

CHAPTER 2

FINANCES OF THE STATE

Chapter 2: Finances of the State

2.1 Major Changes in Key Fiscal Aggregates

Changes in key fiscal aggregates in 2021-22

Revenue Receipts	Revenue receipts of the State increased by 15.59 per cent Own Tax receipts of the State increased by 27.35 per cent Own Non-tax receipts increased by 6.22 per cent State's Share of Union Taxes and Duties increased by 51.01 per cent Grants-in-Aid from Government of India decreased by 37.97 per cent
Revenue Expenditure	Revenue expenditure increased by 9.43 per cent Revenue expenditure on General Services increased by 9.25 per cent Revenue expenditure on Social Services increased by 13.17 per cent Revenue expenditure on Economic Services increased by 2.63 per cent No expenditure on Grants-in-Aid during 2021-22
Capital Expenditure	Capital expenditure increased by 88.18 per cent Capital expenditure on General Services increased by 44.85 per cent Capital expenditure on Social Services increased by 83.22 per cent Capital expenditure on Economic Services increased by 100.80 per cent
Loans and Advances	Disbursement of Loans and Advances increased by 4.32 per cent Recoveries of Loans and Advances increased by 15.74 per cent
Public Debt	Public Debt Receipts decreased by 3.54 per cent* Repayment of Public Debt decreased by 13.64 per cent
Public Account	Public Account Receipts increased by 3.55 per cent Disbursement of Public Account increased by 2.95 per cent
Cash Balance	Cash balance increased by ₹ 1798.17 crore (57.12 per cent) during 2021-22 compared to previous year

* Excluding GoI back-to-back loans of ₹ 4,352 crore & ₹ 7,394 crore received during the year 2020-21 & 2021-22 respectively in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).

2.2 Sources and Application of Funds

The summary of sources and application of funds during the current year (2021-22) vis-à-vis the previous year (2020-21) is given in **Table 2.1**.

Table 2.1: Details of sources and application of funds during 2020-21 and 2021-22

(₹ in crore)

	Particulars	2020-21	2021-22	Increase/ Decrease (Percentage)
Sources	Opening Cash Balance with RBI	3,999.47	3,147.94	(-) 851.53 (21)
	Revenue Receipts	67,561.01	78,091.69	10,530.68 (16)
	Recoveries of Loans and Advances	431.95	500.24	68.29 (16)
	Misc. Capital Receipts	62.96	67.15	4.19 (7)
	Public Debt Receipts (Net)	24,319.13*	29,632.65@	5,313.52 (22)
	Public Account Receipts (Net)	3,515.42	3,943.31	427.89 (12)
	Total	99,889.94	1,15,382.98	15,493.04 (16)
Application	Revenue Expenditure	89,946.60	98,425.03	8,478.43 (9)
	Capital Expenditure	5,869.70	11,045.56	5,175.86 (88)
	Disbursement of Loans and Advances	925.70	966.27	40.57 (4)
	Closing Cash Balance with RBI	3,147.94	4,946.11	1,798.17 (57)
	Total	99,889.94	1,15,382.97¹	15,493.03 (16)

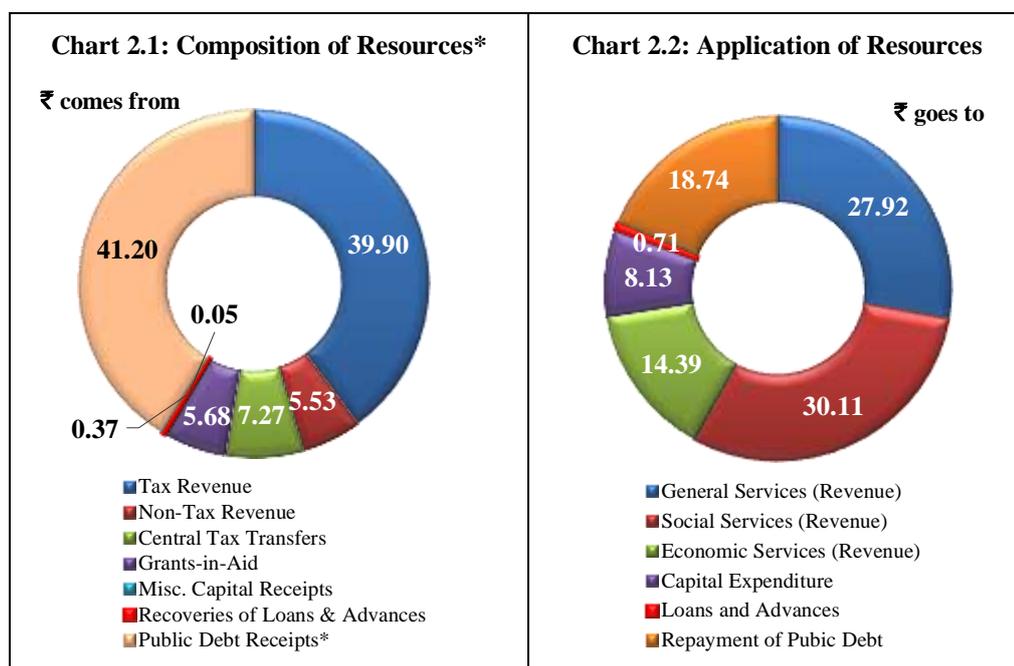
Source: Finance Accounts of the respective years

* Includes ₹ 4,352 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall. (August 2020)

@ Includes ₹ 7,394 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall. (December 2021)

Appendix 2.1 provides details of receipts and disbursements and the overall fiscal position of the State during current year as well as previous year.

Composition of sources and application of funds in the Consolidated Fund of the State during 2021-22 is given in *Chart 2.1 and Chart 2.2*.



Source: Finance Accounts

* Includes ₹ 7,394 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall. (December 2021)

¹ Difference of ₹ 0.01 crore is due to rounding off.

2.3 Resources of the State

The resources of the State are described below:

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

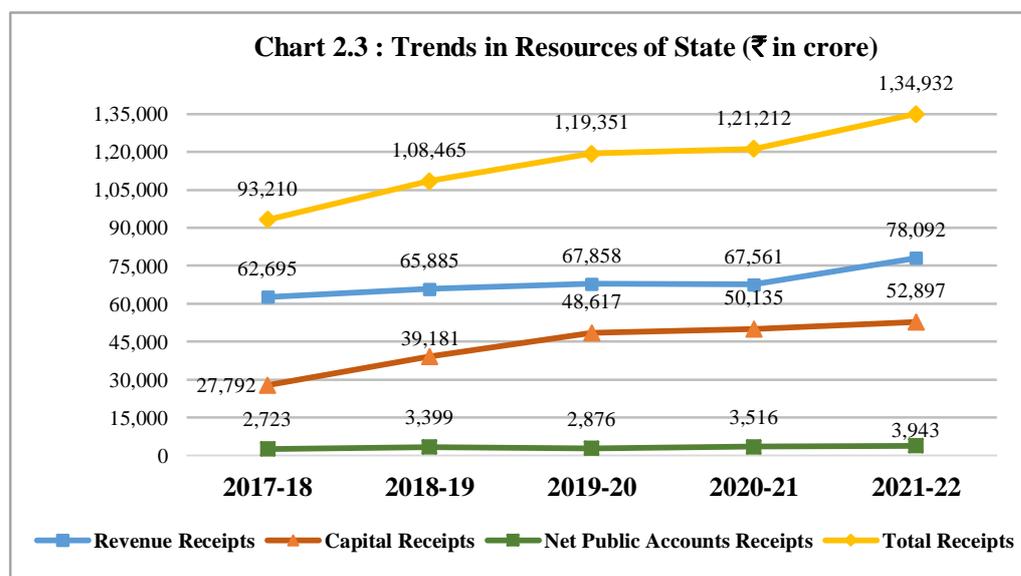
Both revenue and capital receipts form part of the Consolidated Fund of the State.

- 3. Net Public Accounts receipts:** 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.

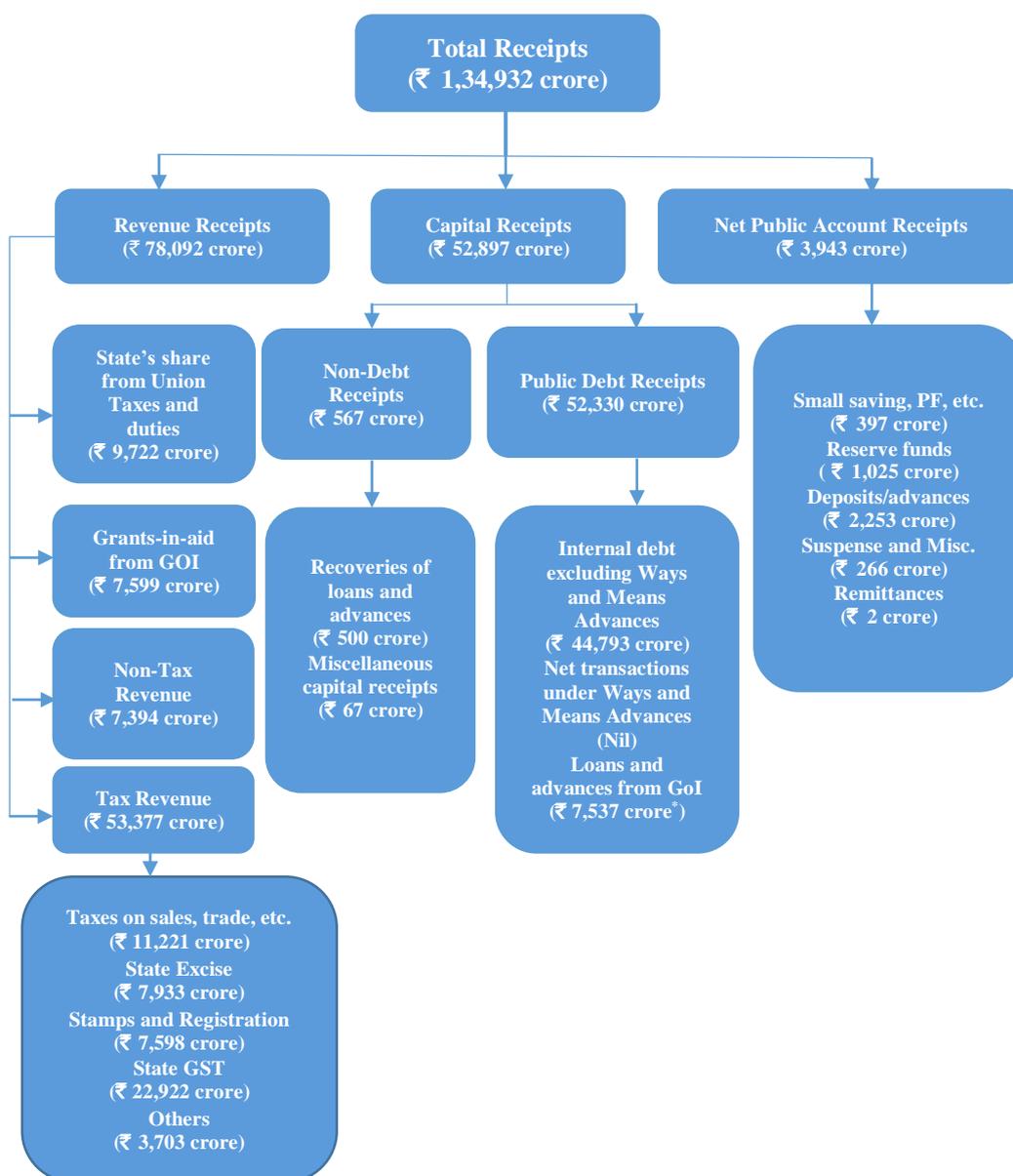
2.3.1 Receipts of the State

Trends in various components of the receipts of the State during 2017-22 is given in *Chart 2.3* while composition of receipts of the State during 2021-22 is depicted in *Chart 2.4*. In addition to revenue and capital receipts, net public account receipts are also utilised to finance the deficit of the State.



Source: Finance Accounts of the respective years.

Chart 2.4: Composition of receipts of the State during 2021-22



Source: Finance Accounts

- * Includes ₹ 7,394 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.
- Net Public Account Receipts (₹ 3,943 crore) = Public Account Receipts (₹ 55,671 crore) less Public Accounts Disbursements (₹ 51,728 crore)
- There is a difference in the components wise total and the total figure of revenue receipts due to rounding off.

The total receipts of the Government increased by ₹ 41,722 crore (44.76 per cent) in 2021-22 over 2017-18. Revenue receipts increased by ₹ 15,397 crore (24.56 per cent), Capital receipts, which includes recovery of loans and advances and public debt, increased by ₹ 25,105 crore (90.33 per cent) and Net Public Account receipts increased by ₹ 1,220 crore (44.80 per cent) during the same period.

2.3.2 Revenue Receipts

2.3.2.1 Trends and growth of Revenue Receipts

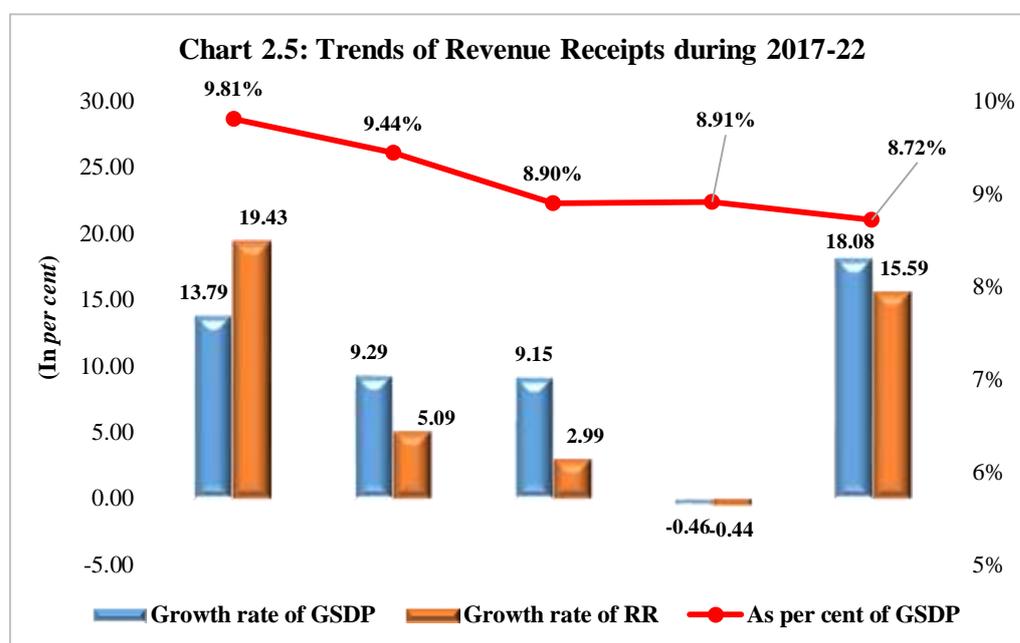
The trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP during the period 2017-18 to 2021-22 are given in **Table 2.2** and also depicted in **Chart 2.5** and **Chart 2.6**. The trends and composition of revenue receipts during the period 2017-18 to 2021-22 are presented in **Appendix 2.2**.

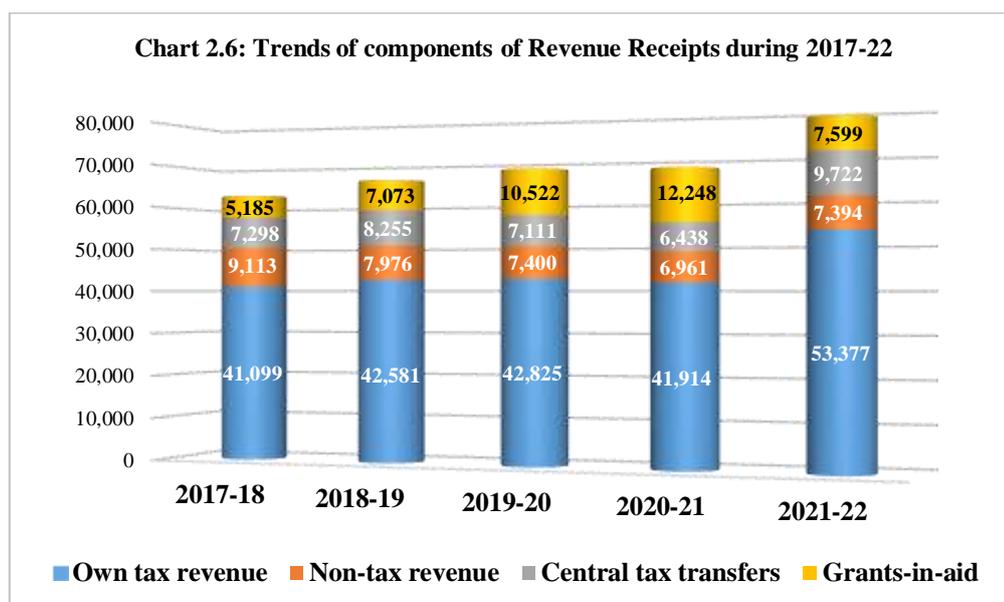
Table 2.2: Trends in Revenue Receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	62,695	65,885	67,858	67,561	78,092
Rate of growth of RR (per cent)	19.43	5.09	2.99	(-) 0.44	15.59
Own Tax Revenue	41,099	42,581	42,825	41,914	53,377
Non-Tax Revenue	9,113	7,976	7,400	6,961	7394
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	24.84	0.69	(-) 0.66	(-) 2.69	24.34
Gross State Domestic Product (₹ in crore)	6,38,832	6,98,189	7,62,044	7,58,507	8,95,672
Rate of growth of GSDP (per cent)	13.79	9.29	9.15	(-) 0.46	18.08
RR/GSDP (per cent)	9.81	9.44	8.90	8.91	8.72

Source of GSDP figures: Directorate of Economics and Statistics

It can be seen that the annual growth rate of Revenue Receipts (RR) of the State decreased from 19.43 per cent in 2017-18 to 15.59 per cent in 2021-22. The ratio of RR to GSDP decreased from 9.81 per cent in 2017-18 to 8.72 per cent in 2021-22.





Source: Finance Accounts of the respective years

There is a difference in break-up of the components and the total figure of revenue receipts due to rounding off.

The revenue receipts of the State increased by 24.56 per cent during the period from 2017-18 to 2021-22. The State's own tax revenue increased by 29.87 per cent, the grants-in-aid from GoI increased by 46.56 per cent and the central tax transfers increased by 33.21 per cent during the same period. The share of the State's own revenue (tax revenue and non-tax revenue) in the revenue receipt decreased from 80.09 per cent in 2017-18 to 77.82 per cent in 2021-22. The share of grants-in-aid from GoI to revenue receipts increased from 8.27 per cent in 2017-18 to 9.73 per cent in 2021-22. The share of central tax transfers in revenue receipts increased from 11.64 per cent to 12.45 per cent during 2017-18 to 2021-22.

The revenue receipts of the State during the current year increased by 15.59 per cent over the previous year. State's own tax and non-tax revenue increased by ₹ 11,896 crore (24.34 per cent) over the previous year.

2.3.2.2 State's Own Resources

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources.

(i) Own Tax revenue

Own tax revenues of the State consist of State Goods and Services Tax (SGST), State excise, Taxes on vehicles, Stamp duty and registration fees, Land revenue, Taxes on goods and passengers, etc. The gross collection in respect of major taxes and duties are given in **Table 2.3**.

Table 2.3: Components of State's own tax revenue

(₹ in crore)

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	Sparkline
Taxes on sales, trades, etc.	15,609	8,998	8,398	8,660	11,221	
SGST	10,833	18,613	18,873	18,236	22,922	
State excise	4,966	6,042	6,323	6,864	7,934	
Taxes on vehicles	2,778	2,908	2,916	2,495	3,265	
Stamp duty and Registration fees	4,193	5,636	6,013	5,157	7,598	
Land revenue	18	19	20	17	21	
Taxes on goods and passengers	2,317	21	16	4	6	
Other taxes	385	344	266	481	410	
Total	41,099	42,581	42,825	41,914	53,377	

Source: Finance Accounts of the respective years

* Difference due to rounding off. Adjustment has been carried out in other taxes so as to reconcile the total figure of own tax revenue.

Own tax revenue increased by ₹ 12,278 crore (29.87 per cent) in 2021-22 over 2017-18. The taxes on sales, trades, State Excise, State Goods and Services Tax (GST), Taxes on vehicle, Stamp duty and Registration fees, etc. all recorded an increasing trend in the year 2021-22 as compared to the year 2020-21 as depicted in the table 2.3.

The Own tax revenue of the State at ₹ 53,377 crore was more by ₹ 489.50 crore as compared to estimates of ₹ 52,887.50 crore under Budget and MTFPS and was less than by ₹ 588 crore against normative assessment of ₹ 53,965 crore by the 15th Finance Commission.

(ii) State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of the goods and services tax considering an annual growth of 14 per cent from the base year, for a period of five years. In case of Haryana, the finalised revenue figure was ₹ 15,230.59 crore during the base year of 2015-16.

The projected revenue in accordance with base year figure, actual revenue collected and compensation due and received from GoI during the period 2017-18 to 2021-22 is given in **Table 2.4**.

Table 2.4: Detail of collection of GST and compensation from GoI

(₹ in crore)

Year	Projected revenue amount	Revenue collected amount	Compensation due amount	Compensation received amount	Shortfall
	1	2	3 = 1-2	4	5 = 3-4
2017-18 ²	14,845.26	13,225.69	1,619.57	1,199.00	420.57
2018-19	22,564.79	18,597.93	3,966.86	2,820.00	1,146.86
2019-20	25,723.86	18,944.61	6,779.25	5,453.43	1,325.82
2020-21	29,325.20	18,240.48	11,084.72	9,417.81*	1,666.91
2021-22	33,430.73	22,922.62 ³	10,508.11	10,302.46**	205.65
Total	1,25,889.84	91,931.33	33,958.51	29,192.70	4,765.81

Source: Finance Accounts of the respective years, information obtained from PAG (Accounts and Entitlement)

* Includes ₹ 4,352 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall during the year 2020-21.

** Includes ₹ 7,394 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall during the year 2021-22.

The growth in GST collection in the State was lesser than projected growth and there was total shortfall of ₹ 33,958.51 crore during 2017-22 against the projected GST receipt of ₹ 1,25,889.84 crore. GoI has released ₹ 29,192.70 crore as compensation including ₹ 11,746 crore as back-to-back loans upto March 2022.

(iii) Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 in some principal heads of revenue amounted to ₹ 33,905.57 crore of which ₹ 5,851.98 crore was outstanding for more than five years as depicted in *Table 2.5*. Details of status of recovery at various stages is given in *Appendix 2.3*.

Table 2.5: Arrears of revenue as on 31st March 2022

(₹ in crore)

Sr. No.	Head of revenue	Total amount outstanding	Amount outstanding for more than five years
1	Taxes on sales, trade/VAT, etc.	33,063.37	5,364.18
2	State Excise	494.11	254.52
3	Taxes and duties on electricity	410.85	210.85
4	Tax on entry of goods into local areas (Local Area Development Tax)	208.11	181.26
5	Police	128.86	40.91
6	Other taxes and duties on commodities and services-Receipts from Entertainment duty	11.12	11.11
7	Non-ferrous mining and metallurgical industries	NA	NA
Total		34,316.42	6,062.83

Source: Information provided by various departments.

² Amount for the year 2017-18 pertains to nine months period i.e. from July 2017 to March 2018.

³ Included ₹ 0.47 crore amount as Pre-GST.

(iv) Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax was as depicted in **Table 2.6**.

Table 2.6: Arrears in assessments

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balances at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on sales, Trade, etc./ VAT	2019-20	2,96,685	31,594	3,28,279	2,92,709	35,570	89
	2020-21	35,570	3,606	39,176	34,140	5,036	87
	2021-22	5,036	4,240	9,276	3,096	6,180	33

Source: Information provided by State Excise and Taxation Department

(v) Details of evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the **Table 2.7**.

Table 2.7: Detail of cases of evasion of tax detected during the year 2021-22

Sr. No.	Head of revenue	Cases pending as on 31 March 2021	Cases detected during 2021-22	Total	Number of cases in which assessment/investigation completed and additional demand raised with penalty, etc.		Number of cases pending for finalization as on 31 March 2022
					Number of cases	Amount of demand (₹ in crore)	
1	0039-State Excise	132	61	193	144	9.41	49
2	0040-Taxes on Sales, Trade, etc./ VAT	0	3	3	2	0.01	1

Source: Information provided by State Excise and Taxation Department

(vi) Refund Cases

The number of refund cases pending at the beginning of the year 2021-22, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2021-22 as reported by the Department is given in the **Table 2.8**.

Table 2.8: Details of refund cases during the year 2021-22

(₹ in crore)

Sr. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1	Opening balance of outstanding claims	480	119.34	39	2.23
2	Claims received	707	173.49	82	6.18
3	Refund made/adjusted/ rejected	749	152.46	88	6.20
4	Closing balance of outstanding claims	438	140.37	33	2.21

Source: Information provided by State Excise and Taxation Department

(vii) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The trends in various components of non-tax revenue of the State during 2017-18 to 2021-22 are given in **Table 2.9**.

Table 2.9: Components of State's non-tax revenue**(₹ in crore)**

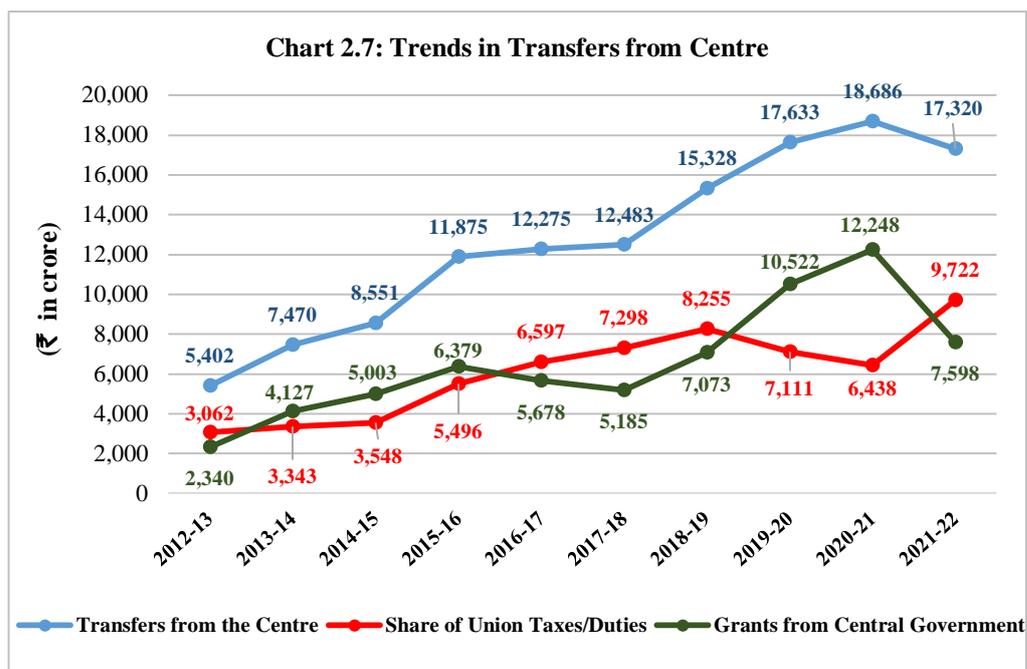
Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	Sparkline
Interest receipts	2,228	1,954	1,975	1,562	1,378	
Dividends and Profits	8	57	87	163	1,008	
Other non-taxes receipts of which	6,877	5,965	5,338	5,236	5,008	
a) Major and medium Irrigation	132	164	172	210	232	
b) Road Transport	1,280	1,197	1,115	585	1,077	
c) Urban Development	2,861	2,316	1,855	1,954	1,241	
d) Education	674	272	458	595	220	
e) Non-ferrous mining	713	583	702	1,021	838	
f) Others	1,217	1,433	1,036	871	1,400	
Total	9,113	7,976	7,400	6,961	7,394	

Source: Finance Accounts of the respective years

The actual receipts under non-tax revenue decreased by ₹ 1,719 crore (18.86 per cent) during 2017-22. Non-Tax revenue (₹ 7,394 crore) constituted 9.47 per cent of the revenue receipts during 2021-22 registering increase of ₹ 433 crore (6.22 per cent) from the previous year mainly due to increase in dividends and profits by ₹ 845 crore and road transport by ₹ 492 crore off set by decrease in receipts under Urban Development by ₹ 713 crore due to less receipt under other development schemes, education by ₹ 375 crore due to less receipt from Elementary/Secondary Education and Non-ferrous mining by ₹ 183 crore due to less receipt from Mineral concession fees, rents and royalties. The interest receipts of ₹ 1,378 crore includes book adjustments of ₹ 1,211 crore on irrigation projects, grain supply scheme and road transport. There is shortfall of ₹ 3,457 crore as compared to projection made in Budget and MTFPS and ₹ 533 crore against the normative assessment of ₹ 7,927 crore by 15th FC.

2.3.2.3 Transfers from the Centre

Trends in transfers from Centre during 2012-13 to 2021-22 are shown in **Chart 2.7**.



Source: Finance Accounts of the respective years

(i) Central tax transfer

The 13thFC recommended for increasing the States' share of Central Taxes from 30.50 to 32 *per cent*. Accordingly, the State's share in the net proceeds of Central Tax (excluding Service Tax) and net proceeds of Service Tax was fixed at 1.048 and 1.064 *per cent*, respectively. The 14thFC recommended increase in the States' share of Central Taxes from 32 to 42 *per cent*. Accordingly, the State's share in the net proceeds of Central Tax (excluding Service Tax) and net proceeds of Service Tax was fixed at 1.084 and 1.091 *per cent*, respectively. The 15th FC recommended decrease in the sharable amount of Central Taxes to State from 42 to 41 *per cent*.

State's share in Union taxes and duties has shown an increasing trend from ₹ 3,062 crore in 2012-13 to ₹ 8,255 crore in 2018-19 and thereafter decreased to ₹ 6,438 crore in 2020-21 and then increased to ₹ 9,722 crore in 2021-22 as detailed in *Table 2.10*.

**Table 2.10: State's share in Union taxes and duties:
Actual devolution vis-à-vis Budget Estimates**

(₹ in crore)

Year	Finance Commission projections	Budget Estimates	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2010-11	As per 13 th FC, 32 per cent of the sharable amount of Central taxes to State	2,194	2,302	108
2011-12		2,765	2,682	(-) 83
2012-13		3,180	3,062	(-) 118
2013-14		3,484	3,343	(-) 141
2014-15		4,010	3,548	(-) 462
2015-16	As per 14 th FC, 42 per cent of the sharable amount of Central taxes to States	5,680	5,496	(-) 184
2016-17		6,189	6,597	408
2017-18		8,372	7,298	(-) 1,074
2018-19		9,300	8,255	(-) 1,045
2019-20		11,216	7,111	(-) 4,105
2020-21	As per 15 th FC, 41 per cent of the sharable amount of Central taxes to States	8,485	6,438	(-) 2,047
2021-22		7,275	9,722	2,447

Source: Finance Accounts of the respective yearsDetail of the Central tax transfers from 2017-18 to 2021-22 are at **Table 2.11**.**Table 2.11: Details of Central Tax Transfers**

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Central Goods and Services Tax (CGST)	104.36	2,037.54	2,018.07	1,907.46	2,763.35
Integrated Goods and Services Tax (IGST)	737.08	162.60	--	--	-- ⁴
Corporation Tax	2,235.92	2,870.86	2,424.73	1,946.54	2,846.17
Taxes on Income other than Corporation Tax	1,888.08	2,114.27	1,899.93	1,996.13	2,874.79
Customs	736.90	585.17	450.77	338.27	709.48
Union Excise Duties	770.20	388.87	313.42	215.83	390.43
Service Tax	825.05	75.03	--	28.52	127.53
Other Taxes ⁵	(-) 0.07	20.26	4.61	4.84	10.41
Central Tax transfers	7,297.52	8,254.60	7,111.53	6,437.59	9,722.16
Percentage of increase over previous year	11	13	(-) 14	(-) 9	51
Percentage of Central tax transfers to Revenue Receipts	12	13	10	10	12

Source: Finance Accounts of the respective years

The share of Union Taxes received during 2021-22 (₹ 9,722.16 crore) was higher by ₹ 3,284.57 crore (51.02 per cent) as compared to 2020-21. It is also more by ₹ 2,447.56 crore than the projections made in the budget estimates 2021-22 (₹ 7,274.60 crore).

(ii) Grants-in-aid from GoI (GIA)

The GIA from GoI decreased by ₹ 4,649.89 crore in 2021-22 over the previous year as shown in **Table 2.12**.

⁴ Non-apportionment of share of net proceeds of Integrated Goods and Services Tax (IGST) by GoI in case of IGST on domestic supply of Goods and Services during 2021-22.

⁵ Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services.

Table 2.12: Grants-in-aid received from GoI

(₹ in crore)

Head	2017-18	2018-19	2019-20	2020-21	2021-22
Non-Plan Grants	--	--	--	--	--
Grants for State Plan Schemes	--	--	--	--	--
Grants for Central Plan Schemes	--	--	--	--	--
Grants for Centrally Sponsored Schemes	2,326.62	2,843.09	2,851.99	3,135.18	3,332.31
Finance Commission Grants	1,316.68	1,274.26	2,005.74	2,364.00	1,192.05
Compensation for Loss of Revenue arising out of implementation of GST	1,199.00	2,820.00	5,453.43	5,065.81*	2,908.67**
Other Transfer/Grants to States	342.82	136.19	210.75	1,683.14	165.21
Total	5,185.12	7,073.54	10,521.91	12,248.13	7,598.24
Percentage of increase over the previous year	(-) 9	36	49	16	(-) 38
Percentage of GIA to Revenue Receipts	8	11	16	18	10

Source: Finance Accounts of the respective years

* Excludes ₹ 4,352 crore as back-to-back loan to State from GoI in lieu of GST compensation shortfall during the year 2020-21

** Excludes ₹ 7,394 crore as back-to-back loan to State from GoI in lieu of GST compensation shortfall during the year 2021-22

38.28 per cent of the GIA during 2021-22 was on account of compensation in lieu of loss of revenue arising out of implementation of GST.

(iii) Fourteenth and Fifteen Finance Commission Grants

Fourteenth Finance Commission grants and 15th Finance Commission grants were provided to the States for local bodies and State Disaster Response Fund (SDRF). Details of grants provided by the GoI are given in *Table 2.13*.

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

(₹ in crore)

Transfers	Recommendation of the 15 th FC (2020-21 & 2021-22)			Actual release by GoI			Transfers made by State Government		
	2020-21	2021-22	Total	2020-21	2021-22	Total	2020-21	2021-22	Total
Local Bodies									
(i) Grants to Panchayati Raj Institutions (PRIs)	1,264.00	935.00	2,199.00	1,264.00	467.50	1,731.50	1,264.00	467.50	1,731.50
(a) General Basic Grant	632.00	374.00	1,006.00	632.00	187.00	819.00	632.00	187.00	819.00
(b) General Performance Grants	632.00	561.00	1,193.00	632.00	280.50	912.50	632.00	280.50	912.50
(ii) Grants to Urban Local Bodies (ULBs)	609.00	461.00	1,070.00	609.00	199.75	808.75	609.00	223.75	832.75
(a) General Basic Grant	304.50	154.80	459.30	304.50	77.40	381.90	304.50	77.40	381.90
(b) General Performance Grants	304.50	306.20	610.70	304.50	122.35	426.85	304.50	146.35	450.85
Total for Local Bodies	1,873.00	1,396.00	3,269.00	1,873.00	667.25	2,540.25	1,873.00	691.25	2,564.25
State Disaster Response Fund	491.00	491.00	982.00	491.00	392.80	883.80	491.00	392.80	883.80
Grand Total	2,364.00	1,887.00	4,251.00	2,364.00	1,060.05	3,424.05	2,364.00	1,084.05	3,448.05

Source: Information provided by the Finance Department

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The capital receipts during 2017-18 to 2021-22 are detailed in *Table 2.14*.

Table 2.14: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts	27,870.56	39,685.88	49,878.46	49,959.64	48,279.20
Miscellaneous Capital Receipts	39.87	49.01	54.01	62.96	67.15
Recovery of Loans and Advances	6,340.93	5,371.90	5,392.63	431.95	500.24
Public Debt Receipts	21,489.76	34,264.97	44,431.82	49,464.73	47,711.81
Internal Debt ⁶	21,348.75	34,140.14	44,329.43	49,340.05 ⁷	47,568.21
<i>Growth rate</i>	(-) 23.88	59.92	29.85	11.30	(-) 3.59
Loans and advances from GoI	141.01	124.83	102.39	124.68*	143.6**
<i>Growth rate</i>	14.40	(-) 11.47	(-) 17.98	21.77	15.17
Rate of growth of debt Capital Receipts	(-) 23.71	59.45	29.67	11.33	(-) 3.54
Rate of growth of non-debt capital receipts	538.40	(-) 15.04	0.47	(-) 90.91	14.65
Rate of growth of GSDP	13.79	9.29	9.15	(-)0.46	18.08
Rate of growth of Capital Receipts (per cent)	(-) 4.45	42.39	25.68	0.16	(-) 3.36

Source: Finance Accounts of the respective years

* Excluding GoI back-to-back loans of ₹ 4,352 crore during the year 2020-21.

** Excluding GoI back-to-back loans of ₹ 7,394 crore during the year 2021-22 in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).

Internal Debt receipts decreased by ₹ 1,771.84 crore during 2021-22 in comparison to 2020-21. The recovery of loans and advances decreased substantially by ₹ 4,960.68 crore in 2020-21 due to all loans taken by State owned power companies converted into equity during 2017-18 to 2019-20. The State Government had issued Power bonds of ₹ 17,300 crore in 2015-16 and ₹ 8,650 crore in 2016-17 by taking over the loans of ₹ 25,950 crore (75 per cent of total liability of State Power Companies as on 30 September 2015 under UDAY scheme) and treated the financial package as grant-in-aid (₹ 7,785 crore), Equity Capital (₹ 2,595 crore) and Loans to DISCOMs (₹ 15,570 crore). Total loans of ₹ 15,570 crore have been converted into equity during 2017-20. Further, the recovery of loans and advances increased substantially by ₹ 68.29 crore in 2021-22.

2.3.4 State's performance in mobilisation of resources

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of its own resources comprising own tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2021-22 vis-à-vis assessment made by 15th FC and MTFPS are given in the **Table 2.15**.

⁶ Including gross figure under Ways and Means Advances.

⁷ Including Ways and Means Advances of ₹ 2,775.83 crore.

**Table 2.15: Actual tax and non-tax receipts
vis-à-vis projections made by 15thFC and MTFPS**

	15 th FC projection	Budget estimates	MTFPS projection	Actual	Percentage variation of actual over		
	(₹ in crore)				15 th FC projection	Budget estimates	MTFPS projection
Tax revenue	53,965	52,888	52,888	53,377	(-) 1.09	0.92	0.92
Non-tax revenue	7,927	10,851	10,851	7,394	(-) 6.72	(-) 31.86	(-) 31.86

The actual collection under State's own tax revenue fell short by 1.09 *per cent* of the projections made by 15th FC and exceeded budget estimates and MTFPS projection by 0.92 *per cent*. The actual receipts under non-tax revenue fell short by 6.72 *per cent* of the projections made by 15thFC and by 31.86 *per cent* of budget estimates and MTFPS. Thus, the State Government could not achieve even their own targets projected in the budget and MTFPS.

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. The application of resources are analysed under various headings such as growth and composition of expenditure, revenue expenditure, committed expenditure and financial assistance to local bodies and other institutions in the succeeding paragraphs.

2.4.1 Growth and composition of expenditure

The expenditure of State Government can be classified in two categories namely Revenue Expenditure and Capital Expenditure. **Revenue Expenditure** includes charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses.

Capital Expenditure includes all charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also bears charges for such further additions and improvements as may be sanctioned under the rules made by competent authority.

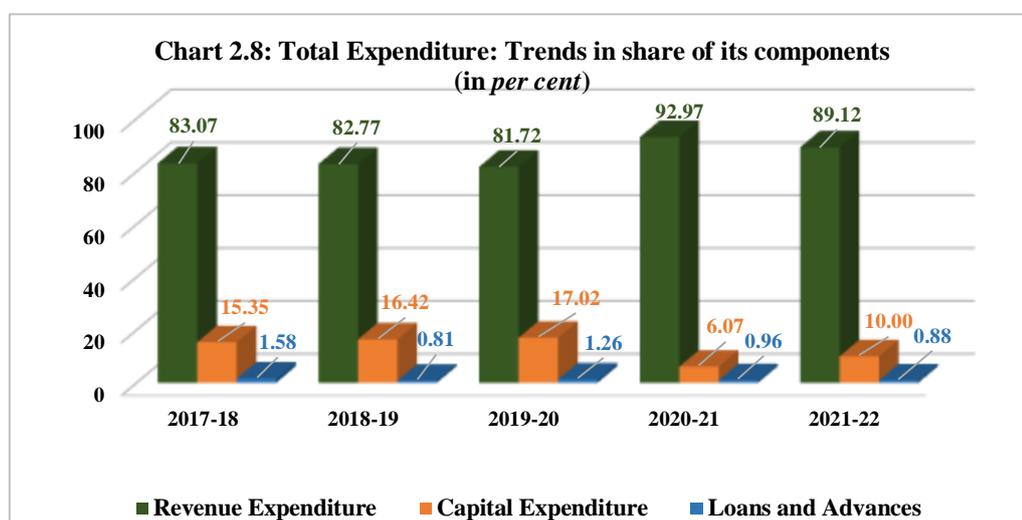
Trend and composition of total expenditure over the last five years (2017-22) are shown in *Table 2.16*.

Table 2.16: Total expenditure and its composition

(₹ in crore)

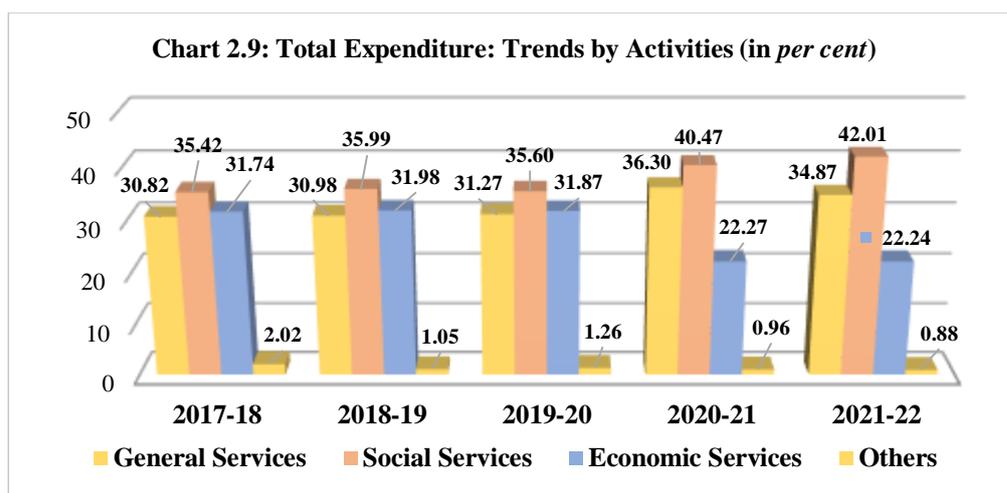
	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	88,190	93,218	1,03,823	96,742⁸	1,10,437
Revenue Expenditure (RE)	73,257	77,155	84,848	89,946	98,425
Capital Expenditure	13,538	15,307	17,666	5,870	11,046
Loans and Advance	1,395	756	1,309	926	966
GSDP	6,38,832	6,98,189	7,62,044	7,58,507	8,95,672
As a percentage of GSDP					
TE/GSDP	13.80	13.35	13.62	12.75	12.33
RE/GSDP	11.47	11.05	11.13	11.86	10.99
CE/GSDP	2.12	2.19	2.32	0.77	1.23
Loans and Advances/GSDP	0.22	0.11	0.17	0.12	0.11

Total expenditure increased by 25.23 per cent over a period of five years (2017-22). The Revenue Expenditure increased by 34.36 per cent while the capital expenditure decreased by 18.41 per cent during the period 2017-18 to 2021-22.



As depicted in *Chart 2.8*, the share of revenue expenditure in total expenditure increased from 83.07 per cent in 2017-18 to 89.12 per cent in 2021-22 while the share of capital expenditure in total expenditure increased from 15.35 per cent in 2017-18 to 17.02 per cent in 2019-20 but decreased to 10 per cent in 2021-22. The share of loans and advances was 1.58 per cent in 2017-18 which decreased to 0.88 per cent in 2021-22.

⁸ Excluding Appropriation to Contingency Fund of ₹ 800 crore.



As shown in **Chart 2.9**, the share of general services, which includes interest payments had shown an increasing trend since 2017-18 from 30.82 per cent in 2017-18 to 36.30 per cent in 2020-21. However, the same declined to 34.87 per cent in 2021-22. The share of social services also increased from 35.42 per cent to 42.01 per cent in 2021-22 and expenditure on economic services decreased from 31.74 per cent in 2017-18 to 22.24 per cent in 2021-22. The combined expenditure on social and economic services, which represents development expenditure increased from 62.74 per cent in 2017-18 to 64.25 per cent in 2021-22. Others which include Grants to Local Bodies and Loans and Advances was 2.02 per cent of total expenditure during 2017-18 that decreased to 0.88 per cent during 2021-22.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. **Table 2.17** presents the growth of revenue expenditure over five years (2017-22).

Table 2.17: Growth of revenue expenditure during 2017-22

(₹ in crore)

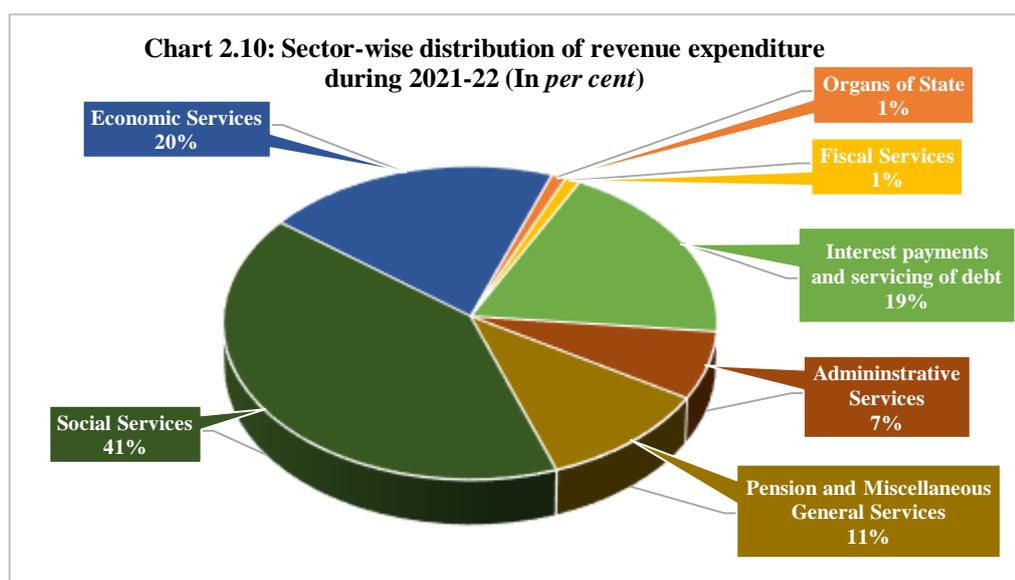
Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	88,190	93,218	1,03,823	96,742⁹	1,10,437
Revenue Expenditure (RE)	73,257	77,155	84,848	89,946	98,425
Rate of Growth of RE (per cent)	7.10	5.32	9.97	6.01	9.43
Revenue Expenditure as percentage of TE	83.07	82.77	81.72	92.98	89.12
RE/GSDP (per cent)	11.47	11.05	11.13	11.86	10.99
RE as percentage of RR	116.85	117.11	125.04	133.13	126.04
Revenue Receipts (RR)	62,695	65,885	67,858	67,561	78,092
Rate of growth of RR (per cent)	19.43	5.09	2.99	(-) 0.44	15.59
GSDP	6,38,832	6,98,189	7,62,044	7,58,507	8,95,672
Rate of growth of GSDP (per cent)	13.79	9.29	9.15	(-) 0.46	18.08

Source: Finance Accounts of the respective years

⁹ Excluding Appropriation to Contingency Fund of ₹ 800 crore.

Revenue expenditure during 2017-22 increased by ₹ 25,168 crore (34.36 per cent). Its percentage to GSDP increased from 11.47 in 2017-18 to 11.86 in 2020-21 and decreased to 10.99 per cent in 2021-22. Revenue expenditure increased by nine per cent from ₹ 89,946 crore in 2020-21 to ₹ 98,425 crore in 2021-22.

Revenue expenditure in 2021-22 at ₹ 98,425 crore was less than the projections made in Budget and MTFPS (₹ 1,16,927 crore). However, the revenue expenditure was more by ₹ 25,966 crore as compared to the normative assessment of 15th FC (₹ 72,459 crore). Sector-wise distribution of revenue expenditure is presented in **Chart 2.10**.



2.4.2.1 Major changes in Revenue Expenditure

Table 2.18: Major variations in Revenue Expenditure during 2021-22 as compared to 2020-21

(₹ in crore)

Major Heads of Account	2020-21	2021-22	Increase (+)/ Decrease (-)
General Services	34,734.17	37,947.91	3,213.74
2049-Interest Payments	17,114.67	18,361.60	1,246.93
2055-Police	4,618.91	5,065.07	446.16
2071-Pension and other Retirement Benefits	9,712.70	10,616.71	904.01
2075-Miscellaneous General Services	383.87	2.27	(-) 381.60
Social Services	36,163.96	40,927.67	4,763.71
2202-General Education	13,323.12	14,483.90	1,160.78
2210-Medical and Public Health	4,857.12	5,763.24	906.12
2215-Water Supply & Sanitation	2,230.01	1,856.25	(-) 373.76
2217-Urban Development	3,616.71	4,679.28	1,062.57
2235-Social Security and Welfare	8,752.03	9,750.56	998.53
Economic Services	19,048.47	19,549.45	500.98
2515-Other Rural Development Programmes	3,986.62	1,586.22	(-) 2400.40
2700- Major Irrigation	1,243.78	1,506.56	262.78
2801-Power	5,565.33	6,749.31	1,183.98
3055-Road Transport	1622.08	2062.34	440.26

Source: Finance Accounts of the respective years.

As given in **Table 2.18**, Revenue expenditure on General services increased by ₹ 3,213.74 crore due to increase in expenditure mainly on Pensions and other retirement benefits, Police service, interest payments and offset by expenditure on Miscellaneous General Services. Interest payments on market loans increased by ₹ 1,246.93 crore during the year 2021-22. The expenditure on Social Services increased by ₹ 4,763.71 crore over the previous year due to increase in expenditure mainly on Medical and Public Health, Urban Development, Social Security and Welfare and offset by expenditure on Water Supply and Sanitation. Expenditure on Economic services increased by ₹ 500.98 crore due to increase in expenditure on Power, Major Irrigation and Road Transport and offset by expenditure on Other Rural Development Programmes.

2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. **Table 2.19** and **Chart 2.11** present the trends in the expenditure on these components during 2017-22.

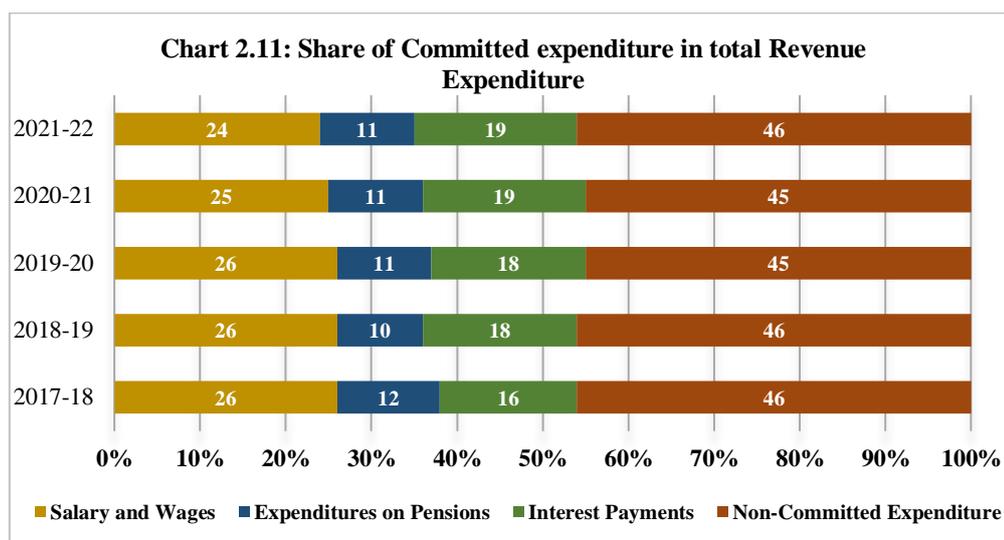
Table 2.19: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries and wages	18,632	19,763	22,365	22,595	24,236 ¹⁰
Expenditure on Pensions	8,783	8,140	8,833	9,713	10,617
Interest Payments	11,961	13,551	15,588	17,115	18,362
Total	39,376	41,454	46,786	49,423	53,215
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	29.72	30.00	32.96	33.44	31.04
Expenditure on Pensions	14.01	12.35	13.02	14.38	13.60
Interest Payments	19.08	20.57	22.97	25.33	23.51
Total	62.81	62.92	68.95	73.15	68.15
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	25.43	25.62	26.36	25.12	24.62
Expenditure on Pensions	11.99	10.55	10.41	10.80	10.79
Interest Payments	16.33	17.56	18.37	19.03	18.66
Total	53.75	53.73	55.14	54.95	54.07

Source: Finance Accounts of the respective years.

¹⁰ Includes wages of ₹ 795 crore.



The total expenditure (₹ 52,420 crore) on salary (excluding wages), interest and pension payments was lesser by ₹ 3,035 crore (5.47 per cent) than the projections by the Government in MTFPS (₹ 55,455 crore) and consumed 67.13 per cent of the revenue receipts.

Committed expenditure on account of salary and wages, interest and pensions increased from 53.75 per cent to 54.07 per cent of the Revenue expenditure during 2017-18 to 2021-22.

2.4.2.3 Undischarged liabilities in National Pension System

State Government employees recruited on or after 1 January 2006 are eligible for the new pension scheme called ‘Defined Contribution Pension Scheme’. In terms of the scheme, the employee contributes ten per cent of the 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 Security Depository Limited (NSDL). The actual amount payable by employees and the matching Government contribution over the years has not been estimated.

As per the Ministry of Finance, GoI, no contributions are to be parked under the Head of Account ‘8342-117’ Other Deposits-Defined Contribution Pension Scheme even as a temporary measure. Audit noted that an amount of ₹ 18.67 crore was parked under the above Major Head as on 31st March 2022 as depicted in **Table 2.20**.

Table 2.20: Position of New Pension Scheme Contribution

(₹ in crore)

Year	Employees Contribution	Contribution by the State Government	Total	Short Contribution	Total transfer to NSDL	Short transfer to NSDL
1	2	3	4 = (2+3)	5= (2-3)	6	7= (4-6)
Balance of pension funds lying with the State Government as on 31 March 2017						49.92
2017-18	479.94	460.44	940.38	19.50	975.76	(-) 35.38
2018-19	565.88	534.30	1,100.18	31.58	1,086.16	14.02
2019-20	717.91	694.20	1,412.11	23.71	1,407.78	4.33
2020-21	778.53	766.83	1,545.36	11.70	1,535.18	10.18
2021-22	875.35	939.66	1,815.01	(-) 64.31	1,839.41	(-) 24.40
Total	3,417.61	3,395.43	6,813.04	22.18	6,844.29	18.67

Source: Finance Accounts of the respective years.

As against the employees' contribution of ₹ 3,417.61 crore during 2017-18 to 2021-22, the State Government made contribution of ₹ 3,395.43 crore i.e. lesser by ₹ 22.18 crore. During 2017-22, out of total amount of ₹ 6,813.04 crore, the State Government transferred ₹ 6,844.29 crore to NSDL i.e. higher by ₹ 31.25 crore. As on 31 March 2022, there was balance of ₹ 18.67 crore lying with the State Government. The liability of the State Government increased due to short transfer of contribution including Government share to NSDL.

The State Government should examine the reasons and put in place a mechanism to ensure that contribution of employees and equally matched Government contribution are fully transferred to NSDL in a timely manner.

2.4.2.4 Subsidies

Expenditure on subsidies decreased from ₹ 8,446 crore in 2017-18 to ₹ 7,650 crore in 2020-21 and increased to ₹ 9,535 crore in 2021-22, which was 12.21 per cent of the revenue receipts and 9.69 per cent of revenue expenditure as detail given in **Table 2.21**. The subsidies were disbursed for Power: ₹ 7,108 crore (74.55 per cent), Agriculture and allied activities: ₹ 2,249 crore (23.59 per cent), Village and Small industries: ₹ 106 crore (1.11 per cent) and Social Services: ₹ 72 crore (0.75 per cent). The total subsidy to rural electrification (₹ 6,260 crore) was higher than the projection in MTFPS (₹ 6,060 crore).

Table 2.21: Expenditure on subsidies during 2017-22

	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies (₹ in crore)	8,446	8,549	8,105	7,650	9,535
Subsidies as a percentage of Revenue Receipts	13.47	12.98	11.94	11.32	12.21
Subsidies as a percentage of Revenue Expenditure	11.53	11.08	9.55	8.51	9.69

Source: Finance Accounts of the respective years.

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

Table 2.22: Financial assistance to local bodies and other institutions

(₹ in crore)

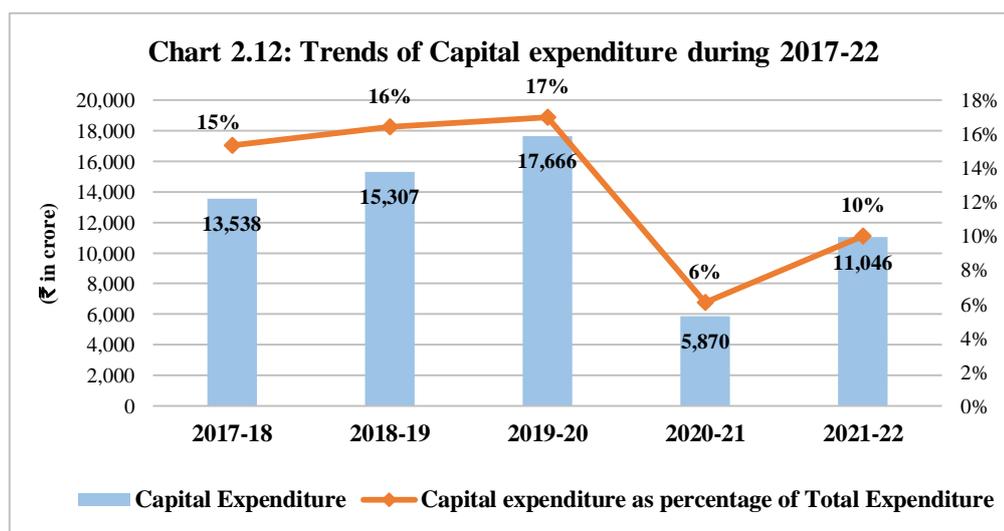
Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
(A) Local Bodies					
Urban Local Bodies	2,466.82	2,092.31	2,279.46	2,766.64	3,472.10
Panchayati Raj Institutions	2,283.43	2,547.17	3,098.12	3,235.92	954.97
Total (A)	4,750.25	4,639.48	5,377.58	6,002.56	4,427.07
(B) Others					
Universities	2,102.96	2,093.14	2,496.64	2,468.29	2,632.82
Development Authorities	868.04	865.54	812.88	1,104.22	1,072.47
Statutory Corporations	1,101.14	1,350.08	1,745.08	2,107.65	1,686.01
Others (Autonomous Bodies)	1,021.92	1,129.59	905.17	1,329.75	2,627.44
Total (B)	5,094.06	5,438.35	5,959.77	7,009.91	8,018.74
Total (A+B)	9,844.31	10,077.83	11,337.35	13,012.47	12,445.81
Revenue Expenditure	73,257	77,155	84,848	89,946	98,425
Assistance as percentage of Revenue Expenditure	13.44	13.06	13.36	14.47	12.64

Source: Finance Accounts of the respective years.

Table 2.22 indicates that the financial assistance to local bodies and other institutions increased from ₹ 9,844.31 crore in 2017-18 to ₹ 12,445.81 crore, constituting 12.64 per cent of the revenue expenditure during 2021-22. It decreased by ₹ 566.66 crore (4.35 per cent) over the previous year mainly due to decrease in release of financial assistance to Panchayati Raj Institutions.

2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings etc. Chart 2.12 shows details of capital expenditure and capital expenditure as percentage of total expenditure.



Source: Finance Accounts of the respective years

2.4.3.1 Major changes in Capital Expenditure

During the year 2021-22, the Capital Expenditure was ₹ 11,046 crore which comprised of ₹ 5,471.24 crore on Social Services, ₹ 5,012.25 crore on Economic Services and ₹ 562.07 crore on General Services. The increase of ₹ 5,175.86 crore in the year 2021-22 was mainly due to increase in Capital Expenditure on Water Supply, Sanitation, Housing & Urban Development and Health & Family Welfare and Food, Storage & Warehousing. There was a major decline in the Capital Expenditure on Energy by ₹ 527.03 crore during 2021-22 as shown in *Table 2.23*.

Table 2.23: Variation in Capital Expenditure during 2021-22 compared to 2020-21

(₹ in crore)

Major Heads of Accounts	2020-21	2021-22	Increase (+)/ Decrease (-)
Capital Expenditure	5,869.70	11,045.56	5,175.86
General Services	387.61	562.07	174.46
Social Services	2,986.12	5,471.24	2,485.12
Water Supply, Sanitation, Housing and Urban Development	1,594.50	3,811.77	2,217.27
Health and Family Welfare	766.37	895.70	129.33
Education, Sports, Art & Culture	409.32	578.60	169.28
Economic Services	2,495.97	5,012.25	2,516.28
Food, Storage and Warehousing*	(-) 1,243.04	-148.59	1,094.45
Energy	527.09	0.06	(-) 527.03
Roads and Bridges	1,372.03	2,618.85	1,246.82

Source: Finance Accounts of the respective years.

* Minus figure under this Major Head is due to more recovery received on account of procurement activities of food grains and pulses procurement from FCI by State Government.

2.4.3.2 Quality of capital expenditure

(i) Investments and Returns

The Government as of 31 March 2022 had invested ₹ 37,865.68 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (*Table 2.24*). The average return on these investments was 0.71 per cent in the last five years while the Government paid an average interest rate of 7.75 per cent on its borrowings during 2017-22.

Table 2.24: Return on Investment

Investment/return/cost of borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year (₹ in crore)	17,374.35	30,747.91	36,922.92	37,566.55	37,865.68
Return (₹ in crore)*	7.53	56.60	87.01	163.14	1,007.59
Return (per cent)*	0.04	0.18	0.24	0.43	2.66
Average rate of interest on Government borrowings (per cent)	8.10	8.81	8.31	6.50	7.05
Difference between interest rate and return (per cent)	8.06	8.63	8.07	6.07	4.39
Difference between interest on Government borrowings and return on investments (₹ in crore)#	1,400.37	2,653.54	2,979.68	2,280.29	1,662.30

Source: Finance Accounts (Statement No. 19) of the respective years.

* on historical cost

(Investment at the end of the year X Difference between interest rate and return)/100.

Out of total investment of ₹ 37,865.68 crore, investment of ₹ 36,027.95 crore (95.15 per cent) was in four power sector companies. The State Government keeps on making investments in loss making Government companies.

(ii) Reconciliation of Government Investments with Accounts of Companies

The Government investments as equity in State Public Sector Undertakings (PSUs) should agree with that of the figures appearing in the PSUs. Reconciliation of figures is necessary to figure out the differences in Accounts of PSUs and Finance Accounts. As per finance accounts, Government had invested in equity of ₹ 37,865.68 crore in 2021-22. Scrutiny of the Accounts revealed that out of the investment in equity of ₹ 37,865.68 crore, Government investment in equity of 24 PSUs was ₹ 28,508.29 crore whereas as per records of PSUs it was ₹ 36,876.34 crore. There was a difference of ₹ 8,368.05 crore as detailed in **Appendix 2.4**. Reconciliation should be carried out in time bound manner to figure out the differences.

(iii) Resource availability of the State under Public Private Partnership Projects

With a view to provide adequate development of social and physical infrastructure, which is a pre-requisite for sustaining economic growth, the State Government adopted the Public Private Partnership (PPP) mode of infrastructure development.

Total 15 PPP projects with a total estimated cost of ₹ 8,363.24 crore were under implementation as on 31 March 2021 as shown in **Appendix 2.5**.

(iv) Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, the Government had also been providing loans and advances to many institutions/organisations. **Table 2.25** presents the outstanding loans and advances as on 31 March 2022 and interest receipts vis-à-vis interest payments during the last five years.

Table 2.25: Quantum of loans disbursed and recovered during five years

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loans outstanding	21,036	16,090	11,474	7,390	7,884
Amount advanced during the year	1,395	756	1,309	926	966
Amount recovered during the year	6,341	5,372	5,393	432	500
Closing Balance of the loans outstanding	16,090	11,474	7,390	7,884	8,350
Net addition	(-) 4,946	(-) 4,616	(-) 4,084	494	466
Interest received	1,163	720	398	92	106
Interest rate on Loans and Advances given by the Government.	6.27	5.22	4.22	1.20	1.31
Rate of Interest paid on the outstanding borrowings of the Government	7.71	7.78	7.80	7.46	7.08
Difference between the rate of interest paid and interest received (per cent)	1.44	2.56	3.58	6.26	5.77

Outstanding loans and advances as on 31 March 2022 increased by 5.91 *per cent* due to more loans to co-operative sugar mills and Haryana State Agriculture and Marketing Board and Power Companies during the year. Loans amounting to ₹ 3,877.95 crore were outstanding at the beginning of the year 2021-22 against co-operative sugar mills. There was no recovery on account of principal with an outstanding balance ₹ 4,509.53 crore. The Government has disbursed loans to these sugar mills with terms and conditions that the loans would be repaid in five years in equal instalments after 12 months of sanctions with nine *per cent* per annum interest and no loan could be disbursed in case of failure of repayment of earlier loans. Loans of ₹ 631.58 crore were sanctioned/dispensed during 2021-22 to co-operative sugar mills including old amount of ₹ 3,877.95 crore without ensuring the fulfilment of conditions of earlier loans. Thus, the violation of conditions of loans sanctioned to co-operative sugar mills is continuously persisting.

Loans amounting to ₹ 993.87 crore were outstanding at the beginning of the year 2021-22 against Haryana State Cooperative Agriculture and Rural Development Bank (HSCARDB). Further, loans of ₹ 75 crore were given to this bank. No recovery was received during the year resulting in outstanding balance to ₹ 1,068.87 crore at the end of 31 March 2022. The Government has disbursed loans to this bank with terms and conditions that it would be ensured that there is no default in repayment of loan along with interest to the Government with the interest rate calculated on weighted average cost of borrowings basis to Government of Haryana during the year 2021-22. Thus, the loans during 2021-22 have been sanctioned in violation of conditions of loans sanctioned to the bank. State Government during the year have made no provision for recovery of principal and interest in the budget, which was indicative of inadequate efforts of State Government for recovery of outstanding loans against these co-operative sugar mills and Haryana State Cooperative Agriculture and Rural Development Bank.

Five new loans of ₹ 785¹¹ crore were given during the year 2021-22. State Government received interest of ₹ 106 crore (1.31 *per cent* of outstanding loans and advances) during 2021-22.

(v) *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

¹¹ Loans for Power Projects-Transmission and Distribution: ₹ 10.30 crore and Loan to Haryana State Agriculture and Rural Bank: ₹ 75 crore and Loan to Haryana State Agriculture and Marketing Board: ₹ 34.79 crore, Warehousing Corporation: ₹ 33.63 crore and Cooperative Sugar Mills ₹ 631.58 crore.

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 the extra burden in terms of servicing of debt and interest liabilities.

Department wise information pertaining to incomplete projects as on 31 March 2022 is given in **Table 2.26**. Only those projects where the scheduled dates for completion were already over as of 31 March 2022 have been included under incomplete projects.

Table 2.26: Department-wise profile of incomplete projects as on 31 March 2022
(₹ in crore)

Department	Number of incomplete projects	Estimated cost (₹ in crore)	Expenditure (₹ in crore)
Irrigation and Water Resources	1	10.69	10.85
Public Works (Buildings and Roads)	18	345.18	179.20
Total	19	355.88	190.05

Source: Finance Accounts

The scheduled dates of completion of 19 projects of the departments were between July 2020 and March 2022, but these were incomplete as on 31 March 2022, resulting in non-attainment of desired benefits from the investment of ₹ 190.05 crore. Out of 19 incomplete works, 5 works could not be completed even after the lapse of more than 12 months and incurring expenditure of ₹ 65.34 crore, comprising 34.49 per cent of total expenditure on the incomplete works as on 31 March 2022. Delays in completion of projects not only affected the quality of the expenditure but also deprived the State of intended benefits and economic growth.

2.4.4 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better. **Table 2.27** analyses expenditure priority of the State with regards to Health, Education and Capital expenditure during 2021-22.

Table 2.27: Expenditure priority of the State with regards to Health, Education and Capital expenditure

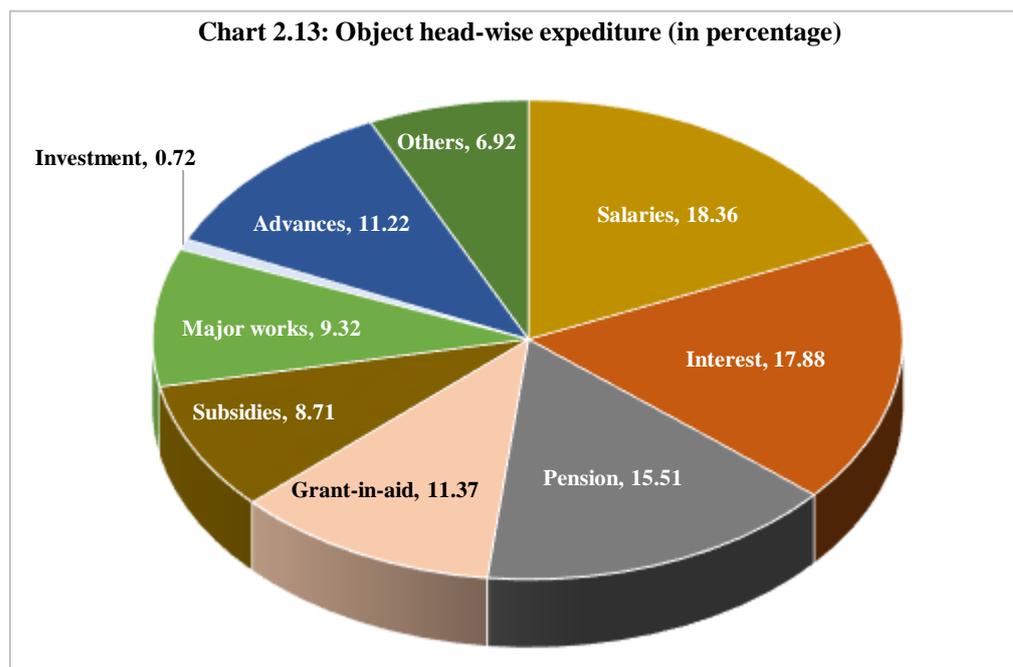
Fiscal Priority of the State	TE/GSDP	CE/TE	Education/TE	Health/TE
Haryana Average (Ratio) 2017-18	13.80	15.35	13.82	3.83
States other than NE and Himalayan States (GCS) Average (Ratio) 2017-18	16.13	15.56	15.17	5.09
Haryana Average (Ratio) 2021-22	12.33	10.00	14.46	6.25
States other than NE and Himalayan States (Ratio) 2021-22	15.84	14.41	14.66	6.20

TE: Total Expenditure, CE: Capital Expenditure.
Source for GSDP: Directorate of Economic and Statistical Analysis, Haryana.

Aggregate expenditure as a ratio of GSDP in Haryana is lesser than States other than NE and Himalayan States average in 2017-18 as well as in 2021-22. The ratio of expenditure on Education and Health was lower in Haryana than States other than NE and Himalayan States average during 2017-18 and 2021-22.

2.4.5 Object head-wise expenditure

Object head-wise expenditure give information about the object/purpose of the expenditure are shown in *Chart 2.13*.



Note: The object head wise expenditure obtained from VLC data contains object head wise expenditure on Salary, Interest and Pensions in all major heads which differs from the Committed expenditure on these items (as appeared in Paragraph 2.4.2.2).

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

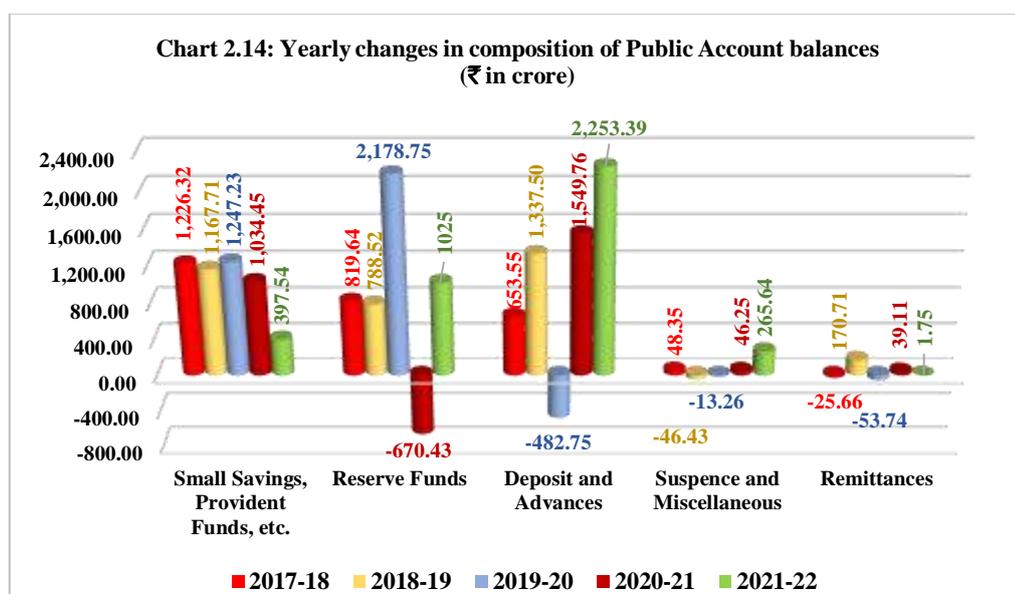
Component-wise net balances under various segments of Public Account are given in *Table 2.28* and *Chart 2.14*.

Table 2.28: Component-wise net balances in Public Account as of 31 March 2022

(₹ in crore)

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	14,547.52	15,715.23	16,962.46	17,996.91	18,394.45
J. Reserve Funds	(a) Reserve Funds bearing Interest	2,593.33	3,086.92	4,962.35	5,476.92	5,756.67
	(b) Reserve Funds not bearing Interest	2,933.75	3,228.68	3,532.00	2,347.00	3,092.25
	Total	5,527.08	6,315.60	8,494.35	7,823.92	8,848.92
K. Deposits and Advances	(a) Deposits bearing Interest	379.13	403.41	421.76	451.94	443.53
	(b) Deposits not bearing Interest	6,687.90	8,001.14	7,500.04	9,019.62	11,281.42
	(c) Advances	(-) 0.72	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74
	Total	7,066.31	8,403.81	7,921.06	9,470.82	11,724.21
L. Suspense and Miscellaneous ¹²	Suspense and Miscellaneous	(-) 10.80	(-) 57.23	(-) 70.49	(-) 24.24	241.40
M. Remittances	(a) Money Orders, and other Remittances	180.34	343.72	306.84	330.58	333.65
	(b) Inter-Governmental Adjustment Account	(-) 23.57	(-) 16.24	(-) 33.10	(-) 17.73	(-) 19.05
	Total	156.77	327.48	273.74	312.85	314.60
Grand Total		27,286.88	30,704.89	33,581.12	35,580.26	39,523.58

Source: Finance Accounts of the respective years



Source: Finance Accounts of the respective years

Net public account balances in 2021-22 increased by 11.08 per cent over the previous year mainly due to increase in Small Savings, Provident Fund, etc. (₹ 397 crore), Deposits (₹ 2,253 crore), Remittance (₹ 2 crore), Reserve Fund (₹1,025 crore) and Suspense and Miscellaneous (₹ 266 crore)

2.5.2 Reserve Funds

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were eleven Reserve Funds (five Reserve Funds bearing

¹² Excluding figures of Cash Balance Investment Account.

Interest and six Reserve Funds not bearing Interest) earmarked for specific purposes. The interest on balances of Reserve Funds bearing Interest is paid by the Government if the same are not invested while in case of Reserve Funds not bearing Interest, balances are invested in Government Securities/Treasury Bills under the administration of Central Accounts Section of the Reserve Bank of India at Nagpur. The fund balances lying in various Reserve Funds (bearing Interest and not bearing Interest) as on 31 March 2022 are given in **Table 2.29**.

Table 2.29: Detail of Reserve Fund

(₹ in crore)

Sr. No.	Name of Reserve Fund	Balance as on 31 March 2022
A	Reserve Funds bearing Interest	5,756.66
1	Depreciation Reserve Fund- Government Commercial Departments and Undertakings	566.84
2	Depreciation Reserve Fund- Government Non-Commercial Departments and Undertakings	16.45
3	General and Other Reserve Funds of Government Commercial Departments/ Undertakings	4.64
4	State Disaster Response Fund	4,234.06
5	State Compensatory Afforestation Fund	934.67
B	Reserve Funds not bearing Interest	3,092.26
1	Sinking Funds	1,286.08
2	Mines Welfare Fund	373.89
3	Fund for Development Schemes	1.41
4	Fund for Village Reconstruction for Harijan Uplift	2.29
5	Guarantee Redemption Fund	1,428.51
6	Consumer Welfare Fund	0.08
	Grand Total	8,848.92

Out of above, two Reserve Funds not bearing interest i.e. fund for development schemes and fund for village reconstruction for harijan uplift are inoperative for more than five years. The State Government is yet to close these inoperative Reserve Funds and transfer their balances to the Consolidated Fund of the State.

2.5.2.1 Consolidated Sinking Fund

The State Government substituted the earlier Consolidated Sinking Fund (CSF) Scheme of 2002 with a new CSF scheme on 8th June 2020 for redemption of outstanding liabilities of Internal Debt and Public Account. As per guidelines, the Government was required to contribute 0.5 *per cent* of previous outstanding liabilities of internal debt and public account.

The State Government has contributed only ₹ 500 crore during 2021-22 against ₹ 1,186.04 crore (0.5 *per cent* of outstanding liabilities of internal debt and public account of ₹ 2,37,207.91 crore as on 31 March 2021) resulting in short contribution of ₹ 686.04 crore.

As on 1st April 2021 the balance under the fund was ₹ 719.39 crore. The fund remained invested and interest of ₹ 66.69 crore was earned during the year. Total accumulation of the Fund was ₹ 1,286.08 crore as on 31 March 2022.

2.5.2.2 State Disaster Response Fund

The State Government replaced the Calamity Relief Fund with the State Disaster Response Fund (SDRF) in 2010-11. In terms of the guidelines of the Fund, the Centre, and the States, are required to contribute to the Fund in the proportion of 75:25. In terms of guidelines issued by Ministry of Home Affairs, Government of India on 28 September 2010 and 30 July 2015, fund balances are required to be invested as per the recommendations of the State Executive Committee (SEC) constituted for the management of the Fund. The results of audit are as follows:

- (a) Government of India's guidelines on constitution and administration of State Disaster Response Fund (SDRF), issued from time to time, provided that the State Executive Committee (SEC) would maintain subsidiary accounts (calamity wise) in such manner and details as might be considered necessary by the State Government in consultation with Accountant General. However, the State Government has not issued guidelines for maintenance of subsidiary accounts; and accordingly, the Department has not prepared calamity wise subsidiary accounts of SDRF. In the absence of calamity wise subsidiary accounts, details of expenditure incurred on each of the calamities, as per the items and norms of expenditure of SDRF fixed by GoI could not be verified.
- (b) From the review of annual Utilisation Certificates (UCs) furnished by the Department to GoI (MHA) it was observed that these UCs were issued based on sanctioned amounts instead of actual expenditure incurred there against. A further review of records revealed that Department reported expenditure from SDRF in a financial year based on sanctioned amounts released to field offices during the year. If funds transferred to field offices against sanctions for distribution of relief from SDRF alone or from both SDRF and State Budget were not fully disbursed, the undisbursed amount was received back from the field offices and deposited in Deposit Head 8121. As funds released against a sanction cannot be considered as expenditure until the same are disbursed to eligible beneficiaries, amount of expenditure reported on the basis of release of sanctioned funds to field offices, without regard to amounts actually disbursed to beneficiaries, did not meet the requirement and purpose of Guidelines. Further, since the Department has not maintained year wise actual expenditure from SDRF (i.e., amount sanctioned from SDRF less SDRF amount refunded or remaining undisbursed at the end of the financial year), actual annual utilisation of funds from SDRF could not be verified.
- (c) The guidelines for constitution and administration of SDRF issued by the GoI in July 2015 provided (under para no. 19 & 20) that on receipt

of the amounts of contributions from the Government of India and/or the State Government, the SEC would take action for investment of the funds together with the income earned on the investment of SDRF in one or more of (a) Central Government dated Securities; (b) Auctioned Treasury Bills; and (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks. Guidelines further provided that the investment in above instruments would be made till contrary instructions are issued by the GoI. However, the SDRF funds have not been invested as per GoI Guidelines in contravention to *ibid* guidelines.

- (d) The guidelines for constitution and administration of SDRF as issued (July 2015) by GoI based on the recommendations of XIV Finance Commission 2015-20 provided (under para no.7) that immediately upon receipt of GoI's share, the States would transfer the amount along with their share to the Public Account Head within 15 days of receipt. Guidelines further provided that any delay in release of funds would require the State Government to release the amount with interest at Bank rate of RBI, for the number of days of delay.

However, it was observed that instalments released by the GoI after issue of above guidelines along with matching contribution of State Government were deposited in SDRF with delays ranging from 12 to 104 days beyond permissible 15 days. Despite delays in release of amounts, the State Government has not provided interest in terms of the said Guidelines. As a result, the balance in SDRF is understated to the extent of ₹ 29.17 crore.

- (e) The Guidelines on "Constitution and Administration of SDRF" issued in July 2015 and January 2022 based on recommendations of XIV and XV Finance Commission, respectively, required State Governments to issue certificate that relevant notifications establishing SDRF as per section 48(1) (a) of the Disaster Management Act, 2005 was in force. In this regard, it was observed that Department had not provided such certificates to MHA.

Department stated (12 September 2022) that submission of Utilization Certificates in June and December was evidence that SDRF was in force. However, specific certificates as required to be furnished after notification of Guidelines of July 2015 and January 2022 were not provided by the Department to GoI.

- (f) The Guidelines on "Constitution and Administration of SDRF", as issued from time to time, provided that State Governments shall furnish to the MHA an Annual Report on natural calamities in respect of any

specified natural calamities faced in the previous year by September every year. This Annual Report shall, inter-alia, furnish details of expenditure incurred by the State Government on each of calamities for each type of expenditure allowed as per the items and norms of expenditure of SDRF fixed by MHA. However, Annual Report submitted by the Department reported calamity wise total sanctioned expenditure (i.e., expenditure sanctioned from both SDRF and State Budget); and not the calamity wise actual expenditure incurred as per MHA in terms of requirement of the Guidelines.

(g) **Expenditure from SDRF during 2021-22: ₹ 426.23 crore**

Balance available in Fund as on 31 March 2022: ₹ 4,234.06 crore

There was opening balance of ₹ 3,859.99 crore in SDRF. During 2021-22, the Central Government released ₹ 392.80 crore. As against GoI release of ₹ 392.80 crore, State's matching share works out to ₹ 130.93 crore. The State Government transferred an amount of ₹ 800.30 crore to the fund, which includes unspent balances of ₹ 43 crore and interest of ₹ 233.57 crore. An expenditure of ₹ 426.23 crore was met from the Fund during the year. There was a closing balance of ₹ 4,234.06 crore in the Fund as on 31 March 2022.

Expenditure as on 31 March 2022 is understated by ₹ 7.31 crore as amount of expenditure to be met from SDRF as per sanction No. 2272-ER-1-2022/1504 dated 16 March 2022 has been taken as ₹ 23.10 crore instead of ₹ 30.41 crore. As a result, balance available in the Fund as on 31 March 2022 is overstated to the same extent.

The SDRF shall be used only for meeting the expenditure for providing immediate relief to the victims of natural calamities. An expenditure of ₹ 426.23 crore was charged to SDRF as given in **Table 2.30**.

Table 2.30: Detail of expenditure charged to SDRF

Major Head of Account	Minor Head of Account	Expenditure during 2021-22 (₹ in crore)
2245-Relief on Account of Natural Calamities 02-Floods, Cyclones, etc.	101- Gratuitous Relief	586.23
	111- Ex-gratia payments to bereaved families	60.00
	113- Assistant for repairs/reconstruction of Houses	0.03
	117- Assistance to farmers for purchase of Live Stock	0
	282- Public Health	2.73
	800- Others	0.07
	Sub Total	649.06
2245-Relief on Account of Natural Calamities 80-General	800-Other Expenditure	5.9
	Sub Total	5.9
	Grand Total	654.96
05-State Disaster Response Fund	901-Deduct –Amount met from State Disaster	426.23
Expenditure charged to SDRF (admissible expenditure under SDRF guidelines)		586.23

2.5.2.3 *Guarantee Redemption Fund*

The State Government substituted the earlier Guarantee Redemption Fund (GRF) of 2003 with the new GRF scheme on 8th June 2020 for meeting obligation arising out of the guarantees issued on behalf of the State Public Sector Undertakings and local bodies. The Fund has been set up by the Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. As per the provisions of the Fund, the State Government is required to transfer collected guarantee fee and annual or periodic contributions as estimated by the Government to the Fund. The Fund is administrated by the Reserve Bank of India. The outstanding guarantees of the Government as on 31 March 2021 were ₹ 23,053.18 crore. RBI guidelines of 2013 indicated contribution of minimum one *per cent* outstanding guarantees at the beginning of the year and thereafter a minimum of 0.5 *per cent* every year to achieve a corpus of minimum of three *per cent* in next five years (further increasable to five *per cent*) of the outstanding guarantees of the previous year. The State Government did not contribute any amount to the fund during the year though the guarantee fees of ₹ 119.15 crore was collected during 2021-22.

The balance under the fund was ₹ 1,428.51 crore as on 31 March 2022 (which is 6.20 *per cent* of the outstanding guarantees of ₹ 23,053.18 crore) which stood invested.

2.5.2.4 *Mines and Mineral Development, Restoration and Rehabilitation Fund*

The Fund was established (July 2015) for environmentally sustainable growth of the mining sector, protection, preservation, rehabilitation and restoration of the mining sites in the State and to undertake other related works in the overall interest of protection and preservation of ecology and environment of the area. Though the Fund is enlisted as 'Reserve Funds not bearing interest', it bears interest at the rate of six *per cent* per annum.

As per constitution of the Fund, an amount equal to 10 *per cent* of the 'Dead Rent/Royalty/Contract Money' paid to the State is to be charged from the mineral concession holders in the nature of 'other charges' for restoration and rehabilitation works and credited to the Fund. Also, an amount equal to five *per cent* of the amount received by State Government on account of the 'Dead Rent/Royalty/Contract Money' in a financial year is to be deposited/transferred in the Fund as Government Contribution to the Fund.

A balance of ₹ 300.75 crore was in the Fund as on 1 April 2021. The State Government during the year received an amount of ₹ 703.67 crore on account of Dead Rent etc. and an amount of ₹ 37.14 crore on account of 'other charges' from the Concession Holders. The amount of ₹ 105.55 crore (10 *per cent* of Dead Rent

plus five *per cent* State share of Dead Rent of ₹ 703.67 crore) was required to be contributed to the Fund. However, the State Government, during the year contributed an amount of ₹ 89.41 crore (State contribution: ₹ 31.33 crore and Concession Holders' contribution: ₹ 58.08 crore). Thus, there was short contribution of ₹ 16.14 crore. The State Government, has allowed ₹ 5.85 crore as interest on the balances in the Fund during the year, thereby leading to short contribution to the Fund on account of interest to the extent of ₹ 12.20 crore (six *per cent* of ₹ 300.75 crore). An expenditure of ₹ 22.12 crore was met from the Fund during the year, thereby leaving a balance of ₹ 373.89 crore in the Fund as on 31 March 2022.

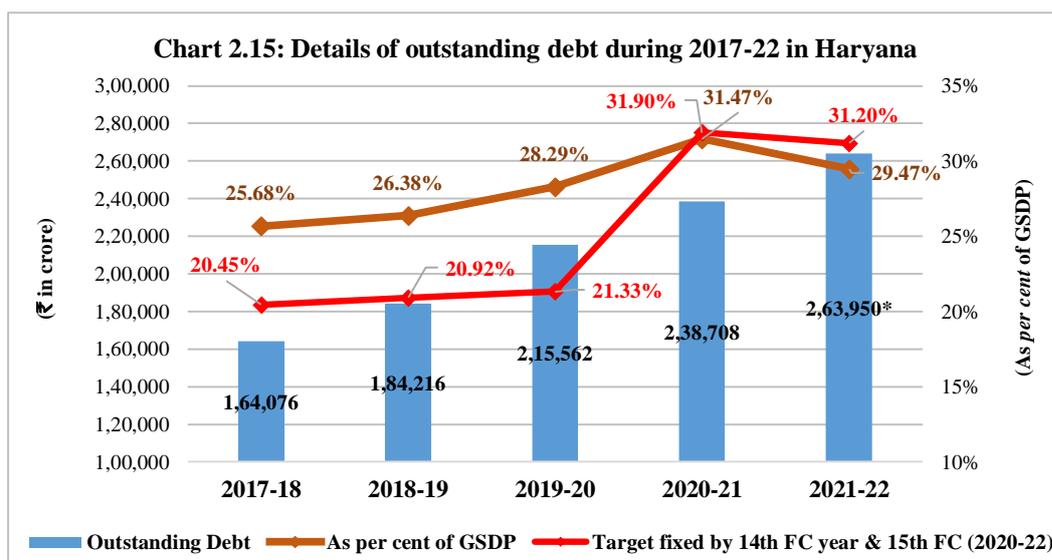
2.5.2.5 State Compensatory Afforestation Fund

In compliance to the instructions issued by the Ministry of Environment and Forests, Government of India vide their letter No. 5-1/2009-FC dated 28th April 2009 and guidelines of 2 July 2009, the State Governments are required to establish the State Compensatory Afforestation Fund Management and Planning Authority (CAMPA). CAMPA will administer the amount received and utilise the collected amounts for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. The Authority will set up the State Compensatory Afforestation Fund for this purpose. It is an interest-bearing reserve fund, which is required to be invested.

The balance under the fund was ₹ 1,069.76 crore at the beginning of the year. During the year 2021-22, the State Government did not receive any amount, being State share of the CAMPA Fund, from National Compensatory Afforestation Deposits to the Fund. The State Government did not credit any interest during the year. An expenditure of ₹ 135.09 crore was incurred out of the Fund during the year. The State Government has not made any investment though there was a balance of ₹ 934.67 crore in the fund as on 31 March 2022.

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 details of outstanding debt in Haryana during 2017-22 are given in *Chart 2.15*.



* Excluding GoI back-to-back loans of ₹ 4,352 crore during the year 2020-21 and ₹ 7,394 crore during the year 2021-22 in lieu of GST compensation shortfall which were not to be treated as debt of the State for any norms, as per the guidelines (August 2020/December 2021).

2.6.1 Debt profile: Components

Total debt of the State Government typically constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government, and Public Account Liabilities. The outstanding fiscal liabilities of the State are presented in **Chart 2.16** during 2021-22. The component-wise debt trends of the State for the period of five years beginning from 2017-18 are presented in **Table 2.31**.

Table 2.31: Component-wise debt trends

(₹ in crore)

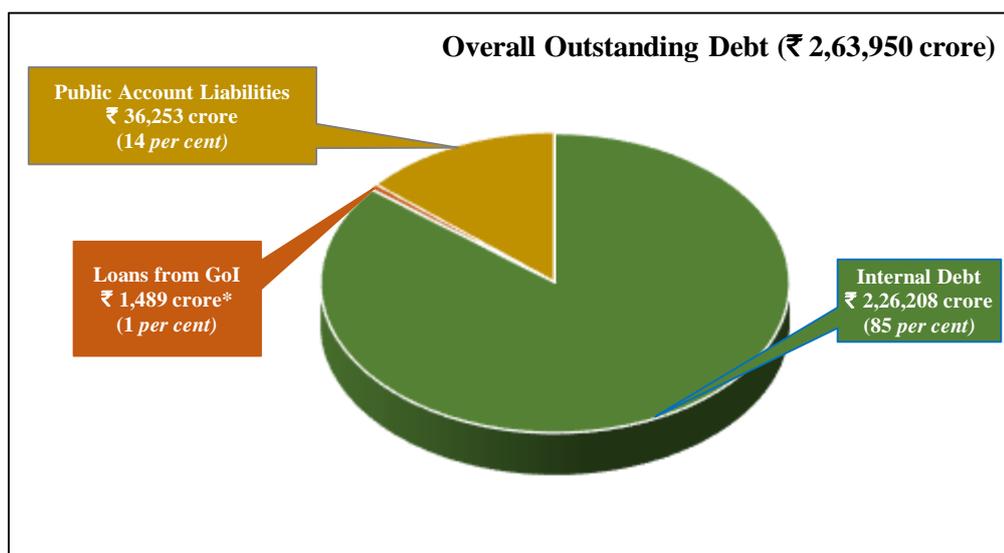
Components of fiscal liability	2017-18	2018-19	2019-20	2020-21	2021-22
Overall Outstanding Debt	1,64,076	1,84,216	2,15,562	2,38,708	2,63,950
Public Debt					
Internal Debt	1,37,813	1,54,968	1,83,786	2,03,958	2,26,208
Loans from GoI	1,941	1,867	1,705	1,500*	1,489 [@]
Liabilities on Public Account	24,322	27,381	30,071	33,250	36,253
Off Budget Borrowings	-	-	-	-	- [#]
Rate of growth of outstanding Overall debt (percentage)	12.10	12.27	17.02	10.74	10.57
Gross State Domestic Product (GSDP)	6,38,832	6,98,189	7,62,044	7,58,507	8,95,672
Debt/GSDP (per cent)	25.68	26.38	28.29	31.47	29.47
Public Debt Receipts	21,490	34,265	44,432	49,465	47,712
Public Debt Repayments	6,339	17,184	15,776	29,498	25,473
Public Debt Available	15,151	17,081	28,656	19,967	22,239
Public Debt Repayments/Receipts (percentage)	29.50	50.15	35.51	59.63	53.39
Net Public Account Receipts	2,554	3,059	2,690	3,179	3,003
Total Debt Available	17,705	20,140	31,346	23,146	25,242

* Excluding GoI back-to-back loans of ₹ 4,352 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

@ Excluding GoI back-to-back loans of ₹ 11,746 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,394 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

As per Finance Accounts 2021-22, information is Nil. However, the para on “off budget borrowings” as a result of Audit has been incorporated in Chapter-IV of SFAR 2021-22.

Chart 2.16: Break up of Overall Outstanding Debt at the end of 31 March 2022



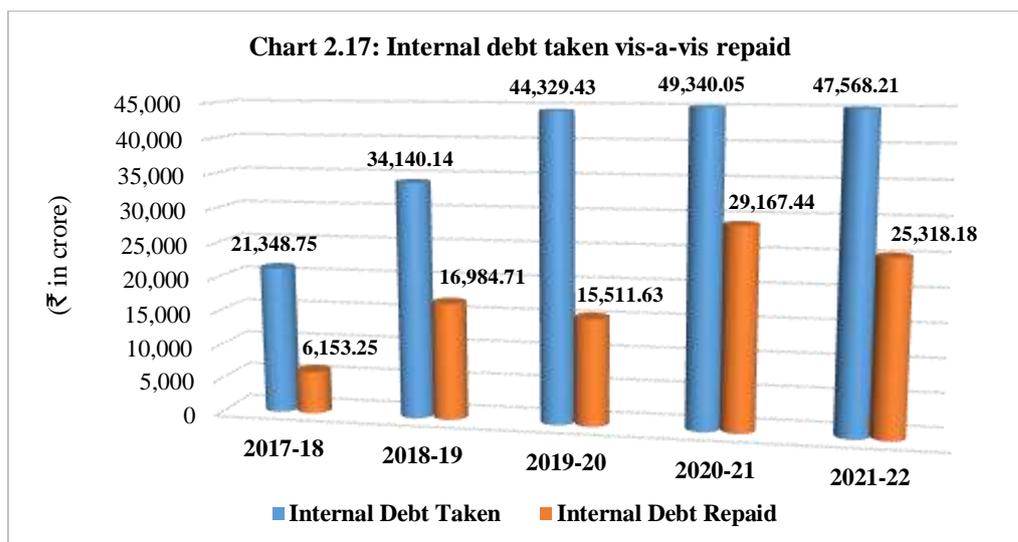
* Excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

The overall fiscal liabilities of the State increased from ₹ 1,64,076 crore in 2017-18 to ₹ 2,63,950 crore in 2021-22 registering an increase of 60.87 per cent mainly due to increase in public debt (₹ 87,943 crore) and public account liabilities (₹ 11,931 crore). The overall fiscal liabilities increased by 10.57 per cent in 2021-22 as compared to 10.74 per cent in the previous year. The ratio of fiscal liabilities to GSDP increased from 25.68 per cent in 2017-18 to 29.47¹³ per cent in 2021-22. The liabilities were 2.96 times of the revenue receipts and 4.88 times the State's own resources. It is significant to note that fiscal liabilities at ₹ 2,63,950 crore were higher than the limit of ₹ 1,99,823 crore projected in the MTFPS for the year 2021-22.

Ministry of Finance, GoI has provided the special assistance of ₹ 91 crore to State Government in the form of interest free loans for 50 years for the project Pandit Deen Dayal Upadhaya University of Health Sciences at village Kutail (Karnal).

The fiscal liabilities to GSDP ratio at 29.47 per cent was within the limit of normative assessment of 31.20 per cent under 15th FC.

¹³ Excluding GoI back-to-back loans of ₹ 4,352 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.



Source: Finance Accounts of respective years

Internal debt of the State Government increased by ₹ 88,395 crore (64.14 *per cent*) from ₹ 1,37,813 crore in 2017-18 to ₹ 2,26,208 crore in 2021-22. **Chart 2.17** is showing the trends of internal debt taken vis-à-vis repaid. An interest of ₹ 16,530.97 crore was paid on internal debt during 2021-22.

Market borrowings form a major portion of the internal debt of the State Government, with interest rates ranging between 4.40 and 9.89 *per cent*. In 2021-22, out of total internal debt receipts of ₹ 47,568 crore, market loans were of ₹ 30,498 crore. Out of total internal debt re-payments of ₹ 25,318 crore, repayment of market loans was ₹ 6,357 crore. The outstanding market borrowings as of 31 March 2022 were ₹ 1,85,357.55 crore. The net increase of market borrowings during the year was 14.97 *per cent* (₹ 24,141 crore).

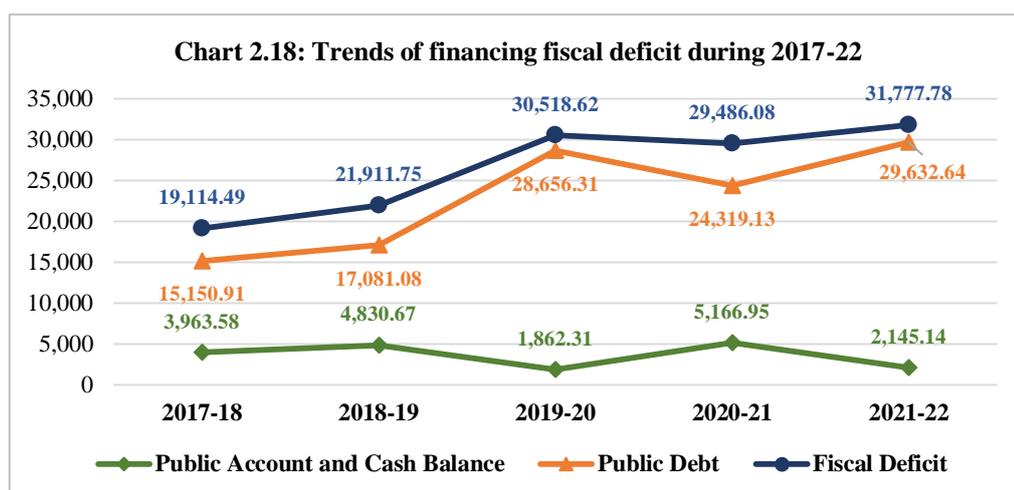
The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Chart 2.18 and Table 2.32**. Receipts and disbursements under the components of financing the fiscal deficit during 2021-22 are given in **Table 2.33**.

Table 2.32: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Composition of Fiscal Deficit	(-) 19,114	(-) 21,912	(-)30,519	(-)29,486	(-) 31,778
1 Revenue Deficit	(-) 10,562	(-)11,270	(-)16,990	(-)22,385	(-) 20,333
2 Net Capital Expenditure	(-) 13,498	(-)15,258	(-)17,612	(-)5,807	(-) 10,978
3 Net Loans and Advances	4,946	4,616	4083	(-) 494	(-) 466
4 Appropriation to Contingency Fund	-	-	-	(-) 800	-
Financing Pattern of Fiscal Deficit					
1 Market Borrowings	15,839.49	17970.00	20,676.85	25,550.00	24,141.11
2 Loans from GoI	(-)44.59	(-)74.33	(-)161.49	4,146.52	7,382.62
3 Special Securities issued to NSSF	(-)954.14	(-) 980.58	(-)1,004.39	(-)1,004.39	(-) 999.86
4 Bonds	-	-	-	-	(-) 3,460.00
5 Loans from Financial Institutions	310.15	165.99	9,145.34	(-)4,373.00	2,568.77
6 Small Savings, PF, etc.	1,226.32	1,167.71	1,247.23	1,034.45	397.53
7 Reserve Fund	673.72	553.47	1,925.34	(-)670.44	1,025.00
8 Deposits and Advances	653.55	1,337.50	(-)482.75	1,549.76	2,253.39
9 Suspense and Miscellaneous	518.78	1,296.28	(-)1,623.60	1,562.54	265.64
10 Remittances	(-)25.09	170.72	(-)53.74	39.11	1.75
11 Appropriation to Contingency Fund		-	-	800.00	0.00
12 Overall Deficit	18,198.19	21,606.76	29,668.79	28,634.55	33,575.95
13 Increase/Decrease in cash balance	916.30	304.99	849.83	851.53	(-) 1,798.17
14 Gross Fiscal Deficit	19,114.49	21,911.75	30,518.62	29,486.08	31,777.78

Source: Finance Accounts of the respective years

**Table 2.33: Receipts and Disbursements under components financing the fiscal deficit**

(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	30,497.76	6,356.65	24,141.11
2 Loans from GoI	7,537.39 [@]	154.77	7,382.62
3 Special Securities issued to NSSF	0	999.86	(-) 999.86
4 Bonds	0	3,460.00	(-) 3,460.00
5 Loans from Financial Institutions	14,294.62	11,725.85	2,568.77
6 Contingency Receipts	900.00	900.00	0.00
7 Small Savings, PF, etc.	3,569.29	3,171.76	397.53
8 Deposits and Advances	38,077.43	35,824.04	2,253.39
9 Reserve Funds	1,668.69	643.69	1,025.00
10 Suspense and Miscellaneous	1,363.26	1,097.62	265.64
11 Remittances	10,992.28	10,990.53	1.75
12 Overall Surplus (-) Deficit (+)	1,08,900.72	75,324.77	33,575.95
13 Increase (-)/decrease (+) in cash balance	3,147.94	4,946.11	(-) 1,798.17
14 Gross Fiscal Deficit	1,12,048.66	80,270.88	31,777.78

[@] Includes ₹ 7,393.79 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

As evident from above, the fiscal deficits during 2017-18 to 2021-22 were largely financed through public debt, which includes market borrowings, loans from GoI, etc.

2.6.2 Debt profile: Maturity and Repayment

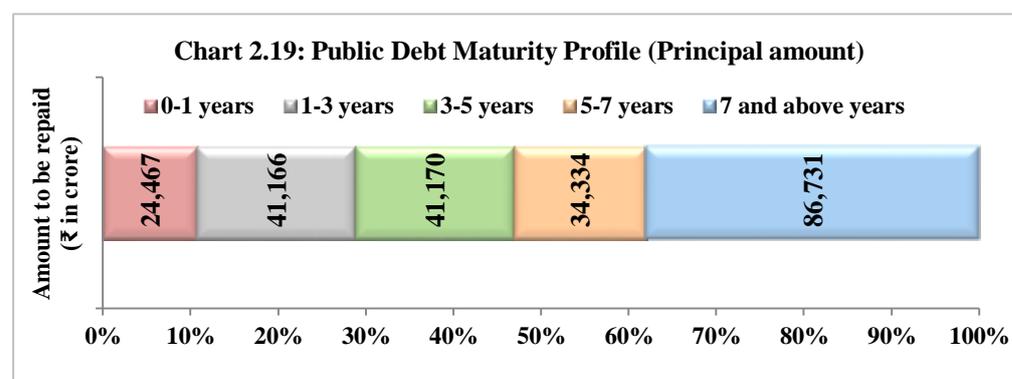
Public Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment of principal amount.

Table 2.34: Public debt maturity profile (Principal amount)

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	24,466.70	11
1 – 3	41,166.38	18
3 – 5	41,170.07	18
5 – 7	34,333.61	15
7 and above	86,731.57	38
Total[#]	2,27,868.33¹⁴	100

Excluding GoI back-to-back loans of ₹ 11,746 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,394 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

As of March 2022, total outstanding public debt was ₹ 2,27,868.33 crore. The maturity profile of outstanding stock of public debt as on 31 March 2022 showed that 62 per cent (₹ 1,41,136.76 crore) of the total outstanding debt was in the maturity bucket of up to seven years and the balance of ₹ 86,731.57 crore (38 per cent) from seventh year onwards as depicted in **Table 2.34** and **Chart 2.19**.



¹⁴ Difference of ₹ 171.31 crore between maturity profile and balances under Public Debt is under reconciliation.

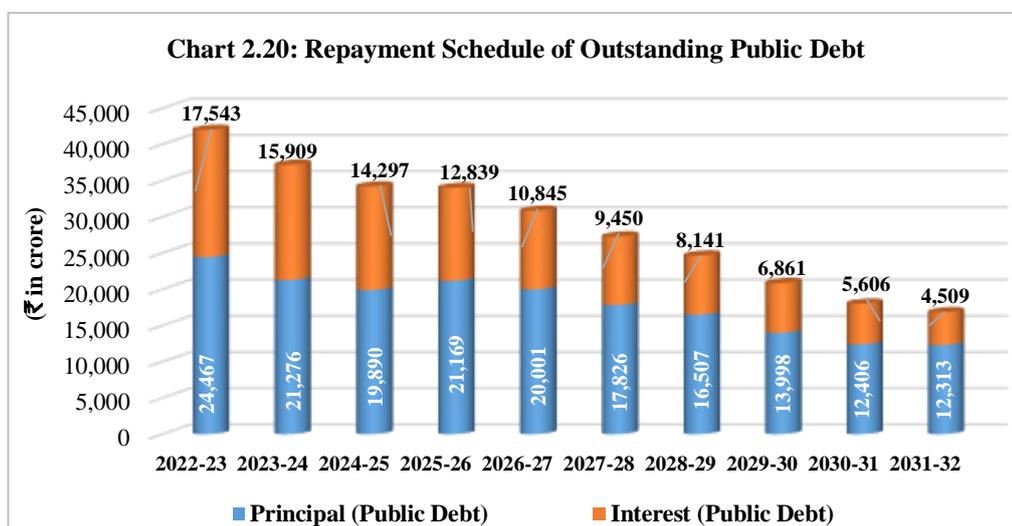
Repayment schedule of the outstanding public debt alongwith interest¹⁵ in the next 10 years has been given in **Table 2.35** and **Chart 2.20**.

Table 2.35: Details of repayment schedule of outstanding public debt and interest

(₹ in crore)

Year	Repayment of		
	Public Debt	Interest	Total
2022-23	24,466.70	17,543.41	42,010.11
2023-24	21,276.22	15,909.19	37,185.41
2024-25	19,890.16	14,297.10	34,187.26
2025-26	21,168.57	12,838.67	34,007.24
2026-27	20,001.50	10,844.65	30,846.15
2027-28	17,826.30	9,449.55	27,275.85
2028-29	16,507.31	8,140.76	24,648.07
2029-30	13,997.63	6,861.21	20,858.84
2030-31	12,405.88	5,606.04	18,011.92
2031-32	12,312.75	4,509.63	16,822.38
Total	1,79,853.02[§]	1,06,000.21	2,85,853.23

[§] Excluding GoI back-to-back loans of ₹ 11,746 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,394 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.



Note: The maturity profile for the next 10 years has been evolved for Public Debt after excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources and interest has been calculated upto the financial year in which the loans are going to retire.

Out of outstanding public debt of ₹ 2,85,853.23 crore alongwith interest for the period 2022-23 to 2031-32, ₹ 42,010.11 crore (15 per cent) including interest is payable in 2022-23, ₹ 1,36,226.06 crore (48 per cent) including interest is payable during the period from 2023-24 to 2026-27, while the remaining 37 per cent (₹ 1,07,617.06 crore) is to be paid after more than five years. Annual outgo in shape of public debt repayment and interest will be approximately ₹ 35,647.24 crore during next five years upto 2026-27.

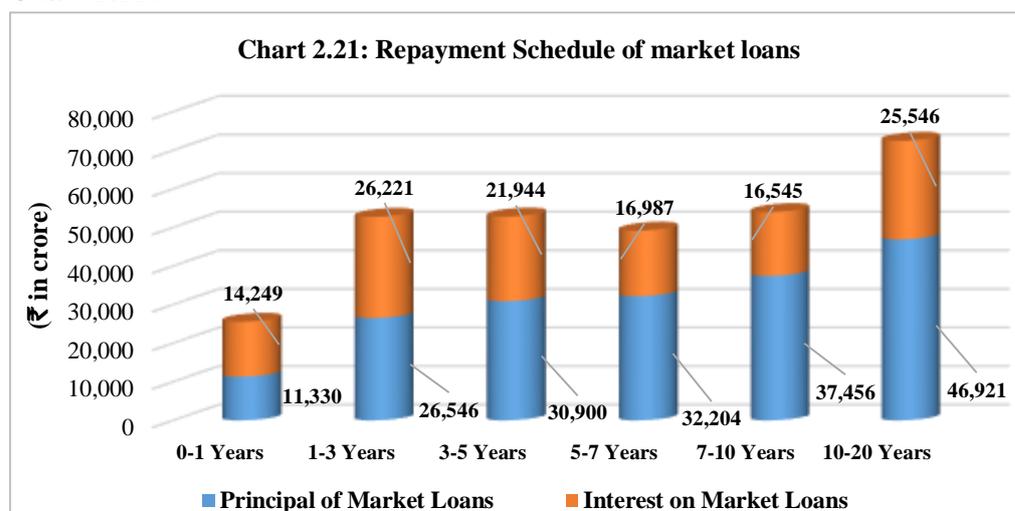
¹⁵ Interest of Market Loan is calculated on the basis of maturity profile available in the Finance Account. Interest on Public Debt other than market loans is calculated on the basis of average interest rate of borrowings of last five years.

In the period 2027-28 to 2031-32, public debt repayment of ₹ 1,07,617.06 crore (principal: ₹ 73,049.87 crore and interest: ₹ 34,567.19 crore) will be payable. As such the State will have to repay approximately ₹ 21,523.41 crore annually during the period 2027-28 to 2031-32.

The outgo on account of repayment of outstanding public debt alongwith interest may further go up with the increase in the borrowing requirement of the State.

Market Borrowing/Loans

Repayment schedule of market loans alongwith interest has been given in **Chart 2.21**.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2022 and interest has been calculated upto the financial year in which the loans are going to retire.

The State will have to repay ₹ 37,876 crore of market loans and pay interest of ₹ 40,470 crore in next three financial years i.e. upto 2024-25. In next two years upto 2026-27, ₹ 30,900 crore principal and interest of ₹ 21,944 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 26,238 crore during next five years upto 2026-27.

In the period 2027-28 to 2031-32, loans of ₹ 69,660 crore and interest of ₹ 33,532 crore will be payable. As such the State will have to repay approximately ₹ 20,638 crore annually during the period 2027-28 to 2031-32.

2.7 Debt Sustainability Analysis

Apart from the magnitude of the debt of the Government, it is important to analyse the various parameters that determine the debt sustainability of the State and indicate ability of the State to service its debt obligation in future. This section assesses the sustainability of the debt of the Government in terms of rate of growth of outstanding debt; ratio of interest payment and revenue receipt, debt repayment and debt receipt; net debt available to the State. **Table 2.36** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2017-18.

Table 2.36: Trends in debt Sustainability indicators

(₹ in crore)

Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt*	1,39,754	1,56,835	1,85,491	2,05,458	2,27,697*
Rate of Growth of Outstanding Public Debt	12.16	12.22	18.27	10.76	10.82
GSDP	6,38,832	6,98,189	7,62,044	7,58,507	8,95,672
Rate of Growth of GSDP	13.79	9.29	9.15	(-) 0.46	18.08
Public Debt/GSDP	21.88	22.46	24.34	27.09	25.42
Debt Maturity profile of repayment of State debt—including default history, if any	2,561.93	5,054.18	5,840.63	12,132.69	16,057.12
Average interest Rate of Outstanding Public Debt (<i>per cent</i>)	8.08	8.16	8.17	7.94	7.72
Percentage of Interest payment to Revenue Receipt	17.04	18.37	20.60	22.97	21.41
Percentage of Debt Repayment to Debt Receipt	29.50	50.15	35.50	59.63	53.39
Net Debt available to the State [#]	4,469.12	4,981.11	14,677.34	4,449.26	5,521.18
Net Debt available as <i>per cent</i> to Debt Receipts	20.80	14.54	33.03	8.99	11.57
Debt Stabilisation (Quantum spread ^{\$} + Primary Deficit)	823.85	(-) 6,586.43	(-) 13,119.97	(-) 29,638.01	(-) 10,181.49

Source: Finance Accounts of the respective years

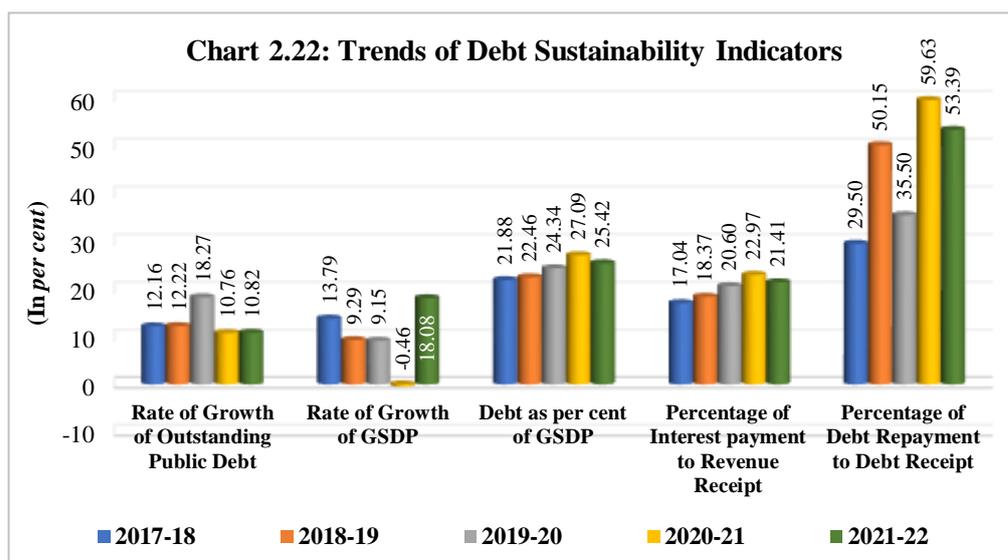
* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004-Loans and Advances from the Central Government. During 2020-21, it excluded ₹ 4,352 crore during the year 2020-21 and ₹ 11,746 crore (₹ 4,352 crore and ₹ 7,394 crore) during the year 2021-22 as back-to-back loans from GoI in lieu of GST compensation shortfall, which are not to be repaid by the State from its sources.

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 X Rate spread) where Rate spread = (GSDP growth rate-Interest rate).

A necessary condition for debt stability states that if the rate of growth of GSDP exceeds the interest rate for public debt, the debt GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Thus, if primary deficit together with quantum spread turns out to be negative, debt GSDP ratio would be rising.

In Haryana, the debt GSDP ratio rose from 21.88 *per cent* in 2017-18 to 27.09 *per cent* in 2020-21 and decreased to 25.42 *per cent* in 2021-22 due to positive figure of primary deficit together with quantum spread in 2021-22. Trends of Debt sustainability indicators for the five years starting from 2017-18 are shown in *Chart 2.22*.



Public Debt of the State Government increased from ₹ 1,39,754 crore in 2017-18 to ₹ 2,27,697 crore in 2021-22 registering an increase of 62.93 per cent during the period 2017-22. The annual rate of increase ranged between 10.76 per cent and 18.27 per cent over the period 2017-18 to 2021-22 while growth rate of GSDP remained between 9.15 and 13.79 per cent up to 2019-20 and declined to (-) 0.46 per cent during 2020-21 and increased to 18.08 per cent in 2021-22.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. The detail of utilisation of borrowed funds for repayment of earlier borrowings, capital expenditure and revenue expenditure during the period 2017-22 is given in **Table 2.37**.

Table 2.37: Utilisation of borrowed funds

(₹ in crore)

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Total Borrowings	21,489.76	34,264.97	44,431.82	49,464.73 ¹⁶	47,711.81 ¹⁷
Repayment of earlier borrowings (Principal) (percentage)	6,338.85 (29)	17,183.87 (50)	15,775.51 (36)	29,497.60 (60)	25,472.95 (53)
Net capital expenditure (Percentage)*	8,308.03 (39)	10,067.59 (29)	12,421.92 (28)	5,806.74 (11)	10,978.41 (23)
Net loans and advances*	243.96 (1)	573.74 (2)	1,106.62 (2)	493.75 (1)	466.02 (1)
Portion of Revenue expenditure met out of net available borrowings	6,598.92 (31)	6,439.77 (19)	15,127.77 (34)	13,666.64 (28)	10,794.43 (23)

Source: Finance Accounts of the respective years

Figures in parenthesis indicate percentage to the total borrowings

* Calculation of Net Capital Expenditure and Net loans and advances reflected in SFAR 2019-20.

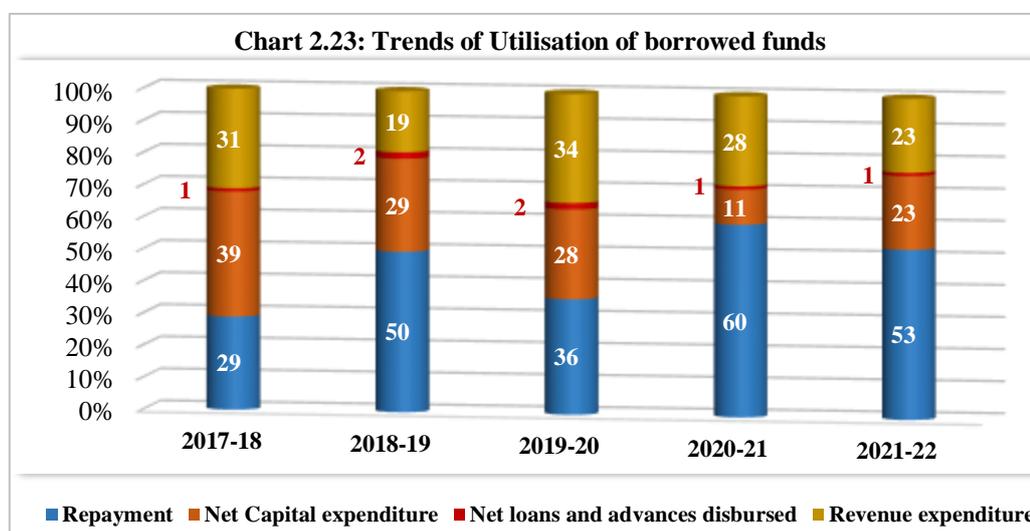
¹⁶ Excluding GoI back-to-back loans of ₹ 4,352 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

¹⁷ Excluding GoI back-to-back loans of ₹ 7,394 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

The Revenue Receipts of the State Government were not sufficient for meeting the Revenue Expenditure. Hence, the Government remained dependent upon borrowings for meeting Revenue Expenditure. During 2021-22, revenue expenditure of ₹ 10,794 crore (11 per cent of total revenue expenditure) was met from borrowed funds which constitutes 23 per cent of borrowed funds.

Thus, during 2017-18 to 2021-22 borrowed funds between 60 per cent and 88 per cent had been utilised for repayment of earlier loans and Revenue Expenditure. During 2021-22, 76 per cent of borrowed funds were utilised for repayment of earlier loans (53 per cent) and Revenue Expenditure (23 per cent). Hence, borrowed funds were not utilised for creation of infrastructure.

Trends of utilisation of borrowed funds during the period 2017-22 is depicted in **Chart 2.23**.

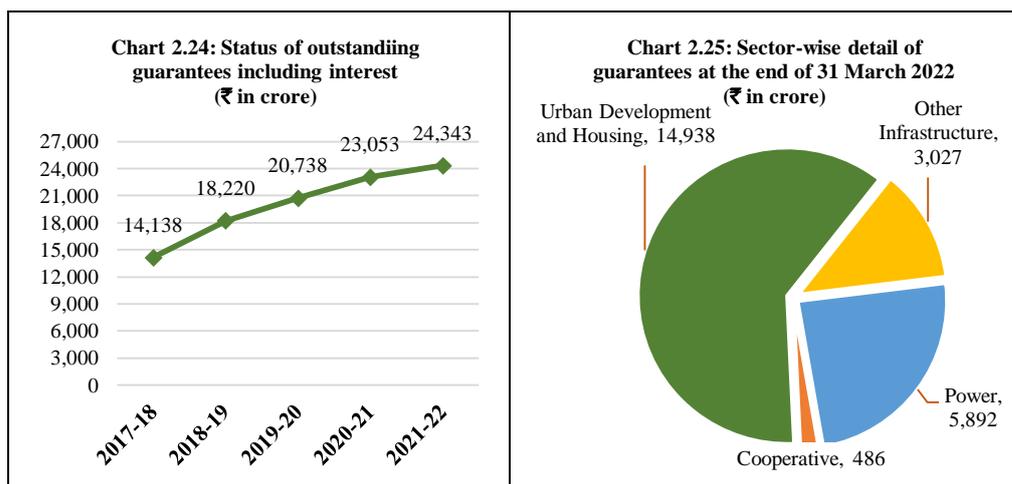


Source: Finance Accounts of the respective years

2.7.2 Status of Guarantees–Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in cases of defaults by borrowers for whom the guarantees have been extended. The State Government has not passed a law under Article 293 of the Constitution for laying down the limit within which the Government may give guarantees on the security of the Consolidated Fund of the State.

As per Statement No. 9 of the Finance Accounts, the outstanding guarantees and status of outstanding guarantees to total receipts for the last five years are given in **Chart 2.24** and **2.25**.



Source: Finance Accounts

No amount was paid by the Government towards guarantees during 2021-22. The details of outstanding guarantees including guarantee fee, as on 31 March 2022, was in respect of PSUs and autonomous bodies as shown in **Table 2.38**.

Table 2.38: Details of outstanding guarantees including guarantee fee given to entities (₹ in crore)

Sr. No.	Name of PSUs/Autonomous bodies	Number of Guarantees	Outstanding Guarantee including interest
1	Haryana Shehri Vikas Pradhikaran (HSVP)	11	14,334.04
2	Haryana State Industrial Infrastructure Development Corporation	6	2,843.83
3	Uttar Haryana Bijli Vitran Nigam Limited	20	4,400.65
4	Haryana Vidyut Parsaran Nigam Limited	6	295.41
5	Haryana State Co-operative Agriculture Rural Development Bank	1	153.94
6	Haryana Police Housing Corporation Limited	2	342.05
7	Housing Board, Haryana	6	261.43
8	Dakshin Haryana Bijli Vitran Nigam Limited	10	1,168.41
9	Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited	1	94.20
10	Municipal Corporation, Faridabad	1	55.00
11	Haryana State Warehousing Corporation	4	20.32
12	Haryana Power Generation Limited, Panchkula	1	27.13
13	Panipat Co-Operative Sugar Mills Limited, Panipat	1	92.86
14	Shahbad Co-Operative Sugar Mills Limited, Shahbad	1	55.35
15	Karnal Co-operative Sugar Mills Limited, Karnal	1	78.93
16	HAFED-NABARD	2	104.84
17	Haryana Scheduled Castes Finance and Development Corporation	2	14.17
	Total	76	24,342.56

Source: Finance Accounts for the year 2021-22

Out of total outstanding guarantee including interest as on 31 March 2022, 94.65 per cent (₹ 23,042.34 crore) was outstanding mainly in respect of Haryana Shehri Vikas Pradhikaran (₹ 14,334.04 crore), Haryana State Industrial Infrastructure Development Corporation (₹ 2,843.83 crore), Uttar Haryana Bijli Vitran Nigam Limited (₹ 4,400.65 crore), Haryana Vidyut Parsaran Nigam Limited (₹ 295.41 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 1,168.41 crore).

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time.

Comparative figures of cash balances and investment of cash balance for the years 2020-21 and 2021-22 are given in **Table 2.39**.

Table 2.39: Detail of cash balances and investment of cash balances

(₹ in crore)

	Closing balance on 31 March 2021	Closing balance on 31 March 2022
A. General Cash Balance		
Deposits with Reserve Bank of India	(-) 463.47	(-) 371.24
Remittances in Transit-Local	0.54	0.54
Total	(-) 462.93	(-) 370.70
Investments held in Cash Balance investment account	1,564.72	2,597.52
Total (A)	1,101.79	2,226.82
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	3.34	4.41
Permanent advances for contingent expenditure with department officers	0.12	0.12
Investment in earmarked funds	2,042.69	2,714.76
Total (B)	2,046.15	2,719.29
Total (A + B)	3,147.94	4,946.11
Interest realised	29.49	25.45

Source: Finance Accounts

Table 2.40: Cash Balance Investment Account (Major Head-8673)

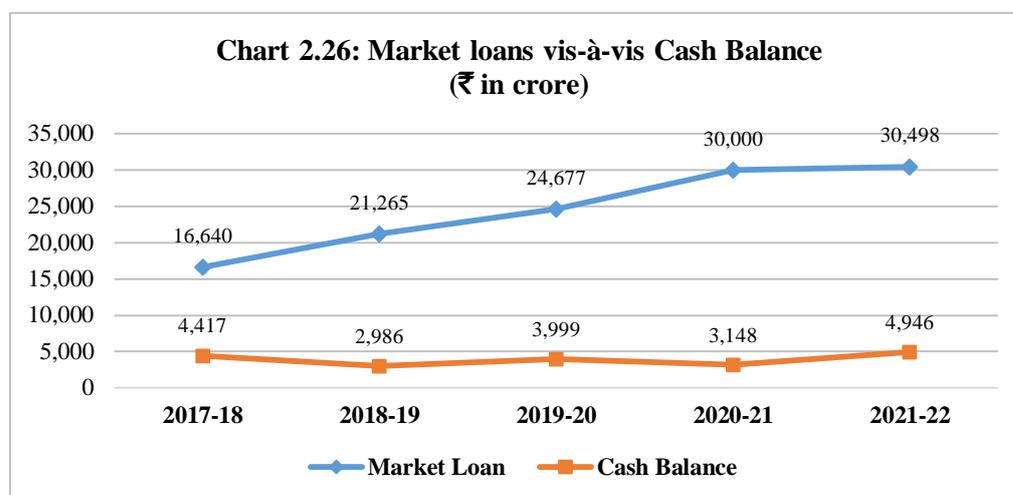
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/decrease (-)	Interest earned
2017-18	2,554.85	2,084.53	(-) 470.32	94.89
2018-19	2,084.53	721.57	(-) 1,362.96	91.54
2019-20	721.57	2,332.87	1,611.30	76.54
2020-21	2,332.87	1,564.72	(-) 768.15	29.49
2021-22	1,564.72	2,597.52	1,032.80	25.45

Source: Finance Accounts of the respective years

The Cash Balance included investment of ₹ 2,719.29 crore from earmarked funds. The said investment consisting of Sinking Fund Investment Account (₹ 1,283.95 crore) and Guarantee Redemption Fund Investment Account (₹ 1,428.51 crore) was invested by the RBI. The Government was able to maintain a minimum cash balance of ₹ 1.14 crore for 346 days during 2021-22. The Government had maintained the minimum balance by taking special ways and means advance (WMA) for 4 days and ordinary ways and means advance for 14 days. The State had to pay ₹ 0.29 crore as interest on WMA during the year 2021-22.

During 2021-22, the State had an opening cash balance of ₹ 3,148 crore and Government borrowed ₹ 30,498 crore from the market for meeting its obligations. The closing cash balance was ₹ 4,946 crore (*Chart 2.26*).



2.8 State Finance Commission (SFC)

Article 243-1 read with Article 243-Y of the Constitution of India makes it mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the 74th Constitutional Amendment Act (CAA) and thereafter on expiry of every five years. The mandate of the State Finance Commission (SFC) is to review the financial position of the Local Bodies and to make recommendations to the Governor for devolution of funds. The State Government through amendments in Haryana Municipal Act 1973 (HM) and Haryana Municipal Corporation Act 1999 (HMC) Act provided for constitution of SFC.

As per fifth SFC recommendations, sixth SFC should be established by September 2019 and finalisation of its report by December 2020 to facilitate adoption of the sixth SFC proposals from the 2021-22 fiscal year. However, the State Government constituted sixth SFC in September 2020 after delay of one year. The commission submitted its report to the Governor in December 2021. The State Government has accepted the financial recommendations of the commission in August 2022.

2.8.1 The Devolution

The Chapter 9 of sixth SFC Report recommended augmenting the divisible pool from earlier seven *per cent* to nine *per cent* of net State Own Tax Revenue (SOTR). Out of this nine *per cent* it was recommended that seven *per cent* would be devolved as 50 *per cent* to Panchayati Raj Institutes (PRIs) and 50 *per cent* to Urban Local Bodies (ULBs) but the State Government has accepted the financial devolution to Local Bodies in the ratio of 55:45 (PRIs : ULBs)

During the year 2021-22, budgetary transfers to Local bodies have been made based on recommendations of fifth SFC as the sixth SFC was constituted in September 2020.

It was further noticed that during the year 2021-22, no amount has been disbursed to PRIs against the total budget provision of ₹ 1,715 crore (₹ 1,375 crore normal component and ₹ 340 crore Schedule Caste component). Reasons for non-disbursement of funds were called for from the Department. Reply was still awaited. In respect of ULBs, an amount of ₹ 1,228.01 crore has been disbursed against the total budget provision of ₹ 1500 crore which was 81.87 *per cent* of total provision and 2.30 *per cent* of SOTR against the recommended amount of ₹ 1,681 crore (3.15 *per cent* of SOTR). Non/short disbursal of amount against budgetary provision is an indicative of unrealistic budgeting which is not commensurate with the actual resource mobilisation by the State as well as non-prioritisation of local bodies on the part of the State Government.

2.9 Conclusion

The State passed FRBM Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of Revenue Deficit. However, the FRBM Act has not been amended as per the recommendations of 14th Finance Commission. The State continued to be a revenue deficit State. The revenue deficit was 26.03 *per cent* of revenue receipts during 2021-22 against the 33.13 *per cent* during 2020-21.

Growth of GSDP is an important indicator of the State's Economy, as it denotes the extent of changes in the level of economic development of the State over a period of time. State recorded growth of 18.08 *per cent* during the period 2021-22 against the negative growth of 0.46 *per cent* during the previous year.

The Revenue Deficit which was to be brought down to zero by 2011-12, was ₹ 20,333 crore during 2021-22. It indicates that the State had borrowed funds for meeting current consumption. Fiscal Deficit of the State was ₹ 31,778 crore during 2021-22 which was 3.55 *per cent* of the GSDP and was within the target fixed by the State Government under FRBM Act as amended in September 2020. The Fiscal Deficit was mainly financed through market borrowings.

Out of total borrowings of ₹ 47,712¹⁸ crore during 2021-22, the State Government incurred Capital Expenditure of only ₹ 11,046 crore (23 *per cent*). Balance 77 *per cent* borrowings were utilised for repayment of earlier loans, disbursement of loans and advances and for meeting Revenue Expenditure.

¹⁸ Excluding GoI back-to-back loans of ₹ 7,394 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Annual growth rate of Revenue Receipts decreased from 19.43 *per cent* in 2017-18 to (-) 0.44 *per cent* in 2020-21, which increased to 15.59 *per cent* in 2021-22. Further, State's own revenue registered a growth of 27.35 *per cent* over the previous year.

State incurred 54 *per cent* of the total Revenue Expenditure on Committed Liabilities like salaries and wages, pensions and interest payment, leaving only 46 *per cent* for priority sector expenditure. The percentage of total expenditure in priority sectors such as Education and Health in Haryana was lower than the average of States other than NE and Himalayan States.

There was a difference of ₹ 8,368 crore in equity investment figures as per State Accounts and as per the Accounts of 24 PSUs.

The State Government earned a meagre 2.66 *per cent* return on its total investment (₹ 37,866 crore) in Statutory Corporations, Rural Banks, Government Companies and Co-operatives up to 31 March 2022.

Loans amounting to ₹ 3,877.95 crore were outstanding at the beginning of the year against co-operative sugar mills. Further, loans of ₹ 631.58 crore were given to these sugar mills without recovery of earlier loans.

Overall, fiscal liabilities including public debt and public account liabilities were 29.47 *per cent* of the GSDP (excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources). The debt grew by 11 *per cent* over previous year. The State Government raised public debt of ₹ 47,712 crore and repaid ₹ 25,473 crore. During the year, outgo because of interest payments was equal to 19 *per cent* of Revenue Expenditure and 24 *per cent* of Revenue Receipts.

The State Government received ₹ 106 crore (1.31 *per cent*) as interest on outstanding loans during 2021-22 while paid interest at 7.08 *per cent* on outstanding debt. The State Government raised loans during 2021-22 on an average interest rate of 7.05 *per cent* per annum.

The State Government had not invested funds of ₹ 5,542.62 crore available under SDRF, State Compensatory Afforestation Fund and Restoration and rehabilitation of mines and minerals.

2.10 Recommendations

The Government may consider:

1. Reviewing the working of State PSUs, which are incurring huge losses and formulate a strategic plan for their revival or closer as the case may be;

2. To evolve a system of timely recovery of outstanding loans against Co-operative Sugar Mills, Haryana State Cooperative Agriculture and Rural Development Bank and other loanee entities; and
3. To invest reserve funds so that the intended purpose of these funds could be achieved for which these funds were created.