

Chapter 2: Finances of the State

2.1 Major Changes in Key Fiscal Aggregates

Major changes in key fiscal aggregates of the State during the financial year 2022-23, compared to the previous year, are given in **Table 2.1**.

Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts	<ul style="list-style-type: none">✓ Revenue receipts of the State increased by 14.22 <i>per cent</i>✓ Own Tax receipts of the State increased by 17.96 <i>per cent</i>✓ Own Non-tax receipts increased by 18.23 <i>per cent</i>✓ State's Share of Union Taxes and Duties increased by 6.75 <i>per cent</i>✓ Grants-in-Aid from Government of India decreased by 6.40 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none">✓ Revenue expenditure increased by 8.11 <i>per cent</i>✓ Revenue expenditure on General Services increased by 10.86 <i>per cent</i>✓ Revenue expenditure on Social Services increased by 6.72 <i>per cent</i>✓ Revenue expenditure on Economic Services increased by 5.67 <i>per cent</i>✓ No expenditure on Grants-in-Aid during 2022-23
Capital Receipts	<ul style="list-style-type: none">✓ Debt Capital Receipts increased by 69.03 <i>per cent</i>✓ Non-Debt Capital Receipts decreased by 44.97 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none">✓ Capital expenditure increased by 5.61 <i>per cent</i>✓ Capital expenditure on General Services decreased by 1.65 <i>per cent</i>✓ Capital expenditure on Social Services decreased by 31.35 <i>per cent</i>✓ Capital expenditure on Economic Services increased by 46.74 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none">✓ Disbursement of Loans and Advances increased by 154.86 <i>per cent</i>✓ Recoveries of Loans and Advances decreased by 52.47 <i>per cent</i>
Public Debt	<ul style="list-style-type: none">✓ Public Debt Receipts increased by 69.03 <i>per cent</i>*✓ Repayment of Public Debt increased by 108.15 <i>per cent</i>
Public Account	<ul style="list-style-type: none">✓ Public Account Receipts increased by 25.94 <i>per cent</i>✓ Disbursement of Public Account increased by 31.12 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none">✓ Cash balance decreased by ₹ 1,112.57 crore (22.49 <i>per cent</i>) during 2022-23 compared to previous year

* Excluding GoI back-to-back loans of ₹ 7,394 crore received 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 (December 2021).

2.2 Sources and Application of Funds

The summary of sources and application of funds during the current year (2022-23) vis-à-vis the previous year (2021-22) is given in **Table 2.2**.

Table 2.2: Details of sources and application of funds during 2021-22 and 2022-23

(₹ in crore)

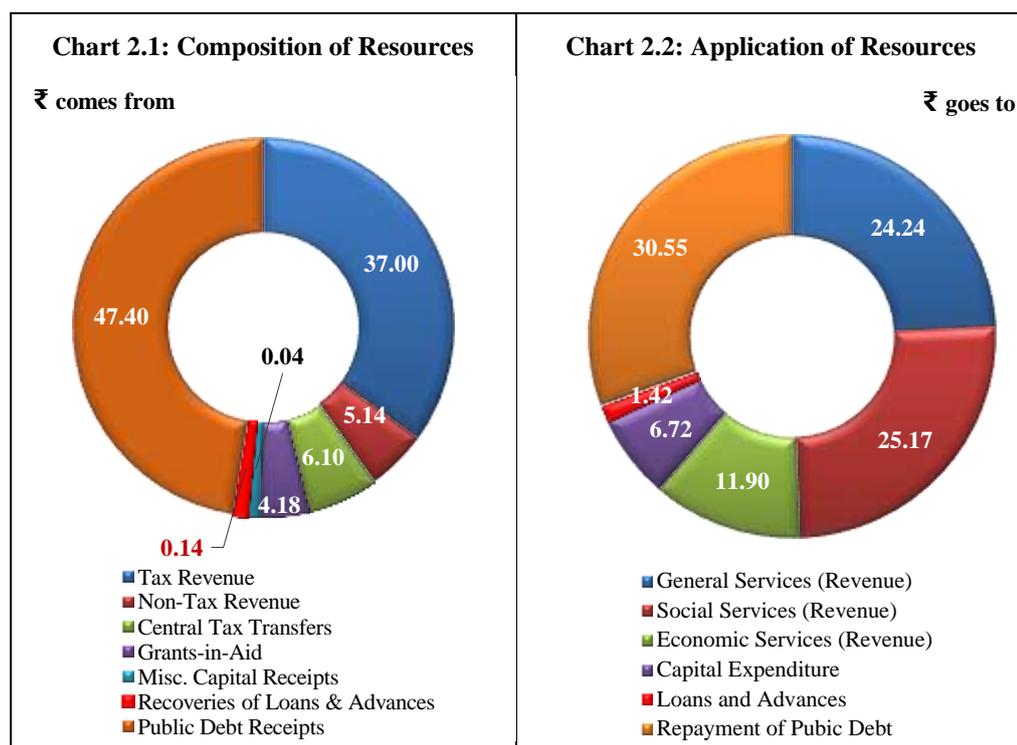
	Particulars	2021-22	2022-23	Increase/ Decrease (Percentage)
Sources	Opening Cash Balance with RBI	3,147.94	4,946.11	1,798.17 (57.12)
	Revenue Receipts	78,091.69	89,194.69	11,103.00 (14.22)
	Recoveries of Loans and Advances	500.24	237.75	(-) 262.49 (52.47)
	Misc. Capital Receipts	67.15	73.91	6.76 (10.07)
	Public Debt Receipts (Net)	29,632.65 [@]	27,628.01	(-) 2,004.64 (6.76)
	Public Account Receipts (Net)	3,943.31	2,286.33	(-) 1,656.98 (42.02)
	Total	1,15,382.98	1,24,366.80	8,983.82 (7.79)
Application	Revenue Expenditure	98,425.03	1,06,406.21	7,981.18 (8.11)
	Capital Expenditure	11,045.56	11,664.95	619.39 (5.61)
	Disbursement of Loans and Advances	966.27	2,462.07	1,495.80 (154.80)
	Closing Cash Balance with RBI	4,946.11	3,833.55	(-) 1,112.56 (22.49)
	Total	1,15,382.97¹	1,24,366.78²	8,983.81 (7.79)

Source: Finance Accounts of the respective years

@ 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 2022-23 is given in **Chart 2.1 and Chart 2.2**.



Source: Finance Accounts.

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

² Difference of ₹ 0.02 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** (Debt and non-debt 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.

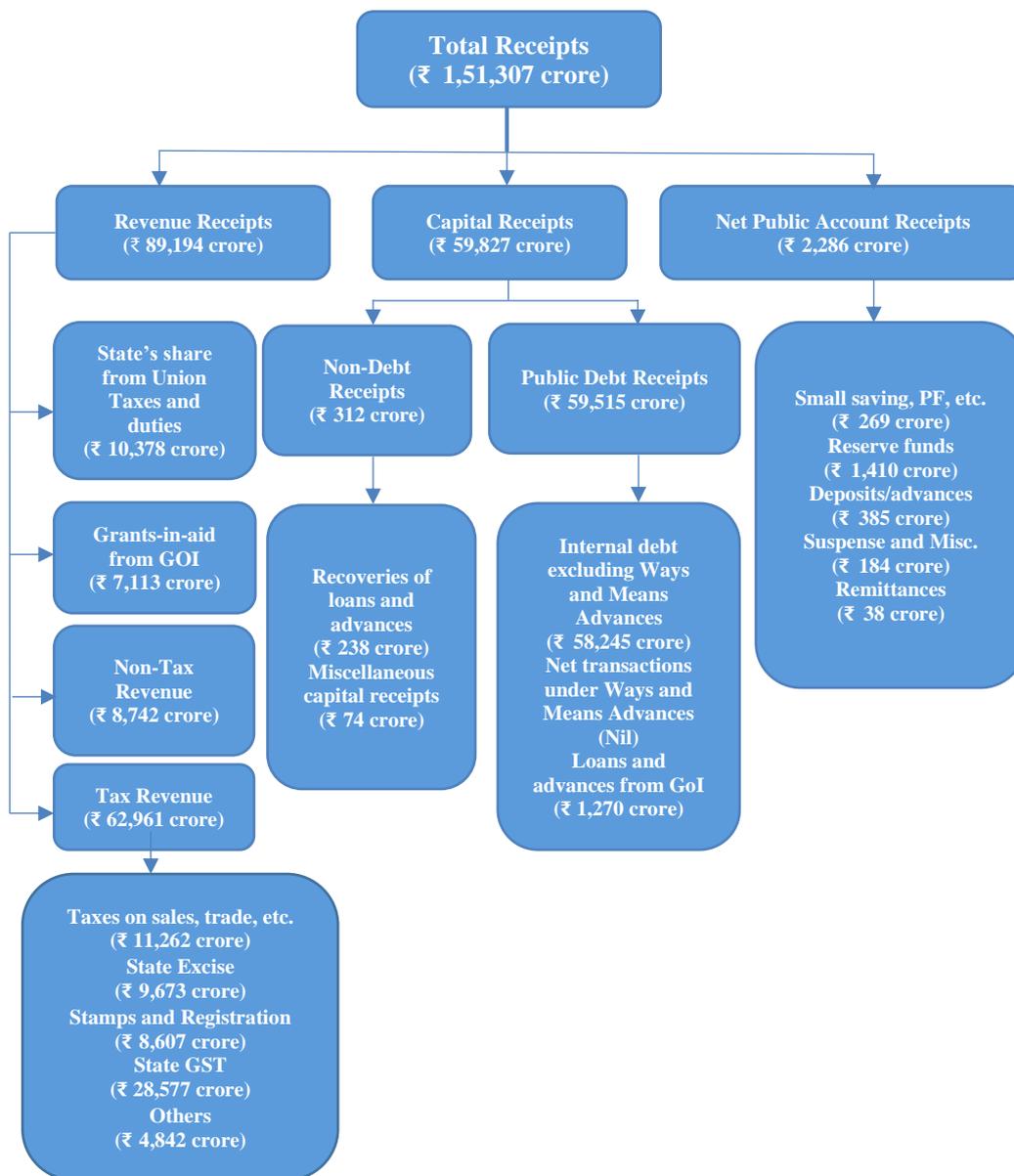
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

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

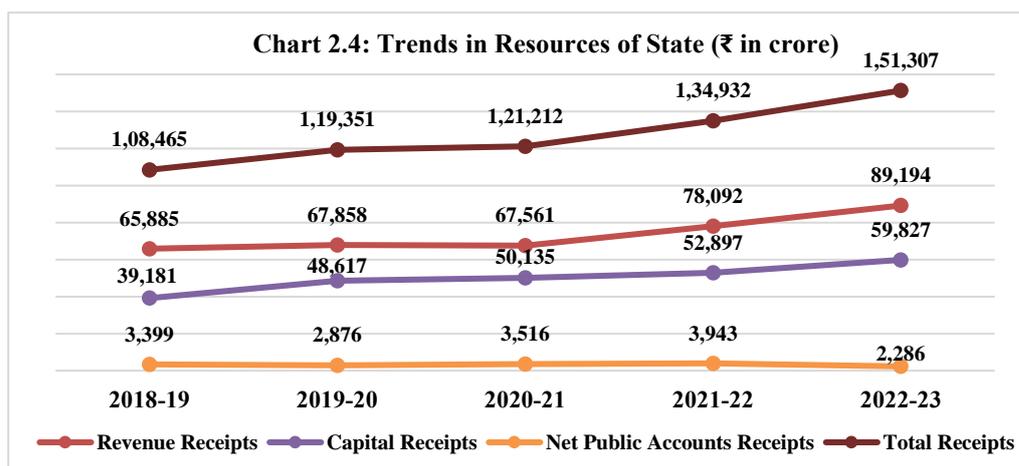
This paragraph provides the composition of overall receipts. Besides the Revenue and Capital receipts, Net public account receipts are also utilised to finance the deficit of the State. Composition of receipts of the State during 2022-23 is depicted in *Chart 2.3* while trends in various components of the receipts of the State during 2018-23 is given in *Chart 2.4*.

Chart 2.3: Composition of receipts of the State during 2022-23



Source: Finance Accounts

- Net Public Account Receipts (₹ 2,286 crore) = Public Account Receipts (₹ 70,111 crore) less Public Accounts Disbursements (₹ 67,825 crore)
- There is a difference in the components-wise total and the total figure of revenue receipts due to rounding off.



Source: Finance Accounts of the respective years.

The total receipts of the Government increased by ₹ 42,842 crore (39.50 per cent) in 2022-23 over 2018-19. Revenue receipts increased by ₹ 23,309 crore (35.38 per cent), Capital receipts, which includes recovery of loans and advances and public debt, increased by ₹ 20,646 crore (52.69 per cent) and Net Public Account receipts decreased by ₹ 1,113 crore (32.74 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 2018-19 to 2022-23 are given in *Table 2.3* and also depicted in *Chart 2.5* and *Chart 2.6*. The trends and composition of revenue receipts during the period 2018-19 to 2022-23 are presented in *Appendix 2.2*.

Table 2.3: Trends in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR)	65,885	67,858	67,561	78,092	89,194
Rate of growth of RR (per cent)	5.09	2.99	(-) 0.44	15.59	14.22
Tax Revenue	50,836	49,936	48,352	63,099	73,339
<i>Own Tax Revenue</i>	42,581	42,825	41,914	53,377	62,961
<i>State's share in Union Taxes and Duties</i>	8,255	7,111	6,438	9,722	10,378
Rate of growth of Tax Revenue (per cent)	5.04	(-) 1.77	(-) 3.17	30.50	16.23
Non-Tax Revenue	7,976	7,400	6,961	7,394	8,742
Grants-in-Aid from GoI	7,073	10,522	12,248	7,599	7,113
Rate of growth of Grants-in-Aid	36.41	48.76	16.40	(-) 37.96	(-) 6.40
Own Revenue (Own Tax and Non-Tax Revenue)	50,557	50,225	48,875	60,771	71,703
Rate of growth of Own Revenue (per cent)	0.69	(-) 0.66	(-) 2.69	24.34	17.99
GSDP (2011-12 Series)	6,98,940	7,32,195	7,41,850	8,70,665	9,94,154
Rate of growth of GSDP (per cent)	9.41	4.76	1.32	17.36	14.18
RR/GSDP (per cent)	9.43	9.27	9.11	8.97	8.97
Buoyancy Ratios³					
Revenue Buoyancy w.r.t. GSDP	0.54	0.63	(-) 0.33	0.90	1.00
State's Own Revenue Buoyancy w.r.t. GSDP	0.07	(-) 0.14	(-) 2.04	1.40	1.27
State's tax revenue Buoyancy w.r.t. Revenue Receipts	0.99	(-) 0.59	--*	1.96	1.14

Source of GSDP figures: Ministry of Statistics and Programme Implementation, GoI

* Buoyancy ratio was not calculated as the growth of revenue receipt was negative.

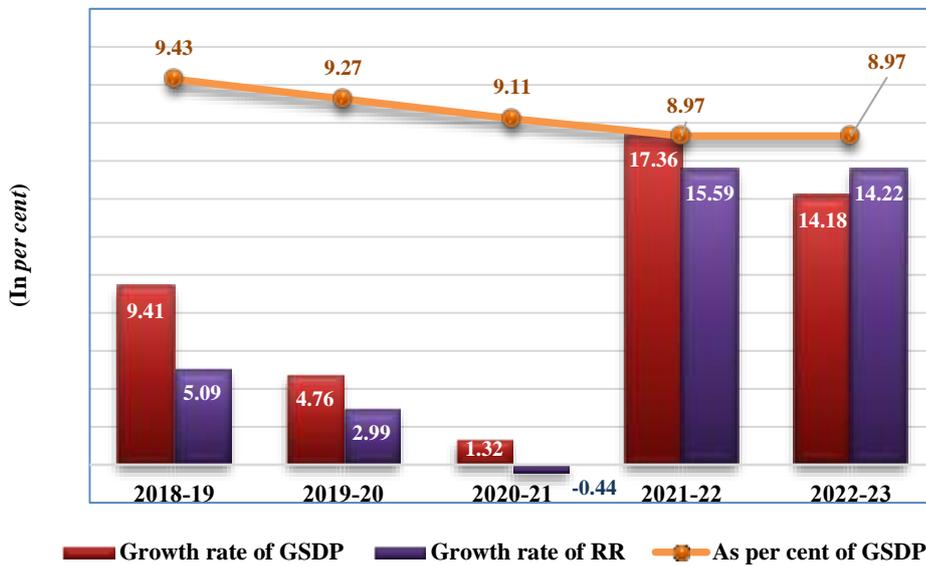
³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

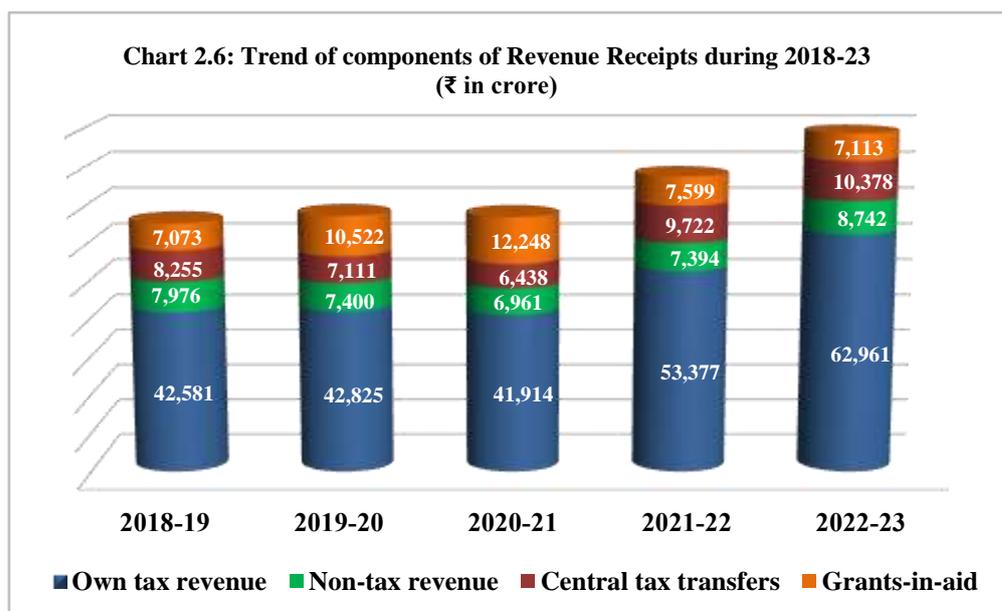
It can be seen that the annual growth rate of Revenue Receipts (RR) of the State increased from 5.09 per cent in 2018-19 to 14.22 per cent in 2022-23. The ratio of RR to GSDP decreased from 9.43 per cent in 2018-19 to 8.97 per cent in 2022-23. Total revenue receipts were ₹ 89,194 crore against the budget estimates of ₹ 1,06,424 crore during the year 2022-23.

Grants-in-aid from GoI on the other hand showed increasing trend up to 2020-21 but decreased by 41.93 per cent during the year 2022-23 as compared to 2020-21.

The revenue buoyancy with reference to GSDP increased from 0.54 per cent in 2018-19 to 1.00 per cent in 2022-23. The State’s own revenue buoyancy with reference to GSDP also increased considerably from 0.07 per cent in 2018-19 to 1.40 per cent in 2021-22, however, it decreased to 1.27 per cent in 2022-23. The significant increase in own revenue buoyancy in 2021-22 and 2022-23 as compared to 2020-21 was primarily due to sharp increase in own tax revenue of the State. The major increase was in receipts under SGST, Taxes on Sales, Trade, etc., Taxes on vehicles, State Excise and Stamp duty and Registration fees. There was also an increase in non-tax revenue in the current year over the previous year. Trends in components of own tax revenue and non-tax revenue are discussed in subsequent paragraphs.

Chart 2.5: Trends of Revenue Receipts during 2018-23





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 35.38 per cent during the period from 2018-19 to 2022-23. The State's own tax revenue increased by 47.86 per cent, the grants-in-aid from GoI increased by 0.57 per cent and the central tax transfers increased by 25.72 per cent during the same period. The share of the State's own revenue (tax revenue and non-tax revenue) in revenue receipts increased from 76.74 per cent in 2018-19 to 80.39 per cent in 2022-23. The share of grants-in-aid from GoI to revenue receipts decreased from 10.74 per cent in 2018-19 to 7.97 per cent in 2022-23. The share of central tax transfers in revenue receipts decreased from 12.53 per cent to 11.64 per cent during 2018-19 to 2022-23.

The revenue receipts of the State during the current year increased by 14.22 per cent over the previous year. State's own tax and non-tax revenues increased by ₹ 10,932 crore (17.99 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 2.4**.

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Taxes on sales, trades, etc.	8,998	8,398	8,660	11,221	11,262	
SGST	18,613	18,873	18,236	22,922	28,577	
State excise	6,042	6,323	6,864	7,934	9,673	
Taxes on vehicles	2,908	2,916	2,495	3,265	4,231	
Stamp duty and Registration fees	5,636	6,013	5,157	7,598	8,607	
Land revenue	19	20	17	21	23	
Taxes on goods and passengers	21	16	4	6	3	
Other Taxes	344	266	481	410	585	
Total	42,581	42,825	41,914	53,377	62,961	

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 ₹ 20,380 crore (47.86 per cent) in 2022-23 over 2018-19. 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 2022-23 as compared to the year 2021-22 as depicted in the **Table 2.4**.

The Own tax revenue of the State at ₹ 62,961 crore was less by ₹ 10,767 crore as compared to estimates of ₹ 73,728 crore under Budget and MTFPS but was more by ₹ 69 crore against the normative assessment of ₹ 62,892 crore by the 15th Finance Commission.

(ii) State Goods and Services Tax (SGST)

As per the books of RBI and Finance Accounts for the year 2022-23, the amount of SGST was ₹ 29,434.87 crore and ₹ 28,576.56 crore respectively. The difference of ₹ 1,024.62 crore (₹ 858.31 crore for the year 2022-23 and ₹ 166.31 crore upto the year 2021-22) upto the year 2022-23 is under reconciliation.

The collection of SGST was ₹ 28,576.56 crore (87.06 per cent) against the budget estimates of ₹ 32,825 crore during the year 2022-23.

(iii) Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 in some principal heads of revenue

amounted to ₹ 34,173.07 crore of which ₹ 10,587.82 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 2023

(₹ in crore)

Sr. No.	Head of revenue	Total amount outstanding	Amount outstanding for more than five years
1	Taxes on sales, trade/VAT, etc.	31,075.87	9,421.34
2	State Excise	541.72	261.68
3	Tax on entry of goods into local areas (Local Area Development Tax)	208.11	207.97
4	Other taxes and duties on commodities and services-Receipts from Entertainment duty	11.11	11.11
5	Police	131.13	40.91
6	Taxes and duties on electricity	448.69	187.24
7	Non-ferrous mining and metallurgical industries	1,756.44	457.57
Total		34,173.07	10,587.82

Source: Information provided by various departments.

(iv) Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed 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 were 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	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
	2022-23	6,180	4,473	10,653	3,576	7,077	34

Source: Information provided by State Excise and Taxation Department

(v) Details of evasion of tax detected by 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 *Table 2.7*.

Table 2.7: Detail of cases of evasion of tax detected during the year 2022-23

Sr. No.	Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	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 2023
					Number of cases	Amount of demand (₹ in crore)	
1	0039-State Excise	49	100	149	112	0.85	37
2	0040-Taxes on Sales, Trade, etc./VAT	1	0	1	0	0	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 2022-23, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2022-23 as reported by the Department are given in **Table 2.8**.

Table 2.8: Details of refund cases during the year 2022-23**(₹ in crore)**

Sr. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1	Opening balance of outstanding claims	438	140.37	33	2.21
2	Claims received	393	199.52	122	15.02
3	Refund made/adjusted/ rejected	614	152.81	118	13.81
4	Closing balance of outstanding claims	217	187.08	37	3.42

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 2018-19 to 2022-23 are given in **Table 2.9**.

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

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Interest receipts	1,954	1,975	1,562	1,378	1,464	
Dividends and Profits	57	87	163	1,008	192	
Other non-tax receipts	5,965	5,338	5,236	5,008	7,086	
a) Major and medium Irrigation	164	172	210	232	360	
b) Other Rural Development Programme	131	21	8	12	1,345	
c) Road Transport	1,197	1,115	585	1,077	1,333	
d) Urban Development	2,316	1,855	1,954	1,241	1,284	
e) Education, Sports, Art and Culture	272	458	595	220	678	
f) Non-ferrous mining and metallurgical industries	583	702	1,021	838	834	
g) Other or misc.	1,302	1,015	863	1,388	1,252	
Total	7,976	7,400	6,961	7,394	8,742	

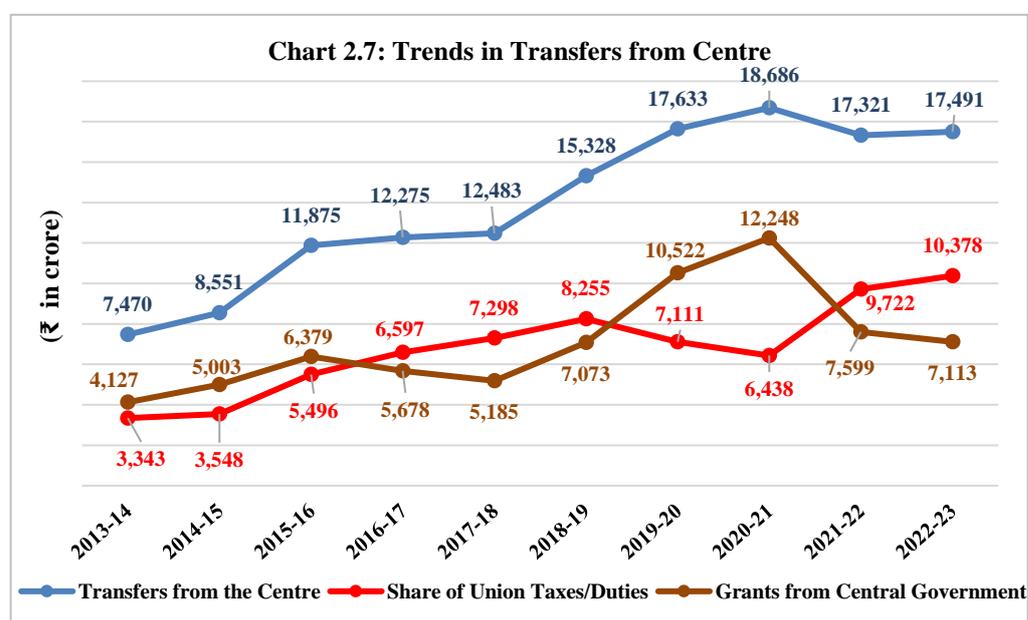
Source: Finance Accounts of the respective years.

The actual receipts under non-tax revenue increased by ₹ 766 crore (9.60 per cent) during 2018-23. Non-tax revenue (₹ 8,742 crore) constituted 9.80 per cent of the revenue receipts during 2022-23 registering an increase of ₹ 1,348 crore (18.23 per cent) from the previous year mainly due to increase in receipts under

Other Rural Development Programme by ₹ 1,333 crore, Education, Sports, Art and Culture by ₹ 458 crore and Road Transport by ₹ 256 crore offset by decrease in receipts under Dividends and Profits by ₹ 816 crore. The interest receipts of ₹ 1,464 crore included book adjustments of ₹ 1,312 crore on irrigation projects, grain supply scheme and road transport. There was shortfall of ₹ 3,463 crore in non-tax revenue as compared to the projection made in the Budget and MTFPS and ₹ 421 crore against the normative assessment of ₹ 9,163 crore by 15th FC.

2.3.2.3 Transfers from the Centre

Trends in transfers from the Centre during 2013-14 to 2022-23 are shown in *Chart 2.7*.



Source: Finance Accounts of the respective years

(i) Central tax transfer

The 13th FC 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 14th FC recommended increase in the States' share of Central Taxes from 32 to 42 *per cent*. Accordingly, the States' share in the net proceeds of Central Taxes (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 shareable amount of Central Taxes to States from 42 to 41 *per cent*.

The State's share in Union taxes and duties has shown an increasing trend from ₹ 3,343 crore in 2013-14 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 and

₹ 10,378 crore in 2022-23 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 shareable 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 shareable 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 shareable amount of Central taxes to States	8,485	6,438	(-) 2,047
2021-22		7,275	9,722	2,447
2022-23		8,926	10,378	1,452

Source: Finance Accounts of the respective years

Details of the Central tax transfers from 2018-19 to 2022-23 are at **Table 2.11**.

Table 2.11: Details of Central Tax Transfers

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Central Goods and Services Tax (CGST)	2,037.54	2,018.07	1,907.46	2,763.35	2,932.91
Integrated Goods and Services Tax (IGST)	162.60	--	--	--	-- ⁴
Corporation Tax	2,870.86	2,424.73	1,946.54	2,846.17	3,478.57
Taxes on Income other than Corporation Tax	2,114.27	1,899.93	1,996.13	2,874.79	3,397.23
Customs	585.17	450.77	338.27	709.48	407.99
Union Excise Duties	388.87	313.42	215.83	390.43	128.00
Service Tax	75.03	--	28.52	127.53	16.22
Other Taxes ⁵	20.26	4.61	4.84	10.41	17.08
Central Tax transfers	8,254.60	7,111.53	6,437.59	9,722.16	10,378.00
Percentage of increase over previous year	13	(-) 14	(-) 9	51	7
Percentage of Central tax transfers to Revenue Receipts	13	10	10	12	12

Source: Finance Accounts of the respective years

The share of Union Taxes received during 2022-23 (₹ 10,378 crore) was higher by ₹ 656 crore (6.75 per cent) as compared to 2021-22. It was also more by ₹ 1,452 crore than the projections made in the budget estimates 2022-23 (₹ 8,926 crore).

(ii) Grants-in-aid from Government of India

The GIA from GoI decreased by ₹ 486 crore in 2022-23 over the previous year as shown in **Table 2.12**.

⁴ Booking of share of net proceeds assigned to State (Minor Head-901) under Sub-Major Heads – 01-IGST on import/export of Goods and Services and Sub-Major Head -02-IGST on Domestic Supply of Goods and Services has been discontinued w.e.f. 1 April 2020 as per correction slip issued by the Controller General of Accounts, New Delhi.

⁵ Includes 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	2018-19	2019-20	2020-21	2021-22	2022-23
Grants for Centrally Sponsored Schemes	2,843.09	2,851.99	3,135.18	3,332.31	2,919.81
Finance Commission Grants	1,274.26	2,005.74	2,364.00	1,192.05	1,617.56 ^s
Compensation for Loss of Revenue arising out of implementation of GST	2,820.00	5,453.43	5,065.81*	2,908.67**	2,575.89
Other Transfer/Grants to States	136.19	210.75	1,683.14	165.21	0.00
Total	7,073.54	10,521.91	12,248.13	7,598.24	7,113.26
Percentage of increase/decrease over the previous year	36	49	16	(-)38	(-) 6
Percentage of GIA to Revenue Receipts	11	16	18	10	8

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

\$ During 2022-23, the State Government has not received revenue deficit grant.

36.21 per cent of the GIA during 2022-23 was on account of compensation in lieu of loss of revenue arising out of implementation of GST.

(a) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 2,919.81 crore for Centrally Sponsored Schemes during 2022-23, the major amounts were given to:

- AMRUT (Atal Mission for Rejuvenation and Urban Transformation and Smart Cities Mission) (₹ 245 crore-260.29 per cent increase over previous year).
- Anganwadi Service (ICDS) (₹ 197.07 crore- 12.39 per cent increase over previous year).
- Indira Gandhi National Pension Scheme (₹ 180.39 crore).
- National Education Mission- Samagra Shiksha Secondary Education (₹ 296.84 crore - 23.85 per cent increase over previous year) Samagra Shiksha Elementary Education (₹ 373.37 crore- 31.54 per cent increase over previous year).
- Pradhan Mantri Gram Sadak Yojna- (₹ 1,682.25 crore - 52.37 per cent decrease over previous year).
- Pradhan Mantri Poshan Shakti Nirman (Poshan) (₹ 152.90 crore).
- Rashtriya Krishi Vikas Yojna (₹ 161.38 crore – 176.76 per cent increase over previous year).

(b) Transfer of funds to Single Nodal Agency (SNA)

Ministry of Finance, Government of India vide letter No. 1(13)PFMS/FCD/2020 dated 23 March 2021 had notified the procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilisation of the funds

released through Single Nodal Agency (SNA). For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the respective SNA's account alongwith corresponding State share.

As per SNA report of PFMS (Public Financial Management System), the State Government received ₹ 2,737.87 crore being Central share during the year in its Treasury Accounts. The State Government transferred Central share of ₹ 3,018.71 crore received in Treasury Accounts and State share of ₹ 3,168.11 crore to SNAs. As on 31 March 2023, ₹ 2,378.76 crore was lying unspent in the bank accounts of SNAs.

However, the State Government intimated that it had received ₹ 3,034.10 crore being Central share during the year and transferred Central share of ₹ 3,034.10 crore, State share of ₹ 3,183.57 crore to the SNAs during the year. Out of total transfer of ₹ 6,217.67 crore, ₹ 425.42 crore was transferred through AC Bills, ₹ 4,847.48 crore through GIA bills and ₹ 944.77 crore through Fully Vouched Contingent Bills and other category of bills. Detailed vouchers and supporting documents of actual expenditure were not received by the office of Principal Accountant General (A&E) from the SNAs. The difference between the figures of SNA report of PFMS and as provided by the State Government needs reconciliation.

(iii) Fifteenth Finance Commission Grants

Fifteenth Finance Commission (15th FC) grant was provided to the States for local bodies and State Disaster Response Fund (SDRF). Details of grants provided by 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			Actual release by GoI			Transfers made by State Government		
	2021-22	2022-23	Total	2021-22	2022-23	Total	2021-22	2022-23	Total
Local Bodies									
(i) Grants to Panchayati Raj Institutions (PRIs)	935.00	968.00	1,903.00	467.50	660.96	1,128.46	467.50	660.96	1,128.46
(a) General Basic Grant	374.00	387.20	761.20	187.00	380.46	567.46	187.00	380.46	567.46
(b) General Performance Grants	561.00	580.80	1,141.80	280.50	280.50	561.00	280.50	280.50	561.00
(ii) Grants to Urban Local Bodies (ULBs)	461.00	477.00	938.00	199.75	394.00	593.75	223.75	400.25	624.00
(a) General Basic Grant	154.80	160.40	315.20	77.40	157.60	235.00	77.40	157.60	235.00
(b) General Performance Grants	306.20	316.60	622.80	122.35	236.40	358.75	146.35	242.65	389.00
Total for Local Bodies	1,396.00	1,445.00	2,841.00	667.25	1,054.96	1,722.21	691.25	1,061.21	1,752.46
State Disaster Response Fund	491.00	516.00	1,007.00	392.80	412.80	805.60	392.80	412.80	805.60
Grand Total	1,887.00	1,961.00	3,848.00	1,060.05	1,467.76	2,527.81	1,084.05	1,474.01	2,558.06

Source: Information provided by the Finance Department

- As against the amount of ₹ 1,903 crore recommended by 15th FC in respect of PRIs, GoI released ₹ 1,128.46 crore during the period 2021-22 and 2022-23. The amount released by GoI was released by Government of Haryana during the same period.

- In respect of ULBs, against the recommended amount of ₹ 938 crore, GoI released ₹ 593.75 crore during the period from 2021-22 and 2022-23 against which the State Government released ₹ 624 crore during the same period.
- In respect of SDRF, 15th FC recommended Centre and State share in the ratio of 75:25. As against the recommended share of ₹ 1,007 crore, GoI released ₹ 805.60 crore during the period from 2021-22 and 2022-23. State Government released ₹ 805.60 crore during the same period.

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 2018-19 to 2022-23 are detailed in **Table 2.14**.

Table 2.14: Trends in growth and composition of capital receipts

(₹ in crore)

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts	39,685.88	49,878.46	49,959.64	48,279.20	80,960.95
Miscellaneous Capital Receipts	49.01	54.01	62.96	67.15	73.91
Recovery of Loans and Advances	5,371.90	5,392.63	431.95	500.24	237.75
Public Debt Receipts	34,264.97	44,431.82	49,464.73	47,711.81	80,649.29
Internal Debt ⁶	34,140.14	44,329.43	49,340.05	47,568.21	79,378.99
<i>Growth rate</i>	59.92	29.85	11.30	-3.59	66.87
Loans and advances from GoI	124.83	102.39	124.68*	143.60**	1,270.30
<i>Growth rate</i>	(-) 11.47	(-) 17.98	21.77	15.17	784.61
Rate of growth of debt Capital Receipts	59.45	29.67	11.33	(-) 3.54	69.03
Rate of growth of non-debt capital receipts	(-) 15.04	0.47	(-) 90.91	14.65	(-) 45.07
Rate of growth of GSDP	9.41	4.76	1.32	17.36	14.18
Rate of growth of Capital Receipts (<i>per cent</i>)	42.39	25.68	0.16	(-)3.36	67.69

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 increased by ₹ 31,810.78 crore during 2022-23 in comparison to 2021-22. Miscellaneous Capital Receipts increased by ₹ 6.76 crore in 2022-23 as compared to 2021-22. Further, the recovery of loans and advances decreased substantially by ₹ 262.49 crore in 2022-23 (₹ 237.75 crore) in comparison to 2021-22 (₹ 500.24 crore).

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

⁶ Including gross figure under Ways and Means Advances (₹ 21,134.24 crore).

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 2022-23 vis-à-vis assessment made by 15th FC and MTFPS are given in **Table 2.15**.

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

	15 th FC projection	Budget estimates	MTFPS projection	Actual	Percentage variation of actual over		
					15 th FC projection	Budget estimates	MTFPS projection
(₹ in crore)							
Tax revenue	62,892	73,728	73,728	62,961	0.11	(-) 14.60	(-) 14.60
Non-tax revenue	9,163	12,205	12,205	8,742	(-) 4.59	(-) 28.37	(-) 28.37

The actual collection under State's own tax revenue was slightly more by 0.11 *per cent* of the projections made by 15th FC but fell short by 14.60 *per cent* of the budget estimates and MTFPS projection. The actual receipts under non-tax revenue fell short by 4.59 *per cent* of the projections made by 15th FC and by 28.37 *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 is 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.

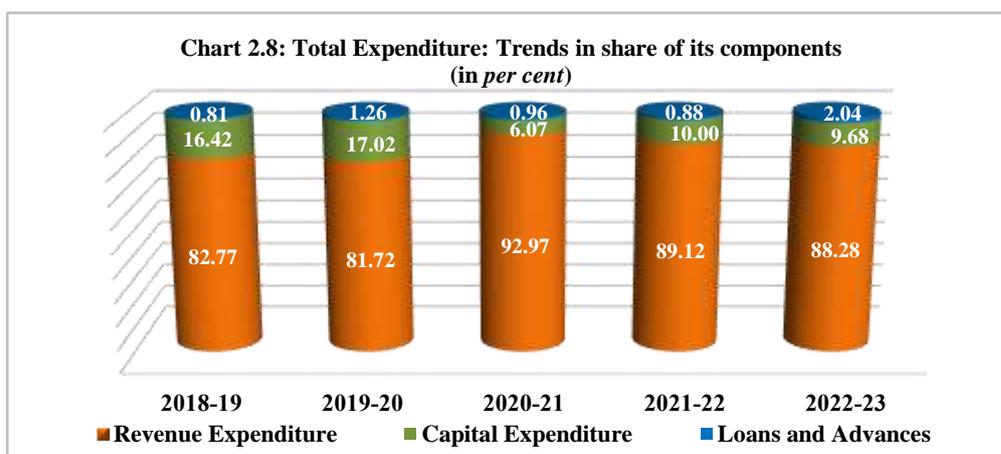
Trend and composition of total expenditure over the last five years (2018-23) are shown in **Table 2.16**.

Table 2.16: Total expenditure and its composition

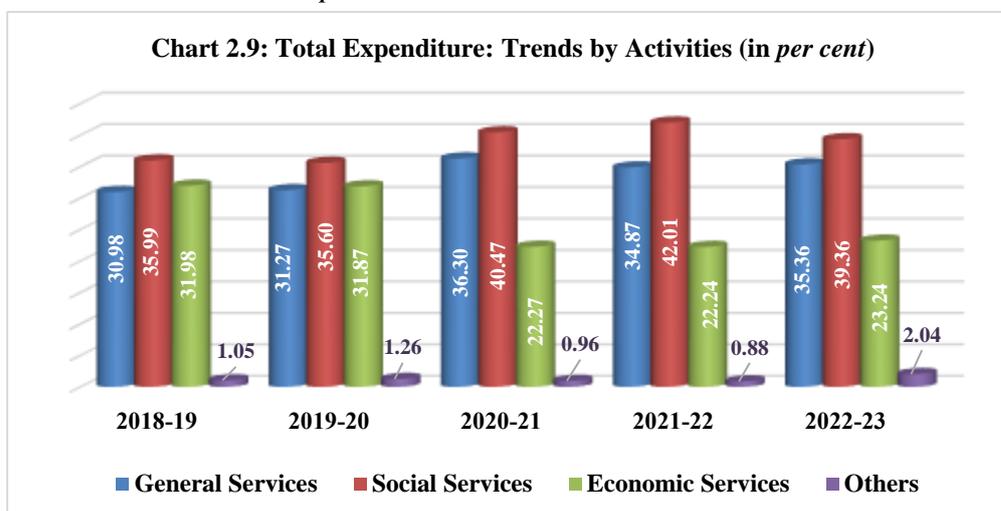
(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	93,218	1,03,823	96,742	1,10,437	1,20,533
Revenue Expenditure (RE)	77,155	84,848	89,946	98,425	1,06,406
Capital Expenditure	15,307	17,666	5,870	11,046	11,665
Loans and Advances	756	1,309	926	966	2,462
GSDP	698,940	732,195	741,850	870,665	9,94,154
As a percentage of GSDP					
TE/GSDP	13.34	14.18	13.04	12.68	12.12
RE/GSDP	11.04	11.59	12.12	11.30	10.70
CE/GSDP	2.19	2.41	0.79	1.27	1.17
Loans and Advances/GSDP	0.11	0.18	0.12	0.11	0.25

Total expenditure increased by 29.30 per cent over a period of five years (2018-23). Revenue expenditure increased by 37.91 per cent while capital expenditure decreased by 23.79 per cent during the period 2018-19 to 2022-23.



As depicted in *Chart 2.8*, the share of revenue expenditure in total expenditure increased from 82.77 per cent in 2018-19 to 88.28 per cent in 2022-23 while the share of capital expenditure in total expenditure decreased from 16.42 per cent in 2018-19 to 6.07 per cent in 2020-21 but increased to 9.68 per cent in 2022-23. The share of loans and advances was 0.81 per cent in 2018-19 which increased to 2.04 per cent in 2022-23.



As shown in **Chart 2.9**, the share of general services, which includes interest payments, had shown an increasing trend since 2018-19 from 30.98 per cent in 2018-19 to 36.30 per cent in 2020-21. However, the same declined to 35.36 per cent in 2022-23. The share of social services also increased from 35.99 per cent to 42.01 per cent in 2021-22, however the same declined to 39.36 per cent in 2022-23. Expenditure on economic services decreased from 31.98 per cent in 2018-19 to 22.24 per cent in 2021-22 slightly increased to 23.24 per cent in 2022-23. The combined expenditure on social and economic services, which represents development expenditure decreased from 67.97 per cent in 2018-19 to 62.60 per cent in 2022-23. Others which include Grants to Local Bodies and Loans and Advances was 1.05 per cent of total expenditure during 2018-19 that increased to 2.04 per cent during 2022-23.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for past obligations. 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 (2018-23).

Table 2.17: Growth of revenue expenditure during 2018-23

(₹ in crore)

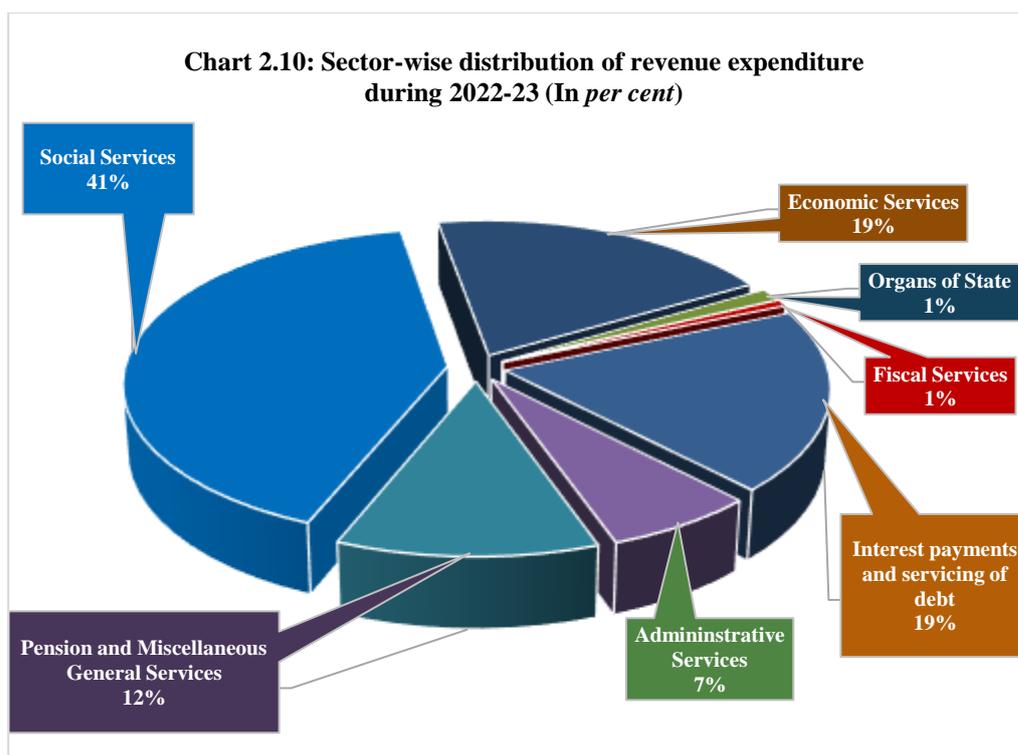
Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	93,218	1,03,823	96,742⁷	1,10,437	1,20,533
Revenue Expenditure (RE)	77,155	84,848	89,946	98,425	1,06,406
Rate of Growth of RE (per cent)	5.32	9.97	6.01	9.43	8.11
Revenue Expenditure as percentage of TE	82.77	81.72	92.98	89.12	88.28
RE/GSDP (per cent)	11.04	11.59	12.12	11.30	10.70
RE as percentage of RR	117.11	125.04	133.13	126.04	119.30
Revenue Receipts (RR)	65,885	67,858	67,561	78,092	89,194
Rate of growth of RR (per cent)	5.09	2.99	(-) 0.44	15.59	14.22
GSDP	6,98,940	7,32,195	7,41,850	8,70,665	9,94,154
Rate of growth of GSDP (per cent)	9.41	4.76	1.32	17.36	14.18

Source: Finance Accounts of the respective years

Revenue expenditure during 2018-23 increased by ₹ 29,251 crore (37.91 per cent). Its percentage to GSDP increased from 11.04 in 2018-19 to 12.12 in 2020-21 and decreased to 10.70 per cent in 2022-23. Revenue expenditure increased by eight per cent from ₹ 98,425 crore in 2021-22 to ₹ 1,06,406 crore in 2022-23.

Revenue expenditure in 2022-23 at ₹ 1,06,406 crore was less than the projections made in Budget and MTFPS (₹ 1,16,199 crore). However, the revenue expenditure was more by ₹ 29,181 crore as compared to the normative assessment of 15th FC (₹ 77,225 crore). Sector-wise distribution of revenue expenditure is presented in **Chart 2.10**.

⁷ Excluding Appropriation to Contingency Fund of ₹ 800 crore.



2.4.2.1 Major changes in Revenue Expenditure

Revenue expenditure increased by ₹ 7,981 crore (eight per cent) from ₹ 98,425 crore in 2021-22 to ₹ 1,06,406 crore in 2022-23. Revenue expenditure on General services increased by ₹ 4,120.75 crore due to increase in expenditure mainly on Pensions and other retirement benefits, Police service, interest payments and Other administrative services. The expenditure on Social Services increased by ₹ 2,752.71 crore over the previous year due to increase in expenditure mainly on General Education, Medical and Public Health, Water Supply and Sanitation, Social Security and Welfare offset by decrease in expenditure on Urban Development. Expenditure on Economic services increased by ₹ 1,107.72 crore due to increase in expenditure on Crop Husbandry, Other Rural Development, Command Area Development, Village and Small Industries and Cooperation offset by decrease in expenditure on Agriculture Research and Education.

Significant variations under various Major Heads of Accounts with regard to revenue expenditure of the State during the current year as compared to the previous year are depicted in *Table 2.18*.

Table 2.18: Major variations in Revenue Expenditure during 2022-23 as compared to 2021-22**(₹ in crore)**

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)
General Services	37,947.91	42,068.66	4,120.75
2049-Interest Payments	18,361.60	20,095.57	1,733.97
2055-Police	5,065.07	5,568.95	503.88
2070-Other Administrative Services	140.11	239.49	99.38
2071- Pension and other Retirement benefits	10,616.71	12,403.83	1,787.12
Social Services	40,927.67	43,680.38	2,752.71
2202-General Education	14,483.90	17,247.22	2,763.32
2210-Medical and Public Health	5,763.24	6,044.38	281.14
2215-Water Supply and Sanitation	1,856.25	2,243.26	387.01
2217-Urban Development	4,679.28	3,758.13	(-) 921.15
2235-Social Security and Welfare	9,750.56	10,035.81	285.25
Economic Services	19,549.45	20,657.17	1,107.72
2401 Crop Husbandry	1,965.03	2,243.09	278.06
2415 Agriculture Research and Education	573.00	142.88	(-) 430.12
2515-Other Rural Development Programmes	1,586.22	2,140.93	554.71
2705 Command Area Development	315.28	683.54	368.26
2851- Village and Small industries	264.61	512.95	248.34
2425-Cooperation	447.25	572.01	124.76

Source: Finance Accounts of the respective years.

- Increase of ₹ 1,734 crore in 'Interest payments' was mainly due to increase of interest payment of ₹ 1,797 crore in 'Interest on Market Loans' and ₹ 242 crore in 'Interest on Reserve Funds' partially offset by decrease of ₹ 130 crore in 'Interest on Other Internal Debts', ₹ 116 crore in 'Interest on Loans and Advances from Central Government' and ₹ 102 crore in 'Interest on Special Securities issued to National Small Savings Fund of the Central Government by State Government';
- Increase of ₹ 504 crore in 'Police' was due to increase of ₹ 292 crore in 'District Police', ₹ 169 crore in 'Wireless and Computers' and ₹ 43 crore in 'Modernisation of Police';
- Increase of ₹ 99 crore in 'Other Administrative Services' was due to increase of ₹ 91 crore in 'Fire Protection and Control';
- Increase of ₹ 1,787 crore in 'Pensions and other Retirement Benefits' was mainly due to increase of ₹ 944 crore in 'Superannuation and Retirement Allowances', ₹ 128 crore in 'Gratuities', ₹ 237 crore in 'Family Pensions' and ₹ 381 crore in 'Government Contribution for Defined Contribution Pension Scheme';
- Increase of ₹ 2,763 crore in 'General Education' was mainly due to increase of ₹ 407 crore in 'Government Primary Schools', ₹ 169 crore in 'Sarvshiksha Abhiyan', ₹ 109 crore in 'National Programme of Mid Day Meals in Schools', ₹ 116 crore in 'Special Component Plan for

Scheduled Castes’, ₹ 874 crore in ‘Scholarships’ and ₹ 766 crore in ‘Government Secondary Schools’;

- Increase of ₹ 281 crore in ‘Medical and Public Health’ was due to increase of ₹ 279 crore in ‘Hospitals and Dispensaries’;
- Increase of ₹ 387 crore in ‘Water Supply and Sanitation’ was due to increase of ₹ 253 crore in ‘Direction and Administration’;
- Decrease of ₹ 921 crore in ‘Urban Development’ was mainly due to decrease of ₹ 957 crore in ‘Assistance to Local Bodies, Corporations’ and ₹ 688 crore in ‘Assistance to Municipalities/ Municipal Councils’ partially offset by increase of ₹ 441 crore in ‘Assistance to Public Sector and other Undertakings’, ₹ 231 crore in ‘Assistance to Municipal Corporation’ and ₹ 47 crore in ‘Special Component Plan for Scheduled Castes’;
- Increase of ₹ 285 crore in ‘Social Security and Welfare’ was due to increase of ₹ 242 crore in ‘Pension under Social Security Scheme’;
- Increase of ₹ 278 crore in ‘Crop Husbandry’ was due to increase of ₹ 256 crore in ‘Commercial Crops’;
- Decrease of ₹ 430 crore in ‘Agriculture Research and Education’ was due to decrease of ₹ 421 crore in ‘Education under Sub-Major Heads-01-Crop Husbandry’;
- Increase of ₹ 555 crore in ‘Other Rural Development Programme’ was mainly due to increase of ₹ 369 crore in ‘Panchayati Raj’, ₹ 118 crore in ‘Provision of Urban Amenities in Rural Areas’ and ₹ 193 crore in ‘Assistance to Gram Panchayats’ partially offset by decrease of ₹ 96 crore in ‘Assistance to Zila Parishads/District Level Panchayats’, ₹ 71 crore in ‘Assistance to Block Panchayats/ intermediate level’;
- Increase of ₹ 368 crore in ‘Command Area Development’ was mainly due to increase of ₹ 125 crore under the minor heads related to ‘Assistance to Autonomous Bodies’, ₹ 260 crore in ‘Assistance to Public Sector and other Undertakings’ partially offset by decrease of ₹ 30 crore in ‘Special Component Plan for Scheduled Castes’;
- Increase of ₹ 248 crore in ‘Village and Small Industries’ was due to increase of ₹ 231 crore in ‘Small Scale Industries’; and
- Increase of ₹ 125 crore in ‘Co-operation’ was due to increase of ₹ 114 crore in ‘Assistance to credit co-operatives’.

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.

Apart from above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, etc. For example, the following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution/transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund - Amount recouped within the year.
- (iv) Transfer of cess to reserve fund/other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs/spent by the State.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest Payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.19** and share of committed expenditure in revenue expenditure is shown in **Chart 2.11** during 2018-23.

Table 2.19: Components of Committed Expenditure

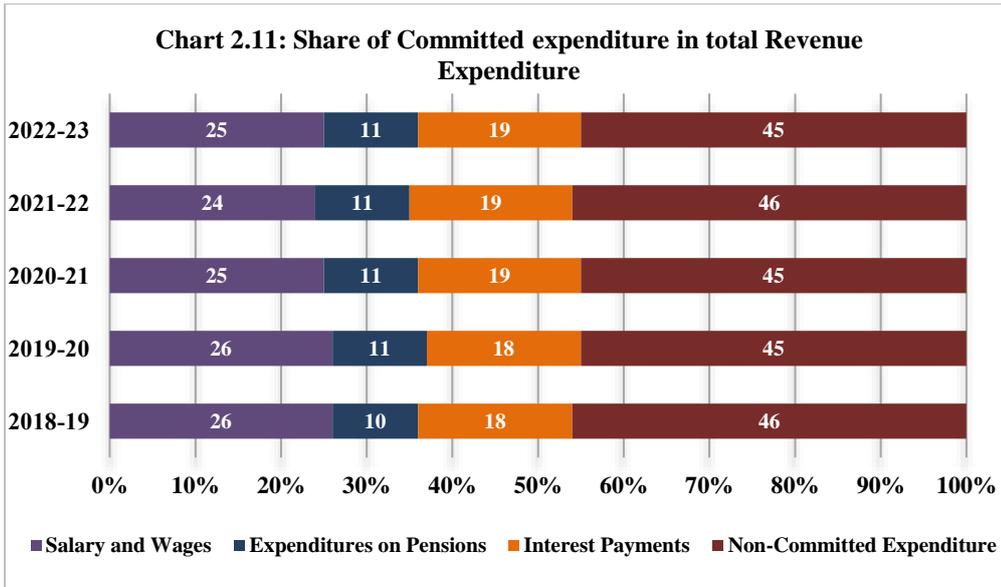
(₹ in crore)

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries and wages	19,763	22,365	22,595	24,236	26,409 ⁸
Expenditure on Pensions	8,140	8,833	9,713	10,617	12,404
Interest Payments	13,551	15,588	17,115	18,362	20,096
Total	41,454	46,786	49,423	53,215	58,909
As a percentage of Revenue Receipts (RR)					
Committed Expenditure					
Salaries and Wages	30.00	32.96	33.44	31.04	29.61
Expenditure on Pensions	12.35	13.02	14.38	13.60	13.91
Interest Payments	20.57	22.97	25.33	23.51	22.53
Total	62.92	68.95	73.15	68.15	66.05
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	25.62	26.36	25.12	24.62	24.82
Expenditure on Pensions	10.55	10.41	10.80	10.79	11.65
Interest Payments	17.56	18.37	19.03	18.66	18.89
Total	53.73	55.14	54.95	54.07	55.36
Components of Inflexible Expenditure					
Statutory devolution to local bodies	3,537.38	4,903.07	5,094.39	3,074.55	4,908.10
Contribution to Reserve Funds	456.81	1,786.26	784.41	1,153.64	955.82
Recoupment to Contingency Fund	12.00	0	0	900.00	0
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure- Interest payment	13.17	10.23	54.05	51.10	1.33
Total	4,019.36	6,699.56	5,932.85	5,179.29	5,865.25
As a percentage of Revenue Receipts (RR)	6.10	9.87	8.78	6.63	6.58
As a percentage of Revenue Expenditure (RE)	5.21	7.90	6.60	5.26	5.51
Non-Committed RE	35,701	38,062	40,523	45,210	47,497
Percentage of RE	46.27	44.86	45.05	45.93	44.64
Percentage of TE	38.30	36.66	41.89	40.94	39.41
Subsidies	8,549	8,105	7,650	9,535	9,360
Subsidies as percentage of non-committed expenditure	23.95	21.29	18.88	21.09	19.71

Source: Finance Accounts of the respective years.

Table 2.19 shows that percentage of non-committed expenditure to revenue expenditure ranged between 46.27 per cent and 44.64 per cent during the period from 2018-19 to 2022-23 to which subsidies constituted the dominant proportion ranging between 18.88 per cent and 23.95 per cent for the same period.

⁸ Includes wages of ₹ 962 crore.



The total expenditure (₹ 57,947 crore) on salary (excluding wages), interest and pension payments was lesser by ₹ 2,249 crore (3.74 per cent) than the projections by the Government in MTFPS (₹ 60,196 crore) and it consumed 64.97 per cent of the revenue receipts.

Salary and Wages

Expenditure on Salaries and Wages (₹ 26,409 crore) increased by 8.97 per cent during the year 2022-23 in comparison to the previous year (₹ 24,236 crore) and constituted 24.82 per cent of revenue expenditure and 29.61 per cent of revenue receipts. Expenditure on Salaries (₹ 25,447 crore) was lesser by ₹ 2,554 crore than the projections by the State Government in MTFPS (₹ 28,001 crore) and consumed 28.53 per cent of the revenue receipts.

Interest Payments

During the year 2022-23, interest payments were to the tune of ₹ 20,096 crore (18.89 per cent of revenue expenditure). Interest on Market Borrowings (₹ 14,809.81 crore), UDAY Bonds (₹ 1,772.13 crore), loans from National Co-operative Development Corporation (₹ 450.72 crore) and special securities issued to the National Small Savings Fund of the Central Government (₹ 707.47 crore) continued to be the major components of interest payments. Interest Payments (₹ 20,096 crore) was lesser by ₹ 898 crore than the projections made by State Government in MTFPS (₹ 20,994 crore) and consumed 22.53 per cent of the revenue receipts.

Pensions and other Retirement benefits

The expenditure on pension and other retirement benefits to State Government pensioners during the year 2022-23 was ₹ 12,404 crore and constituted 11.65 per cent of revenue expenditure. Pension payments was higher by ₹ 1,203 crore

than the estimates by the State Government in the Budget and MTFPS by ₹ 11,201 crore and consumed 13.91 *per cent* of revenue receipts.

Committed expenditure on account of salary and wages, interest and pensions increased from 53.73 *per cent* to 55.36 *per cent* of the revenue expenditure during 2018-19 to 2022-23 and consumed 66.05 *per cent* of the revenue receipts.

Inflexible expenditure

The components of inflexible expenditure which include among others statutory devolution to local bodies and contribution to Reserve funds showed an increasing trend during the period 2018-19 to 2019-20 but thereafter decreased in 2020-21 and 2021-22. During the year 2022-23 it increased to ₹ 5,865.25 crore from ₹ 5,179.29 crore in 2021-22. As a percentage of revenue expenditure, inflexible expenditure increased from 5.21 *per cent* in 2018-19 to 7.90 *per cent* in 2019-20 and thereafter showed a decreasing trend upto 2022-23 (5.51 *per cent*).

2.4.2.3 Undischarged liabilities in National Pension System

The State Government employees recruited on or after 1 January 2006 are eligible for the new pension scheme called 'Defined Contribution Pension Scheme' (DCPS). 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. With effect from 1st January 2022, the State Government has decided to enhance the monthly contribution of State Government share in respect of State Government Employees to 14 *per cent* instead of the existing rate of 10 *per cent* and the entire amount, is transferred to the designated fund manager through the National Security Depository Limited (NSDL).

During the year 2022-23, employee's contribution of ₹ 1,004.06 crore was booked under Major Head 8342-Other Deposit 117- Defined Contribution Pension Scheme for Government employees in Public Account as per prescribed procedure. Government share of ₹ 1,321.09 crore was transferred from Major Head 2071- Pension and Retirement Benefits, 01- Civil, 117- Defined contributory Pension Scheme to Major Head 8342- Other Deposits, 117- Defined Contribution Pension Scheme in Public Account. The employer's share alongwith employee share would then be transferred to NSDL from the Public Account.

Against the employee's contribution of ₹ 1,004.06 crore, the State Government transferred ₹ 2,343.02 crore including Government share of ₹ 1,321.09 crore to NSDL, leaving a balance of ₹ 0.80 crore as on 31 March 2023.

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 ₹ 0.80 crore was parked under the above Major Head as on 31st March 2023 as depicted in **Table 2.20**.

Table 2.20: Details of contribution and investment under DCPS

(₹ in crore)

Year	Opening Balance	Employee Contribution	Contribution by the State Government	Total Receipt during the year	Total transferred to NSDL	Short transferred to NSDL
	1	2	3	4 = (2+3)	5	6 = 5-(1+4)
2008-09 ⁹	0.02	0.02	0	0.02	0	0.04
2009-10	0.04	28.88	9.18	38.06	23.91	14.19
2010-11	14.19	78.29	37.07	115.36	101.13	28.42
2011-12	28.42	104.35	67.64	171.99	183.00	17.41
2012-13	17.41	163.58	98.76	262.34	302.80	(-) 23.05
2013-14	(-) 23.05	240.47	143.25	383.72	421.26	(-) 60.59
2014-15	(-) 60.59	314.54	283.69	598.23	529.53	8.11
2015-16	8.11	328.94	278.83	607.77	596.45	19.43
2016-17	19.43	382.15	378.04	760.19	729.70	49.92
2017-18	49.92	479.94	460.44	940.38	975.76	14.54
2018-19	14.54	565.88	534.30	1,100.18	1,086.16	28.56
2019-20	28.56	717.91	694.20	1,412.11	1,407.78	32.89
2020-21	32.89	778.53	766.83	1,545.36	1,535.18	43.07
2021-22	43.07	875.35	939.66	1,815.01	1,839.41	18.67
2022-23	18.67	1,004.06	1,321.09	2,325.15	2,343.02	0.80

Source: Finance Accounts of the respective years.

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.

Further, the State Government is liable to pay interest on delayed transfer of NPS balances at the corresponding interest rate applicable to the General Provident Fund (GPF) subscribers. During the year 2022-23, due to non-payment of interest on balances lying under Defined Contribution Pension Scheme for Government employees amounting to ₹ 1.33 crore, the revenue and fiscal deficit was understated to that extent.

2.4.2.4 Subsidies

Expenditure on subsidies decreased from ₹ 8,549 crore in 2018-19 to ₹ 7,650 crore in 2020-21, increased to ₹ 9,535 crore in 2021-22 and decreased to ₹ 9,360 crore in 2022-23 which was 10.49 per cent of the revenue receipts and 8.80 per cent of revenue expenditure as per details given in **Table 2.21**. The subsidies were disbursed for Power: ₹ 7,066 crore (75.49 per cent), Agriculture and allied activities: ₹ 1,839 crore (19.65 per cent), Village and Small Industries: ₹ 336 crore (3.59 per cent) and Social Services: ₹ 119 crore (1.27 per cent). The total subsidy of ₹ 6,763 crore to rural electrification including subsidy for Subsidised Tariff to Domestic Consumers was higher than the projection in MTFPS (₹ 5,983 crore).

⁹ The figures prior to 2008-09 is in thousands which is not possible to be reflected in table after converting it into crore. So, the figures of NPS have been shown in table from 2008-09.

Table 2.21: Expenditure on subsidies during 2018-23

	2018-19	2019-20	2020-21	2021-22	2022-23
Subsidies (₹ in crore)	8,549	8,105	7,650	9,535	9,360
Subsidies as a percentage of Revenue Receipts	12.98	11.94	11.32	12.21	10.49
Subsidies as a percentage of Revenue Expenditure	11.08	9.55	8.51	9.69	8.8

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	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies					
Urban Local Bodies	2,092.31	2,279.46	2,766.64	3,472.10	2,542.27
Panchayati Raj Institutions	2,547.17	3,098.12	3,235.92	954.97	1,357.53
Total (A)	4,639.48	5,377.58	6,002.56	4,427.07	3,899.80
(B) Others					
Universities	2,093.14	2,496.64	2,468.29	2,632.82	2,706.57
Development Authorities	865.54	812.88	1,104.22	1,072.47	802.91
Statutory Corporations	1,350.08	1,745.08	2,107.65	1,686.01	0.00
Others (Autonomous Bodies)	1,129.59	905.17	1,329.75	2,627.44	4,264.19
Total (B)	5,438.35	5,959.77	7,009.91	8,018.74	7,773.67
Total (A+B)	10,077.83	11,337.35	13,012.47	12,445.81	11,673.47
GIA for creation of Capital Assets	3,874.79	4,863.28	5,709.07	4,145.71	3,780.18
GIA for other than the creation of Capital Assets	6,203.04	6,474.07	7,303.40	8,300.10	7,893.29
GIA given in kind	55.55	50.06	42.99	52.62	49.48
Revenue Expenditure	77,155	84,848	89,946	98,425	106,406
Assistance as percentage of Revenue Expenditure	13.06	13.36	14.47	12.64	10.97

Source: Finance Accounts of the respective years.

Financial assistance to local bodies and other institutions increased from ₹ 10,077.83 crore in 2018-19 to ₹ 11,673.47 crore, constituting 10.97 per cent of the revenue expenditure during 2022-23. It decreased by ₹ 772.34 crore (6.21 per cent) over the previous year mainly due to decrease in release of financial assistance to Urban Local Bodies.

The Grants-in-aid for creation of capital assets showed an increasing trend during the period 2018-21 and decreased during 2021-23. Grants-in-aid for other than the creation of capital assets also showed an increasing trend during the period 2018-22 but in the year 2022-23 it marginally decreased. The share of financial assistance for creation of capital assets was between 32.38 per cent and 43.87 per cent and share of financial assistance for other than creation of capital assets was between 56.13 per cent and 67.62 per cent during the period 2018-23.

The schemes which received major financial assistance are shown in **Table 2.23**.

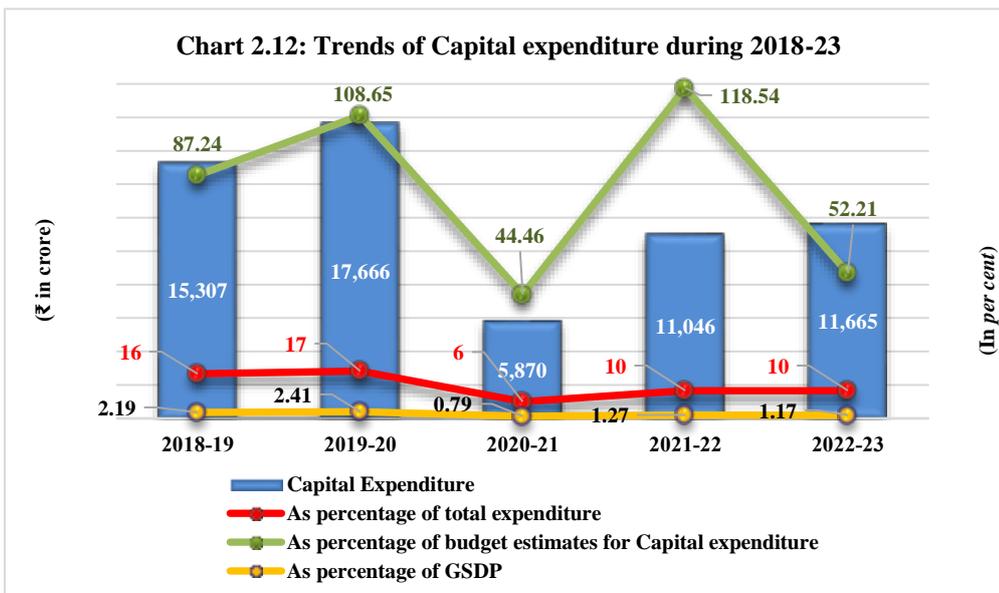
Table 2.23: Schemes which received major financial assistance during the year 2022-23.

Scheme	Amount (₹ in crore)
Sarva Shiksha Abhiyan	483.50
Rashtriya Madhyamik Shiksha Abhiyan	386.66
Assistance to M.D. University	140.75
Assistance to Kurukshetra University	231.20
Introduction of Pension Scheme for Non-Government Aided Colleges	250.00
Grant-in-aid to Non-Government Colleges	470.00
Development of Government Polytechnics	87.00
Grants-in-aid as State Scheme Under NRHM	901.00
Continuation of Rural Hospital and Dispensary renamed as Rural Health Service	235.00
Maharaja Agrasen Institute of Medical Research and Education, Agroha	132.00
AYUSHMAN Bharat Haryana Health Protection Mission	170.00
Establishment of Pt. B.D. Sharma University of Health Sciences, Rohtak	730.00
Grant-in-aid to Municipal Committee on the recommendation of State Finance Commission	1,123.67
Grant-in-aid to Haryana Agriculture University	142.88
Scheme for the one-time settlement for recovery linked incentive to Haryana Agriculture and Rural Development Bank and HARCO Bank	251.74
Financial Assistance to Panchayati Raj Institutions on the recommendation of State Finance Commission	370.00

Source: Finance Accounts.

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

During the period from 2018-23, capital expenditure ranged between 0.79 per cent and 2.41 per cent of GSDP.

2.4.3.1 Major changes in Capital Expenditure

Capital expenditure of ₹ 11,664.95 crore which comprised of ₹ 3,755.82 crore on Social Services, ₹ 7,356.33 crore on Economic Services and ₹ 552.80 crore on General Services. The increase of ₹ 619.39 crore in the year 2022-23 was mainly due to increase in capital expenditure on Health and Family Welfare, Other Rural Development Programme, Irrigation and Flood Control, Industry and Minerals and Road Transport. There was a major decline in capital Expenditure on Water Supply, Sanitation, Housing and Urban Development by ₹ 1,963.58 crore during 2022-23 as shown in **Table 2.24**.

Table 2.24: Variation in Capital Expenditure during 2022-23 compared to 2021-22

(₹ in crore)

Major Heads of Accounts	2021-22	2022-23	Increase (+)/ Decrease (-)
Capital Expenditure	11,045.56	11,664.95	619.39
General Services	562.07	552.80	(-) 9.27
Social Services	5,471.24	3,755.82	(-) 1,715.42
Health and Family Welfare	895.70	1,381.89	486.19
Water Supply, Sanitation, Housing and Urban Development	3,811.77	1,848.20	(-) 1,963.57
Education, Sports, Art and Culture	578.6	389.03	(-) 189.57
Economic Services	5,012.25	7,356.33	2,344.08
Other Rural Development Programme	100.04	407.27	307.23
Industry and Minerals	22.68	157.72	135.04
Road Transport	2,823.86	4,391.39	1,567.53
Irrigation and Flood Control	1,807.54	2,171.19	363.65

Source: Finance Accounts of the respective years.

2.4.3.2 Quality of capital expenditure

If the State Government keeps on making investments in loss making Government companies whose net worth has completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, etc. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during 2022-23.

(i) Investments and Returns

The Government as of 31 March 2023 had invested ₹ 38,020.05 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 2.25**). The average return on these investments was 0.80 per cent in the last five years while the Government paid an average interest rate of 7.48 per cent on its borrowings during 2018-23.

Table 2.25: Return on Investment

Investment/return/cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	30,747.91	36,922.92	37,566.55	37,865.68	38,020.05
Return (₹ in crore) *	56.60	87.01	163.14	1,007.59	192.00
Return (per cent) *	0.18	0.24	0.43	2.66	0.50
Average rate of interest on Government borrowings (per cent)	8.81	8.31	6.50	7.05	6.72
Difference between interest rate and return (per cent)	8.63	8.07	6.07	4.39	6.22
Difference between interest on Government borrowings and return on investments (₹ in crore) #	2,653.54	2,979.68	2,280.29	1,662.30	2,364.85

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

* on historical cost

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

Out of total investment of ₹ 38,020.05 crore, investment of ₹ 36,035.96 crore (94.78 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 ₹ 38,020.05 crore in 2022-23. Scrutiny of the Accounts revealed that out of the investment in equity of ₹ 38,020.05 crore, Government investment in equity of 25 PSUs was ₹ 29,720.31 crore whereas as per records of PSUs it was ₹ 36,989.81 crore. There was a difference of ₹ 7,269.50 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 providing 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.

Status of eight PPP projects with a total estimated cost of ₹ 4,353 crore as on 31 March 2023 is 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 2.26** presents the outstanding loans and

advances as on 31 March 2023 and interest receipts vis-à-vis interest payments during the last five years.

Table 2.26: Quantum of loans disbursed and recovered during five years

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Opening Balance of loans outstanding	16,090	11,474	7,390	7,884	8,350
Amount advanced during the year	756	1,309	926	966	2462
Amount recovered during the year	5,372	5,393	432	500	238
Closing Balance of the loans outstanding	11,474	7,390	7,884	8,350	10,574
Net addition	(-) 4,616	(-) 4,084	494	466	2,224
Interest received	720	398	92	106	75
Interest rate on Loans and Advances given by the Government.	5.22	4.22	1.20	1.31	0.79
Rate of Interest paid on the outstanding borrowings of the Government	7.78	7.80	7.46	7.08	6.92
Difference between the rate of interest paid and interest received (<i>per cent</i>)	2.56	3.58	6.26	5.77	6.13

Outstanding loans and advances as on 31st March 2023 increased by 26.63 *per cent* due to more loans to Education Department (₹ 659.46 crore), Municipal Corporations (₹ 172.52 crore), Agriculture and Allied Activities (₹ 788.39 crore), Haryana State Agricultural and Marketing Board (₹ 70.73 crore) and Cooperative Sugar Mills (₹ 657.73 crore).

The outstanding loans against Co-operative Sugar Mills were ₹ 4,509.53 crore as on 31 March 2022. During the year 2022-23, the State Government disbursed ₹ 657.73 crore. No repayment was received against these loans during 2022-23. The loans of ₹ 5,167.26 crore were outstanding against these Co-operative Sugar Mills at the end of 2022-23. 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 with 8.5 *per cent* per annum interest. There was no recovery on account of principal and interest of loans during the year 2022-23 which was indicative of inadequate efforts of the State Government for recovery of outstanding loans against these cooperative sugar mills.

Loans amounting to ₹ 659.46 crore¹⁰ were sanctioned and disbursed to various Universities (grantee) as Financial Assistance/Grant-in-Aid under various Major Heads related to Loans.

Further, loan amounting to ₹ 570.34 crore¹¹ were sanctioned by Agriculture department, Animal Husbandry and Dairy department to various universities as non-recoverable financial assistance in the form of interest free perpetual loan during the year 2022-23.

¹⁰ Department of Higher education (₹ 372.52 crore), Department of Technical Education (₹ 230.36 crore), Department of Skill Development and Industrial Training (₹ 56.58 crore).

¹¹ Director General Horticulture Haryana (₹ 20 crore), Director General Animal Husbandry and Dairying Haryana (₹ 121.49 crore), Director General Agriculture and Farmers Welfare Department (₹ 428.85 crore).

These were all grants-in-aid and expenditure of revenue nature whereas the State Government has disbursed these loans as expenditure of capital nature. This understated the revenue expenditure and overstated the capital expenditure as well as understated the revenue deficit and fiscal deficit to that extent.

Similarly, Health and Ayush Department sanctioned (December 2022) loan amounting to ₹ 22.50 crore as non-recoverable financial assistance under 'MH 6210- Loans to poor deserving students of Medical Institutions renamed as Loan for Medical and Public Health' during the year 2022-23. This is an expenditure of revenue nature whereas the State Government has disbursed as loans expenditure of capital nature in violation of Government Accounting Rules. This understated the revenue expenditure and overstated the capital expenditure to that extent.

Loans amounting to ₹ 1,068.87 crore were outstanding at the beginning of the year 2022-23 against Haryana State Cooperative Agriculture and Rural Development Bank (HSCARDB). Further, loans of ₹ 40 crore were given to this bank with the condition to ensure that there is no default in repayment of loan along with interest to the Government. No repayment was made during the year resulting in outstanding balance of ₹ 1,108.87 crore at the end of 31 March 2023. Thus, loans were sanctioned during 2022-23 even though there was default in repayment of earlier' years' loans.

State Government received interest of ₹ 75 crore (0.79 per cent of outstanding loans and advances) during the year 2022-23.

(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 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 2023 is given in **Table 2.27**. Only those projects where the scheduled dates for completion were already over as of 31 March 2023 have been included under incomplete projects.

Table 2.27: Department-wise profile of incomplete projects as on 31 March 2023

(₹ in crore)

Department	Number of incomplete projects	Estimated cost (₹ in crore)	Expenditure (₹ in crore)
Irrigation and Water Resources	2	64.10	11.32
Public Works (Buildings and Roads)	7	61.16	61.86
Total	9	125.26	73.18

Source: Finance Accounts

The scheduled dates of completion of nine projects of the departments were between August 2022 and March 2023, but these were incomplete as on 31 March 2023, resulting in non-attainment of desired benefits from the investment of ₹ 73.18 crore.

2.4.4 Expenditure Priorities

Enhancing human development levels requires the State to step up its 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 2.28** analyses expenditure priority of the State with regards to Health, Education and Capital expenditure during 2022-23.

Table 2.28: 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) 2018-19	13.34	16.42	14.02	4.30
States other than NE and Himalayan States (GCS) Average (Ratio) 2018-19	16.38	15.58	14.76	5.07
Haryana Average (Ratio) 2022-23	12.12	9.68	15.84	6.39
States other than NE and Himalayan States (Ratio) 2022-23	15.79	15.22	14.85	5.68

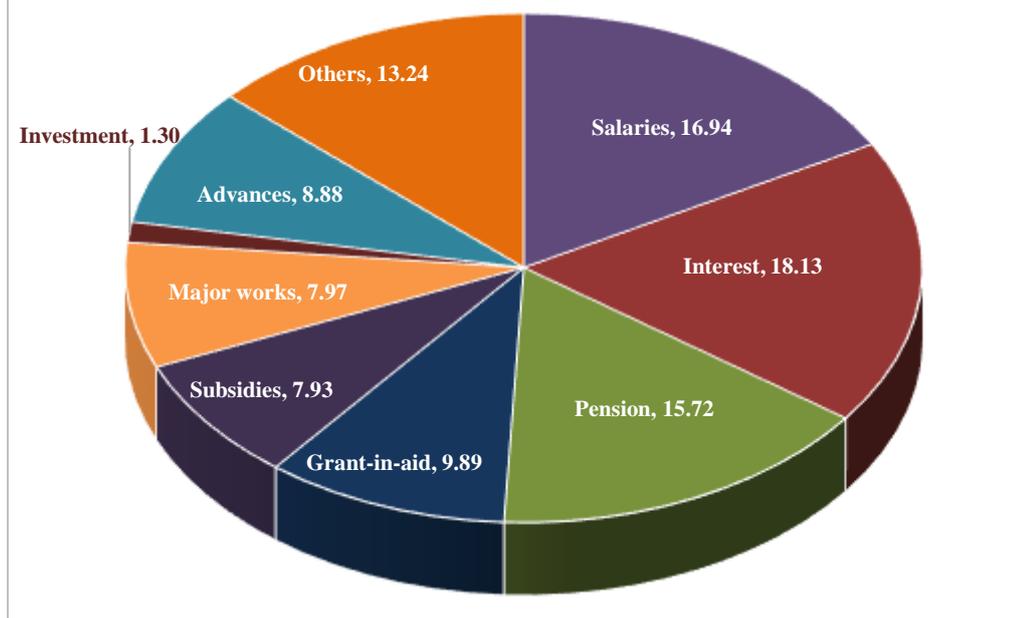
TE: Total Expenditure, CE: Capital Expenditure.
Source for GSDP: Directorate of Economic and Statistical Analysis, Haryana.

Aggregate expenditure as a ratio of GSDP in Haryana was lesser than in case of States other than NE and Himalayan States average in 2018-19 as well as in 2022-23. The ratio of capital expenditure to total expenditure was higher in Haryana than other States' average during 2018-19 but has dropped significantly in 2022-23. The ratio of expenditure on Education and Health was lower in Haryana than States other than NE and Himalayan States average during 2018-19 but higher in 2022-23.

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**.

Chart 2.13: Object head-wise expenditure (in percentage)



Note: The object head wise expenditure obtained from VLC 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

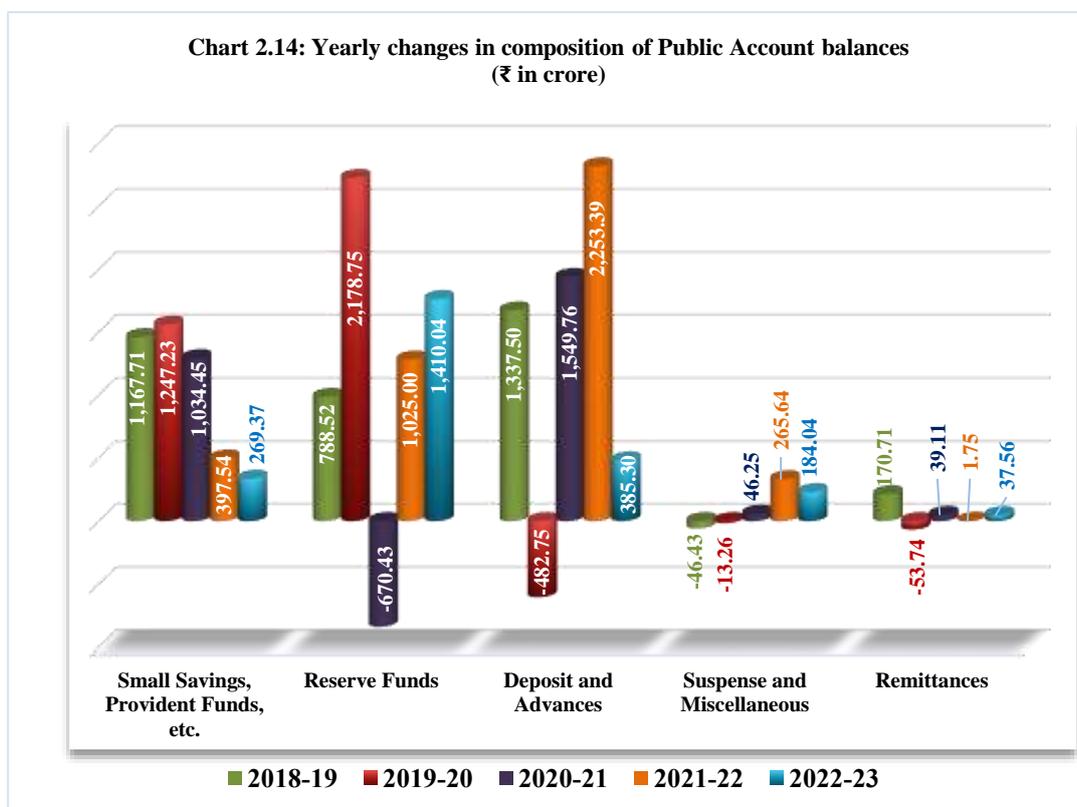
Component-wise net balances under various segments of Public Account are given in *Table 2.29* and *Chart 2.14*.

Table 2.29: Component-wise net balances in Public Account as of 31 March 2023

(₹ in crore)

Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	15,715.23	16,962.46	17,996.91	18,394.45	18,663.82
J. Reserve Funds	(a) Reserve Funds bearing Interest	3,086.92	4,962.35	5,476.92	5,756.67	6,554.17
	(b) Reserve Funds not bearing Interest	3,228.68	3,532.00	2,347.00	3,092.25	3,704.79
	Total	6,315.60	8,494.35	7,823.92	8,848.92	10,258.96
K. Deposits and Advances	(a) Deposits bearing Interest	403.41	421.76	451.94	443.53	442.63
	(b) Deposits not bearing Interest	8,001.14	7,500.04	9,019.62	11,281.42	11,667.62
	(c) Advances	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74	(-) 0.74
	Total	8,403.81	7,921.06	9,470.82	11,724.21	12,109.51
L. Suspense and Miscellaneous ¹²	Suspense and Miscellaneous	(-) 57.23	(-) 70.49	(-) 24.24	241.40	425.44
M. Remittances	(a) Money Orders, and other Remittances	343.72	306.84	330.58	333.65	370.71
	(b) Inter-Governmental Adjustment Account	(-) 16.24	(-) 33.10	(-) 17.73	(-) 19.05	(-) 18.55
	Total	327.48	273.74	312.85	314.60	352.16
Grand Total		30,704.89	33,581.12	35,580.26	39,523.58	41,809.89

Source: Finance Accounts of the respective years



Source: Finance Accounts of the respective years

¹²

Excluding figures of Cash Balance Investment Account.

Net public account balances in 2022-23 increased by 5.78 *per cent* over the previous year mainly due to increase in Small Savings, Provident Fund, etc. (₹ 269 crore), Deposits (₹ 385 crore), Remittances (₹ 38 crore), Reserve Fund (₹ 1,410 crore) and Suspense and Miscellaneous (₹ 184 crore).

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund or from outside agencies. It comprises interest bearing reserve funds and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were eleven Reserve Funds (five Reserve Funds bearing interest and six Reserve Funds not bearing interest) as on 31 March 2023. 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 2023 are given in **Table 2.30**.

Table 2.30: Details of Reserve Funds

(₹ in crore)

Sr. No.	Name of Reserve Fund	Balance as on 31 March 2023
A	Reserve Funds bearing interest	6,554.17
1	Depreciation Reserve Fund- Government Commercial Departments and Undertakings	567.20
2	Depreciation Reserve Fund- Government Non-Commercial Departments and Undertakings	18.73
3	General and Other Reserve Funds of Government Commercial Departments/Undertakings	5.15
4	State Disaster Response Fund	4,996.68
5	State Compensatory Afforestation Fund	966.41
B	Reserve Funds not bearing interest	3,704.79
1	Sinking Funds	1,694.47
2	Mines Welfare Fund	463.47
3	Fund for Development Schemes	1.41
4	Fund for Village Reconstruction for Harijan Uplift	2.29
5	Guarantee Redemption Fund	1,540.86
6	Consumer Welfare Fund	2.29
	Grand Total	10,258.96

Out of the 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 constituted the Consolidated Sinking Fund (CSF) for amortisation of loans in 2002. According to the guidelines of the fund, the Government was required to contribute 0.5 *per cent* of their outstanding liabilities (internal debt plus public account) as at the end of the previous year to the Consolidated Sinking Fund.

There was an opening balance of ₹ 1,286.08 crore in the fund at the beginning of the current year. As on 31st March 2022, the outstanding liabilities of the State were ₹ 2,62,461.82 crore (internal debt plus public account). Accordingly, the State Government was required to contribute a minimum of ₹ 1,312.31 crore (0.50 *per cent*) during 2022-23 against which the State Government had made contribution of ₹ 300 crore to the fund, which had been invested and interest of ₹ 108.39 crore was earned. Resultantly, there was a balance of ₹ 1,694.47 crore at the end of the current year.

2.5.2.2 State Disaster Response Fund

The State Government replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. In terms of the guidelines of the SDRF (September 2010 and July 2015), the Centre and the States were contributing to the Fund in the proportion of 75:25. The contributions are to be transferred under the Public Account to Major Head -8121. Expenditure during the year is incurred by operating Major Head-2245.

The State Government shall pay interest to SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the Reserve Bank of India. The interest will be credited on a half yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF shall, till contrary instructions are issued by GoI, be invested in Central Government dated Securities, auctioned Treasury Bills and interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure has to be built into the normal budgetary heads/State Plan funds, etc.

There was opening balance of ₹ 4,234.06 crore in SDRF. During 2022-23, the Central Government released ₹ 412.80 crore. As against GoI release of ₹ 412.80 crore, the State's matching share works out to ₹ 137.60 crore. The State Government transferred an amount of ₹ 900 crore to the fund, which includes ₹ 412.80 crore of Central contribution, ₹ 137.60 crore of State contribution, unspent balances of ₹ 51.82 crore and interest of ₹ 297.78 crore.

An expenditure of ₹ 137.38 crore was met from the Fund during the year. There was a closing balance of ₹ 4,996.68 crore in the Fund as on 31 March 2023.

The SDRF shall be used only for meeting expenditure for providing immediate relief to the victims of natural calamities. An expenditure of ₹ 137.38 crore was charged to SDRF as given in **Table 2.31**.

Table 2.31: Details of expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2022-23
2245-Relief on Account of Natural Calamities 02-Floods, Cyclones, etc.	101- Gratuitous Relief	98.07
	111- Ex-gratia payments to bereaved families	0.00
	113- Assistant for repairs/reconstruction of Houses	0.02
	117- Assistance to farmers for purchase of Live Stock	0.01
	282- Public Health	1.75
	800- Others	0.04
	Sub Total	99.89
2245-Relief on Account of Natural Calamities 80-General	800-Other Expenditure	166.51
	Sub Total	166.51
	Grand Total	266.40
05-State Disaster Response Fund	901-Deduct –Amount met from State Disaster	137.38
Expenditure charged to SDRF (admissible expenditure under SDRF guidelines)		98.07

2.5.2.3 State Disaster Mitigation Fund

The State Disaster Mitigation Fund (SDMF) is to be constituted under Section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Report Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disasters notified by the State Government from time to time. The State Government has not created the SDMF as on 31 March 2023 under Major Head 8121-General and Other Reserve Funds, 130-State Disaster Mitigation Fund.

During the year 2022-23, the State Government received ₹ 149.80 crore from the Central Government. The State Government's share during the year is ₹ 49.93 crore. The State Government could not transfer any amount to the fund as the fund is yet to be created. As such, ₹ 199.73 crore was not transferred and resulted in understatement of Revenue Expenditure.

2.5.2.4 Guarantee Redemption Fund

The State Government constituted the Guarantee Redemption Fund (GRF) 2003 for meeting obligations arising out of the guarantees issued on behalf of the State Public Sector Undertakings and local bodies. The latest amendment to the fund notification issued by the State Government, effective from 2020-21, stipulates

that the State Government shall initially contribute a minimum of one *per cent* and thereafter at the rate of 0.5 *per cent* of outstanding guarantees at the end of the previous year to achieve a minimum level of three *per cent* in the next five years. The fund shall be gradually increased to a desirable level of five *per cent*. The fund is administered by the Reserve Bank of India. The total accumulation in the fund was ₹ 1,540.86 crore as on 31 March 2023 (which is 6.68 *per cent* of the outstanding guarantees of ₹ 23,058.07 crore) which stood invested. The State Government did not contribute any amount to the fund during the year though guarantee fees of ₹ 48.31 crore was collected during 2022-23.

2.5.2.5 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* (revised to 7.5 *per cent* vide notification May 2021) of the ‘Dead Rent/Royalty/Contract Money’ paid to the State is to be charged from 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* (revised to 2.5 *per cent* vide notification of May 2021) of the amount received by the State Government on account of ‘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 ₹ 373.89 crore was in the Fund as on 1 April 2022. The State Government during the year received an amount of ₹ 725.45 crore on account of Dead Rent etc. and an amount of ₹ 41.52 crore on account of ‘other charges’ from the Concession Holders. The amount of ₹ 72.54 crore {7.5 *per cent* of Dead Rent (₹ 54.41 crore) plus 2.5 *per cent* (₹ 18.13 crore) State share of Dead Rent of ₹ 725.45 crore} was required to be contributed to the Fund. However, the State Government, during the year contributed an amount of ₹ 52.76 crore (Concession Holder’s contribution: ₹ 37.29 crore and State Contribution: ₹ 15.47 crore) and interest of ₹ 42.73 crore. Thus, there was short contribution of ₹ 19.78 crore. An expenditure of ₹ 5.91 crore was met from the Fund during the year, thereby leaving a balance of ₹ 463.47 crore in the Fund as on 31 March 2023.

2.5.2.6 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 ₹ 934.67 crore at the beginning of the year. During the year 2022-23, the State Government did not receive any amount, being State share of the CAMPA Fund, from National Compensatory Afforestation Deposits to the Fund. An amount of ₹ 167.20 crore was credited by the State Government as interest including balance in bank account (₹ 31.01 crore) during the year. An expenditure of ₹ 135.46 crore was incurred out of the Fund during the year. The State Government has not made any investment though there was a balance of ₹ 966.41 crore in the fund as on 31 March 2023.

2.5.3 Funds outside Consolidated Fund or Public Account of the State

Article 266 (1) of the Constitution of India subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one Consolidated Fund to be entitled 'the Consolidated Fund of the State'. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

It has been observed that funds meant to be credited to Consolidated Fund/Public Account of the State were kept outside the Consolidated Fund/Public Account of the State as discussed in succeeding paragraphs.

(i) Building and Other Construction Workers' Welfare Cess

The State Government collects cess on the cost of construction incurred by employers under the Building and Other Construction Workers' Welfare Cess Act, 1996. The collected cess is to be spent on welfare schemes for construction workers. For this purpose, Building and Other Construction Workers' Welfare Board has been constituted. As per information furnished by the Board, the total

funds available with the Board as on 31 March 2022 were ₹ 3,546.84 crore. The contributions/additions towards the corpus fund during the year 2022-23 stood at ₹ 472.45 crore and expenditure incurred was ₹ 179.61 crore¹³ (excess over income) during the year. As on 31 March 2023, the Board had funds of ₹ 3,839.68 crore.

(ii) Haryana Rural Development Fund

The State Government constituted the Haryana Rural Development Fund Administration Board under the Haryana Rural Development Act, 1986 for augmenting agricultural production and improving its marketing and sale. Under Section 5(1) of this Act, a fee (cess) is levied on *ad-valorem* basis at the rate of two *per cent* of the sale proceeds of the agriculture produce bought or sold or brought for processing in the notified market area. The amount so collected is spent by the Board in the rural areas mainly in connection with the development of roads, establishment of dispensaries, making arrangement for water supplies and sanitation and construction of godowns. During 2011-21, the receipts under the fund were ₹ 5,901.75 crore and expenditure incurred was ₹ 4,867.61 crore. As per Annual Accounts for the year 2021-22 receipts under the fund were ₹ 639.60 crore and expenditure amounting to ₹ 153.96 crore had been incurred, resulting in total receipts under the fund of ₹ 6,541.35 crore and total expenditure of ₹ 5,021.57 crore during the period 2011-22. Annual Accounts for the year 2022-23 have not been received so far (September 2023).

(iii) Haryana Infrastructure Development Board

The State Government constituted Haryana Infrastructure Development Board under Section 3AA of Haryana Development and Regulation of Urban Areas Act, 1975 to coordinate the efforts of the Government regarding development and implementation of infrastructure projects for the benefit of the State of Haryana, involving private participation and funding from sources other than those provided by the State Budget.

Any coloniser to whom a license has been given under Haryana Development and Regulation of Urban Area Act, 1975, is required to deposit State Infrastructure Development Charges at such rate as may be prescribed by the Government from time to time. The amount of infrastructure charges deposited by the coloniser shall constitute the Fund. The Fund shall be collected and managed by the Director, Town and Country Planning Department and passed on for the purpose of its further utilisation to the Board to be constituted by the Government for this purpose. The amount of State infrastructure development charges and infrastructure augmentation charges deposited by the colonisers,

¹³ Income: ₹ 177.51 crore – Expenditure: ₹ 357.12 crore = Net expenditure: ₹ 179.61 crore.

loans and grants from the Central/State Government, or the local authority, or loans and grants from national/international financial institutions and any other money from such source as the State Government may decide, shall be credited to the Fund. The Fund shall be utilised for stimulating socio-economic growth and development of major infrastructure projects for the benefit of the State of Haryana. The fund may also be utilised to meet the cost of administering the Fund. The funds are received by Director, Town and Country Planning Department directly in bank accounts outside Consolidated Fund/Public Account of the State Government.

During 2021-22, the receipt of the board amounted to ₹ 14.46 crore and expenses were ₹ 5.17 crore. Total Corpus of the Fund was ₹ 2,538.59 crore at the end of the year 2021-22. Annual Accounts for the year 2022-23 is yet to be finalised (September 2023).

(iv) Haryana Urban Infrastructure Development Board

The Haryana Urban Infrastructure Development Board (HUIDB) was constituted (April 2002) by amending Haryana Municipal (HM) Act, 1973 to raise resources for provision and upgradation of urban infrastructure; town planning implementation techniques; providing training facilities/human resources development in urban management and coordination, planning and implementation of the approved schemes/projects of the municipalities.

As per Section 203 L of HM Act, HUIDB constituted a fund¹⁴ consisting of receipt on account of license fee, scrutiny fee, land use conversion charges, composition fee for granting license to private developers and permission for change in land use by the Department of Urban Local Bodies under State Municipal Acts, grants, loans and financial assistance provided by Government of India/State Government and any other fee/charges specified by the Government.

As per information provided by the Board, during the years 2021-22 and 2022-23, the receipts of the Board were ₹ 35.71 crore and ₹ 31.26 crore and expenses were ₹ 23 crore and ₹ 18.88 crore respectively. Annual accounts for the year 2021-22 and 2022-23 are under process and yet to be prepared.

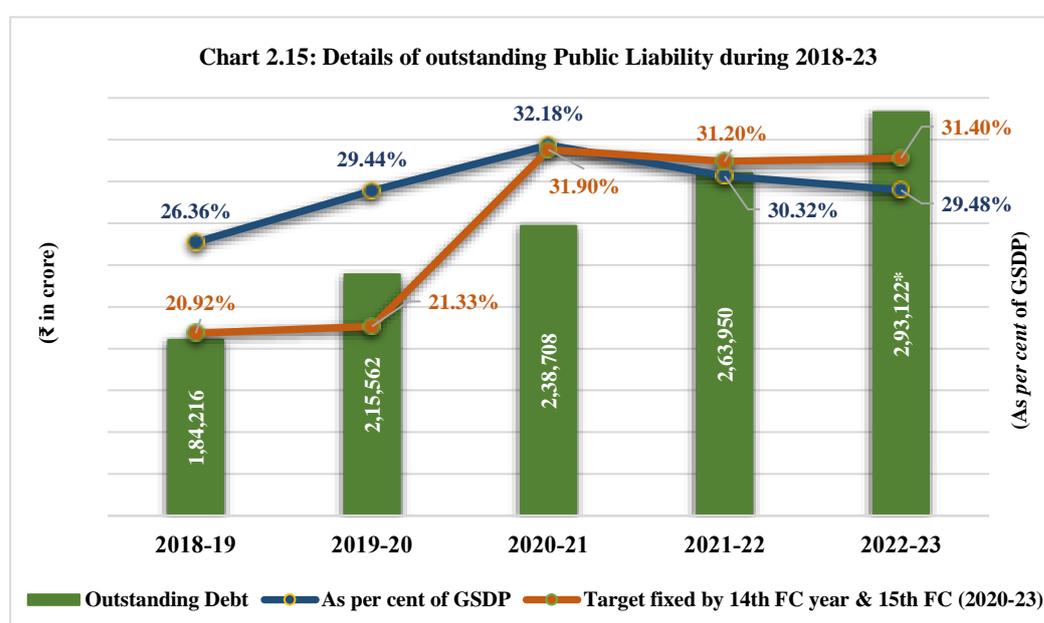
These funds are outside the Consolidated Fund of the State/Public Account of the State and hence there is no legislative oversight over collection and utilisation of money in these funds. The Thirteenth Finance Commission also expressed concern over the tendency to divert public expenditure from the budget to nominated funds which are operated outside authority of the Legislature and not audited by the Comptroller and Auditor General of India.

¹⁴ Haryana Urban Infrastructural Development Fund.

In the case of Building and Other Construction Workers' Welfare Fund, the Act provides for audit by CAG and the Fund is being audited. However, the Haryana Rural Development Act, Haryana Infrastructure Development Board and Haryana Urban Infrastructure Development Board do not provide for audit by CAG.

2.6 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities 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 outstanding liability of the State alongwith its percentage to GSDP for the years 2018-19 to 2022-23 is 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 Liability profile: Components

Total liabilities of the State Government typically constitute 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 during 2022-23 are presented in *Chart 2.16*. The component-wise liability trends of the State for the period of five years beginning from 2018-19 are presented in *Table 2.32*.

Table 2.32: Component-wise liability trends

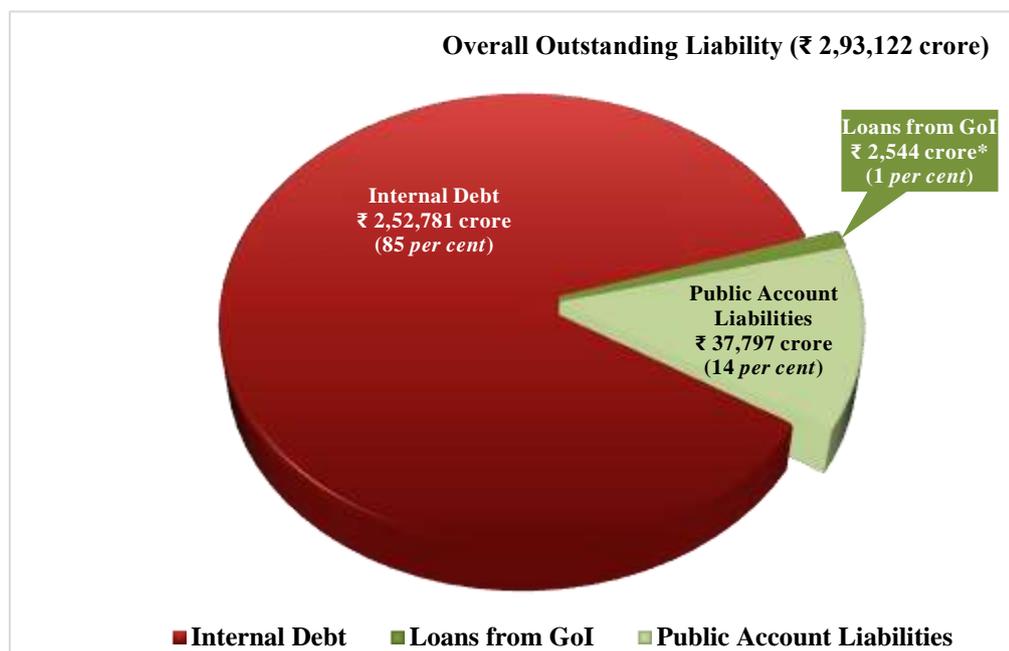
(₹ in crore)

Components of fiscal liability	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liability	1,84,216	2,15,562	2,38,708	2,63,950	2,93,122
Public Debt	1,56,835	1,85,491	2,05,458	2,27,697	2,55,325
<i>Internal Debt</i>	1,54,968	1,83,786	2,03,958	2,26,208	2,52,781
<i>Loans from GoI</i>	1,867	1,705	1,500*	1,489@	2,544
Public Account Liabilities	27,381	30,071	33,250	36,253	37,797
<i>Small Savings, Provident Funds, etc.</i>	15,715	16,962	17,997	18,394	18,664
<i>Reserve Funds bearing Interest</i>	3,087	4,963	5,477	5,757	6,554
<i>Reserve Funds not bearing Interest</i>	174	224	304	377	469
<i>Deposits bearing Interest</i>	404	422	452	444	443
<i>Deposits not bearing Interest</i>	8,001	7,500	9,020	11,281	11,667
Rate of growth of outstanding total liability (per cent)	12.27	17.02	10.74	10.57	11.05
Gross State Domestic Product (GSDP)	6,98,940	7,32,195	7,41,850	8,70,665	9,94,154
Liability /GSDP (per cent)	26.36	29.44	32.18	30.32	29.48
Borrowings and Other Liabilities (as per Statement 6 of the Finance Accounts)					
<i>Total Receipts</i>	65,227	79,530	93,337	91,027	1,38,564
<i>Total Repayments</i>	45,087	48,184	70,191	65,785	1,09,392
<i>Net funds available</i>	20,140	31,346	23,146	25,242	29,172
<i>Repayments/Receipts (per cent)</i>	69.12	60.59	75.20	72.27	78.95

* 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.

Chart 2.16: Break up of Overall Outstanding Liabilities at the end of 31 March 2023



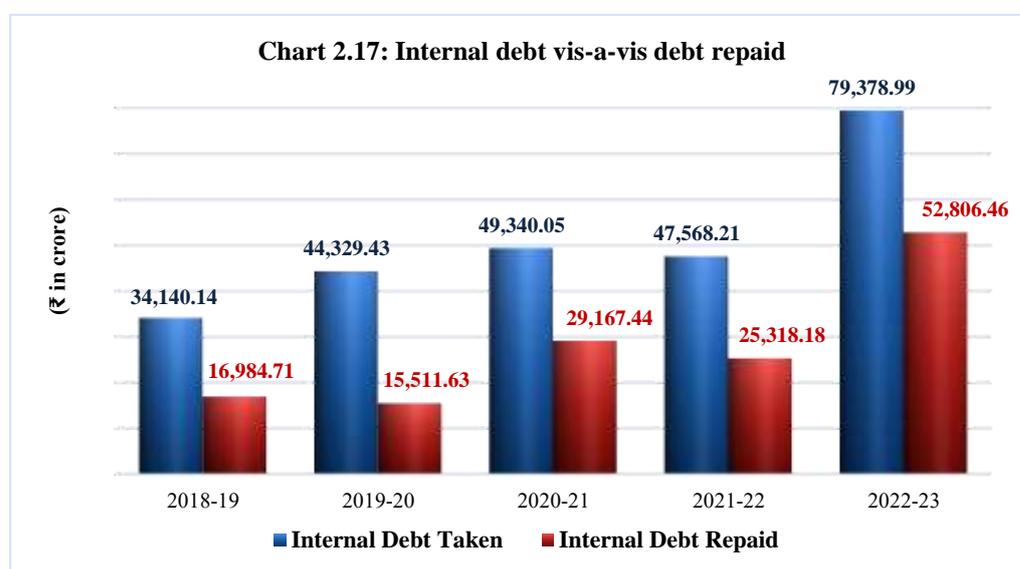
* Excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

The total liabilities of the State increased from ₹ 1,84,216 crore in 2018-19 to ₹ 2,93,122 crore in 2022-23 registering an increase of 59.12 per cent mainly due to increase in public debt (₹ 98,490 crore) and public account liabilities (₹ 10,416 crore). The total liabilities increased by 11.05 per cent in 2022-23 as compared to 10.57 per cent in the previous year. The ratio of total liabilities to GSDP increased

from 26.36 *per cent* in 2018-19 to 29.48 *per cent*¹⁵ in 2022-23. The liabilities were 3.29 times of the revenue receipts and 4.09 times the State's own resources. It is significant to note that fiscal liabilities at ₹ 2,93,122 crore were higher than the limit of ₹ 2,79,153 crore projected in the MTFPS for the year 2022-23.

Public Debt increased by ₹ 98,490 crore (62.80 *per cent*) during the period 2018-23 wherein internal debt increased by ₹ 97,813 crore (63.12 *per cent*) and loans from GoI increased by only ₹ 677 crore (36.26 *per cent*). Public Account liabilities increased by ₹ 10,416 crore (38.04 *per cent*) during the same period.

Chart 2.17 shows the trends in internal debt vis-à-vis debt repaid during the period 2018-19 to 2022-23. An interest of ₹ 18,101.86 crore was paid on internal debt during 2022-23.



Source: Finance Accounts of respective years

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 2022-23, out of total internal debt receipts of ₹ 79,379 crore, market loans were of ₹ 45,158 crore. Out of total internal debt re-payments of ₹ 52,806 crore, repayment of market loans was ₹ 11,330 crore. The outstanding market borrowings as of 31 March 2023 were ₹ 2,19,185.55 crore. The net increase of market borrowings during the year was 18.25 *per cent* (₹ 33,828 crore).

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Chart 2.18 and Table 2.33**. Receipts and disbursements under the components of financing the fiscal deficit during 2022-23 are given in **Table 2.34**.

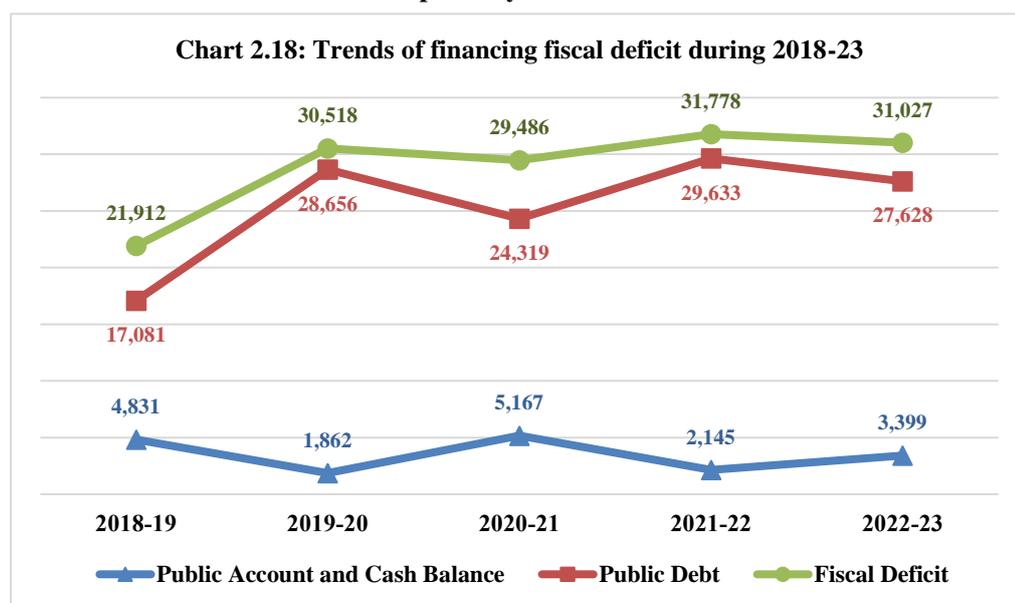
¹⁵ Excluding GoI back-to-back loans of ₹ 11,746 crore in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Table 2.33: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Composition of Fiscal Deficit	(-) 21,912	(-)30,519	(-)29,486	(-) 31,778	(-) 31,027
1 Revenue Deficit	(-)11,270	(-)16,990	(-)22,385	(-) 20,333	(-) 17,212
2 Net Capital Expenditure	(-)15,258	(-)17,612	(-)5,807	(-) 10,978	(-) 11,591
3 Net Loans and Advances	4,616	4083	(-) 494	(-) 466	(-) 2,224
4 Appropriation to Contingency Fund	-	-	(-) 800	-	0
Financing Pattern of Fiscal Deficit					
1 Market Borrowings	17,970	20,677	25,550	24,141	33,828
2 Loans from GOI	(-) 74	(-) 162	4,147	7,383	1,055
3 Special Securities issued to NSSF	(-) 981	(-) 1,004	(-) 1,004	(-) 1,000	(-) 1,004
4 Bonds	0	0	0	(-) 3,460	(-) 5,190
5 Loans from Financial Institutions	166	9,146	(-) 4,373	2,569	(-) 1,061
6 Small Savings, PF, etc.	1,168	1,247	1,034	397	269
7 Reserve Fund	553	1,925	(-) 671	1,025	1,410
8 Deposits and Advances	1,338	(-) 483	1,550	2,253	385
9 Suspense and Miscellaneous	1,296	(-) 1,624	1,563	266	184
10 Remittances	171	(-) 54	39	2	38
11 Appropriation to Contingency Fund	0	0	800	0	0
12 Overall Deficit	21,607	29,668	28,635	33,576	29,914
13 Increase/Decrease in cash balance	305	850	851	(-) 1,798	1,113
14 Gross Fiscal Deficit	21,912	30,518	29,486	31,778	31,027

Source: Finance Accounts of the respective years

**Table 2.34: Receipts and Disbursements under components financing the fiscal deficit**

(₹ in crore)

Particulars	Receipt	Disbursement	Net
1 Market Borrowings	45,158	11,330	33,828
2 Loans from GOI	1,270	215	1,055
3 Special Securities issued to NSSF	0	1,004	(-) 1,004
4 Bonds	0	5,190	(-) 5,190
5 Loans from Financial Institutions	13,087	14,148	(-) 1,061
6 Contingency Receipts	0	0	0
7 Small Savings, PF, etc.	3,620	3,351	269
8 Deposits and Advances	52,493	52,108	385
9 Reserve Funds	1,801	391	1,410
10 Suspense and Miscellaneous	1,745	1,561	184
11 Remittances	10,451	10,413	38
12 Overall Surplus (-) Deficit (+)	1,29,626	99,712	29,914
13 Increase (-)/decrease (+) in cash balance	4,946	3,833	1,113
14 Gross Fiscal Deficit	1,34,572	1,03,545	31,027

As evident from above, the fiscal deficits during 2018-19 to 2022-23 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 as depicted in **Table 2.35** and **Chart 2.19**.

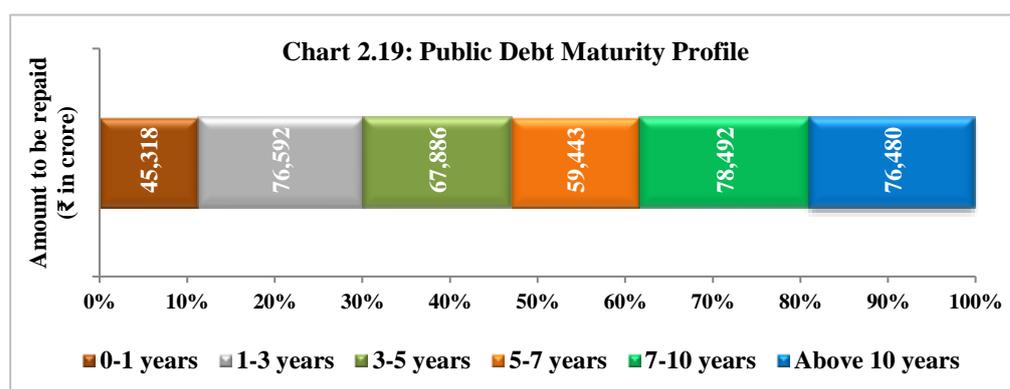
Table 2.35: Public debt maturity profile

Period of repayment (Years)	Principal Amount	Interest Amount ¹⁶	Public Debt (including interest)	Percentage (w.r.t. total public debt)
	(₹ in crore)			
0 – 1	25,657.02	19,660.79	45,317.81	11.21
1 – 3	42,125.70	34,466.12	76,591.82	18.95
3 – 5	40,463.20	27,423.39	67,886.59	16.79
5 – 7	37,821.24	21,621.77	59,443.01	14.71
7 - 10	56,647.87	21,844.57	78,492.44	19.42
Above 10	52,781.34	23,698.33	76,479.67	18.92
Total[#]	2,55,496.37¹⁷	1,48,714.97	4,04,211.34	100.00

Source: Calculated on the basis of Finance Accounts.

Excluding GoI back-to-back loans of ₹ 11,745.79 crore (₹ 4,352 during the year 2020-21 + ₹ 7,393.79 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 2023, total outstanding public debt (including approximate interest) was ₹ 4,04,211.34 crore. **Table 2.35** indicates that the State Government has to repay 30.16 per cent (₹ 1,21,909.63 crore) of its public debt (including approximate interest) within the next three years, 16.79 per cent (₹ 67,886.59 crore) between 3 and 5 years, 14.71 per cent (₹ 59,443.01 crore) between 5 and 7 years and 19.42 per cent (₹ 78,492.44 crore) between 7 and 10 years. It signifies that the State has to repay 81.08 per cent of its debt (₹ 3,27,731.67 crore) in the next ten years.



¹⁶ Interest on Market Loan is calculated on the basis of maturity profile available in the Finance Accounts. Approximate interest on Public Debt other than market loans is calculated on the basis of average interest rate of 7.90 per cent (average of interest rates for the last five years as given in Table 2.37).

¹⁷ Difference of ₹ 171.31 crore between maturity profile and balances under Public Debt is under reconciliation.

Table 2.36 and **Chart 2.20** show the year-wise repayment schedule in the next 10 years of the outstanding public debt alongwith interest¹⁸ as on 31 March 2023.

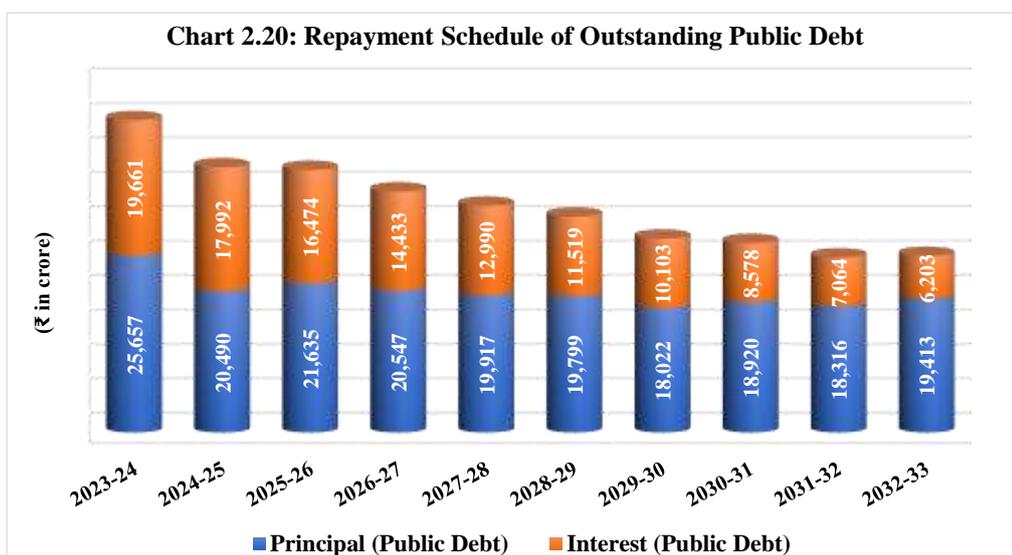
Table 2.36: Details of repayment schedule of outstanding public debt and interest during next 10 years

(₹ in crore)

Year	Repayment of		
	Public Debt	Interest	Total
2023-24	25,657.02	19,660.79	45,317.81
2024-25	20,490.44	17,991.46	38,481.90
2025-26	21,635.26	16,474.67	38,109.93
2026-27	20,546.60	14,433.18	34,979.78
2027-28	19,916.60	12,990.21	32,906.81
2028-29	19,799.02	11,518.91	31,317.93
2029-30	18,022.22	10,102.86	28,125.08
2030-31	18,919.76	8,577.74	27,497.50
2031-32	18,315.57	7,063.86	25,379.43
2032-33	19,412.54	6,202.98	25,615.52
Total	2,02,715.03^s	1,25,016.66	3,27,731.69

^s Excluding GoI back-to-back loans of ₹ 11,745.79 crore (₹ 4,352 crore during the year 2020-21 + ₹ 7,393.79 crore during the year 2021-22) in lieu of GST compensation shortfall which are not to be repaid by the State from its sources.

Chart 2.20: Repayment Schedule of Outstanding Public Debt



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 ₹ 3,27,731.69 crore alongwith interest for the period 2023-24 to 2032-33, ₹ 45,317.81 crore (14 per cent) including interest is payable in 2023-24, ₹ 1,44,478.42 crore (44 per cent) including interest is payable during the period from 2024-25 to 2027-28, while the remaining 42 per cent (₹ 1,37,935.46 crore) is to be paid after more than five years. Annual outgo in shape of public debt repayment and interest will be approximately ₹ 37,959.25 crore during the next five years upto 2027-28.

¹⁸

Interest on Market Loan is calculated on the basis of maturity profile available in the Finance Accounts. Approximate interest on Public Debt other than market loans is calculated on the basis of average interest rate of 7.90 per cent (average of interest rates for the last five years as given in Table 2.37).

In the period 2028-29 to 2032-33, public debt repayment of ₹ 1,37,935.46 crore (principal: ₹ 94,469.11 crore and interest: ₹ 43,466.35 crore) will be payable. As such the State will have to repay approximately ₹ 27,587.09 crore annually during the period 2028-29 to 2032-33.

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, to cover the resource gap.

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 ₹ 40,646 crore of market loans and pay interest of ₹ 47,995 crore in next three financial years i.e. upto 2025-26. In next two years upto 2027-28, ₹ 34,940 crore principal and interest of ₹ 26,270 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 29,970 crore during next five years upto 2027-28.

In the period 2028-29 to 2032-33, loans of ₹ 91,679 crore and interest of ₹ 42,639 crore will be payable. As such the State will have to repay approximately ₹ 26,864 crore annually during the period 2028-29 to 2032-33.

2.7 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt performance; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs.

(A) Debt sustainability refer to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators given in **Table 2.37** and **Chart 2.21**.

Table 2.37: Trends in Debt Sustainability indicators

(₹ in crore)

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt*	1,56,835.74	1,85,491.05	2,05,458.18	2,27,697.02*	2,55,325.05*
Rate of Growth of Outstanding Public Debt	12.22	18.27	10.76	10.82	12.13
GSDP	698,939.76	732,194.51	741,850.07	870,664.53	9,94,154.08
Rate of Growth of GSDP	9.41	4.76	1.32	17.36	14.18
Public Debt/GSDP	22.44	25.33	27.70	26.15	25.68
Debt Maturity profile of repayment of State debt—including default history, if any	5,054.18	5,840.63	12,132.69	16,057.12	24,466.68*
Average interest Rate of Outstanding Public Debt (per cent)	8.16	8.17	7.94	7.72	7.52
Interest payment on Public Debt	12,099.99	13,978.97	15,517.87	16,717.68	18,172.37
Revenue Deficit (-)/surplus (+) without interest payment	829.57	(-) 3,011.11	(-) 6,867.72	(-) 3,615.66	960.85
Revenue Deficit due to Interest payment	107.36	82.28	69.32	82.22	105.58
Percentage of Interest payment to Revenue Receipt	18.37	20.60	22.97	21.41	20.37
Percentage of Debt Repayment to Debt Receipt	50.15	35.50	59.63	53.39	65.74
Net Debt available to the State#	4,981.11	14,677.34	4,449.26	5,521.18	9,455.64
Net Debt available as per cent to Debt Receipts	14.54	33.03	8.99	11.57	11.72
Debt Stabilisation (Quantum spread [§] + Primary Deficit)	(-) 6,399.86	(-) 21,255.85	(-) 25,972.74	8,533.81	6,073.34

Source: Finance Accounts of the respective years

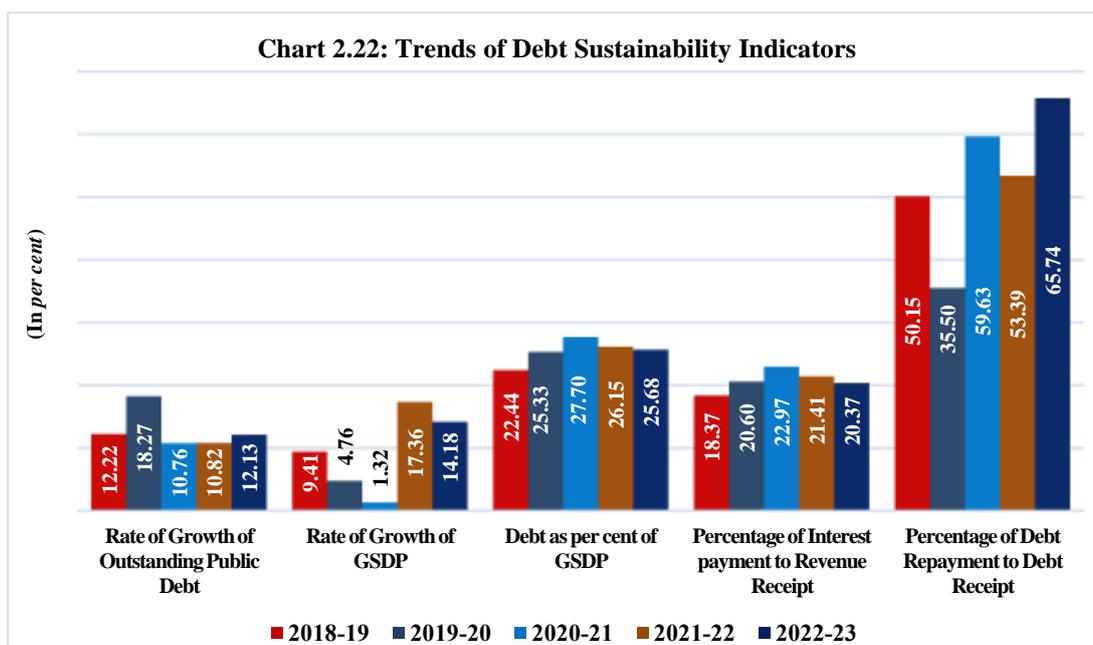
* **Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004-Loans and Advances from the Central Government. During 2020-21, it excluded ₹ 4,352 crore during the year 2020-21 and ₹ 11,745.79 crore (₹ 4,352 crore and ₹ 7,393.79 crore) during the year 2021-22 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 and if positive, debt GSDP ratio would be stable or decreasing.

In Haryana, the debt GSDP ratio rose from 22.44 per cent in 2018-19 to 27.70 per cent in 2020-21 and decreased to 25.68 per cent in 2022-23 due to positive figure of primary deficit together with quantum spread from 2021-22. Trends of debt sustainability indicators for the five years starting from 2018-19 are shown in **Chart 2.22**.



Source: Finance Accounts of the respective years

Note: During 2020-21 and 2021-22, it excluded ₹ 4,352 crore and ₹ 11,745.79 crore (₹ 4,352 crore and ₹ 7,393.79 crore) respectively 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.

- A falling Debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 22.44 *per cent* in 2018-19 to 27.70 *per cent* in 2020-21 which cannot be considered as leading towards stability. Thereafter, Debt-GSDP showed a slightly decreasing trend (25.28 *per cent*) upto 2022-23. Also debt stabilisation condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would tend to be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt GSDP-ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. **Table 2.37** shows that this trend had been positive from 2021-22 which indicates that debt-GSDP ratio would eventually be falling.
- Interest payments on Public Debt was 105.58 *per cent* of the revenue deficit in 2022-23, which was substantially high.
- The ratio of interest payment to revenue receipts is also a good measure of debt sustainability. The ratio ranged between 18.37 *per cent* and 22.97 *per cent*, which was substantially high.
- Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than being put to productive use. Ratio of public debt repayments to public receipts ranged between 35.50 *per cent* and 65.74 *per cent* during the period 2018-23, which means the public borrowings were used for repayment of earlier borrowings leaving less space to use productively.

(B) An analysis on debt sustainability was carried out based on a study by E.D. Domar¹⁹ [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

g-r (g-real economic growth rate; r-real interest rate)	s<0 (primary deficit)	s>0 (primary surplus)
g-r > 0 (Strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero.	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r < 0 (Slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation.

The results of applying the above parameters in the case of Haryana, are shown in **Table 2.38**.

Table 2.38: Debt sustainability analysis based on Domar Model

Year	Real Growth (g)	Real Interest (r)	g-r (Domar gap)	Primary Deficit (-) / Surplus (+) (₹ in crore)	Remarks
2018-19	10.57	5.28	5.29	(-) 8,361	g-r>0 and s<0; Public Debt as percentage of GSDP should converge to a stable level greater than zero.
2019-20	2.12	3.91	(-) 1.79	(-) 14,930	As g-r<0 and s<0; Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2020-21	(-) 6.24	2.08	(-) 8.32	(-) 12,371	
2021-22	11.32	2.16	9.16	(-) 13,416	As g-r>0 and s<0; Public debt as percentage of GSDP should converge to a stable level greater than zero.
2022-23	7.10	0.02	7.08	(-) 10,931	

Note: Real Growth rate calculated for GSDP at constant prices.

Real Interest rate is the nominal interest rate adjusted for inflation.

In the initial year 2018-19, the state has a primary deficit and a positive Domar indicating that Public Debt as percentage of GSDP should converge to a stable level. However, during 2019-20 and 2020-21 (COVID period) Domar gap turned negative and there was a primary deficit which indicated that public debt as a percentage of GSDP would show an increasing trend without converging to a stable level. However, during 2021-22 and 2022-23, Domar gap (emerging from the COVID effect) was positive and the primary deficit also showed slight improvement indicating that public debt as a percentage of GSDP would converge to a stable level. However, substantial portion of public debt receipts was being used for repayment for borrowings, which ranged between 35.50 per cent and 65.74 per cent during the period 2018-2023, thereby implying that economic growth is not robust enough to service the debt.

¹⁹ Domar Model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

(C) Details of the achievement vis-à-vis target set in the Medium-Term Fiscal Policy Statement (MTFPS) are shown below:

Fiscal Parameters		Achievement vis-à-vis targets set in the MTFPS				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/Surplus (+) (As percentage of GSDP)	T	(-) 1.20	(-) 1.53	(-) 1.64	(-) 3.29	(-) 0.98
	A	(-) 1.61	(-) 2.32	(-) 3.02	(-) 2.34	(-) 1.73
Fiscal Deficit (-)/Surplus (+) (As percentage of GSDP)	T	(-) 2.82	(-) 2.86	(-) 4.00	(-) 3.83	(-) 2.98
	A	(-) 3.14	(-) 4.17	(-) 3.97	(-) 3.65	(-) 3.12
Ratio of total outstanding liability to GSDP (in per cent)	T	23.44	22.86	21.14	25.92	24.52
	A	26.36	29.44	32.18	30.32	29.48
Guarantees in terms of percentage of Revenue Receipts of previous year	T	No Target has been fixed by the State Government				
	A	27.65	30.56	34.12	31.17	25.85

Target of outstanding liability-GSDP ratio fixed in the MTFPS remained unachieved during the period 2018-19 to 2022-23. The Government was also unable to meet the targets of RD-GSDP fixed in the MTFPS during 2018-19 to 2022-23 except in 2021-22. Targets of FD-GSDP fixed in the MTFPS was not achieved in 2022-23. No limits have been fixed for guarantee given by the State Government though the ratio of guarantee-revenue receipts ranged between 25.85 and 34.12 per cent during the period 2018-23.

Fiscal sustainability risk:

- (i) As per various fiscal and debt parameters depicted in **Table 2.37**, debt GSDP ratio showed increasing trend from 22.44 to 27.70 per cent during the period 2018-19 to 2020-21, thereafter declined to 25.68 per cent during the year 2022-23.
- (ii) As per the Domar model analysis, the rate of interest remained lower than the rate of growth of GSDP (except for the years 2019-20 and 2020-21). This indicates that the public debt as percentage of GSDP would converge to a stable level.
- (iii) The outstanding liability and GSDP ratio could not be contained within the targets fixed during 2018-19 to 2022-23 and the Government also failed to meet the targets fixed for revenue deficit-GSDP and fiscal deficit-GSDP in 2022-23. The State Government had not fixed limits for the guarantees given by the Government. These trends highlight the need for the Government to address fiscal imbalances and work towards sustainable financial management.

On the basis of the above, it is inferred that the State fiscal sustainability has risks in the short to medium term unless remedial measures are taken to rationalise expenditure, explore further sources, expand the revenue base and invest in revenue generating assets.

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 details of utilisation of borrowed funds for repayment of earlier borrowings, capital expenditure and revenue expenditure during the period 2018-23 is given in *Table 2.39*.

Table 2.39: Utilisation of borrowed funds

(₹ in crore)

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Total Borrowings	34,264.97	44,431.82	49,464.73 ²⁰	47,711.81 ²¹	80,649.29
Repayment of earlier borrowings (Principal) (percentage)	17,183.87 (50)	15,775.51 (36)	29,497.60 (60)	25,472.95 (53)	53,021.27 (66)
Net capital expenditure (percentage)*	10,067.59 (29)	12,421.92 (28)	5,806.74 (11)	10,978.41 (23)	11,591.04 (14)
Net loans and advances*	573.74 (2)	1,106.62 (2)	493.75 (1)	466.02 (1)	2,224.32 (3)
Portion of Revenue expenditure met out of net available borrowings	6,439.77 (19)	15,127.77 (34)	13,666.64 (28)	10,794.43 (23)	13,813 (17)
Total Budget of the State	1,41,732.90	1,56,449.71	1,80,004.84	1,95,689.44	2,21,110.07
Expenditure against total budget	1,21,362.76	1,29,856.27	1,42,409.10	1,50,162.15	1,85,288.25
Repayment of borrowings to total expenditure (per cent)	14.16	12.15	20.71	16.96	28.62

Source: Finance Accounts of the respective years

Figures in parenthesis indicate percentage to the total borrowings.

* Net means expenditure/repayments less receipts.

The repayment of borrowing (principal) to total expenditure of the State ranged between 12.15 to 28.62 *per cent* during the period 2018-23. During this period, the State Government utilised between 36 *per cent* and 66 *per cent* of its current borrowings for repayment of earlier borrowings (principal). Revenue expenditure met out of net available borrowings ranged between 17 *per cent* and 34 *per cent*. In 2022-23, only 14 *per cent* share of current borrowings was utilised on net capital expenditure. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of earlier borrowings instead of capital creation.

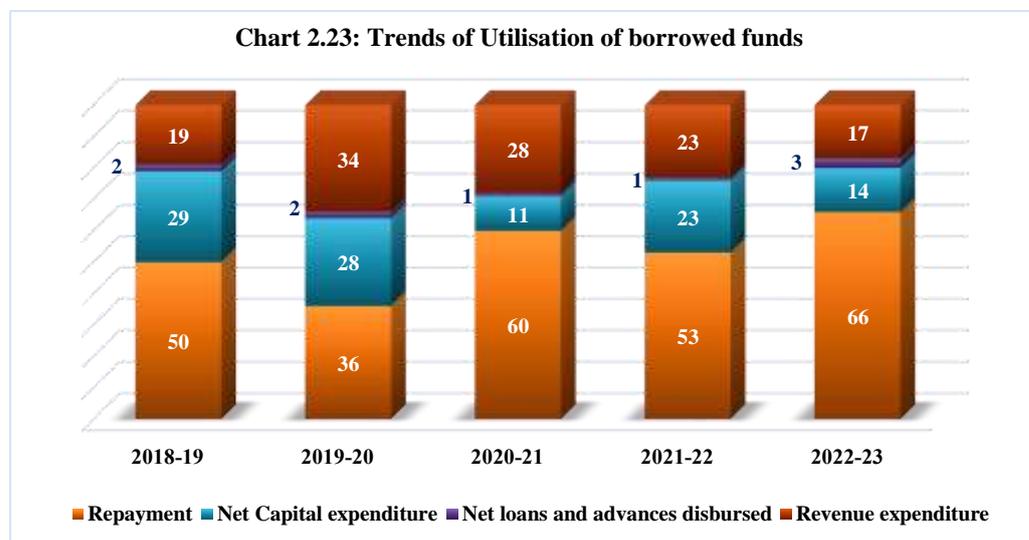
As per 15th Finance Commission recommendations, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2022-23, which is the second year of the Finance Commission period, the State Government has not received any revenue deficit grant from Central Government though the State Government has reduced its revenue deficit amounting to ₹ 3,121 crore

²⁰ 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.

²¹ 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.

(from ₹ 20,333 crore in 2021-22 to ₹ 17,212 crore in 2022-23) but has borrowed to meet its revenue deficit.

Trends of utilisation of borrowed funds during the period 2018-23 is depicted in **Chart 2.23**.

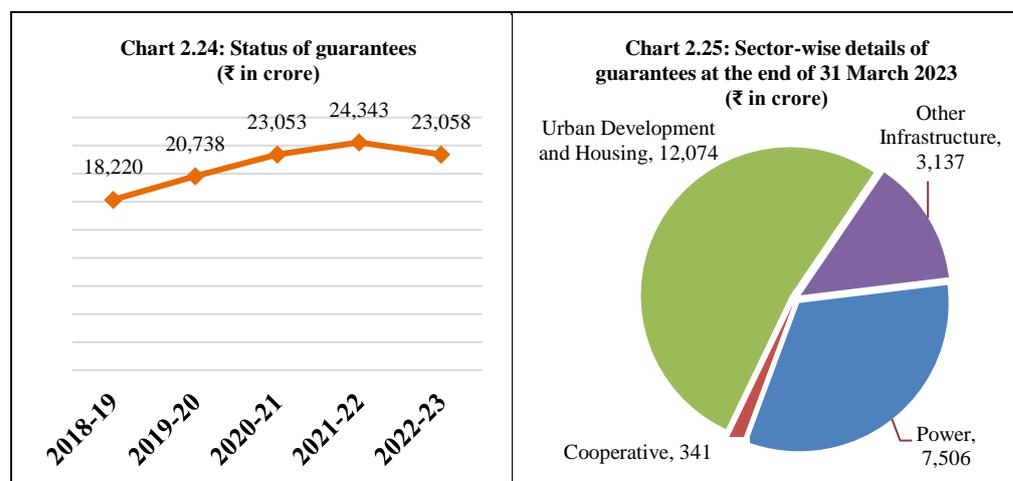


Source: Finance Accounts of the respective years

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 status of guarantees for the last five years and sector-wise guarantees as on 31 March 2023 are given in **Chart 2.24** and **2.25**.



Source: Finance Accounts

No amount was paid by the Government towards guarantees invoked during 2022-23. The details of guarantees, as on 31 March 2023, was in respect of PSUs and autonomous bodies as shown in **Table 2.40**.

Table 2.40: Details of guarantees given to entities**(₹ in crore)**

Sr. No.	Name of PSUs/Autonomous bodies	Number of Guarantees	Amount of guarantees as on 31 March 2023
1	Haryana Shehri Vikas Pradhikaran (HSVP)	11	11,528.75
2	Haryana State Industrial Infrastructure Development Corporation	7	2,962.99
3	Uttar Haryana Bijli Vitran Nigam Limited	23	5,249.21
4	Haryana Vidyut Parsaran Nigam Limited	5	264.41
5	Haryana Police Housing Corporation Limited	2	279.10
6	Housing Board, Haryana	7	265.79
7	Dakshin Haryana Bijli Vitran Nigam Limited	10	1,971.77
8	Haryana Backward Classes and Economically Weaker Sections Kalyan Nigam Limited	1	103.28
9	Municipal Corporation, Faridabad	1	47.80
10	Haryana State Warehousing Corporation	4	9.43
11	Haryana Power Generation Limited, Panchkula	1	20.35
12	Panipat Co-Operative Sugar Mills Limited, Panipat	1	78.57
13	Shahbad Co-Operative Sugar Mills Limited, Shahbad	1	47.57
14	Karnal Co-operative Sugar Mills Limited, Karnal	1	66.79
15	HAFED-NABARD	2	148.58
16	Haryana Scheduled Castes Finance and Development Corporation	2	13.68
	Total	79	23,058.07

Source: Finance Accounts for the year 2022-23

Out of total guarantee as on 31 March 2023, 95.31 per cent (₹ 21,977.13 crore) was mainly in respect of Haryana Shehri Vikas Pradhikaran (₹ 11,528.75 crore), Haryana State Industrial Infrastructure Development Corporation (₹ 2,962.99 crore), Uttar Haryana Bijli Vitran Nigam Limited (₹ 5,249.21 crore), Haryana Vidyut Parsaran Nigam Limited (₹ 264.41 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 1,971.77 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 2021-22 and 2022-23 are given in **Table 2.41**.

Table 2.41: Detail of cash balances and investment of cash balances

(₹ in crore)

	Closing balance on 31 March 2022	Closing balance on 31 March 2023
A. General Cash Balance		
Deposits with Reserve Bank of India	(-) 371.24	(-) 716.63
Remittances in Transit-Local	0.54	0.54
Total	(-) 370.70	(-) 716.09
Investments held in Cash Balance investment account	2,597.52	1,310.12
Total (A)	2,226.82	594.03
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	4.41	3.91
Permanent advances for contingent expenditure with department officers	0.12	0.11
Investment in earmarked funds	2,714.76	3,235.50
Total (B)	2,719.29	3,239.52
Total (A + B)	4,946.11	3,833.55
Interest realised	25.45	4.36

Source: Finance Accounts

Table 2.42: Cash Balance Investment Account (Major Head-8673)

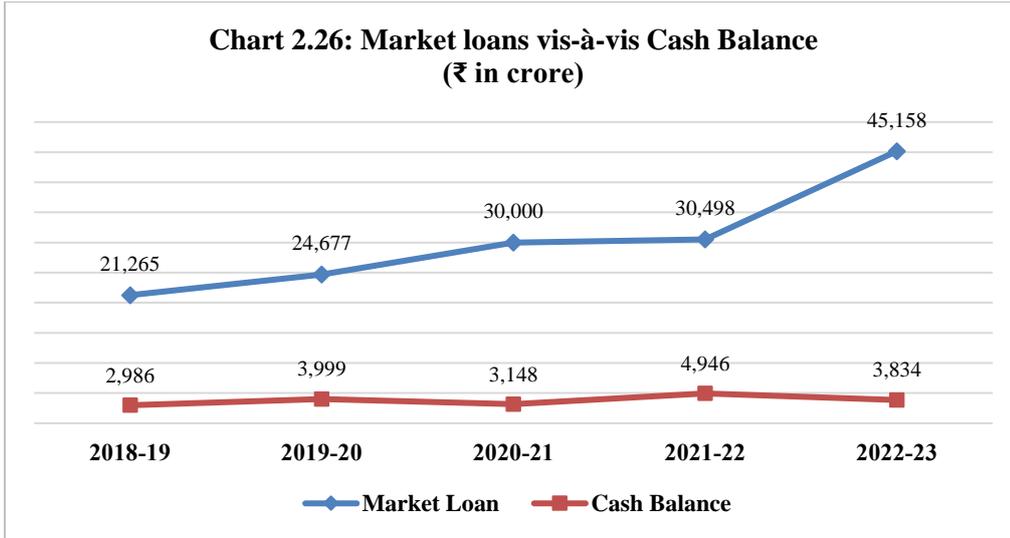
(₹ in crore)

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
2022-23	2,597.52	1,310.12	(-) 1,287.40	4.36

Source: Finance Accounts of the respective years

The Cash Balance included investment of ₹ 3,235.50 crore in earmarked funds. The said investment consisting of Sinking Fund Investment Account (₹ 1,692.34 crore) and Guarantee Redemption Fund Investment Account (₹ 1,540.86 crore) was invested by the RBI. The Government was able to maintain a minimum cash balance of ₹ 1.14 crore for 177 days during 2022-23. The Government had maintained the minimum balance by taking special ways and means advance (WMA) for 120 days and ordinary ways and means advance for 64 days. The State had to pay ₹ 10.36 crore as interest on WMA during the year 2022-23.

During 2022-23, the State had an opening cash balance of ₹ 4,946 crore and Government borrowed ₹ 45,158 crore from the market for meeting its obligations. The closing cash balance was ₹ 3,834 crore (*Chart 2.26*).



2.8 Conclusion

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. The State recorded a growth of 14.18 *per cent* during the period 2022-23 against the growth of 17.36 *per cent* during the previous year.

The State passed FRBM Act, 2005 (amended in March 2022) to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit. During the year 2022-23, the Government was unable to contain the revenue deficit within the level projected in the MTFPS due to shortfall ranging between 14.60 *per cent* and 38.50 *per cent* in all the components of revenue receipts except in share of Central Taxes and Duties which registered an increase of 16.27 *per cent*.

Revenue deficit decreased from ₹ 20,333 crore during 2021-22 to ₹ 17,212 crore in 2022-23 but was more than the budget projections of ₹ 9,774 crore. Fiscal deficit of the State was ₹ 31,027 crore during 2022-23 which was 3.12 *per cent* of GSDP and was more than the target fixed by the State Government under MTFP and budget projections. The fiscal deficit was financed mainly through market borrowings.

Annual growth rate of revenue receipts decreased from 5.09 *per cent* in 2018-19 to (-) 0.44 *per cent* in 2020-21, which increased to 14.22 *per cent* in 2022-23. Further, the State’s own tax revenue registered a growth of 17.99 *per cent* over the previous year.

The State incurred 55 *per cent* of the total revenue expenditure on committed liabilities like salaries and wages, pensions and interest payment, leaving only 45 *per cent* for priority sector expenditure. During the year, outgo because of interest payments was equal to 19 *per cent* of revenue expenditure and 23 *per*

cent of revenue receipts. The percentage of total expenditure in priority sectors such as Education and Health in Haryana was higher than the average of States (other than NE and Himalayan States) in 2022-23.

The State Government earned a meagre 0.50 *per cent* return on its total investment (₹ 38,020 crore) in Statutory Corporations, Rural Banks, Government Companies and Co-operatives up to 31 March 2023. The State Government raised loans during 2022-23 on an average interest rate of 6.72 *per cent* per annum.

There was a difference of ₹ 7,270 crore in equity investment figures as per State Accounts and as per the Accounts of 25 PSUs.

Loans amounting to ₹ 657.73 crore were given to co-operative sugar mills without recovery of earlier loans. The State Government received ₹ 75 crore (0.79 *per cent*) as interest on outstanding loans during 2022-23 and paid interest at 6.92 *per cent* on outstanding debt.

The State Government had not invested funds of ₹ 6,426.56 crore available under SDRF, State Compensatory Afforestation Fund and Restoration and rehabilitation of mines and minerals.

Total outstanding liabilities including public debt and public account liabilities were 29.48 *per cent* of 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 total liabilities increased by 11.05 *per cent* in 2022-23 over the previous year. The State Government raised public debt of ₹ 80,649 crore and repaid ₹ 53,021 crore.

During the period 2018-19 to 2022-23, the State Government utilised between 36 *per cent* and 66 *per cent* of its current borrowings for repayment of earlier borrowings. Revenue expenditure met out of net available borrowings ranged between 17 *per cent* and 34 *per cent*. In 2022-23, only 14 *per cent* share of current borrowings was utilised on net capital expenditure.

2.9 Recommendations

The Government may consider:

1. Devising a work plan for recovering pending loans from Co-operative Sugar Mills, Haryana State Co-operative Agriculture and Rural Development Bank and other loanee entities; and
2. Investing reserve funds so that the intended purpose of these funds could be achieved for which these funds were created.