdev Co-operative Sugar Mill Limited	2016-17	77.00	13.00	2.00	88.00	13.49
3	Mahamaya Co- operative Sugar Mill, Limited	2010-11	103.67	17.00	10.00	110.67	26.73
4	Danteshwari maiya Co-operative Sugar Mill , Limited	2011-12	74.83	7.00	0.25	81.58	34.59

Source: Finance Accounts 2021-22

⁶ Reduced by ₹168.92 crore vide State Government letter No. 523/R-110/2020/13/2 dated 23-02-2022 due to reconciliation of Loan balance between the figures of Finance Account and Account of Power Company. ₹168.92 crore includes ₹136.78 crore of loan adjusted as Share Capital of the State Government in 2017-18 and ₹32.14 crore of excess payment of Interest by Chhattisgarh State Electricity Board during 2004-05 and 2005-06 adjusted as repayment of loan.

2.4.3.3 Capital blocked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to extra burden in terms of servicing of debt and interest liabilities.

A total of 357 projects with estimated cost ₹15,638.78 crore were sanctioned. Out of which 148 projects were identified which were to be completed on or before 31 March 2022 and costing ₹10 crore and above. Year wise and Department wise details of incomplete projects are shown in Table 2.23 and Table 2.24 respectively.

Table 2.23: Age profile of incomplete projects as on 31 March 2022

(₹ in crore)

Sl. No.	Year	No. of Incomplete Projects	Estimated Cost	Expenditure (As on 31 March 2022)
1	Up to 2011	12	291.21	384.87
2	2011-12	16	468.53	973.79
3	2012-13	8	322.86	544.95
4	2013-14	13	939.35	1,146.43
5	2014-15	14	315.74	281.04
6	2015-16	21	584.90	682.06
7	2016-17	11	330.71	312.19
8	2017-18	23	504.14	609.87
9	2018-19	12	366.72	339.26
10	2019-20	11	157.33	182.11
11	2020-21	5	323.34	66.90
12	2021-22	3	64.84	10.05
Grand Total		148	4,667.24	5,493.35

Source: Finance Accounts

Table 2.24: Department-wise profile of incomplete projects

(₹ in crore)

Sl. No.	Departments	Number of in-complete projects	Estimated cost	49 Incomplete Projects whose cost were revised				Cumulative expenditure of all 148 incomplete projects as on 31 March 2022
				Initial estimated cost of 49 projects		Revised cost of 49 projects	Cost overrun in 49 projects	
				No.	Amount			
1	Public Works	10	417.43	2	151.61	551.20	399.59	514.37
2	Water Resources	138	4,249.81	47	1,761.68	3,617.75	1,856.07	4,978.98
	Total	148	4,667.24	49	1,913.29	4,168.95	2,255.66	5,493.35

Source: Finance Accounts 2021-22

Out of 148 incomplete projects (costing more than ₹10 crore) with estimated cost of ₹4,667.24 crore, the State Government has revised the cost of 49 incomplete projects with cost overrun of ₹2,255.66 crore. Delay in completion of project works increases the risk of cost escalation. Since the State Government had not evaluated the cost of 99 incomplete projects, the actual amount of expenditure to be incurred by the State could

not be ascertained, and due to delay in completion of these projects, the intended benefits from the projects could not be achieved.

2.4.4 Expenditure priorities

Enhancing human development levels require the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

The fiscal priorities of the State Government with regard to development expenditure, social services expenditure and capital expenditure during 2017-18 and 2021-22 are shown in **Table 2.25** below:

Table 2.25: Expenditure priority of the State with regard to Health, Education and Capital expenditure

(in per cent)								
Sl. No.		TE/GSDP	SSE/TE	ESE/TE	DE/TE	CE/TE	Education/TE	Health/TE
1	Average (Ratio) 2017-18 of							
2	General Category States*	16.13	36.65	31.17	67.82	15.56	15.17	5.09
3	Chhattisgarh State	23.59	40.72	37.15	77.87	15.02	18.64	6.02
4	Average (Ratio) 2021-22 of							
5	General Category States*	15.84	38.31	28.44	66.74	14.41	14.66	6.20
6	Chhattisgarh State	21.46	36.56	36.83	73.39	12.24	18.54	7.63
TE: Total Expenditure, SSE: Social sector Expenditure, ESE: Economic Sector Expenditure, DE: Development Expenditure, CE: Capital Expenditure, Development Expenditure includes Development Revenue Expenditure, Development Capital Expenditure, development Loan and Advances disbursed.								
*States other than NE and Himalayan States								

Source: Data provided by Economic Advisor

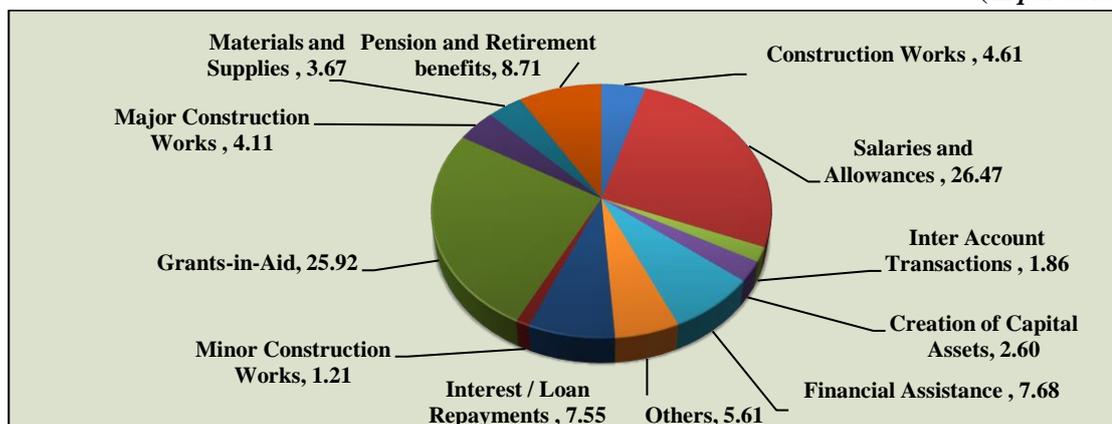
- As a percentage of Gross State Domestic Product, the Total Expenditure of Chhattisgarh was higher than the average of General Category States.
- The proportion of expenditure on Development, especially on health and education, to the Total expenditure of Chhattisgarh has been higher than the average of other General States.
- Allocative priority accorded to Social sector expenditure by the State Government declined from 40.72 *per cent* (2017-18) to 36.56 *per cent* (2021-22) and it was less than the average of general category states in the current year. Significant shortfall in expenditure vis-à-vis budget estimates 2021-22 was noticed under the Major Heads 2202 - General Education (₹2,069 crore), 2215-Water Supply and sanitation (₹ 488 crore) and 2235-Social Security and Welfare (₹ 281 crore) under *Pradhan Mantri Matru Vandana Yojana etc.*
- The allocative priority accorded to capital expenditure by the State Government was less than the average of general category States in 2021-22.

2.4.5 Object head wise expenditure

Finance Accounts depict transactions only up to the Minor Head level. Object head wise expenditure gives information about the object/ purpose of the expenditure. The per cent wise object head expenditure w.r.t total expenditure for 2021-22 is shown in **Chart 2.16** below:

Chart 2.16: Object head wise expenditure

(in per cent)



Source: Finance Accounts 2021-22

As can be seen from the above chart, the expenditure under object heads Salaries & Allowances, Grants-in-Aid and Pension & Retirement Benefits constituted 61.10 per cent of overall expenditure ₹85,514.23 crore (Excludes expenditure on 'Loan and Advances' and 'Inter State Settlement') of the States. Besides, Financial Assistance, Interest/Loan repayments and Construction Works constituted 7.68 per cent, 7.55 per cent and 4.61 per cent of the expenditure respectively.

A drill down view of budgetary allocation and extent of expenditure (above ₹1,000 crore) incurred on the actual items at the Object Head level is given in **Table 2.26** below:

Table 2.26: Object head wise expenditure (where the expenditure is ₹1000 crore and above) vis-à-vis budget authorisation

(₹ in crore)

Sl. No.	Head	Original Budget Estimate	Expenditure	Utilisation Percentage
1	14- Grants-in-Aid	25,580.38	22,163.89	86.64
2	01- Salaries and Allowances	25,121.65	22,639.42	90.12
3	12- Pension and Retirement benefits	6,580.76	7,450.26	113.21
4	13- Financial Assistance	7,479.68	6,565.30	87.78
5	35- Interest / Loan Repayments	6,913.07	6,458.51	93.42
6	97- Construction Works	5,946.02	3,940.15	66.27
7	26- Major Construction Works	4,698.95	3,516.25	74.83
8	25- Materials and Supplies	3,174.04	3,142.14	98.99
9	45- Creation of Capital Assets	2,491.83	2,227.04	89.37
10	37- Inter Account Transactions	2,129.14	1,587.42	74.56
11	27- Minor Construction Works	1,369.67	1,031.70	75.32
	Total	91,485.19	80,722.08	88.24

Source: Finance Accounts 2021-22

As can be seen from the above Table, out of a total budgetary allocation of ₹91,485.19 crore under 11 object heads, the actual expenditure during 2021-22 was only ₹80,722.08 crore (88.24 per cent).

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. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

The status of receipts and disbursement under Public Account are shown in Statement 21 of the Finance Accounts. Component-wise net balances in the Public Account of the State as of 31 March of respective years are shown in **Table 2.27** below:

Table 2.27: Component-wise net balances in Public Account as of 31 March of the year

(₹ in crore)							
Sl. No.	Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
1	I. Small Savings, Provident Fund, etc.	National Small Savings Fund, State Provident Funds and Other Accounts	(+)6,077.89	(+)6,832.41	(+)7,617.67	(+)8,021.40	(+)8,020.50
2	J. Reserve Funds	(a) Reserve Funds bearing Interest	(+)202.83	(+)400.70	(+)1,101.77	(+)614.84	(+)769.36
		(b) Reserve Funds not bearing Interest	(+)1,387.39	(+)1,254.83	(+)1,363.00	(+)1,384.75	(+)1,683.77
3	K. Deposits and Advances	(a) Deposits bearing Interest	(+)49.69	(+)42.90	(+)37.29	(+)33.16	(+)28.27
		(b) Deposits not bearing Interest	(+)6,189.04	(+)5,964.44	(+)5,446.01	(+)5,951.96	(+)5,758.23
		(c) Advances	(-)1.74	(-)1.75	(-)1.84	(-)1.84	(-)7.35
4	L. Suspense and Miscellaneous	(a) Suspense	(+)57.24	(+)35.96	(+)29.66	(+)20.08	(+)84.64
		(b) Other Accounts	(-)4,022.35	(-)9,711.03	(-)5,199.46	(-)3,344.86	(-)3,299.78
		(c) Accounts with Governments of Foreign Countries	0.00	0.00	0.00	0.00	0.00
		(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
5	M. Remittances	(a) Money Orders, and other Remittances	(-)171.17	(-)297.90	(-)204.48	(-)240.97	(-)245.09
		(b) Inter- Governmental Adjustment Account	(-)65.49	(+)61.19	(-)73.82	(-)88.41	(-)91.13
Total			9,703.33	4,581.75	10,115.80	12,350.11	12,701.42

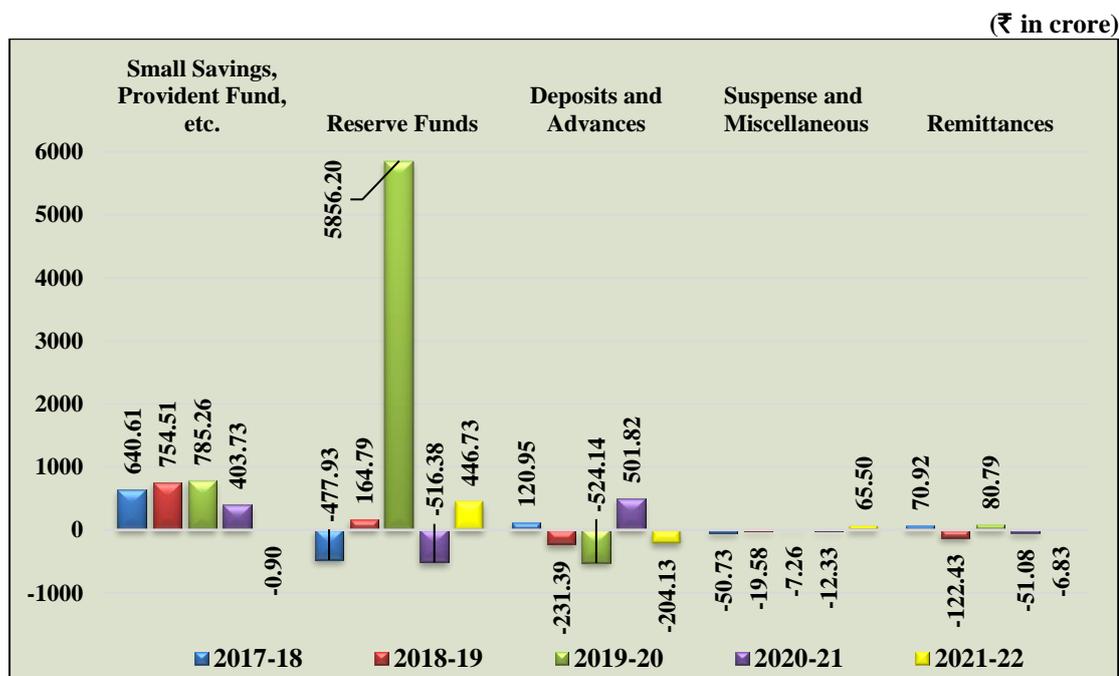
Source: Finance Accounts of respective years

Note: (+) signifies Credit Balance; (-) signifies Debit Balance

The net balances in Public Account increased by ₹351.31 crore in 2021-22 over the previous year, mainly due to increase in Reserve Funds bearing interest by ₹154.52 crore, Reserve Funds not bearing interest by ₹299.02 crore which was counter balanced by decrease in Deposits not bearing Interest by ₹193.73 crore.

The yearly changes in composition of balances in Public Account over the last five year period 2017-22 are given in **Chart 2.17**:

Chart 2.17: Yearly changes in composition of Public Account balances



Source: Finance Accounts of respective years

Note: Yearly changes depicted in the chart above excludes changes in Major Head-8671 Departmental Balances, 8673- Cash Balance Investment Account and Reserve Funds Investment Accounts.

During 2019-20, high change in Reserve Fund was due to receipt of ₹5,791.70 crore under Compensatory Afforestation Funds (CAMPA) transferred by Government of India from National Compensatory Afforestation Deposit and interest of ₹81.25 crore on investment of CAMPA funds.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

There were 17 Reserve Funds earmarked for specific purposes in the State with effect from 2000-2001 (since the formation of the State), out of which, 14 funds were operative and three funds were in-operative as of 31 March 2022. The gross balance at the end of 31 March 2022 in these funds was ₹9,627.40 crore, out of which ₹7,174.27 crore (74.52 per cent) was invested in Government of India Securities and Treasury Bills (₹7,020.35 crore) and Share Capital of Joint Venture Companies (₹153.92 crore).

Transfers into reserve funds and disbursement therefrom are affected through debit and credit entries under the appropriate revenue and expenditure heads under the Consolidated Fund. These represent actual cash transfers only if they impact the Reserve Bank Deposits either directly or by way of investment. Since there was no actual cash outflow, the transactions depicted by GoCG against reserve fund are only book entries to the extent of amount not invested, which violate the spirit underlying the creation and operation of reserve funds.

2.5.2.1 Consolidated Sinking Fund

Following the recommendations of the 12th Finance Commission, the State has created a Consolidated Sinking Fund (CSF) for amortisation of all loans including loans from banks, liabilities on account of National Small Savings Funds, *etc.* Further, as per recommendation of the 12th Finance Commission, a minimum annual contribution of 0.50 *per cent* of outstanding liabilities at the beginning of the year was required to be transferred to the fund.

During 2021-22, GoCG transferred ₹300.00 crore to the Consolidated Sinking Fund against the minimum requirement of ₹463.57 crore (representing 0.5 *per cent* of outstanding liabilities of ₹92,714.22 crore as on 31 March 2021). The short contribution of ₹163.57 crore to the Consolidated Sinking Fund resulted in overstatement of Revenue Surplus and understatement of Fiscal deficit to that extent. As on 31 March 2022, an amount of ₹2,886.94 crore was lying in the Fund, and the entire amount was invested in Government of India securities.

2.5.2.2 State Disaster Risk Management Fund

Fifteenth Finance Commission has recommended the creation of fund for disaster mitigation along with disaster response, which will be together called as State Disaster Risk Management Fund (SDRMF). Out of the total amount recommended for SDRMF, the share of SDRF shall be 80 *per cent* and the share of SDMF 20 *per cent*. The SDRF had an opening balance of ₹103.11 crore as of 01 April 2021. During the year, the State Government received ₹345.60 crore as Central Government Share and the corresponding state share of ₹115.20 crore which was to be transferred to the fund. The State Government transferred whole amount of ₹460.80 crore to the Fund under Major Head 8121-122 SDRF. Expenditure of ₹360.54 crore was made from SDRF during 2021-22. Thus, the SDRF had a closing balance of ₹205.52⁷ crore as on 31 March 2022. No amount was received from the Central Government towards NDRF.

Further, the XVFC recommended to create the State Disaster Mitigation Fund (SDMF) for local level and community-based interventions which reduce the risks and promote environment-friendly settlements and livelihood practices. The Government of India and the State Government are required to contribute to the fund in the proportion of 75:25 respectively. The SDMF had an opening balance of ₹ 57.60 crore as on 1 April

⁷ Including ₹2.15 crore of Treasury deposit.

2021. During 2021-22, the State Government received ₹86.40 crore as the Central share. Thus, the State Government had to transfer ₹115.20 crore to SDMF (₹86.40 crore as Central Share along with ₹28.80 crore as State Share). However, the State Government transferred only ₹57.60 crore (₹43.20 crore and ₹14.40 crore of Central Share and State Share respectively) resulting in the closing balance of ₹115.66⁸ crore as of 31 March 2022.

Details of expenditure charged to SDRF are given below in **Table 2.28:**

Table 2.28: Details of expenditure charged to SDRF

			(₹ in crore)
Sl. No.	Head	Minor Head of Account	Expenditure during 2021-22
1	2245- Relief on Account of Natural Calamities		
2	01-Drought		
3	101	Gratuitous Relief	0.30
4	282	Public Health	0.00
5	02-Floods, Cyclones, etc.		
6	101	Gratuitous Relief	3.03
7	106	Repairs and Restoration of Damaged Roads and Bridges	0.00
8	110	Assistance for repair and restoration of damaged Water Supply, Drainage and Sewerage Works	0.03
9	111	Ex-gratia Payments to bereaved families	18.92
10	112	Evacuation of population	0.54
11	113	Assistance for repair and construction of Houses	7.84
12	114	Assistance to Farmers for purchase of Agriculture Input	20.21
13	116	Assistance to Farmers for repairs of damaged tube wells and Pump sets	0.02
14	117	Assistance to Farmers for purchase of livestock	6.87
15	80-General		
16	101	Centre for Training to Disaster Preparedness	74.45
17	102	Management of Natural Disasters, Contingency Plans in disaster prone areas	0.00
18	800	Other Expenditure	228.58
19	Total SDRF Expenditure		360.79
20	05-State Disaster Response Fund		
21	901	Deduct- Amount met from State Disaster Response Fund	(-360.54)

Source: Finance Accounts 2021-22

2.5.2.3 Guarantee Redemption Fund

As per the recommendation of the 12th Finance commission, the Government of Chhattisgarh was required to constitute a Guarantee Redemption Fund (GRF) with minimum annual contribution of 0.50 *per cent* of outstanding guarantee at the beginning of the year. Accordingly, the State Government was required to create a GRF and transfer ₹99.18 crore to the Fund in 2021-22. Contrary to the Finance Commission

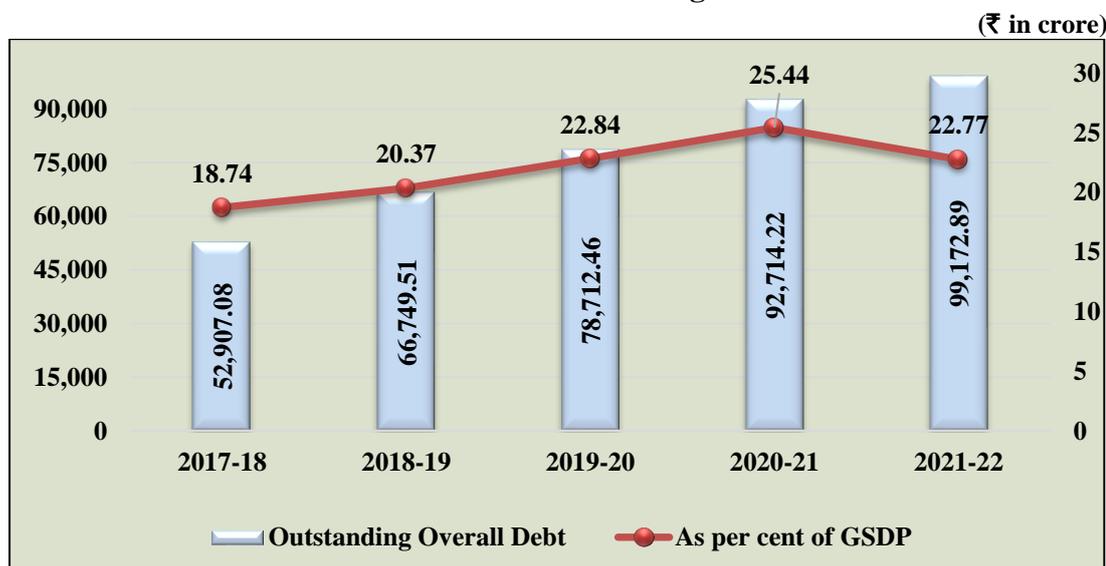
⁸ Including 0.46 crore of interest received

recommendations, the State Government has decided not to form the GRF as most of guarantees sanctioned by the State Government were of “low and medium risk” and none of the institutions had defaulted in repayment of loan against the guarantees sanctioned shifting the liability/burden to the State Government since the formation of the State.

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. The trend of overall Debt between 2017-18 and 2021-22 is shown in **Chart 2.18** below:

Chart 2.18: Trend of overall Debt during 2017-18 and 2021-22



Source: Finance Accounts of respective years

Note: Debt to GSDP ratio has been calculated after excluding the amount of back to back loan ₹3,109 crore and ₹8,074.15 crore from the total outstanding debt ₹92,714.22 crore and ₹99,172.89 crore for the year 2020-21 and 2021-22 respectively.

2.6.1 Debt profile: Components

As per Chhattisgarh FRBM act, Public Debt comprises internal debt of the State Government and Loans and Advances from Central Government. Internal debt consists of Market Loans, Ways and Means advances from RBI, Compensation and other Bonds, Loans from Financial Institutions and Special Securities issued to National Small Savings Fund of Central Government.

The details relating to total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2017-22 are given in **Table 2.29**:

Table 2.29: Component wise debt trends

(₹ in crore)

Sl. No.	Particular	2017-18	2018-19	2019-20	2020-21	2021-22	
1	Outstanding Overall Debt	52,907.08	66,749.51	78,712.46	92,714.22	99,172.89	
2	Public Debt	Internal Debt	36,690.44	49,553.83	60,382.67	70,538.81	71,186.62
		Loans from Gol	2,339.57	2,700.39	2,764.05	6,169.30	11,726.15
3	Liabilities on Public Account	13,877.07	14,495.29	15,565.74	16,006.11	16,260.12	
4	Rate of growth of outstanding overall debt (<i>per cent</i>)	19.54	26.16	17.92	17.79	6.97	
5	Gross State Domestic Product (GSDP)	2,82,266	3,27,693	3,44,571	3,52,161	4,00,061	
6	Rate of growth of GSDP (<i>per cent</i>)	7.41	16.09	5.15	2.20	13.60	
7	Debt/GSDP (<i>per cent</i>)	18.74	20.37	22.84	25.44 ⁹	22.77 ¹⁰	
8	Total Debt Receipts¹¹	15,851.32	20,736.52	31,921.72	33,423.87	28,164.36	
9	Total Debt Repayments	7,202.52	6,923.87	19,958.77	19,422.11	21,657.37	
10	Total Debt Available	8,648.80	13,812.65	11,962.95	14,001.76	6,506.99	
11	Debt Repayments/Debt Receipts (<i>Per cent</i>)	45.44	33.39	62.52	58.11	76.90	

Source: Finance Accounts of respective years

The amount of outstanding overall debt shown above included back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore during 2020-21 and ₹4,965.15 crore in 2021-22) provided in lieu of shortfall in GST Compensation as debt receipt to the State Government with no repayment liability for the State. The effective outstanding overall debt after excluding the back-to-back loan would be ₹91,098.74 crore as on March 2022. The rate of growth of outstanding overall debt decreased from 17.79 *per cent* in 2020-21 to 6.97 *per cent* in 2021-22. During 2021-22, total debt receipts decreased by ₹5,259.51 crore (15.74 *per cent*) and total debt repayment increased by ₹2,235.26 crore (11.51 *per cent*) as compared to previous year. The rate of growth of outstanding overall debt in all the five years exceeded the rate of growth of GSDP, except for 2021-22 where rate of growth of GSDP was more than rate of growth of outstanding overall debt.

The State Government has net outstanding off-budget liabilities/borrowings of ₹3,872.80 crore towards various Financial Institutions in addition to the budgeted liabilities of ₹99,172.89 crore as on 31 March 2022. The State Government has not disclosed these borrowings as required under FRBM disclosures alongwith the budget document.

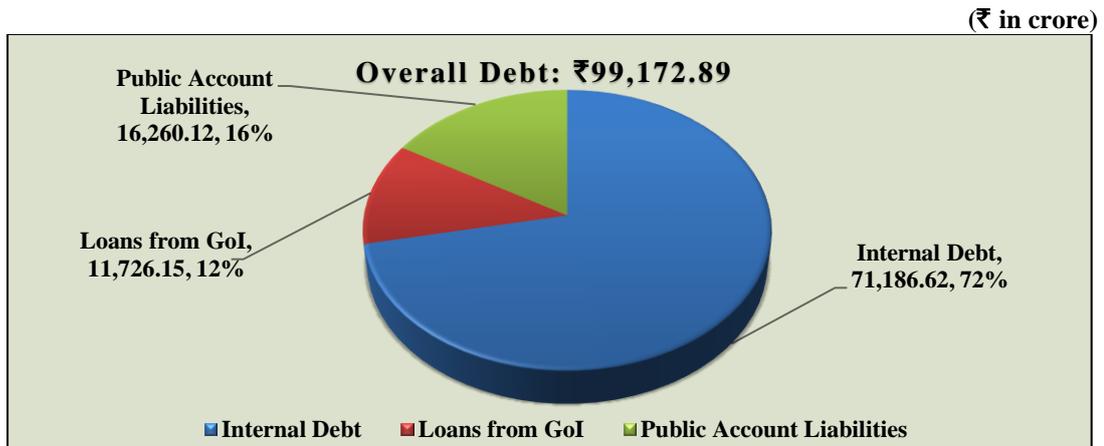
⁹ Debt to GSDP ratio has been calculated on the total debt of ₹89,605.22 crore after excluding the amount of back to back loan (₹3,109 crore) from the total outstanding debt (₹92,714.22 crore).

¹⁰ Debt to GSDP ratio has been calculated on the total debt of ₹91,098.74 crore after excluding the amount of back-to-back loan of ₹8,074.15 crore (₹3,109.00 crore in 2020-21 and ₹4,965.15 crore in 2021-22) from the total outstanding debt (₹99,172.89 crore).

¹¹ Including Public Account Liabilities

Component-wise break-up of debt is shown below in **Chart 2.19**:

Chart 2.19: Break up of Outstanding Overall Debt at the end of 2021-22

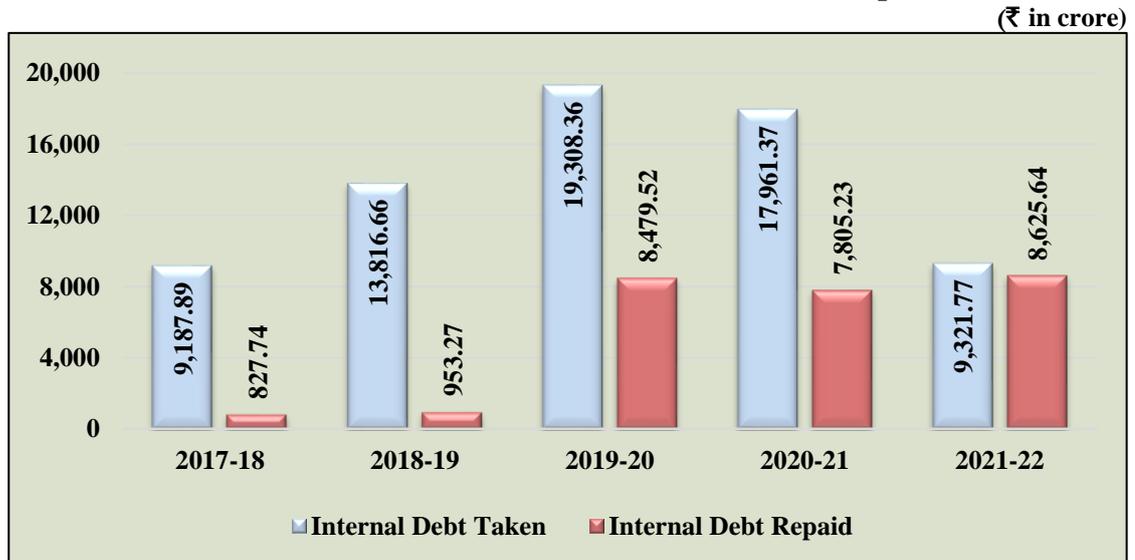


Source: Finance Accounts 2021-22

Internal debt (₹71,186.62 crore), which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 72 per cent of the total outstanding debt.

Chart 2.20 depicts Internal Debt taken by the State Government and repayment for the same period.

Chart 2.20: Internal debt taken vis-a-vis repaid



Source: Finance Accounts of the respective years

During 2017-22, the internal debt receipts under the overall debt of the State Government increased by ₹133.88 crore from ₹9,187.89 crore in 2017-18 to ₹9,321.77 crore in 2021-22. However, it decreased by ₹8,639.60 crore in current year as compared to previous year. During 2021-22, the State Government utilised 92.53 per cent of its internal debt receipts in repayment of previous internal debt, resultantly only 7.45 per cent was available for expenditure. This availability was lowest (7.45 per cent) in 2021-22 and highest (93.10 per cent) in 2018-19.

2.6.2 Components of fiscal deficit and its financing pattern

Fiscal Deficit represents the total financing that the State requires (predominantly by drawing on its cash and investment balances with the RBI and by borrowing) to meet the excess of the Revenue and Capital Expenditure (including loans and advances) over Revenue and Non-debt Receipts. Financing pattern of fiscal deficit is reflected in **Table 2.30**.

Table 2.30: Components of fiscal deficit and its financing pattern

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Composition of Fiscal Deficit						
1	Revenue Deficit (-)/ Surplus (+)	3,417.32	683.76	(-9,608.61)	(-6,856.66)	4,642.02
2	Net Capital Expenditure	(-9,997.64)	(-8,898.19)	(-8,561.69)	(-9,019.34)	(-10,499.33)
3	Net Loans and Advances ¹²	(-230.00)	(-77.80)	200.75	53.62	(-235.79)
Total		(-6,810.32)	(-82,92.23)	(-17,969.55)	(-15,822.38)	(-6,093.10)
Financing pattern of Fiscal Deficit						
1	Market borrowings	8,100.00	12,899.99	10,980.00	10,500.00	999.99
2	Loans from GOI	292.41	360.82	63.66	3,405.25	5,556.85
3	Special securities issued to NSSF	(-431.13)	(-443.74)	(-455.88)	(-455.88)	(-455.88)
4	Loans from financial institutions	691.28	407.14	304.72	112.02	239.03
5	Small Savings, PF etc.	640.61	754.51	785.26	403.73	(-0.90)
6	Deposits and Advances	120.95	(-231.39)	(-524.14)	501.82	(-204.13)
7	Suspense and Miscellaneous	(-1,611.16)	(-5,709.95)	4,505.27	1,845.02	109.64
8	Remittances	70.92	(-122.43)	80.79	(-51.08)	(-6.83)
9	Reserve Fund	(-765.14)	60.4	814.16	(-465.18)	453.53
10	Compensation and Other Bonds	0.00	0.00	0.00	0.00	(-87.01)
11	Overall Deficit	7,108.74	7,975.35	16,553.84	15,795.70	6,604.29
12	(-)Increase/(+)Decrease in cash balance	(-298.42)	(+316.88)	(+1,415.71)	(+26.68)	(-511.19)
Gross Fiscal Deficit		6,810.32	8,292.23	17,969.55	15,822.38	6,093.10

Source: Finance Accounts of respective years

During 2021-22, Loans and Advances from the Central Government (₹5,556.85 crore) raised by the State Government contributed to finance a major portion of fiscal deficit and its share in financing fiscal deficit was 91.20 per cent.

Receipts and Disbursements under different components financing the Fiscal Deficit are shown in **Table 2.31**:

¹² Net loans and advances including inter-State settlement

Table 2.31: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

Sl. No.	Particulars	Receipt	Disbursement	Net
1	Market Borrowings	3,999.99	3,000.00	999.99
2	Loans from GOI	5,776.51	219.66	5,556.85
3	Special Securities issued to NSSF	0.00	455.88	(-)455.88
4	Loans from Financial Institutions	1,104.27	865.24	239.03
5	Compensation and Other Bonds	0.00	87.01	(-)87.01
6	Small Savings, PF, etc.	1,648.18	1,649.08	(-)0.90
7	Deposits and Advances	4,226.54	4,430.67	(-)204.13
8	Suspense and Miscellaneous	1,45,828.19	1,45,718.55	109.64
9	Remittances	8,877.41	8,884.24	(-)6.83
10	Reserve Fund	7,779.21	7,325.68	453.53
11	Contingency fund	0.00	0.00	0.00
12	Overall Deficit	1,79,240.30	1,72,636.01	6,604.29
13	Increase/Decrease in cash balance	0.00	511.19	(-)511.19
14	Gross Fiscal Deficit	1,79,240.30	1,73,147.20	6,093.10

Source: Finance Accounts 2021-22

2.6.3 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. **Table 2.32** below shows the debt maturity profile of the State.

Table 2.32: Maturity profile of repayment of State debt

(₹ in crore)

Sl. No.	Period of repayment (Years)	Internal Debt	Loans & Advances from Central Government	Total	Percentage (w.r.t. public debt)
1	0 to 1	5,652.58	354.80	6,007.38	7.24
2	1 to 3	16,250.73	497.59	16,748.32	20.20
3	3 to 5	20,980.66	373.85	21,354.51	25.76
4	5 to 7	19,426.37	363.19	19,789.56	23.87
5	7 and above	8,720.30	2,061.14	10,781.44	13.00
6	Others ¹³	155.97	8,075.58	8,231.55	9.93
Total		71,186.62	11,726.15	82,912.77	100.00

Source: Finance Accounts 2021-22

The maturity profile of the State debt as on 31 March 2022 indicates that the State has to pay 77.07 per cent of the debt within the next seven years.

2.7 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to service its debt now and in future. Apart from the magnitude of the debt of the Government, it is important to

¹³ Details of maturity year not available

analyse the various parameters that determine the debt sustainability of the State and indicate the ability of the State to service its debt obligations. This section assesses the sustainability of the debt of the Government in terms of rate of growth of outstanding debt; ratio of interest payments and revenue receipts, debt repayments and debt receipts; net debt available to the State.

Table 2.33 analyses the debt sustainability of the State according to these indicators for the period of five years from 2017-18 to 2021-22.

Table 2.33: Trends in debt Sustainability indicators

(₹ in crore)

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Outstanding Public Debt*	39,030.01	52,254.22	63,146.72	76,659.79 ¹⁴	82,912.77 ¹⁵
2	Rate of growth of outstanding Public Debt (per cent)	28.48	33.88	20.85	21.40	8.16
3	Gross State Domestic Product (GSDP)	2,82,266	3,27,693	3,44,571	3,52,161	4,00,061
4	Rate of growth of GSDP (per cent)	7.41	16.09	5.15	2.20	13.60
5	Debt/GSDP (per cent)	13.83	15.95	18.33	20.89 ¹⁶	18.71 ¹⁷
6	Average interest Rate of Outstanding Public Debt (per cent)	7.52	6.79	7.42	7.19	7.35
7	Percentage of Interest payment to Revenue Receipt	4.37	4.76	6.70	7.78	6.85
8	Percentage of Debt Repayment to Debt Receipt	10.36	7.97	44.39	37.16	58.58
9	Net Debt available to the State [#]	6,044.56	10,126.19	6,610.26	8,645.96	799.18
10	Net Debt available as per cent to Debt Receipts	62.62	70.47	33.75	40.06	5.29
11	Primary Deficit	(-)3,711.99	(-)4,639.69	(-)12,999.19	(-)10,189.27	51.14
12	Debt Stabilisation (Quantum spread [@] + Primary Deficit)	(-)3,752.99	219.95	(-)14,432.62	(-)13,859.45	4,728.55

Source: Finance Accounts of the respective years

* 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.

@ Quantum spread = Debt * interest spread; Where Interest spread = GSDP growth rate - average interest rate. For computation of quantum spread for the year 2020-21 & 2021-22, the debt and average Interest rate are taken excluding back to back loan of ₹3,109 and ₹8,074.15 crore respectively.

¹⁴ Includes back to back loan of ₹3,109 crore provided in lieu of shortfall in GST compensation as debt receipt to the State Government with no repayment liability for the State.

¹⁵ Includes back to back loan of ₹8,074.15 crore provided in lieu of shortfall in GST compensation as debt receipt to the State Government with no repayment liability for the State.

¹⁶ Debt/GSDP has been calculated on ₹73,550.79 crore after excluding back to back loan of ₹3,109 crore from total public debt of ₹76,659.79 crore.

¹⁷ Debt/GSDP has been calculated on ₹74,838.62 crore after excluding back to back loan of ₹8,074.15 crore from total public debt of ₹82,912.77 crore.

A necessary condition for debt stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative.

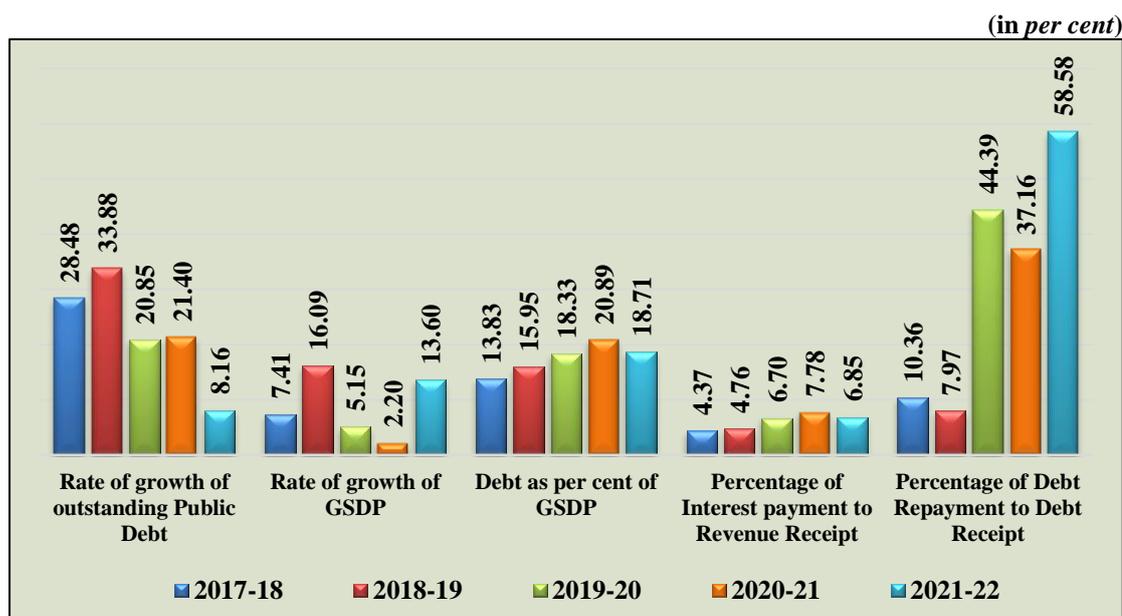
Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt * rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt GSDP ratio would eventually be falling.

- During year 2017-18 and 2019-21 debt to GSDP ratio was rising as primary deficit together with quantum spread was negative and so could not fulfill the condition for debt stabilization. However, during 2021-22, the rate of growth of economy (rate of growth of GSDP) exceeded the interest rate or cost of public borrowings resulting in falling debt to GSDP ratio and fulfillment of necessary condition for debt stabilization.
- Higher percentage of interest payments leaves less funds for priority areas. Percentage of interest payments to revenue receipt measures the margin of safety a government has for paying interest on its debt during a given period. There was increasing trend in the percentage of interest payment on public debt to revenue receipt from 2017-18 to 2020-21. However, during 2021-22 interest payment on public debt to revenue receipt decreased to 6.85 *per cent* as compared to 7.78 *per cent* over the previous year.
- The percentage of net debt available to the State after repayment of borrowings and interest decreased to five *per cent* (₹799.18 crore) in 2021-22 as against 40 *per cent* (₹8,645.96 crore) in 2020-21. Decline in net debt availability of the State indicates towards increased burden of servicing of debt and leave the State with limited fund available for development activities.
- The average expenditure (Public debt repayment and interest payment on Public Debt) on debt servicing during the period 2017-22 was ₹9,612.78 crore, which accounted for 59.86 *per cent* of average public debt receipts (₹16,058.01 crore) during the same period, implying that a large percentage of debt was being used for debt servicing rather than productively.

Total outstanding guarantees (₹19,523.54 crore) of the State Government at the end of March 2022 stood at 65.02 *per cent* of State own Revenue Receipts. Since the State has not created Guarantee Redemption Fund (GRF), any liability arising due to default by the borrowing entities would be serviced through budget provision which will put additional burden on the State Government.

Chart 2.21 below depicts the sustainability of debt of the State Government in terms of debt/GSDP ratio.

Chart 2.21: Trends of Debt Sustainability indicators



Source: Finance Accounts of the respective years

Note: Debt as percent of GSDP computed after excluding back to back loan in 2020-21 & 2021-22.

2.7.1 Trend of Outstanding Public Debt for Repayment in upcoming Years

The borrowings of the 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. The principal and interest of outstanding debt stock for repayment in next 10 years on the present debt liabilities is depicted below in **Table 2.34**.

Table 2.34: Outstanding Public Debt (Principal) for Repayment in next 10 years

(₹ in crore)

Sl. No.	Year	Outstanding Public Debt (Principal) for Repayment		
		Internal Debt of the State Government	Loans and Advances from Central Government	Total
1	2021-22	8,625.64	219.66	8,845.30
2	2022-23	5,652.58	354.80	6,007.38
3	2023-24	7,204.78	294.16	7,498.94
4	2024-25	9,045.96	203.42	9,249.38
5	2025-26	10,800.46	189.02	10,989.48
6	2026-27	10,180.20	184.83	10,365.03
7	2027-28	11,870.44	184.80	12,055.24
8	2028-29	7,555.93	178.40	7,734.33
9	2029-30	7,981.26	162.46	8,143.72
10	2030-31	256.48	143.18	399.66
11	2031-32	120.44	133.70	254.14
Total		79,294.17	2,248.43	81,542.60

Source: Finance Accounts 2021-22

During 2021-22, the State Government made principal repayment of ₹8,625.64 crore against Internal Debt and ₹219.66 crore against Loans and Advances from Central Government. Further, the State Government will have to make principal repayment of ₹70,668.53 crore against Internal Debt and ₹2,028.77 crore against Loans and Advances from Central Government from 2022-23 to 2031-32. Outstanding principal and interest of market loans for repayment is shown in below **Table 2.35**.

Table 2.35: Outstanding principal and interest of Market Loans for repayment

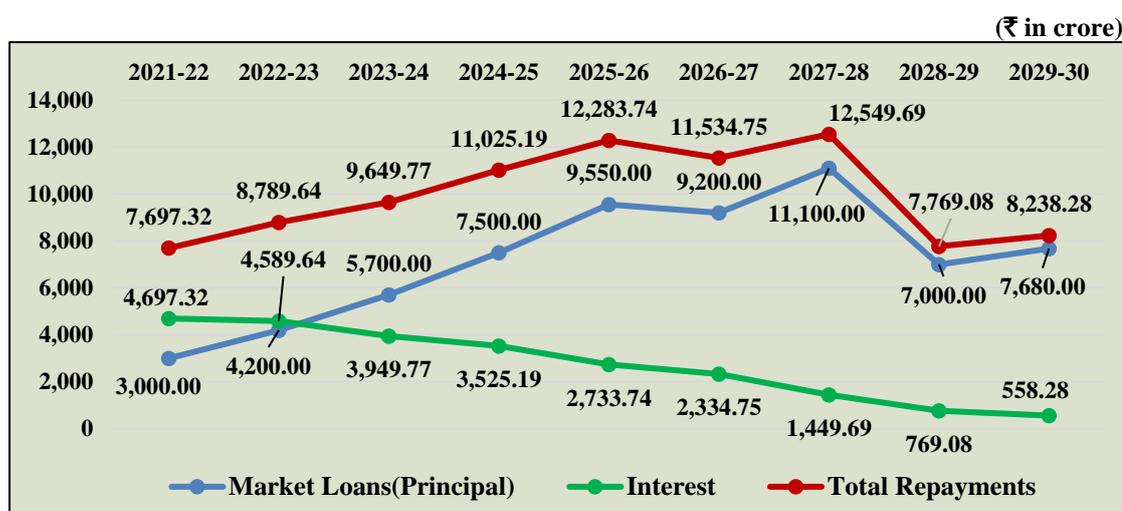
(₹ in crore)

Sl. No.	Year	Outstanding Market Loans for Repayment		
		Principal	Interest	Total
1	2021-22	3,000.00	4,697.32	7,697.32
2	2022-23	4,200.00	4,589.64	8,789.64
3	2023-24	5,700.00	3,949.77	9,649.77
4	2024-25	7,500.00	3,525.19	11,025.19
5	2025-26	9,550.00	2,733.74	12,283.74
6	2026-27	9,200.00	2,334.75	11,534.75
7	2027-28	11,100.00	1,449.69	12,549.69
8	2028-29	7,000.00	769.08	7,769.08
9	2029-30	7,680.00	558.28	8,238.28
Total		64,930.00	24,607.46	89,537.46

Source: Finance Accounts 2021-22

The State Government made principal repayment of ₹3,000.00 crore and interest repayment of ₹4,697.32 crore against market loans during 2021-22. Further, the State Government will have to make principal repayment of ₹61,930.00 crore and interest repayment of ₹19,910.14 crore against market borrowings from 2022-23 to 2029-30. Market loans of ₹61,930.00 crore forms a major part (85.19 per cent) of total public debt-principal component of ₹72,697.30 crore. Trend of repayment of outstanding market loans is shown in **Chart 2.22** below.

Chart 2.22: Trend of outstanding Market Loans for repayment



Source: Finance Accounts 2021-22

As can be seen from above chart, that the outstanding year wise market loans for repayment shows an increasing trend, the State Government needs to augment its resources to meet the increasing debt repayment burden over the coming years.

2.7.2 Utilisation of borrowed fund

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. Details and trends of utilisation of borrowed funds during 2017-18 to 2021-22 are given in **Table 2.36**.

Table 2.36: Utilisation of borrowed funds

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Total Borrowings ¹⁸	15,851.32	20,736.52	31,921.72	33,423.87	28,164.36
2	Repayment of earlier borrowings (Principal)	7,202.52	6,923.87	19,958.77	19,422.11	21,657.37
3	Balance available after borrowing repayments	8,648.80	13,812.65	11,962.95	14,001.76	6,506.99
4	Net Capital expenditure	(-)9,997.64	(-)8,898.19	(-)8,561.69	(-)9,019.34	(-)10,499.33
5	Net Loans and Advances	(-)230.00	(-)77.80	200.75	53.62	(-)235.79
6=1-2-3-4	Portion of Revenue expenditure met out of net available borrowings	Nil	Nil	3,602.01	5,036.04	Nil
7	Surplus borrowing in Cash Balance	Nil	4,836.66	Nil	Nil	Nil

Source: Finance Accounts of the respective years

Table 2.36 shows that borrowings during 2021-22 was less than the expenditure on capital account, i.e., repayment of public debt, capital expenditure and loans and advances disbursed, thereby, implying that a portion of expenditure on capital account were met from revenue surplus of the State. During the year 2021-22, 77 per cent of borrowed funds were utilised towards the repayment of earlier borrowings leaving only 23 per cent of borrowed fund for development activities. During 2021-22, total borrowings decreased by ₹5,259.51 crore (15.74 per cent) from ₹33,423.87 crore in 2020-21 to ₹28,164.36 crore in 2021-22. However, repayment of earlier borrowings increased by ₹2,235.26 crore (11.51 per cent) in 2021-22 over the previous year.

2.7.3 Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The total outstanding guarantees of the State Government were within the ceilings fixed under the Chhattisgarh State Government Guarantee Rules in last five years. The details of outstanding guarantees at the end of the financial year for the year 2017-18 to 2021-22 are given in **Table 2.37**.

¹⁸ Total Borrowing includes receipts under Public Debt and Other Public Account liabilities

Table 2.37: Guarantees given by the Government of Chhattisgarh

(₹ in crore)						
Sl. No.	Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22
1	Ceiling applicable to the outstanding amount of guarantees*	17,230.12	18,364.57	20,391.20	30,051.62	30,026.15
2	Outstanding amount of guarantees	3,881.92	10,769.42	18,459.36	19,836.13	19,523.54

Source: Finance Accounts of the respective years

* As per Chhattisgarh State Government Guarantees Rules, 2003, the total outstanding guarantees in a financial year shall not exceed seventy per cent of the State's own Revenue Receipts in the preceding year. However, the limit was increased (July 2020) to hundred per cent through Chhattisgarh State Government Guarantees Rules, 2020 (Amended).

As of 31 March 2021, the State Government guaranteed the loans of various entities amounting to ₹19,836.13 crore. During the year 2021-22, it guaranteed a further amount of ₹661.25 crore. An amount of ₹973.84 crore was repaid during the year, leaving the outstanding guarantees at the end of March 2022 at ₹19,523.54 crore.

Audit noticed that many of the above entities raised funds through loans based on Government guarantees for implementation of Government schemes/programmes. These entities are either loss making and/or financed by the Government. In five such cases scrutinized by Audit revealed that the State Government has been servicing the loans and interest thereon through budget, thus shifting the burden to the Government.

The outstanding Guarantees (₹19,523.54 crore) at end of March 2022 stood at 65.02 per cent of State's own Revenue Receipts¹⁹ of the preceding year (i.e. ₹30,026.15 crore in 2020-21) which was well within the ceiling of 100 per cent. During the year 2021-22, against the guarantee fees receivable of ₹76.00 crore, ₹73.50 crore was received and guarantees fees for guarantees given to *Atal Nagar Vikas Pradhikaran* (₹2.50 crore) was not received.

2.7.4 Management of Cash Balances

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'.

It is not desirable that State Government takes recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use. **Table 2.38** depicts the cash balances and the investments made out of these by the State Government during the year.

¹⁹ The State's own Revenue Receipts comprises of State Own Tax Revenue and Non-Tax Revenue

Table 2.38: Status of Cash Balances

(₹ in crore)

Sl. No.	Particulars	Opening balance as on 01 April 2021	Closing balance as on 31 March 2022
1	A. General Cash Balances		
2	Cash in treasuries	0.00	0.00
3	Deposits with Reserve Bank	(-)1,121.67	(-)610.48
4	Deposits with other Banks	0.00	0.00
5	Remittances in transit	0.00	0.00
6	Total	(-)1,121.67	(-)610.48
7	Investment held in 'Cash Balance Investment Account'	3,389.68	3,345.39
8	Total A	2,268.01	2,734.91
9	B. Other Cash Balances and Investments		
10	Cash with the Departmental Officers viz. Forest, Public Works Departments, Military Secretary to the Governor	11.95	12.10
11	Permanent advances for contingent expenditure with Departmental Officers	0.34	0.34
12	Investment of Earmarked Funds	7,181.07	7,174.27
13	Total B	7,193.36	7,186.71
14	Total A and B	9,461.37	9,921.62
15	Interest realised	29.66	28.23

Source: Finance Accounts of 2021-22

Cash Balances of the State Government at the end of the current year increased by ₹460.25 crore from ₹9,461.37 crore in 2020-21 to ₹9,921.62 crore in 2021-22. Under an agreement with the Reserve Bank of India (RBI) the Government of Chhattisgarh has to maintain the required minimum cash balance of ₹0.72 crore with the RBI. If the balance falls below the agreed minimum balance on any day, the shortfall is made good by taking Ordinary and Special Ways and Means Advance or Ordinary Ways and Means Advance. While the State Government has not availed of any Ways and Means Advances during 2021-22, it availed of Special Drawing facility of ₹4,217.51 crore from RBI. The cash balance investments of the State during the five-year period 2017-18 to 2021-22 are given below in the **Table 2.39**.

Table 2.39: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

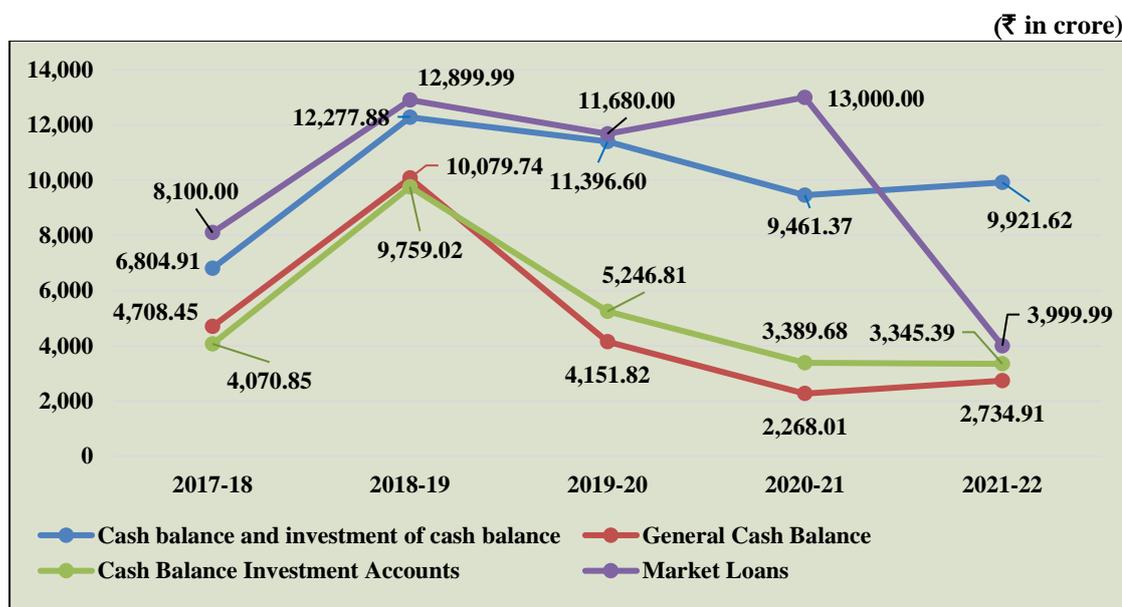
Sl. No.	Year	Cash Balance Investment			
		Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
1	2017-18	2,512.00	4,070.85	1,558.85	140.20
2	2018-19	4,070.85	9,759.02	5,688.17	144.33
3	2019-20	9,759.02	5,246.81	(-)4,512.21	196.10
4	2020-21	5,246.81	3,389.68	(-)1,857.13	29.66
5	2021-22	3,389.68	3,345.39	(-)44.29	28.23

Source: Finance Accounts of respective years

The position of closing balance of Cash Balance Investment of the State Government during 2017-22 decreases by ₹725.46 crore with inter year fluctuation from ₹4,070.85 crore in 2017-18 to ₹3,345.39 crore in 2021-22.

Chart 2.23 below compares the Cash Balance and the Market Loans availed by the State Government during the period 2017-22.

Chart 2.23: Market Loans vis-à-vis Cash Balance



Source: Finance Accounts of respective years

The State Government made investment of ₹3,345.39 crore in Government of India Treasury Bills from the General cash balance as on 31 March 2022. During 2021-22, the State Government received interest of ₹28.23 crore on its investment of cash balance and raised market loans of ₹3,999.99 crore at an average interest rate of 6.64 per cent.

The buildup of large cash balances increases the interest cost burden for the State Government. The State Government could have lowered its borrowings and burden of interest by utilizing surplus cash balance available with it.

2.8 Conclusion

The State Government registered a significant increase of 26.08 per cent in its Revenue Receipts during 2021-22 compared to the previous year. The Own tax revenue increased by 18.33 per cent and non-tax revenue increased by 94.08 per cent and achieved the level anticipated in budgetary projections.

The State Government achieved the target of Revenue surplus (₹4,642.02 crore) and ratio of Fiscal Deficit to GSDP (1.52 per cent) was within the target of four per cent prescribed under FRBM/MTFPS during the 2021-22.

Revenue expenditure which constitute 87 per cent of total expenditure increased by 7.11 per cent during 2021-22 compared to the previous year. Though the Capital

Expenditure increased by 16.40 per cent over the previous year, its share in total expenditure was merely 12 per cent. While the revenue expenditure as a percent of GSDP was 18.75 per cent, the capital expenditure stood at 2.63 per cent of GSDP in 2021-22. The allocative priority accorded to capital expenditure by the State Government was less than the average of general category States in 2021-22.

Debt-GSDP ratio of the State decreased from 25.44 per cent in the year 2020-21 to 22.77 per cent in the year 2021-22 against the target of 28.34 per cent under the FRBM/MTFPS.

Debt Stabilisation increased during the year 2021-22 due to the lower average interest rate on public debt as compared to GSDP growth rate. The percentage of Interest Payment on Public Debt to Revenue Receipts also decreased to 6.85 per cent in the year 2021-22 from 7.78 per cent in the year 2020-21.

The percentage of net public debt available to the State after repayment of borrowings and interest decreased to five per cent (₹799.18 crore) in 2021-22 as against 40 per cent (₹8,645.96 crore) in 2020-21. Decline in net debt availability of the State indicates towards increased burden of servicing of debt and leave the State with limited fund available for development activities.

Committed Expenditure to Revenue Expenditure in the year 2021-22 decreased to 58.92 per cent from 60.08 per cent in the year 2020-21.

The State Government has not constituted Guarantee Redemption Fund for meeting the debt servicing obligation arising in the event of default by the borrowing agency out of guarantees issued by the Government.

During the year 2021-22, the State Government transferred less contribution to the Consolidated Sinking Fund, which was 0.32 per cent of the outstanding liabilities as against its minimum required contribution of at least 0.50 per cent.

2.9 Recommendations

- i.** The State Government should explore ways to rationalise its committed expenditure so that more funds can be made available for development expenditure.
- ii.** The State Government should create the Guarantee Redemption Fund as per the recommendations of Twelfth Finance Commission.
- iii.** Government should review and analyse the reasons for delays in completion of capital projects and initiate expeditious measures to enable the departments involved, to overcome the hurdles in this regard.