

## Chapter II: Finances of the State

### Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and the information provided by the State Government.

### 2.1 Major changes in Key fiscal aggregates in 2022-23 vis-à-vis 2021-22

Table 2.1 presents the summary of the State Government's fiscal aggregates and **Appendix 2.1** provides an abstract of receipts and disbursements during 2022-23 vis-à-vis 2021-22. Each of these indicators would be analysed in the succeeding paragraphs.

**Table 2.1: Summary of Fiscal aggregates in 2022-23 compared to 2021-22**

(₹ in crore)

Receipts			Disbursements		
	2021-22	2022-23		2021-22	2022-23
<b>Section-A: Revenue Account</b>					
Own Tax Revenue	74,807.98	87,346.38	General Services	65,406.37	71,874.89
Non-Tax Revenue	18,754.97	20,564.43	Social Services	85,053.68	90,168.36
Share of Union Taxes/ Duties	54,030.61	57,230.79	Economic Services	59,329.92	64,436.00
Grants-in-aid from Government of India	36,326.49	29,846.33	Grants-in-aid and Contributions	0.04	0.04
<b>Total Section-A Revenue Receipts</b>	<b>1,83,920.05</b>	<b>1,94,987.93</b>	<b>Total Section-A Revenue Expenditure</b>	<b>2,09,790.01</b>	<b>2,26,479.29</b>
<b>Section-B: Capital Account and others</b>					
Miscellaneous Capital Receipts	31.42	16.20	<b>Capital Outlay</b>	<b>24,151.59</b>	<b>19,798.28</b>
			General Services	483.53	542.45
			Social Services	10,951.01	8,850.67
			Economic Services	12,717.05	10,405.16
Recoveries of Loans and Advances	2,373.59	419.61	Loans and Advances disbursed	621.24	174.78
Public Debt Receipts*	62,820.90*	55,647.01	Repayment of Public Debt*	17,585.77	20,819.20
Contingency Fund	500.00	-	Contingency Fund	500.00	-
Public Account Receipts#	2,51,294.80	2,43,204.58	Public Account Disbursements#	2,40,110.57	2,34,001.34
Opening Cash Balance	6,487.51	14,669.09	Closing Cash Balance	14,669.09	7,671.53
<b>Total Section-B Receipts</b>	<b>3,23,508.22</b>	<b>3,13,956.49</b>	<b>Total Section-B Disbursements</b>	<b>2,97,638.26</b>	<b>2,82,465.13</b>
<b>Grand Total (A +B)</b>	<b>5,07,428.27</b>	<b>5,08,944.42</b>	<b>Grand Total (A+B)</b>	<b>5,07,428.27</b>	<b>5,08,944.42</b>

Source: Finance Accounts

\* Excluding transactions under Ways and Means advances and Overdraft 2021-22: ₹ 38,542.41 crore and 2022-23: ₹ 1,04,918.40 crore.

& During 2021-22, effective Public Debt receipts were ₹ 55,552.61 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹ 7,268.29 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

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

**Variation in key fiscal aggregates in 2022-23 as compared to 2021-22**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>➤ Revenue receipts of the State increased by 6.02 <i>per cent</i>.</li> <li>➤ Own Tax receipts of the State increased by 16.76 <i>per cent</i>.</li> <li>➤ Own Non-tax receipts increased by 9.65 <i>per cent</i>.</li> <li>➤ State's share of Union Taxes and Duties increased by 5.92 <i>per cent</i>.</li> <li>➤ Grants-in-Aid from Government of India decreased by 17.84 <i>per cent</i>.</li> </ul>
<b>Capital Receipts</b>	<ul style="list-style-type: none"> <li>➤ Debt Capital Receipts decreased by 11.42* <i>per cent</i>.</li> <li>➤ Non-debt Capital Receipts decreased by 81.88 <i>per cent</i></li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Revenue expenditure increased by 7.96 <i>per cent</i>.</li> <li>➤ Revenue expenditure on General Services increased by 9.89 <i>per cent</i>.</li> <li>➤ Revenue expenditure on Social Services increased by 6.01 <i>per cent</i>.</li> <li>➤ Revenue expenditure on Economic Services increased by 8.61 <i>per cent</i>.</li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Capital expenditure decreased by 18.03 <i>per cent</i>.</li> <li>➤ Capital expenditure on General Services increased by 12.19 <i>per cent</i>.</li> <li>➤ Capital expenditure on Social Services decreased by 19.18 <i>per cent</i>.</li> <li>➤ Capital expenditure on Economic Services decreased by 18.18 <i>per cent</i>.</li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>➤ Disbursement of Loans and Advances decreased by 71.87 <i>per cent</i>.</li> <li>➤ Recoveries of Loans and Advances decreased by 82.32 <i>per cent</i>.</li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>➤ Public Debt Receipts decreased by 11.42* <i>per cent</i>.</li> <li>➤ Repayment of Public Debt increased by 18.39 <i>per cent</i>.</li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>➤ Public Account Receipts decreased by 3.22 <i>per cent</i>.</li> <li>➤ Disbursement of Public Account decreased by 2.54 <i>per cent</i>.</li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>➤ Cash balance decreased by ₹ 6,997.56 crore (47.70 <i>per cent</i>) during 2022-23 in comparison to previous year.</li> </ul>

\* During 2022-23, effective increase in Public debt receipts compared to 2021-22 is 0.17 *per cent* after excluding ₹ 7,268.29 crore (received during 2021-22) as back to back loan in lieu of GST compensation from GoI from the Public Debt receipts of 2021-22.

## 2.2 Sources and Application of Funds

Table 2.2 compares the figures of sources and application of funds of the State during 2022-23 with 2021-22, while Charts 2.1 and 2.2 give the details of receipts into and expenditure from the Consolidated Fund during 2022-23 in percentage.

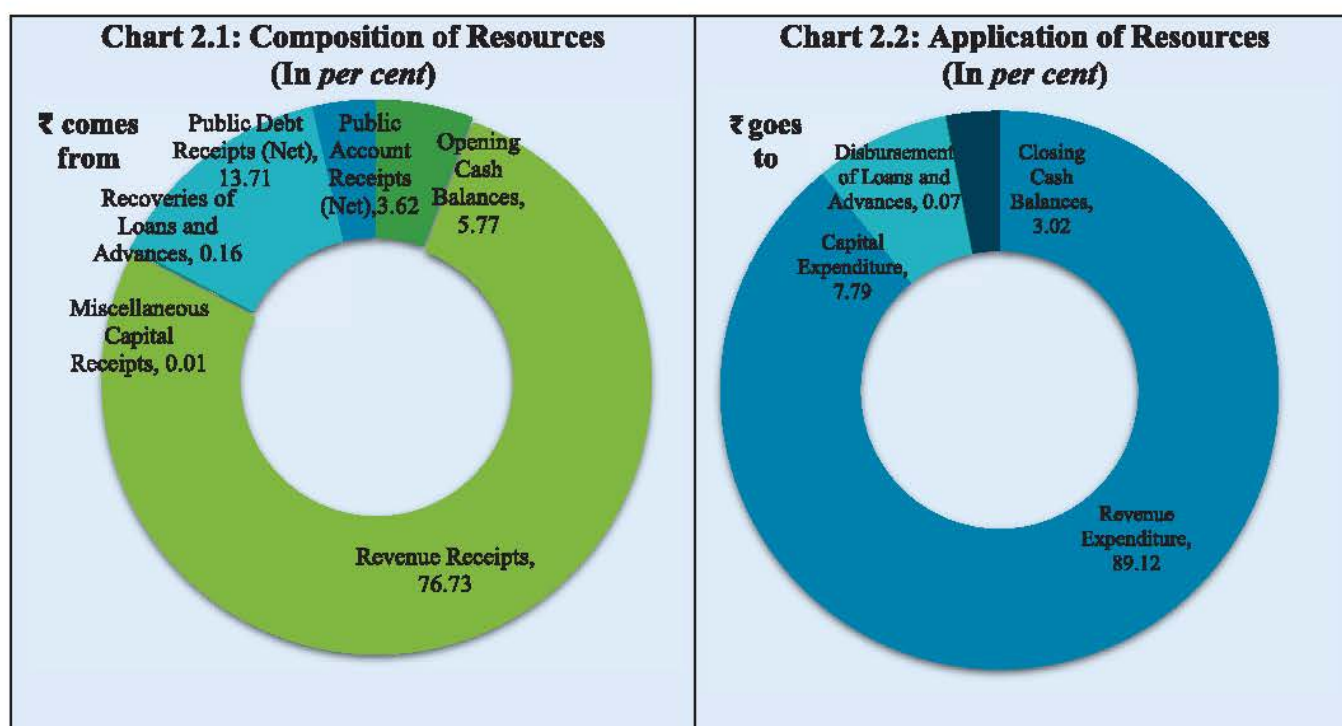
**Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23**

(₹ in crore)				
	Particulars	2021-22	2022-23	Increase/ Decrease (-)
<b>Sources</b>	Opening Cash Balance with RBI	6,487.51	14,669.09	8,181.58
	Revenue Receipts	1,83,920.05	1,94,987.93	11,067.88
	Miscellaneous Capital Receipts	31.42	16.20	(-) 15.22
	Recoveries of Loans and Advances	2,373.59	419.61	(-) 1,953.98
	Public Debt Receipts (Net)	45,235.13*	34,827.81	(-) 10,407.32
	Public Account Receipts (Net)	11,184.23	9,203.24	(-) 1,980.99
	<b>Total</b>	<b>2,49,231.93</b>	<b>2,54,123.88</b>	<b>4,891.95</b>

	Particulars	2021-22	2022-23	Increase/ Decrease (-)
<b>Application</b>	Revenue Expenditure	2,09,790.01	2,26,479.29	16,689.28
	Capital Expenditure	24,151.59	19,798.28	(-) 4,353.31
	Disbursement of Loans and Advances	621.24	174.78	(-) 446.46
	Closing Cash Balance with RBI	14,669.09	7,671.53	(-) 6,997.56
	<b>Total</b>	<b>2,49,231.93</b>	<b>2,54,123.88</b>	<b>4,891.95</b>

Source: Finance Accounts

\* Effective Public Debt receipts (Net) is ₹ 37,966.84 crore as the Department of Expenditure, GoI had decided that GST compensation of ₹ 7,268.29 crore given to the State during 2021-22 as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.



## 2.3 Resources of the State

The resources of the State are described below:

- Revenue Receipts** consist of tax revenue (Own Tax revenue plus share of Union Taxes/Duties), non-tax revenue and grants-in-aid from the GoI.
- 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.

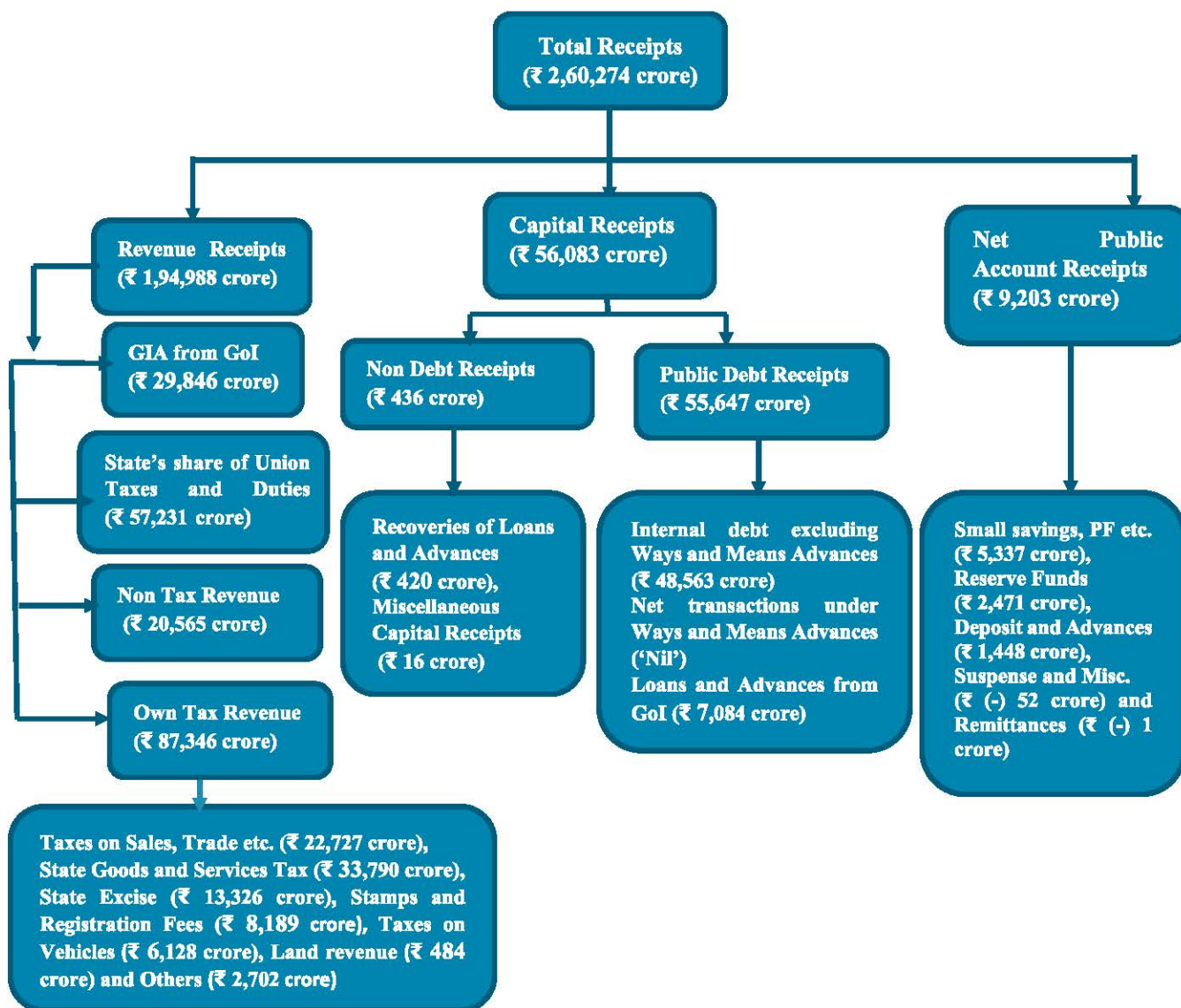
- Net Public Account Receipts:** These are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the

Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the State

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

**Chart 2.3: Components and sub-components of financial resources during 2022-23**



Out of the total resources of ₹ 2,60,274 crore of the State Government during the year 2022-23, Revenue Receipts (₹ 1,94,988 crore) constituted 74.92 *per cent*. Capital Receipts (₹ 56,083 crore) and net Public Account Receipts (₹ 9,203 crore) constituted 21.55 *per cent* and 3.53 *per cent* of the total resources respectively.

### 2.3.2 States Revenue Receipts

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

#### 2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2018-23. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts 2.4 and 2.5 respectively as well as in *Appendix 2.2*.

Table 2.3: Trend in Revenue Receipts

(₹ in crore)						
S.No.	Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Revenue Receipts (RR)	1,37,873	1,40,114	1,34,308	1,83,920	1,94,988
2.	Rate of growth of RR ( <i>per cent</i> )	8.30	1.63	(-) 4.14	36.94	6.02
3.	Tax Revenue	99,233	95,294	95,859	1,28,839	1,44,577
4.	Own Tax Revenue	57,380	59,245	60,283	74,808	87,346
5.	State's share of union taxes and duties	41,853	36,049	35,576	54,031	57,231
6.	Non-Tax Revenue	18,603	15,714	13,653	18,755	20,565
7.	Grant-in-aid from GoI	20,037	29,106	24,796	36,326	29,846
8.	Own Revenue (Own tax and Non-tax Revenue)	75,983	74,959	73,936	93,563	1,07,911
9.	Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	14.54	(-) 1.35	(-) 1.36	26.55	15.34
10.	Rate of growth of Grant-in-aid	(-) 16.30	45.26	(-)14.81	46.50	(-)17.84
11.	Gross State Domestic Product (₹ in crore) (2011-12 Series)	9,11,519	9,98,679	10,19,442 <sup>Σ</sup>	12,18,193 <sup>Ψ</sup>	14,13,620 <sup>∞</sup>
12.	Rate of growth of GSDP ( <i>per cent</i> )	9.49	9.56	2.08	19.50	16.04
13.	RR/GSDP ( <i>per cent</i> )	15.13	14.03	13.17	15.10	13.79
14.	Buoyancy Ratios <sup>1</sup>					
15.	Revenue Buoyancy w.r.t GSDP	0.87	0.17	-*	1.89	0.38
16.	State's Own Revenue Buoyancy w.r.t GSDP	1.53	-*	-*	1.36	0.96

Source: Finance Accounts and Central Statistical Office (CSO), Ministry of Statistics & Programme Implementation, GoI.

\* Buoyancy ratios cannot be calculated due to negative growth rate.

<sup>Σ</sup> Revised Estimate-II

<sup>Ψ</sup> Revised Estimate-I

<sup>∞</sup> Advance Estimates

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

**Table 2.3** shows that the Revenue Receipts increased by 41.43 *per cent* from ₹ 1,37,873 crore in 2018-19 to ₹ 1,94,988 crore in 2022-23 during the last five years at Compound Annual Growth Rate (CAGR) of 9.05 *per cent*. During 2022-23, Revenue Receipts increased by ₹ 11,068 crore (6.02 *per cent*) over the previous year. The own tax receipts of the State, the non-tax receipts and State's share of Union taxes and Duties increased by 16.76 *per cent*, 9.65 *per cent* and 5.92 *per cent* respectively over the previous year.

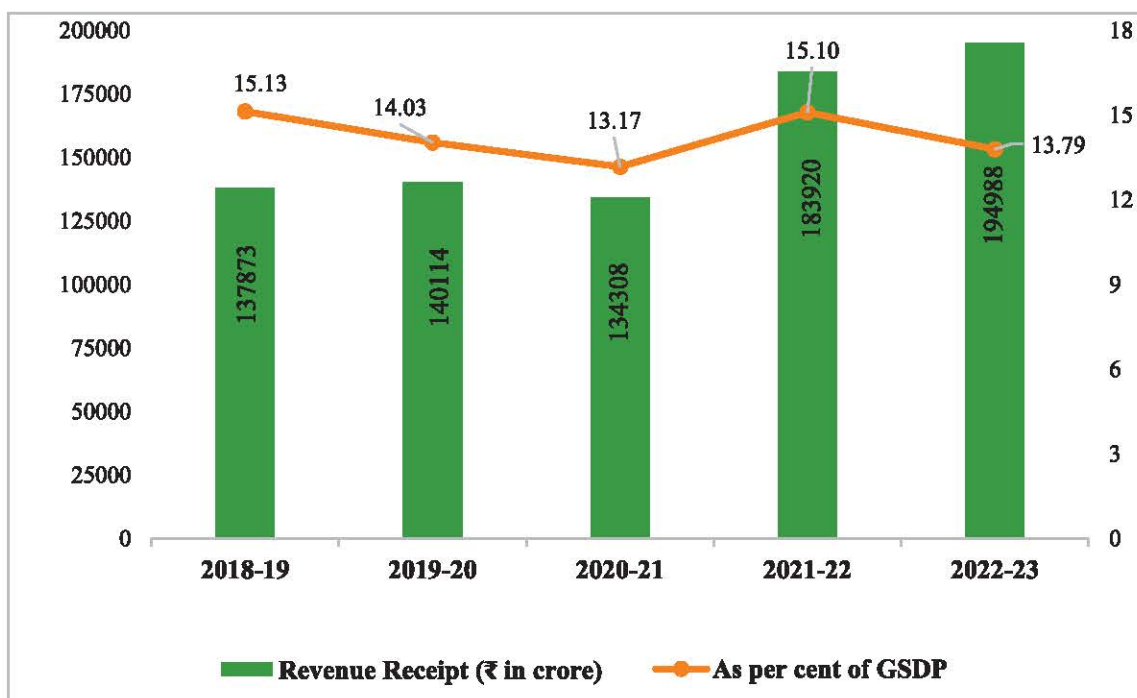
During the current year, Revenue Expenditure increased by 7.96 *per cent* (₹ 16,689 crore) while Revenue Receipts increased by 6.02 *per cent* (₹ 11,068 crore) from the previous year.

Grant-in-aid from GoI increased by 48.95 *per cent* during the period 2018-19 to 2022-23. It however, decreased by ₹ 6,480 crore (17.84 *per cent*) in 2022-23 as compared to the previous year. The decrease was mainly due to substantial decrease in Revenue Deficit grant and grants to Local Bodies. 55.34 *per cent* of the Revenue Receipts during 2022-23 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 44.66 *per cent* indicating towards dependency of the Rajasthan's fiscal position on the tax transfers and Grants-in-Aid from GoI.

The revenue buoyancy with reference to GSDP increased from 0.87 *per cent* in 2018-19 to 1.89 *per cent* in 2021-22, however it decreased significantly to 0.38 *per cent* in 2022-23. The State's own revenue buoyancy with reference to GSDP decreased from 1.53 *per cent* in 2018-19 to 0.96 *per cent* in 2022-23. Further, the State's own revenue buoyancy with reference to GSDP turned negative during 2019-20 and 2020-21.

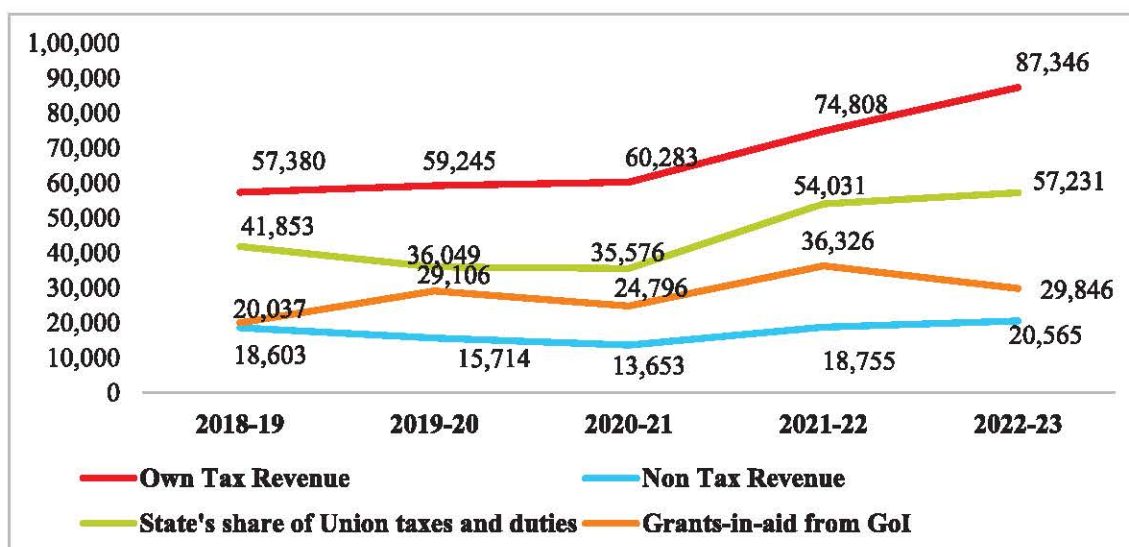
Trends of revenue receipts are shown in **Chart 2.4**.

**Chart 2.4: Trend of Revenue Receipts**



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

(₹ in crore)



### 2.3.2.2 States Own Resources

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

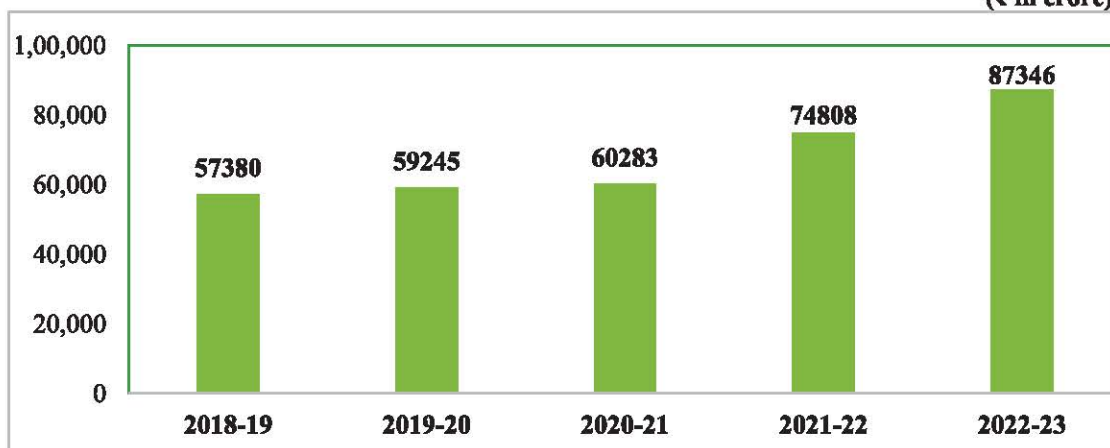
#### Own Tax Revenue

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

Trends of own tax revenue and analysis of its components during 2018-23 are shown in **Chart 2.6** and **Table 2.4**.

**Chart 2.6: Growth of Own Tax Revenue during 2018-23**

(₹ in crore)



The component-wise details of Own Tax Revenue collected during the years 2018-23 were as follows.

**Table 2.4: Components of State's Own Tax Revenue during 2018-23**

(₹ in crore)

S. No.	Revenue Head	2018-19	2019-20	2020-21	2021-22	B.E. 2022-23	Actual 2022-23
1.	Taxes on Sales, Trade, etc.	14,791	15,843	17,479	20,605	25,000	22,727
2.	Taxes on Goods and Passengers	51	41	45	171	10	08
3.	Entertainment Tax and Luxury Tax (under other taxes and duties on Commodities and services)	05	01	01	11	01	01
4.	State Goods and Services Tax	22,938	21,954	20,755	27,502	39,500	33,790
	<b>Total</b>	<b>37,785</b>	<b>37,839</b>	<b>38,280</b>	<b>48,289</b>	<b>64,511</b>	<b>56,526</b>
5.	State Excise	8,694	9,592	9,853	11,807	15,000	13,326
6.	Taxes on Vehicles	4,576	4,951	4,368	4,759	7,000	6,128
7.	Stamps and Registration Fees	3,886	4,235	5,297	6,492	8,100	8,189
8.	Land Revenue	290	364	280	632	633	484
9.	Other Taxes <sup>2</sup>	2,149	2,264	2,205	2,829	3,050	2,693
	<b>Grand Total</b>	<b>57,380</b>	<b>59,245</b>	<b>60,283</b>	<b>74,808</b>	<b>98,294</b>	<b>87,346</b>

Source: Finance Accounts

Own Tax Revenue of the State increased by ₹ 29,966 crore from ₹ 57,380 crore in 2018-19 to ₹ 87,346 crore in 2022-23 at CAGR of 11.08 *per cent*. The growth rate of own tax revenue in the State during 2022-23 was 16.76 *per cent* over the previous year and was lower than the average of States other than NE and Himalayan States (19.78 *per cent*) (*Appendix 1.2*). During the year 2022-23, major contributors of Own Tax Revenue were State Goods and Services Tax (38.69 *per cent*), Taxes on Sales, Trade, etc. (26.02 *per cent*), and State Excise (15.26 *per cent*). During 2022-23, the State Goods and Services Tax, Stamps and Registration Fees, State Excise and Taxes on Sales, Trade, etc., increased over the previous year by 22.86 *per cent*, 26.14 *per cent*, 12.87 *per cent* and 10.30 *per cent* respectively.

### State Goods and Services Tax (SGST)

During the year 2022-23, against the BE of ₹ 39,500.00 crore, the State's GST (SGST) collection was ₹ 33,790.48 crore (including the advance apportionment of IGST amounting to ₹ 963.46 crore) as compared to ₹ 27,501.90 crore in 2021-22. As per the books of RBI, the amount of SGST was ₹ 15,585.60 crore and as per the Finance

2. Other Taxes include taxes on immovable property other than agricultural land, taxes and duties on electricity and other taxes and duties on Commodities and Services (excluding Entertainment Tax and Luxury Tax). It includes receipts under Taxes and Duties on Electricity ₹ 2,148 crore, ₹ 2,263 crore, ₹ 2,142 crore, ₹ 2,606 crore and ₹ 2,625 crore during 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 respectively.

Accounts also, the amount of SGST was ₹ 15,585.60 crore<sup>3</sup>. Hence, there was no difference between the books of RBI and the Finance Accounts with respect to SGST.

### ***Audit of GST Receipts***

The Government of India's decision to provide access to Pan-India data at GSTN (Goods and Services Tax Network) premises was conveyed on 20 June 2020. In case of Rajasthan, which is a Model-II State, user id-based access to GSTN was provided to officers engaged in GST (Goods and Services Tax) audit on 25 November 2020. Receipts of the state in accordance with the requirements of GST (Compensation to States) Act, 2017 have been audited till the year 2021-22 and those of 2022-23 are under progress.

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

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

The arrears of revenue as on 31 March 2023 relating to certain principal heads of revenue amounted to ₹ 10,864.09 crore, out of which ₹ 4,516.64 crore was outstanding for more than five years as given in Table 2.5 below:

**Table 2.5: Arrear of Revenue**

(₹ in crore)

S. No.	Heads of revenue	Total amount outstanding as on 1 April 2022	Total amount* outstanding as on 31 March 2023 and percentage of increase in comparison to previous year	Amount outstanding for more than five years as on 31 March 2023
1.	Commercial Taxes	12,105.72	7,579.67 (-) 37.39	3,726.04
2.	Transport	50.07	33.63 (-) 32.83	24.47
3.	Land Revenue *	217.03	184.45 (-) 15.01	98.67
4.	Major and Medium Irrigation *	2.99	3.16 5.69	1.89
5.	Registration and Stamps *	681.73	549.15 (-) 19.45	248.60
6.	Land Tax	515.54	1,200.75 132.91	232.39
7.	State Excise	1,484.01	1,313.28 (-) 11.50	184.58
	<b>Total</b>	<b>15,057.09</b>	<b>10,864.09 (-) 27.85</b>	<b>4,516.64</b>

Source: Information provided by the concerned Departments.

\* Opening balances differ from the previous year closing balances due to furnishing of updated information.

The relevant information is awaited from Mines, Geology and Petroleum Departments, GoR (December 2023).

3. This excludes ₹ 18,204.88 crore received under MH-0006 (i) Input Tax Credit cross utilisation of SGST and IGST: ₹ 13,254.47 crore; (ii) Apportionment of IGST – Transfer-in of Tax component of SGST: ₹ 3,976.20 crore; (iii) Apportionment of IGST – Transfer-in of interest component of SGST: ₹ 10.75 crore; (iv) Advance apportionment from IGST: ₹ 963.46 crore.

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

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and number of cases pending for finalisation at the end of the year as furnished by the Departments of Commercial Taxes, Transport and Registration and Stamps are given in Table 2.6 below:

**Table 2.6: Arrear in Assessment**

Name of the Department	Opening balance	New cases due for assessment during 2022-23	Total assessments due	Cases disposed of during 2022-23	Balance at the end of the year	Percentage of disposal (col. 5 / 4)
1	2	3	4	5	6	7
Commercial Taxes	1	4,443	4,444	4,443	1	99.98
Registration and Stamps #	15,361	14,817	30,178	7,211	22,967	23.89
Transport	1,032	20,006	21,038	20,017	1,021	95.15

Source: Information provided by the concerned Departments.

# Including Land Tax,

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

The relevant information is awaited from Mines, Geology and Petroleum, Land Revenue and State Excise Departments (December 2023).

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

The cases of evasion of tax detected by the Departments and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. According to the information furnished by the Commercial Tax Department, 855 cases of tax evasion were noticed during the year 2022-23. In 782 cases, assessment/investigation was completed and 348 cases were pending for finalisation as on 31<sup>st</sup> March 2023. Further, in Registration and Stamps Department, 1,386 cases of tax evasion were noticed during the year 2022-23. In 407 cases, assessment/investigation was completed and 1,799 cases were pending for finalisation as on 31<sup>st</sup> March 2023.

Details of pending cases is given in Table 2.7 below:

**Table 2.7: Evasion of Tax Detected**

Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	No. of cases in which assessment/investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2023
				No. of cases	Amount of demand (₹ in crore)	
Commercial Tax	275	855	1,130	782	1,415.77	348
Registration and Stamps	820	1,386	2,206	407	16.66	1,799

Source: Information provided by the concerned Departments.

It can be seen that in case of both these Departments, the pendency of cases increased during the year. The Departments may make concerted efforts for finalization of pending cases.

The relevant information is awaited from Transport, Mines, Geology and Petroleum, Land Revenue and State Excise Departments (December 2023).

### **Pendency of refund cases**

Promptness in disposal of refund cases is also an important indicator of performance of the Department. The refund cases pending at the beginning of the year 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 Departments are given in Table 2.8 below:

**Table 2.8: Pendency of refund cases**

(₹ in crore)

S. No.	Particulars	Commercial Taxes Department		Registration and Stamps		Transport	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	1,482	138.04	1,400	11.59	669	3.13
2.	Claims received during the year	4,817	300.31	2,065	17.18	379	4.17
3.	Refunds made during the year	3,411	150.84	1,438	9.72	687	3.39
4.	Rejected during the year	1,891	222.15	334	3.64	47	0.18
5.	Balance outstanding at the end of year	997	65.36	1,693	15.41	314	3.73

Source: Information provided by the concerned Departments

The relevant information is awaited from Mines, Geology and Petroleum, Land Revenue and State Excise Departments (January 2024). It can be seen that the number of cases as well as the amount pending refund have increased in Registration and Stamps Department.

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

### **Non-Tax Revenue**

Non-Tax revenue consists of interest receipts, Revenue from petroleum, Dividends and Profits, etc. The trend of Non-Tax revenue during the five-year period from 2018-19 to 2022-23 is provided in Table 2.9 below.

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

(₹ in crore)

S. No.	Revenue Head	2018-19	2019-20	2020-21	2021-22	B E 2022-23	Actual 2022-23
1.	Interest Receipts	5,791	3,852	2,693	1,628	1,914.12	2,030
2.	Revenue from Petroleum <sup>4</sup>	3,883	3,320	1,905	3,995	5,000.00	4,889

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

S. No.	Revenue Head	2018-19	2019-20	2020-21	2021-22	B E 2022-23	Actual 2022-23
3.	Non-ferrous Mining and Metallurgical Industries	5,302	4,579	4,966	6,395	8,000.00	7,213
4.	Dividends and Profits	56	55	3	87	67.40	29
5.	Other Non-Tax Receipts	3,571	3,908	4,086	6,650	7,173.14	6,404
	<b>Total</b>	<b>18,603</b>	<b>15,714</b>	<b>13,653</b>	<b>18,755</b>	<b>22,154.66</b>	<b>20,565</b>

Source: Finance Accounts

Non-Tax Revenue ranged from 10.17 *per cent* to 13.49 *per cent* of Total Revenue Receipts of the State during the five-year period from 2018-19 to 2022-23. During 2022-23, the Non-Tax Revenue (₹ 20,565 crore) increased by 9.65 *per cent* (₹ 1,810 crore), as compared to the previous year mainly due to significant increase in Revenue from Petroleum Receipts from royalties on crude oil by ₹ 894 crore (22.38 *per cent*) and Non-ferrous Mining and Metallurgical Industries by ₹ 818 crore (12.79 *per cent*). The growth rate of non-tax revenue (9.65 *per cent*) in the State during 2022-23 over the previous year was lower than the average growth rate of non-tax revenue (12.94 *per cent*) of States other than NE and Himalayan States (*Appendix 1.2*).

### 2.3.2.3 Transfers from the Centre

Transfers from Central Government are mainly dependent on the recommendations of the Finance Commission. XIV-FC recommended an increase in the share of the States in Central Taxes from 32 *per cent* (recommended by XIII-FC) to 42 *per cent*. However, XV-FC recommended decrease in the share of the States in Central Taxes from 42 *per cent* (recommended by XIV-FC) to 41 *per cent*. During 2022-23, Transfers from Centre comprised 44.66 *per cent* of the Revenue Receipt.

Trend of transfers from Centre is provided in the table below for a period of five years covering the periods of Fourteenth and Fifteenth Finance Commissions.

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

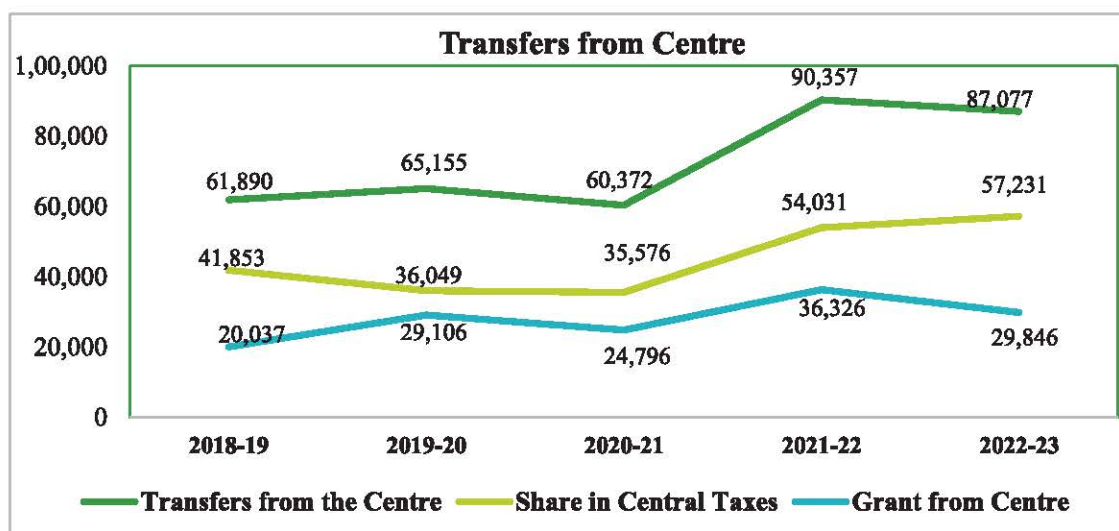
Particulars	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Central Tax Transfers	41,853	36,049	35,576	54,031	57,231
Grant-in-Aid	20,037	29,106	24,796	36,326	29,846
<b>Total</b>	<b>61,890</b>	<b>65,155</b>	<b>60,372</b>	<b>90,357</b>	<b>87,077</b>
Percentage increase over previous year	1.51	5.28	(-)7.34	49.67	(-)3.63
Total transfers from Centre as percentage of Revenue Receipts	44.89	46.50	44.95	49.13	44.66

Source: Finance Accounts of the State Government of respective years

Transfers from the Centre increased from ₹ 61,890 crore in 2018-19 to ₹ 87,077 crore in 2022-23, though it decreased by 3.63 *per cent* over the previous year (₹ 90,357 crore). As compared to previous year, the State's share in Central Taxes increased in 2022-23, however, Grants from the Centre decreased over the previous year.

Chart 2.7: Trends in transfers from Centre

(₹ in crore)



### Central Tax Transfer

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

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

(₹ in crore)

S. No.	Components of the Central Tax Transfer	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Customs	2,966	2,285	1,910	3,864	2,249
2.	Union Excise Duties	1,971	1,589	1,199	2,098	706
3.	Service Tax	389	-	150	701	89
4.	Central Goods and Services Tax (CGST)	10,329	10,229	10,603	15,261	16,170
5.	Integrated Goods and Services Tax (IGST)	824	-	-	-	-
6.	Corporation Tax	14,553	12,291	10,711	16,172	19,192
7.	Taxes on Income other than Corporation Tax	10,718	9,631	10,978	15,877	18,730
8.	Taxes on Wealth	5	1	-	4	-
9.	Other Taxes and Duties on Commodities and Services	22	23	25	54	95
10.	Others	76	-	-	5	-
11.	<b>Total Central Tax Transfers (1 to 10)</b>	<b>41,853</b>	<b>36,049</b>	<b>35,576</b>	<b>54,031</b>	<b>57,231</b>
12.	Percentage of increase/decrease (-) over previous year	13.03	(-)13.87	(-)1.31	51.87	5.92
13.	Percentage of Central tax transfer to Revenue Receipts	30.36	25.73	26.49	29.38	29.35

Source: Finance Accounts

5. ₹ 0.11 crore.

During 2022-23, Central Tax Transfers constituted 29.35 *per cent* of the Revenue Receipts. Over the five-year period 2018-23, Central Tax Transfers increased by 36.74 *per cent* from ₹ 41,853 crore in 2018-19 to ₹ 57,231 crore in 2022-23 at CAGR of 8.14 *per cent*.

During 2022-23, Central Tax Transfers (₹ 57,231 crore) increased by 5.92 *per cent* (₹ 3,200 crore) as compared to the previous year mainly due to significant increase in Corporation Tax by ₹ 3,020 crore (18.67 *per cent*), Taxes on Income other than Corporation Tax by ₹ 2,853 crore (17.97 *per cent*), CGST by ₹ 909 crore (5.96 *per cent*) which was set off by decrease in Customs by ₹ 1,615 crore (41.80 *per cent*), Union Excise Duties by ₹ 1,392 crore (66.35 *per cent*) and Service Tax by ₹ 612 crore (87.30 *per cent*).

### Grants-in-aid from GoI

Grants-in-Aid (GIA) received by the State Government from GoI during 2018-23 are detailed in Table 2.12.

Table 2.12: Grants-in-Aid from GoI

(₹ in crore)						
S. No.	Head	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Centrally Sponsored Schemes (CSS)	13,317	14,966	12,595	14,965	14,554
2.	Finance Commission Grants	3,121	7,332	6,237	17,211	10,508
3.	Other transfer/Grants to State/ Union Territories with Legislature	3,599	6,808	5,964	4,150	4,784
	<b>Total Grant-in-aid from GoI</b>	<b>20,037</b>	<b>29,106</b>	<b>24,796</b>	<b>36,326</b>	<b>29,846</b>
4.	Percentage of increase/decrease (-) over the previous year	(-) 16.30	45.26	(-)14.81	46.50	(-)17.84
5.	Percentage of GIA to Revenue Receipts	14.53	20.77	18.46	19.75	15.31

Source: Finance Accounts

GIA from GoI decreased by ₹ 6,480 crore (17.84 *per cent*) during the year compared to the previous year. GIA constituted 15.31 *per cent* of Revenue Receipts during the year 2022-23. Grants for Centrally Sponsored Schemes to the State (₹ 14,554 crore) constituted 48.76 *per cent* of the total grants during the year. 15<sup>th</sup> Finance Commission Grants mainly included Grants-in-aid for recoupment of Revenue Deficit (₹ 4,862 crore), Local Bodies (₹ 4,069 crore) and State Disaster Response Fund (SDRF) including assistance for State Disaster Mitigation fund (₹ 1400 crore). Further, other grants included compensation for loss of revenue arising out of implementation of GST (₹ 4,260 crore).

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

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/ FCD/ 2020 dated 23-03-2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilization of the funds released through 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 concerned SNA's account along with corresponding State share. Government of

Rajasthan intimated (August 2022) that SNA bank accounts of all CSS schemes had been opened in the State.

The State Government received ₹ 13,826.93 crore being Central share during 2022-23 in its Treasury Accounts. As on 31 March 2023, the Government transferred ₹ 15,483.89 crore received in Treasury Accounts (including previous balances) and State share of ₹ 11,632.42 crore to the SNAs. Out of the total transfer of ₹ 27,116.31 crore, ₹ 13,990.79 crore was transferred through Grant in Aid bills, ₹ 5,160.06 crore through Fully Vouched Contingent Bills, ₹ 325.08 crore through book transfer, ₹ 7,327.54 crore transferred through Personal Deposit Account and ₹ 312.84 crore through Works Accounting Module (WAM).

Detailed vouchers and supporting documents of actual expenditure were not received by AG office from the SNAs. As per PFMS (Public Finance Management System) SNA-01 report ₹ 9,095.98 crore were lying unspent in the bank accounts of SNAs as on 31 March 2023 which is outside the purview of the government accounts.

### ***Fifteenth Finance Commission Grants***

The Fifteenth Finance Commission (XV-FC) submitted its report for the period 2021-26 in November 2020. The XV-FC recommended grants/ transfer of funds to States on account of post devolution Revenue Deficit Grant, Grant to local bodies and Disaster Management grants and for the purpose of improving ambient air quality in million plus cities/urban agglomerations. XV-FC recommended total grant-in-aid of ₹ 59,374 crore to Rajasthan for the period 2021-26. The position of releases by GoI and onward transfers by the State during 2022-23 is given in **Table 2.13** below:

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

S. No	Name of Grant	(₹ in crore)			
		Recommendation of XV- FC		Actual Release by GoI to GoR	Onward release by GoR to implementing agencies
		2021-26	2022-23	2022-23	2022-23
1.	<b>Grants for Local Government</b>	<b>22,749.00</b>	<b>4,413.00</b>	<b>4,068.78</b>	<b>4,415.38</b>
	(i) Grant to Rural Local Bodies (RLBs)	15,053.00	2,957.00	2,955.34	2,924.44
	a) Basic Grant (Untied)	6,021.20	1,182.80	1,182.20	1,182.20
	b) Tied Grant	9,031.80	1,774.20	1,773.14	1,742.24*
	(ii) Grant to Urban Local Bodies (ULBs)	7,696.00	1,456.00	1,113.44	1,490.94
	<b>A. Non-Million Plus Cities</b>	<b>5,369.00</b>	<b>1,016.00</b>	<b>1,016.00</b>	<b>998.50</b>
	a) Basic Grant (Untied)	2,147.60	406.40	406.40	399.40 <sup>#</sup>
	b) Tied Grant	3,221.40	609.60	609.60	599.10 <sup>#</sup>
	<b>B. Million Plus Cities (Jaipur, Jodhpur and Kota)</b>	<b>2,327.00</b>	<b>440.00</b>	<b>97.44</b>	<b>492.44</b>
	a) Air Quality	774.00	146.00	97.44	208.44 <sup>\$</sup>
	b) Solid Waste Management/ sanitation	1,553.00	294.00	-	284.00 <sup>##</sup>
2.	<b>Health Infrastructure</b>	<b>4,423.06</b>	<b>832.98</b>	<b>176.56</b>	<b>-</b>
	(i) Rural Areas	3,709.90	698.68	176.56	-
	(ii) Urban Areas	713.16	134.30	-	-
3.	<b>Grant for Disaster Management (Central Government's Share 75%)</b>	<b>8,186.00</b>	<b>1,556.00</b>	<b>1,400.40</b>	<b>1,244.80<sup>@</sup></b>

S. No	Name of Grant	Recommendation of XV- FC		Actual Release by GoI to GoR	Onward release by GoR to implementing agencies
		2021-26	2022-23	2022-23	2022-23
4.	Total (1+2+3)	35,358.06	6,801.98	5,645.74	5,660.18
5	Revenue Deficit Grant	14,740.00	4,862.00	4,862.00	-
6.	Others**	9,276.00	1,165.00	0	-
	Grand Total (4+5+6)	59,374.06	12,828.98	10,507.74	5,660.18

Source: XV-FC Report, Finance Account and information provided by concerned department.

\* This includes ₹ 856.20 crore (2<sup>nd</sup> instalment of tied grant) transferred by GoI on 31-03-2022 and further released by GoR on 11-04-2022 pertaining to the grant for 2021-22.

# This includes ₹ 196.20 crore (2<sup>nd</sup> instalment of untied grant) transferred by GoI on 30-03-2022 and further released by GoR on 08-04-2022 pertaining to the grant for 2021-22.

## This includes ₹ 294.30 crore (2<sup>nd</sup> instalment of tied grant) transferred by GoI on 31-03-2022 and further released by GoR on 08-04-2022 pertaining to the grant for 2021-22.

\$ This includes ₹ 111.00 crore (2<sup>nd</sup> instalment of tied grant) transferred by GoI on 27-03-2022 and further released by GoR on 07-04-2022 pertaining to the grant for 2021-22.

\$\$ This grant was transferred by GoI on 30-03-2022 and further released by GoR on 08-04-2022 pertaining to the grant for 2021-22.

@ Remaining amount of ₹ 155.60 crore was released by GoR on 01-05-2023.

\*\* Grants pertaining to Health, Maintenance of PMGSY Road, Statistics, Judiciary, Higher Education, Agriculture and State specific grants were not released by GoI.

As per the recommendations of XV-FC, for the year 2022-23, an amount of ₹12,829 crore was to be allocated to Rajasthan for health infrastructure, disaster management, improving air quality, solid waste management/sanitation, Revenue Deficit grant, etc. Against this, Audit noticed that ₹10,508 crore was released to GoR including Revenue Deficit Grant of ₹ 4,862 crore. Thus, there was short transfer of ₹ 2,321 crore for 2022-23.

During 2022-23, GoR released/transferred ₹ 5,660 crore to Local bodies and State disaster Risk Management Fund. The information regarding release of Health Infrastructure grant to rural areas is awaited from Department of Medical Health and Family Welfare, GoR (December 2023).

XV-FC recommended that the State shall transfer grants in aid to the concerned Rural Local Bodies within 10 working days of receipt from the Central Government. Any delay beyond 10 working days will require the State Government to release the grant with interest as per the effective rate of average interest on market borrowing/State Development Loans for the previous year.

It was observed that Rural Development and Panchayati Raj Department transferred XV-FC grants to Zila Parishads/Panchayat Samitis/Gram Panchayats with delays which resulted in interest payment of ₹5.97 crore during 2022-23 to the Rural Local Bodies by the State Government.

### 2.3.3 Capital Receipts

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

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

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

(₹ in crore)						
S. No.	Sources of State's Capital Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
	<b>Capital Receipts</b>	<b>36,110</b>	<b>41,831</b>	<b>49,328</b>	<b>47,640</b>	<b>35,264</b>
1.	Miscellaneous Capital Receipts	20	20	14	31	16
2.	Recovery of Loans and Advances	15,158	15,670	373	2,374	420
3.	Net Public Debt Receipts	20,932	26,141	48,941	45,235	34,828
4.	<i>Internal Debt</i>	19,068	22,766	42,712	37,018	29,154
5.	<i>Growth rate</i>	19.48	19.39	87.61	(-)13.34	(-)21.24
6.	<i>Loans and Advances from GoI</i>	1,864	3,375	6,229	8,217	5,674
7.	<i>Growth rate</i>	101.73	81.07	84.56	31.92	(-)30.95
8.	Rate of growth of net public debt Receipts	23.98	24.89	87.22	(-) 7.57	(-)23.01
9.	Rate of growth of non-debt capital receipts	0.18	3.37	(-)97.53	521.45	(-)81.87
10.	Rate of growth of GSDP	9.49	9.56	2.08	19.50	16.04
11.	Rate of growth of Capital Receipts (per cent)	12.73	15.84	17.92	(-)3.42	(-)25.98

Source: Finance Accounts and MoSPI, GoI.

Capital Receipts decreased by 25.98 *per cent* from ₹ 47,640 crore in 2021-22 to ₹ 35,264 crore in 2022-23. During 2022-23, 82.67 *per cent* Capital Receipts came from net Internal Debt and 16.09 *per cent* from net Loans and Advances from GoI. During 2022-23, internal debt decreased by 21.24 *per cent* due to less borrowing of Market Loan by GoR and Loans and Advances from GoI decreased by 30.95 *per cent* due to non-release of loan in lieu of GST compensation as compared to previous year.

#### 2.3.4 States performance in mobilization of resources

As the State's share in Central Taxes and Grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources was assessed in terms of its own resources comprising Tax and Non-Tax sources.

The State's actual Own Tax and Non-Tax Revenue *vis-a-vis* Budget Estimates are given in **Table 2.15**.

**Table 2.15: State's Own Tax and Non-Tax Revenue projections and Actual for 2022-23**

(₹ in crore)				
S. No.	Particulars	Budget Estimates	Actual	Percentage variation of actual over Budget Estimates
1.	Own Tax Revenue	98,294	87,346	(-) 11.14
2.	Non-Tax Revenue	22,154	20,565	(-) 7.17

Source: Finance Accounts and budget document

The Receipts under Own Tax Revenue and Non-Tax Revenue was less than BE by 11.14 *per cent* (₹ 10,948 crore) and 7.17 *per cent* (₹ 1,589 crore) respectively, indicating shortfall in mobilisation of tax resources by the State.

## 2.4 Application of resources

The State government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State are not at the cost of expenditure directed towards development of capital infrastructure and social sector.

### 2.4.1 Growth and composition of expenditure

Table 2.16 presents the trends in total expenditure over a period of five years (2018-23) depicting its composition in terms of 'economic classification'.

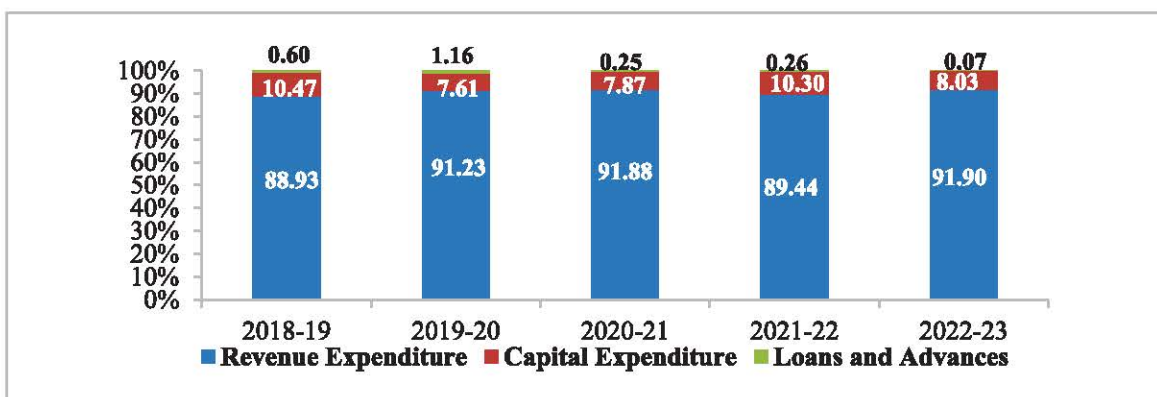
**Table 2.16: Total expenditure and its composition**

₹ in crore)						
S. No.	Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Total Expenditure (TE)	1,87,524	1,93,458	1,94,071	2,34,563	2,46,452
2.	Revenue Expenditure (RE)	1,66,773	1,76,485	1,78,309	2,09,790	2,26,479
3.	Capital Outlay (CO)	19,638	14,718	15,271	24,152	19,798
4.	Loans and Advances	1,113	2,255	491	621	175
<b>As a percentage of GSDP</b>						
5.	TE/GSDP	20.57	19.37	19.04	19.25	17.43
6.	RE/GSDP	18.30	17.67	17.49	17.22	16.02
7.	CO/GSDP	2.15	1.47	1.50	1.98	1.40
8.	Loans and Advances/GSDP	0.12	0.23	0.05	0.05	0.01

Source: Finance Accounts

The table shows that Total Expenditure of the State increased by 31.42 *per cent* from ₹ 1,87,524 crore in 2018-19 to ₹ 2,46,452 crore in 2022-23. During the year, it registered an increase of 5.07 *per cent* over the previous year due to increase in Revenue Expenditure. However, Capital Expenditure and Loans and Advances decreased over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 17.43 *per cent* to 20.57 *per cent* during the period 2018-23. The growth rate of Total Expenditure during 2022-23 (5.07 *per cent*) over the previous year was lower than the average growth rate of Total Expenditure of 12.53 *per cent* registered by States other than NE and Himalayan States (*Appendix 1.2*).

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



Source: Finance Accounts

It is evident from the **Chart 2.8** and **Table 2.16** above that Capital Expenditure increased only by 0.81 *per cent* (₹ 160 crore) from ₹ 19,638 crore in 2018-19 to ₹ 19,798 crore in 2022-23, however it decreased by 18.03 *per cent* over the previous year.

Capital Expenditure as a percentage of Total Expenditure and GSDP registered a decline over the previous year.

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

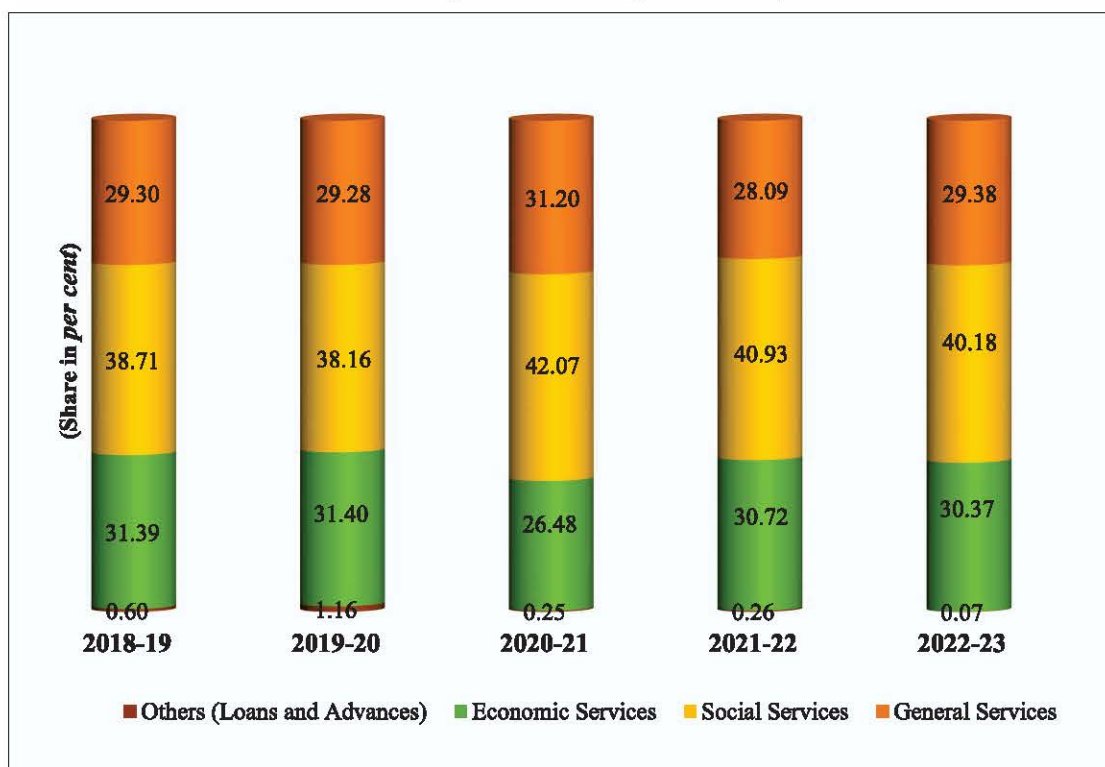
**Table 2.17: Relative share of various sectors of expenditure**

(In per cent)

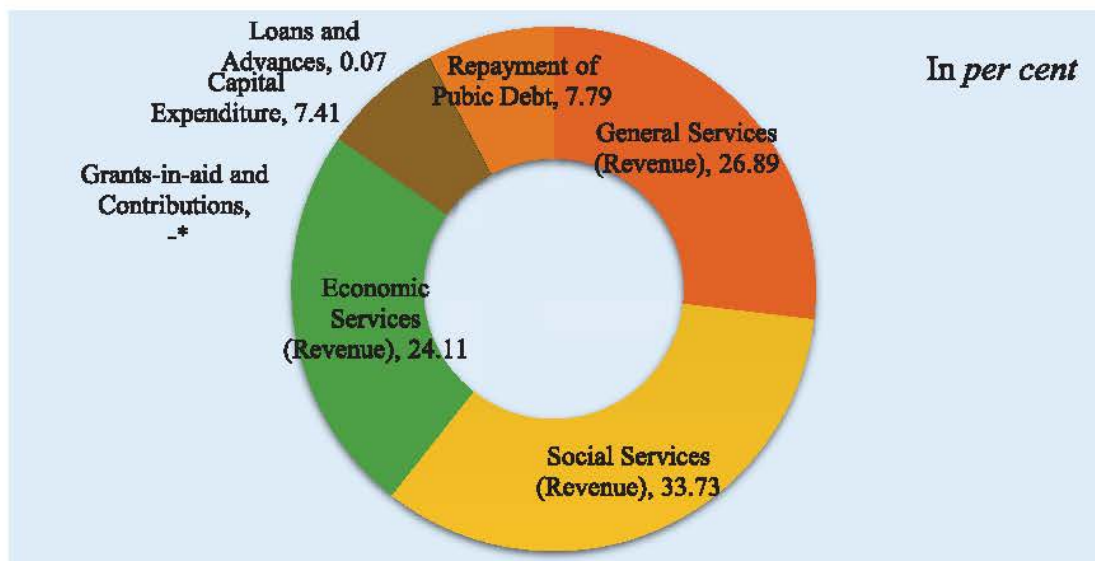
S. No.	Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
1.	General Services	29.30	29.28	31.20	28.09	29.38
2.	Social Services	38.71	38.16	42.07	40.93	40.18
3.	Economic Services	31.39	31.40	26.48	30.72	30.37
4.	Others (Loans and Advances)	0.60	1.16	0.25	0.26	0.07

Source: Finance Accounts

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



**Chart 2.9** and **Table 2.17** shows that the relative share of General Services in total expenditure increased in 2022-23 as compared to 2021-22, however, expenditure under Social and Economic Services decreased marginally over the previous year. Loans and Advances registered a significant decrease over the previous year. **Chart 2.10** shows composition of Consolidated Fund Expenditure by function.

**Chart 2.10: Composition of Consolidated Fund Expenditure by function during 2022-23**

Source: Finance Accounts

\* Only ₹ 4,00,000

### 2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State's infrastructure and services. The overall revenue expenditure, its rate of growth and ratio to GSDP for the last five years are indicated in Table 2.18. Sector wise distribution of revenue expenditure is presented in Chart 2.11.

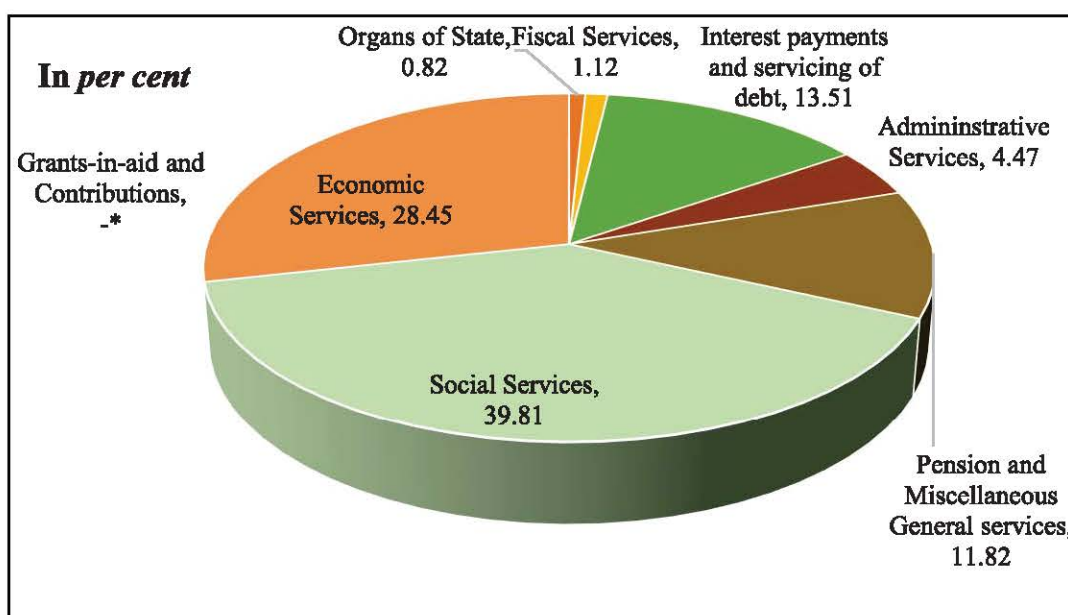
**Table 2.18: Revenue Expenditure – Basic Parameters**

(₹ in crore)						
S. No.	Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Total Expenditure (TE)	1,87,524	1,93,458	1,94,071	2,34,563	2,46,452
2.	Revenue Expenditure (RE)	1,66,773	1,76,485	1,78,309	2,09,790	2,26,479
3.	Rate of Growth of RE ( <i>per cent</i> )	14.35	5.82	1.03	17.66	7.96
4.	Revenue Expenditure as percentage of TE	88.93	91.23	91.88	89.44	91.90
5.	RE/GSDP ( <i>per cent</i> )	18.30	17.67	17.49	17.22	16.02
6.	RE as percentage of Revenue Receipts	120.96	125.96	132.76	114.07	116.15
<b>Buoyancy of Revenue Expenditure with</b>						
7.	GSDP (ratio)	1.51	0.61	0.50	0.91	0.50
8.	Revenue Receipts (ratio)	1.73	3.57	—*	0.48	1.32

Source: Finance Accounts

\* Buoyancy ratio cannot be calculated due to negative growth of revenue receipts in 2020-21.

Revenue Expenditure constituted 91.90 *per cent* of total expenditure during 2022-23. It increased from ₹ 1,66,773 crore in 2018-19 to ₹ 2,26,479 crore in 2022-23. During 2022-23, the revenue expenditure increased by 7.96 *per cent* (₹ 16,689 crore) over the previous year. RE as a percentage of revenue receipts was more than 100 *per cent* in all the years during 2018-19 to 2022-23 indicating that the revenue receipts were not sufficient to meet even the Revenue expenditure resulting in deficits.

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

Source: Finance Accounts

\* Only ₹ 4,00,000

#### 2.4.2.1 Major changes in Revenue Expenditure

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

**Table 2.19: Variation in Revenue Expenditure during 2022-23 as compared to 2021-22**

(₹ in crore)				
S. No.	Major Heads of Account	2021-22	2022-23	Increase / Decrease (-)
1.	3451- Secretariat – Economic Services	39.72	4,023.10	3,983.38
2.	2202- General Education	39,738.75	43,705.47	3,966.72
3.	2049- Interest Payments	28,100.46	30,601.88	2,501.42
4.	3054- Roads and Bridges	2,991.23	4,360.32	1,369.09
5.	2505- Rural Employment	5,082.44	6,435.90	1,353.46
6.	2235- Social Security and Welfare	12,079.02	13,393.05	1,314.03
7.	2075- Miscellaneous General Services	560.13	1,392.76	832.63
8.	2425- Co-operatives	4,355.17	1,679.37	(-)2,675.80
9.	2515- Other Rural Development Programmes	10,502.45	8,475.87	(-)2,026.58

Source: Finance Accounts

The table indicates that Revenue Expenditure under 'Secretariat – Economic Services', 'General Education', 'Interest Payments', 'Roads and Bridges', 'Rural Employment', 'Social Security and Welfare' and 'Miscellaneous General Services' increased significantly during the year.

#### 2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. It is the first charge on the Government resources.

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 – State contributes statutory devolutions to local bodies (Central Finance Commission and State Finance Commission) for pay and allowances (devolution / transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF), State Road and Bridges Fund 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 expenditure and Central share received in Consolidated fund of State 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.

An upward trend on committed expenditure leaves the Government with lesser resources for development initiatives. Trend analysis of committed and inflexible expenditure and its components is depicted in Table 2.20 and share of committed expenditure in revenue expenditure is shown in Chart 2.12.

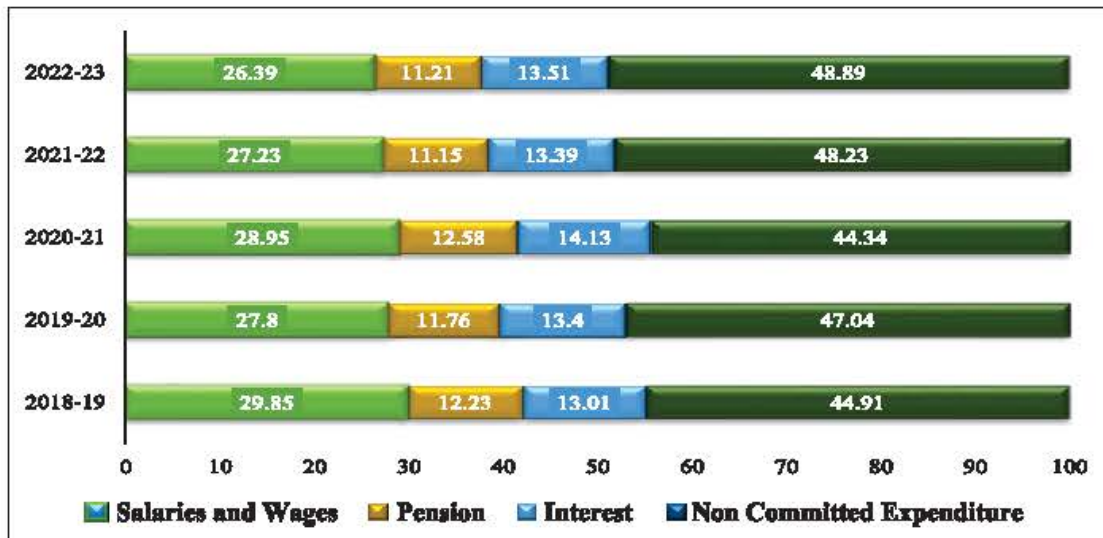
**Table 2.20: Components of Committed and Inflexible Expenditure**

(₹ in crore)

S. No.	Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
1	Salaries & Wages	49,790	49,066	51,619	57,118	59,774
2	Expenditure on Pensions	20,396	20,761	22,440	23,391	25,381
3	Interest Payments	21,695	23,643	25,202	28,100	30,602
4	<b>Total</b>	<b>91,881</b>	<b>93,470</b>	<b>99,261</b>	<b>1,08,609</b>	<b>1,15,757</b>
5	<b>Components of Inflexible Expenditure</b>					
6	Statutory devolution to Local Bodies	5,154	7,207	8,959	10,873	9,277
	<b>A. Central Finance Commission</b>	2,164	6,327	4,755	5,195	4,069
	<b>B. State Finance Commission</b>	2,990	880	4,204	5,678	5,208
7	Contribution to Reserve Funds	2,987	4,608	4,377	4,884	6,229
8	Recoupment of Contingency Fund	-	-	-	-	-
9	Transfer of cess to reserve fund/ other body	816	1,735	1,638	4,532	5,637
10	Share contribution of CSS against the Central Fund received	24,988	28,278	29,172	42,634	43,205
	<b>A. Central Share</b>	12,730	14,546	12,454	14,817	13,717
	<b>B. State Share</b>	12,258	13,732	16,718	27,817	29,488
11	Payment of interest on the balances of the interest bearing funds as if they could have been invested	38	42	144	328	177
12	<b>Total</b>	<b>33,983</b>	<b>41,870</b>	<b>44,290</b>	<b>63,251</b>	<b>64,525</b>
13	<b>As a percentage of Revenue Receipts (RR)</b>					
14	<b>Committed Expenditure</b>					
15	Salaries & Wages	36.11	35.02	38.43	31.05	30.66

S. No.	Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
16	Expenditure on Pensions	14.80	14.82	16.71	12.73	13.02
17	Interest Payments	15.74	16.87	18.76	15.28	15.69
18	<b>Total</b>	<b>66.65</b>	<b>66.71</b>	<b>73.90</b>	<b>59.05</b>	<b>59.37</b>
19	<b>Inflexible expenditure</b>					
20	<b>Total</b>	<b>24.65</b>	<b>29.88</b>	<b>32.98</b>	<b>34.39</b>	<b>33.09</b>
21	<b>As a percentage of Revenue Expenditure (RE)</b>					
22	<b>Committed Expenditure</b>					
23	Salaries & Wages	29.85	27.80	28.95	27.23	26.39
24	Expenditure on Pensions	12.23	11.76	12.58	11.15	11.21
25	Interest Payments	13.01	13.40	14.13	13.39	13.51
26	<b>Total</b>	<b>55.09</b>	<b>52.96</b>	<b>55.66</b>	<b>51.77</b>	<b>51.11</b>
27	<b>Inflexible expenditure</b>					
28	<b>Total</b>	<b>20.38</b>	<b>23.72</b>	<b>24.84</b>	<b>30.15</b>	<b>28.49</b>
29	<b>Non-committed RE</b>	<b>74,892</b>	<b>83,015</b>	<b>79,048</b>	<b>1,01,181</b>	<b>1,10,722</b>
30	<b>Percentage of RE</b>	<b>44.91</b>	<b>47.04</b>	<b>44.34</b>	<b>48.23</b>	<b>48.89</b>
31	<b>Percentage of TE</b>	<b>39.94</b>	<b>42.91</b>	<b>40.73</b>	<b>43.14</b>	<b>44.93</b>
32	<b>Subsidies</b>	<b>21,540</b>	<b>18,990</b>	<b>14,828</b>	<b>23,364</b>	<b>26,166</b>
33	<b>Subsidies as percentage of non-committed expenditure</b>	<b>28.76</b>	<b>22.88</b>	<b>18.76</b>	<b>23.09</b>	<b>23.63</b>

Source: Finance Accounts

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

The share of committed expenditure to revenue expenditure decreased from 55.09 per cent in 2018-19 to 51.11 per cent in 2022-23. Further, during 2022-23 it also marginally decreased over the previous year (51.77 per cent). The ratio of committed expenditure to revenue receipts has increased every year during 2018-19 to 2020-21 but during 2021-22 it decreased to 59.05 per cent though it again increased during 2022-23 to 59.37 per cent.

During 2022-23, committed expenditure accounted for 59.37 per cent of revenue receipts, which indicates that a significant portion of revenue receipts is spent on meeting committed expenditure.

### ***Salaries and Wages***

The expenditure on Salaries and Wages increased from ₹ 49,790 crore in 2018-19 to ₹ 59,774 crore in 2022-23. During 2022-23, the expenditure on Salaries and Wages increased by 4.65 *per cent* over the previous year, which was lower than the average (8.52 *per cent*) of States other than NE and Himalayan States (*Appendix 1.2*).

### ***Pension payments***

The expenditure on pension payments increased from ₹ 20,396 crore in 2018-19 to ₹ 25,381 crore<sup>6</sup> in 2022-23. During 2022-23, the expenditure on pension payments increased by 8.51 *per cent* over the previous year mainly due to increase in total number of pensioners<sup>7</sup> by 18,927 (3.99 *per cent*). The increase in pension payments was lower than the average of States other than NE and Himalayan States (11.38 *per cent*). The expenditure on pension and other retirement benefits to the State Government employees was 11.21 *per cent* (11.15 *per cent* in 2021-22) of total revenue expenditure during 2022-23.

### ***Interest payments***

Interest payments increased from ₹ 21,695 crore in 2018-19 to ₹ 30,602 crore in 2022-23. Interest payments (₹30,602 crore) during 2022-23 increased by 8.90 *per cent* over the previous year (₹ 28,100 crore) mainly due to increase in market loans by ₹ 37,016 crore.

The ratio of Interest Payments to Revenue Receipts determines the debt sustainability of the State. The ratio of Interest Payments to Total Revenue Receipts of the State was 15.69 *per cent* for 2022-23, which was higher than the previous year (15.28 *per cent*).

### ***Inflexible Expenditure***

The components of Inflexible expenditure which include among others, State and Central share of CSS contribution against the Central Fund received, Statutory devolution to local bodies, contribution to Reserve Funds and Transfer of cess to reserve fund/ other body showed a continued increase during the period 2018-19 to 2022-23. As a percentage of revenue expenditure, the inflexible expenditure increased from 20.38 *per cent* to 28.49 *per cent* during the period. Further, the inflexible expenditure increased (₹ 1,274 crore) by 2.01 *per cent* during 2022-23 over the previous year (₹ 63,251 crore).

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

Defined Contribution Pension Scheme widely known as New Contributory Pension Scheme (NPS) was implemented for all Government Servants appointed on or after 01.01.2004 in Rajasthan. As per the guidelines, it was mandatory for every employee to contribute 10 *per cent* of basic pay and dearness allowance and 10 *per cent* matching

6. It includes a sum of ₹ 25,377.19 crore on account of expenditure on "pension and other retirement benefits" during the year to the State Government employees recruited on or before 31 December 2003 and Government contribution for Defined Contribution Pension Scheme of ₹ 3.81 crore.

7. Number of pensioners in 2021-22: 4,73,811 and in 2022-23: 4,92,738.

contribution in case of state employees and 14 *per cent* contribution in case of All India Service (AIS) officers was to be made by the Government.

The Government of Rajasthan notified reversion to the Old Pension Scheme (OPS) for State Government employees due to which all 5,25,713 State Government employees, except All India Services (AIS) officers posted in the state, were shifted to OPS with effect from 01-04-2022.

During the year 2022-23, total contribution of AIS officers to the NPS was ₹ 6.51 crore (Employees' contribution ₹ 2.70 crore and Government's contribution ₹ 3.81 crore). Out of this, the Government transferred ₹ 6.41 crore to NSDL (National Securities Depository Limited) indicating short transfer of ₹ 0.10 crore pertaining to 2022-23. Details are provided in the Table below:

**Table 2.21: NPS contribution of AIS officers for 2022-23**

(₹ in crore)							
Opening balance	Employee contribution MH-8342	Employer contribution MH-2071	Total contribution received during the year	Transfer to NSDL during the year	Short transfer pertaining to 2022-23	Total amount required to be transferred	Total un-transferred amount
1	2	3	4=(2+3)	5	6=(4-5)	7=(1+4)	8=(7-4)
0.54	2.70	3.81	6.51	6.41	0.10	7.05	0.64

Source: Finance Accounts

It is seen from the above table that an amount of ₹ 0.64 crore remained un-transferred at the end of the year which was required to be transferred to the trustee bank/NSDL along with the State's matching contribution i.e. 14 *per cent* of employees' salary (basic plus dearness allowance).

Further, as intimated by Directorate, State Insurance and Provided Fund, Rajasthan, an amount of ₹ 817.27 crore<sup>8</sup> (un-transferred amount) pertaining to the NPS contribution of the State Government employees was lying in the Public Account of the State at the end of the year 2022-23. Out of this, an amount of ₹ 808.46 crore pertaining to the NPS contribution of state employees up to 31 March 2022 was not transferred to NSDL till March 2023. Thus, short transfer of employees' contribution along with matching contribution by the State Government to NSDL as on 31 March 2023 is a deferred liability of the State Government.

It was also informed by the Department that as on 31 March 2023, valuation of ₹ 28,340.16 crore transferred to NSDL by the State Government for NPS stands at ₹ 40,563.57 crore and on receipt, this amount would be deposited in the general revenue head of the State, as per procedure prescribed vide Finance Department notification (19 May 2022).

8. 8011-106-(03)-01: ₹ 126.02 crore including ₹30.72 crore pertaining to legacy amount of NPS subscribers and 8342-00-117-01-01: ₹ 691.25 crore. This amount includes ₹ 8.81 crore as employees' contribution wrongly deducted during 2022-23 by DDOs despite reversion to OPS.

#### 2.4.2.4 Subsidies

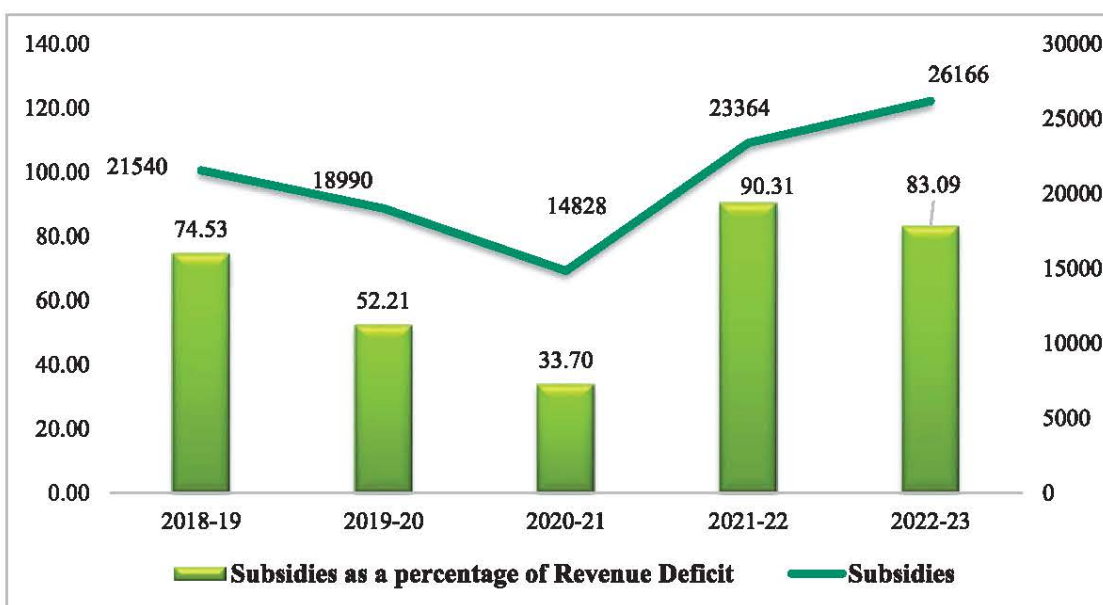
The details of subsidies during the five-year period 2018-23 are given in Table 2.22 below:

**Table 2.22: Expenditure on subsidies during 2018-23**

(₹ in crore)						
S. No.		2018-19	2019-20	2020-21	2021-22	2022-23
1.	Subsidies	21,540	18,990	14,828	23,364	26,166
2.	Subsidies as a percentage of RR	15.62 (1,37,873)	13.55 (1,40,114)	11.04 (1,34,308)	12.70 (1,83,920)	13.42 (1,94,988)
3.	Subsidies as a percentage of RE	12.92 (1,66,773)	10.76 (1,76,485)	8.32 (1,78,309)	11.14 (2,09,790)	11.55 (2,26,479)
4.	Subsidies as a percentage of Revenue Deficit	74.53 (28,900)	52.21 (36,371)	33.70 (44,001)	90.31 (25,870)	83.09 (31,491)
5.	Subsidy given to Power Sector by Government	21,204	18,644	14,264	22,644	25,405
6.	Power sector subsidy as a percentage of total subsidy	98.44	98.18	96.20	96.92	97.09

Source: Finance Accounts

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



Subsidy in absolute terms and as a percent of revenue receipts and revenue expenditure has been declining steadily from 2018-19 to 2020-21 and thereafter, it increased continuously. During 2022-23, subsidy as a percent of revenue receipts and revenue expenditure was 13.42 and 11.55 respectively. Payment on subsidies during 2022-23 (₹ 26,166 crore) increased by 11.99 *per cent* from the previous year (₹ 23,364 crore).

The biggest component of the subsidy outgo of the GoR was the subsidy to the Power Sector which accounted for 97.09 *per cent* (₹ 25,405 crore) of the total subsidy. During 2022-23, subsidy was given to the Power Sector mainly on account of non-increase of Power Tariff (₹ 22,174.26 crore) and grants (tariff grant) receivable from the State government to the electricity distribution corporations (₹ 1,300.00 crore). Further, subsidy to Power Sector ranged from 96.20 *per cent* to 98.44 *per cent* of the total subsidy provided by GoR during 2018-19 to 2022-23.

Power Sector subsidy (₹ 25,405 crore) increased by 12.19 *per cent* (₹ 2,761 crore) over the previous year (₹ 22,644 crore) mainly due to increase of ₹ 2,368 crore as assistance to Distribution Companies on account of non-increase of Power Tariff.

The second biggest component of Subsidies in 2022-23 was Crop Husbandry (₹ 649.31 crore) which increased by 17.78 *per cent* from ₹ 551.30 crore in 2021-22. However, subsidy under the National Food Security Scheme decreased by 39.96 *per cent* from ₹ 113.64 crore in 2021-22 to ₹ 68.23 crore in 2022-23.

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

Financial assistance to the tune of ₹ 49,443.69 crore was provided by the State Government to Local bodies and Other Institutions by way of grants and loans in 2022-23. During 2022-23, the financial assistance to Local bodies and Other Institutions marginally increased by 0.65 *per cent* in comparison to previous year (₹ 49,126.65 crore). Further, during the period 2018-23, the overall financial assistance to Local Bodies and Other Institutions constituted 20.90 *per cent* to 23.42 *per cent* of the revenue expenditure.

The quantum of assistance provided through grants to Local Bodies and Other Institutions during 2018-23 is given in Table 2.23.

**Table 2.23: Financial Assistance to Local Bodies and other institutions**

(₹ in crore)						
S. No.	Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
	<b>(A) Local Bodies</b>					
1.	Municipal Corporations and Municipalities	3,811.13	3,781.24	5,205.98	5,542.19	6,229.12
2.	Panchayati Raj Institutions	14,834.25	15,270.45	14,543.19	21,585.50	20,766.58
	<b>Total (A)</b>	<b>18,645.38</b>	<b>19,051.69</b>	<b>19,749.17</b>	<b>27,127.69</b>	<b>26,995.70</b>
	<b>(B) Others</b>					
3.	Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,452.88	1,487.70	1,267.73	1,393.81	1,892.14
4.	Development Authorities	13.65	12.41	12.87	28.48	39.02
5.	Hospitals and Other Charitable Institutions	1,241.07	898.43	430.43	1,539.23	1,859.75
6.	Other Institutions	13,509.23	19,574.59	18,284.48	19,037.44	18,657.08 <sup>9</sup>
	<b>Total (B)</b>	<b>16,216.83</b>	<b>21,973.13</b>	<b>19,995.51</b>	<b>21,998.96</b>	<b>22,447.99</b>
	<b>Total (A+B)</b>	<b>34,862.21</b>	<b>41,024.82</b>	<b>39,744.68</b>	<b>49,126.65</b>	<b>49,443.69</b>
7.	GIA on Salary	5,690.64	5,132.98	4,683.66	6,639.46	7,468.09
8.	GIA for creation of Capital assets	799.14	5,197.63	989.72	578.69	267.35
9.	GIA for non-salary	28,372.31	30,686.40	34,041.57	41,905.84	41,708.25
10.	GIA given in kind	Information not provided by the State government				
11.	Revenue Expenditure	1,66,773	1,76,485	1,78,309	2,09,790	2,26,479
12.	Assistance (A+B) as percentage of Revenue Expenditure	20.90	23.25	22.29	23.42	21.83

Source: Finance Accounts

9. It included mainly grants given for (i) General Education: ₹ 5,105.59 crore; (ii) Crop Husbandry: ₹ 2,351.78 crore; (iii) Co-operative Institutions: ₹ 2,079.65 crore; (iv) Family Welfare: ₹ 1,934.50 crore; (v) Government Companies: ₹ 1,136.05 crore. (vi) Relief on account of Natural Calamities: ₹ 903.64 crore and (vii) Taxes on Sales, Trade etc.: ₹ 495.51 crore.

As can be seen from table above, financial assistance to local bodies and other institutions has continuously increased over the five-year period from ₹ 34,862.21 crore in 2018-19 to ₹ 49,443.69 crore in 2022-23.

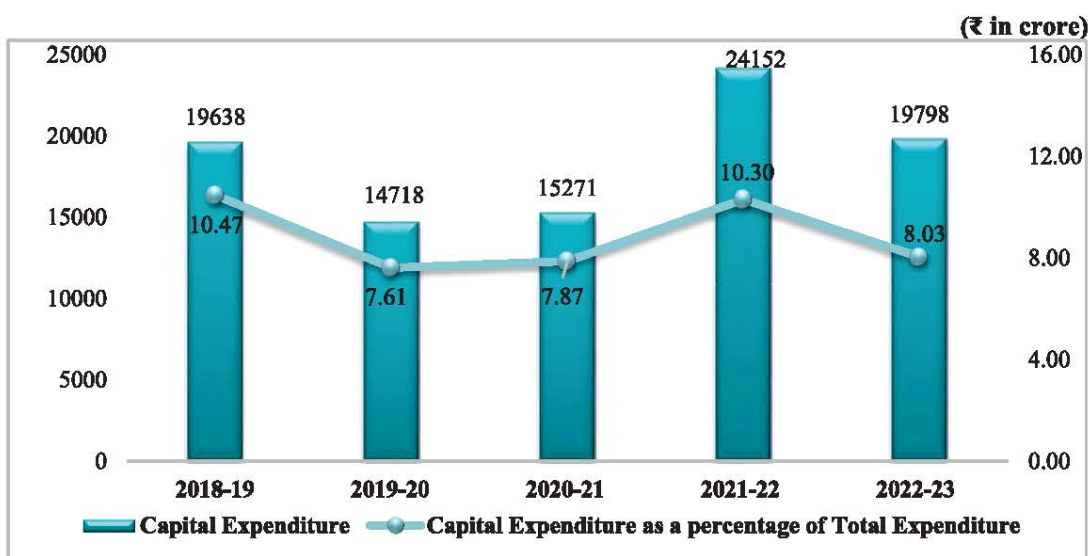
The overall financial assistance given for salary, creation of assets and for non-salary purposes has increased over the five-year period. Moreover, share of financial assistance on salary, creation of capital assets, and for non-salary purpose during 2022-23 was 15.11 *per cent*, 0.54 *per cent* and 84.36 *per cent* respectively, with respect to the total financial assistance to local bodies and other institutions.

During 2022-23, major recipients of financial assistance were:

- Mahatma Gandhi National Rural Employment Guarantee Scheme to Zila Parishads (₹ 3,736.84 crore),
- Grant for Primary Schools to Panchayat Samitis (₹ 3,477.60 crore),
- General Expenditure on Integrated Education under Primary Education (₹ 2,940.79 crore),
- Grant under Pradhan Mantri Awas Yojana-Gramin to Zila Parishads (₹ 2,696.90 crore),
- Grant under State Finance Commission recommendations to Gram Panchayat (₹ 2,497.16 crore),
- National Rural Health Mission (₹ 1,901.48 crore),
- Octroi Reimbursement to Municipalities/Municipal Councils (₹ 1,436.97 crore),
- Octroi Reimbursement to Municipal Corporations (₹ 1,354.25 crore),
- Grant under State Finance Commission recommendations to Panchayat Samitis (₹ 1,110.51 crore),
- General Basic Grant under Central Finance Commission recommendations to Gram Panchayat (₹ 1,086.98 crore),
- Adhoc assistance for establishment to Panchayat Samitis (₹ 1,079.45 crore),
- Agriculture loan waiver scheme (₹ 1,000.00 crore),
- Grant under State Finance Commission recommendations to Municipalities/Municipal Councils (₹ 918.59 crore),
- Rajasthan Medical Service Corporation for Free Medicine Distribution Scheme (₹ 700.00 crore).

### 2.4.3 Capital Expenditure

Capital Expenditure is primarily the expenditure on creation of fixed infrastructure assets such as roads, buildings etc. It also includes investment made by the State Government in Companies/Corporations. The overall capital expenditure and its percentage to total expenditure during 2018-23 is indicated in **Chart 2.14**.

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

The percentage share of capital expenditure in the total expenditure decreased from 10.30 *per cent* in 2021-22 to 8.03 *per cent* during 2022-23.

#### 2.4.3.1 Major changes in Capital Expenditure

Table 2.24 highlights the cases of significant increase or decrease in various Heads of Accounts in Capital Expenditure during 2022-23 *vis-à-vis* the previous year.

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

(₹ in crore)				
S. No.	Major Heads of Accounts	2021-22	2022-23	Increase/ Decrease (-)
1.	4202- Capital Outlay on Education, Sports, Art and Culture	627.20	1,446.64	819.44
2.	4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes and Minorities	187.48	558.58	371.10
3.	4215- Capital Outlay on Water Supply and Sanitation	4,917.78	2,372.73	(-)2,545.05
4.	5054- Capital Outlay on Roads and Bridges	4,161.86	2,596.28	(-)1,565.58
5.	4217- Capital Outlay on Urban Development	3,067.98	1,945.62	(-)1,122.36

Source: Finance Accounts

During 2022-23, Capital expenditure decreased by 18.03 *per cent* (₹ 4,354 crore) over the previous year. This decrease was mainly under Capital Outlay on Water Supply and Sanitation (₹ 2,545 crore) and Roads and Bridges (₹ 1,566 crore).

#### 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. The State Government may take requisite steps to bring efficiency in their operations.

This section presents an analysis of return on investment and other capital expenditure undertaken by the Government during the current year.

### (i) *Return on Investment*

Statement 21 of the Finance account gives the details of the investments of the State Government as on 31 March 2023. Trends of return on investment in companies, corporations and co-operative banks, Joint ventures and societies for the years 2018-19 to 2022-23 are depicted in **Table 2.25**.

**Table 2.25: Returns on Investment**

Investment/Returns/Cost of Borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	49,861.39	52,208.91	52,784.40	56,475.10	59,291.41
Returns (₹ in crore)	55.80	54.47	2.89	87.48	28.71
Returns ( <i>per cent</i> )	0.1	0.1	0.01	0.15	0.05
Average rate <sup>10</sup> of interest on Government borrowings ( <i>per cent</i> )	7.3	7.1	6.60	6.44	6.32
Difference between interest rate and returns ( <i>per cent</i> )	7.2	7.0	6.59	6.29	6.27
Difference between interest on Government borrowings and return on investment (₹in crore)*	3,590.02	3,654.62	3,478.49	3,552.28	3,717.57

Source: Finance Accounts

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

During 2022-23, the return on investment was ₹ 28.71 crore (0.05 *per cent*). The return varied between 0.01 *per cent* and 0.15 *per cent* during 2018-23 while the average rate of interest paid by the State Government on its borrowings was in the range of 6.32 *per cent* to 7.30 *per cent* during the same period. Over the past five years, the difference in cost of Government borrowings and return on investments in PSUs was to the tune of ₹ 17,992.98 crore.

Return on investment in share capital invested in Public Sector Undertakings (PSUs) is important determinants of quality of capital expenditure.

### (ii) *Loans and Advances by the State Government*

In addition to investments in Cooperative Societies, Corporations and Companies, the Government has also been providing loans and advances to many institutions/organisations. **Table 2.26** presents the outstanding loans and advances as on 31 March 2023 and interest receipts *vis-à-vis* interest payments during the last five years.

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

**Table 2.26: Quantum of loans disbursed and recovered****(₹ in crore)**

S. No.	Quantum of loans disbursed and recovered	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Opening Balance of loans outstanding	37,308	23,263	9,848	9,966	8,213
2.	Amount advanced during the year	1,113	2,255	491	621	175
3.	Amount recovered during the year	15,158*	15,670*	373	2,374	420
4.	Closing Balance of the loans outstanding	23,263	9,848	9,966	8,213	7,968
5.	Net addition during the year (disbursement-recovery)	(-) 14,045	(-) 13,415	118	(-)1,753	(-)245
6.	Interest received	4,390	2,568	1,253	55	238
7.	Interest rate on Loans and Advances given by the Government.	14.50	15.51	12.65	0.61	2.94
8.	Rate of Interest paid on the outstanding borrowings of the Government	7.32	7.12	6.60	6.44	6.32
9.	Difference between the rate of interest paid and interest received (per cent)	(+) 7.18	(+) 8.39	(+) 6.05	(-)5.83	(-)3.38

Source: Finance Accounts

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

Total loans and advances (₹ 7,968 crore) included loans and advances of ₹ 4,581 crore (57.49 per cent) given to Power Projects. The amount of loans and advances disbursed decreased from ₹ 621 crore in 2021-22 to ₹ 175 crore (Economic Services) in 2022-23.

### **(iii) Capital locked in Incomplete projects**

An assessment of trends in capital blocked in incomplete capital works indicate about the quality of capital expenditure. The department-wise information pertaining to incomplete projects (more than ₹10 crore each) as on 31 March 2023, is given in Table 2.27 and Table 2.28.

**Table 2.27: Age profile of incomplete projects as on 31 March 2023 (₹ in crore)**

Year (Commencement)	No. of incomplete projects	Estimated cost (including revised cost)	Expenditure (as on 31 March 2023)
Upto 2013-14	45	23,136.50	19,267.16
2014-15	0	0.00	0.00
2015-16	1	311.49	243.00
2016-17	9	1,529.30	1,108.58
2017-18	19	5,660.03	3,236.48
2018-19	20	3,788.54	2,391.68
2019-20	6	121.71	66.34
2020-21	6	125.78	104.27
2021-22	144	10,669.14	2,781.97
2022-23	97	4,518.60	1,469.75
<b>Total</b>	<b>347</b>	<b>49,861.09</b>	<b>30,669.23</b>

Source: Finance Accounts

**Table 2.28: Department-wise profile of incomplete projects as on 31 March 2023 (₹ in crore)**

Department	No. of incomplete projects	Estimated cost (including revised cost)	Expenditure (as on 31 March 2023)
Water Resources	72	19,965.94	14,236.20
Public Works	222	7,147.60	3,257.55
Public Health Engineering	53	22,747.55	13,175.48
<b>Total</b>	<b>347</b>	<b>49,861.09</b>	<b>30,669.23</b>

As per the information furnished by the State Government, there were 347 incomplete projects (more than ₹ 10 crore each) as on 31 March 2023, on which an amount of ₹ 30,669.23 crore had been spent which was 11.71 *per cent* of the cumulative capital outlay (₹ 2,61,965.13 crore) of the State.

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

#### **2.4.3.3 Resource availability of the State under Public Private Partnership Projects**

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

As per information furnished (August 2023) by the PPP Cell, 195 projects amounting to ₹ 17,447.53 crore were completed and 29 projects amounting to ₹ 4,342.66 crore were under progress as on 31 March 2023. Besides, 31 projects amounting to ₹ 10,829.90 crore relating to Urban Infrastructure, Power, Water, Social and Other Sectors are under various stages of planning. Sector-wise details of PPP projects completed, ongoing and to be taken up in future are shown in Table 2.29.

**Table 2.29: Sector-wise details of PPP Projects**

S. No.	Sector	Completed		Ongoing/ under implementation		Planned for future	
		No.	Estimated Cost	No.	Estimated Cost	No.	Estimated Cost
1.	Road	74	8,546.25	11	2,812.27	-	-
2.	Urban Infrastructure	27	560.67	9	506.67	19	7,122.45
3.	Power	15	7,449.37	5	1,005.45	4	1,631.92
4.	Water	1	46.00	-	-	1	365.00
5.	IT	1	54.01	-	-	-	-
6.	Social	61	624.87	4	18.27	5	747.53
7.	Other	16	166.36	-	-	2	963.00
	<b>Total</b>	<b>195</b>	<b>17,447.53</b>	<b>29</b>	<b>4,342.66</b>	<b>31</b>	<b>10,829.90</b>

Source: Information provided by Planning Department

Scrutiny of the budget documents of 2022-23 revealed that the State Government did not provide the details of figures and information regarding investment made in PPP

projects in the previous year. Further, the revenue generated against these projects of the State Government was not ascertainable (by the Private sector as well) from the budget document. For the current year also, the budget documents do not reveal distinctively and separately, the estimated investment to be made by the Private and Government sectors in connection with PPP projects involving the State Government.

#### 2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. The higher the ratio of these components to total expenditure, the better is the quality of expenditure.

**Table 2.30**, analyses the fiscal priority of the State Government with regard to total expenditure, capital expenditure, expenditure on Education and expenditure on Health *vis-à-vis* the average of States other than North Eastern (NE) and Himalayan States during 2018-19 and 2022-23.

**Table 2.30: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

S. No.		(In per cent)			
		Total Expenditure /GSDP	Capital Expenditure including Loans and Advances /Total Expenditure	Education/ Total Expenditure	Health and Family Welfare/ Total Expenditure
1.	Average of States other than NE and Himalayan States 2018-19	16.38	15.58	14.76	5.07
2.	Rajasthan 2018-19	20.57	11.07	18.76	6.33
3.	Average of States other than NE and Himalayan States 2022-23	15.79	15.22	14.85	5.68
4.	Rajasthan 2022-23	17.43	8.10	18.47	6.27

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

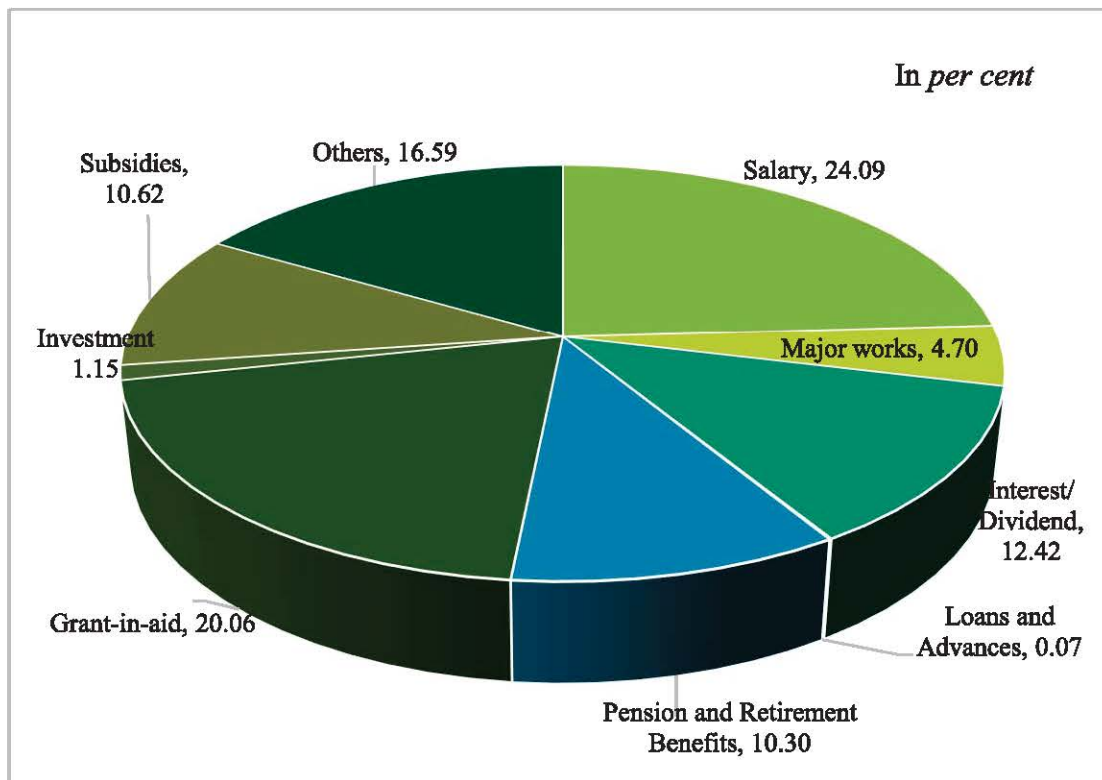
It can be seen from the table that:

- Rajasthan's Capital Expenditure as a percentage of Total Expenditure was lower than the Average of States other than NE and Himalayan States in 2018-19 and the gap has widened in 2022-23.
- Rajasthan has been consistently devoting more resources as a percentage of Total Expenditure towards Education than the Average of States other than NE and Himalayan States, though it has come down in 2022-23 as compared to 2018-19.
- Rajasthan's Health & Family Welfare expenditure as a percentage of Total Expenditure) was higher than the Average of States other than NE and Himalayan States in 2018-19, however it was lower in 2022-23 than in 2018-19.

### 2.4.5 Object head wise expenditure

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

**Chart 2.15: Object Head wise expenditure during 2022-23**



Source: Finance Accounts

During 2022-23 expenditure on Salary, Pension and Interest/Dividend accounted for 46.81 *per cent* of the total expenditure.

## 2.5 Public Account

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

### 2.5.1 Net Public Account Balances

Component-wise net balances in Public Account during the last five years are given in Table 2.31.

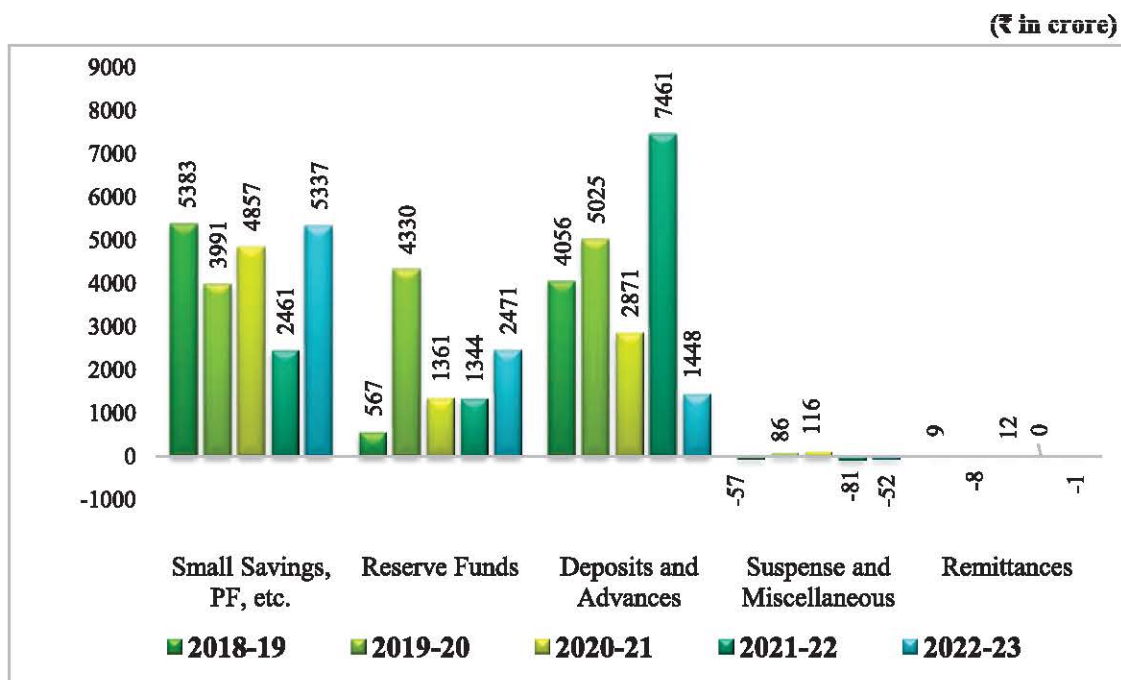
**Table 2.31: Component-wise net balances\* in Public Account as of 31 March**

(₹ in crore)							
S. No.	Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
1.	I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	5,383	3,991	4,857	2,461	5,337
2.	J. Reserve Funds	(a) Reserve Funds bearing Interest	587	3,094	697	188	628
		(b) Reserve Funds not bearing Interest	(-) 20	1,236	664	1,156	1843
		<b>Sub Total</b>	<b>567</b>	<b>4,330</b>	<b>1,361</b>	<b>1,344</b>	<b>2,471</b>
3.	K. Deposits and Advances	(a) Deposits bearing Interest	436	2,150	3,604	2,181	4,853
		(b) Deposits not bearing Interest	3,620	2,875	(-) 733	5,280	(-) 3,405
		(c) Advances	-	-	-	-	-
		<b>Sub Total</b>	<b>4,056</b>	<b>5,025</b>	<b>2,871</b>	<b>7,461</b>	<b>1,448</b>
4.	L. Suspense and Miscellaneous	(a) Suspense	(-) 30	105	125	(-) 72	(-) 41
		(b) Other Accounts	(-) 27	(-) 19	(-) 9	(-) 9	(-) 11
		(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
		(d) Miscellaneous	-	-	-	-	-
		<b>Sub Total</b>	<b>(-) 57</b>	<b>86</b>	<b>116</b>	<b>(-) 81</b>	<b>(-) 52</b>
5.	M. Remittances	(a) Money Orders, and other Remittances	8	4	-	-	(-) 1
		(b) Inter- Governmental Adjustment Account	1	(-) 12	12	-	-
		<b>Sub Total</b>	<b>9</b>	<b>(-) 8</b>	<b>12</b>	<b>-</b>	<b>(-) 1</b>
		<b>Total</b>	<b>9,958</b>	<b>13,424</b>	<b>9,217</b>	<b>11,185</b>	<b>9,203</b>

Source: Finance Accounts

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

The net Public Account Receipts of the State decreased from ₹ 9,958 crore in 2018-19 to ₹ 9,203 crore in 2022-23. During 2022-23, net Public Account Receipts decreased by 17.72 per cent over the previous year which led to decrease liability of the government in Public Account.

**Chart 2.16: Yearly changes in composition of Public Account balances**

Source: Finance Accounts

### 2.5.2 Reserve Funds

According to Paragraph 4.5 of the State Budget Manual, Reserves and Reserve Funds are created for specific and well-defined purposes in the accounts of the State Government (Public Account). These funds are created by contributions or grants from the Consolidated Fund of State or from outside agencies. The funds are further divided into two parts (i) Reserve Funds bearing interest and (ii) Reserve Funds not bearing interest. The funds are created by the sums transferred by debiting the concerned expenditure head of the Consolidated Fund of the State. Thereafter, the total expenditure incurred during the year has to be reimbursed from the concerned Reserve Fund.

As on 31 March 2023, there was ₹ 15,058.62 crore in 24 Reserve Funds in Public Accounts including ₹ 5,345.34 crore in three interest bearing funds. The balances lying in the Reserve Funds are given in Table 2.32 below:

**Table 2.32: Details of Reserve Funds**

(₹ in crore)		
S. No	Name of Reserve Fund	Balances as on 31 March 2023
<b>A</b>	<b>Reserve Funds bearing Interest</b>	<b>5,345.34</b>
1.	State Disaster Response Fund	3,181.23
2.	State Compensatory Afforestation Fund	1,347.12
3.	State Disaster Mitigation Fund	816.99
<b>B</b>	<b>Reserve Funds not bearing Interest</b>	<b>9,713.28</b>
1.	Guarantee Redemption Fund	7,628.97
2.	Rajasthan Transport Infrastructure Development Fund	594.10
3.	Dedicated Road Safety Fund	377.63
4.	Water Conservation Cess Fund	335.05
5.	State Road and Bridges Fund	219.88
6.	Natural and Man-made Disaster Relief Fund	136.53
7.	Rajasthan Cow Protection and Promotion Fund	115.33
8.	Other Reserve Funds	305.79
	<b>Total (A+B)</b>	<b>15,058.62</b>

Source: Finance Accounts

- Operative Reserve Funds**

During 2022-23, a sum of ₹ 12,718.15 crore was credited to 20 operative Reserve Funds of the state which mainly included State Road and Bridges Fund (₹ 3,000.00 crore), State Disaster Response Fund (₹ 1,825.87 crore), Rajasthan Transport Infrastructure Development Fund (₹ 892.28 crore), Development funds for Animal Husbandry Purposes (₹ 857.56 crore) and Guarantee Redemption Fund (₹ 1,556.53 crore).

- Inoperative Reserve Funds**

As per Finance Account 2022-23, four<sup>11</sup> non-interest bearing Reserve Funds (₹ 3.27 crore) were inactive for more than five years.

11. (i) Deposit of Special Fees (Peripheral) for the Development of Converted Residential Land: ₹ 324.59 lakh, (ii) Rajasthan Development and Poverty Mitigating Fund: ₹ 1100 only, (iii) Transfer from/to Capital Account- Amount received from KFW Germany for Water Supply Scheme PMC Churu: ₹ 2.22 lakh and (iv) Rajasthan State Investment Funds ₹ 979 only.

### 2.5.2.1 State Disaster Risk Management Fund

XV-FC recommended the creation of funds for disaster mitigation along with disaster response, together called State Disaster Risk Management Fund (SDRMF) with effect from 1 April 2020. The ratio of contribution to the fund is 75:25 for the Central and the State Governments respectively. Disaster Management, Relief and Civil Defence Department, GoR is the nodal department for the fund. The coverage of this fund recommended by the XV-FC goes beyond the disaster response funds that already exist at national (National Disaster Response Fund) and State (State Disaster Response Fund-SDRF) levels constituted under the Disaster Management Act, 2005. SDRMF consists of two components viz. SDRF and State Disaster Mitigation Fund (SDMF) with the allocation in the proportion of 80 *per cent* and 20 *per cent* respectively.

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

As per guidelines for the administration of SDRMF, the accretions to the SDRMF together with the income earned on the investment of the SDRMF are to be invested in Central Government dated Securities, auctioned Treasury Bills, and other interest-earning deposits with Scheduled Commercial Banks. The State Government is required to pay interest on the amount not invested to the SDRMF at the rate applicable to overdrafts under the Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half-yearly basis.

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

- (i) As per the recommendation of the XV-FC, the GoR transferred ₹ 1,659.20 crore (Central share: ₹ 1,244.80 crore and State share: ₹ 414.40 crore) to the SDRF during 2022-23. It was found that out of the Central share of ₹ 1,244.80 crore, GoI had issued (01 July 2022) sanction for ₹ 622.40 crore towards the first instalment of SDRF which was transferred on 19 July 2022 by the State Government along with its share (₹ 207.20 crore) after a delay of three days.
- (ii) On the recommendation of XV-FC, the State government constituted the SDMF on 03 May 2021 for funding the projects exclusively for the purpose of mitigation. The State Government received Central share of ₹ 155.60 crore for SDMF for the year 2022-23 (on 31 March 2023) and transferred ₹ 207.40 crore (Central share: ₹ 155.60 crore and State share: ₹ 51.80 crore) to SDMF on 01.05.2023 with a delay of 16 days.
- (iii) Audit scrutiny revealed that the State government paid an interest of ₹ 107.63 crore and ₹ 26.99 crore on uninvested amount of SDRF and SDMF respectively during 2022-23.

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

During 2022-23, expenditure of ₹ 1,136.54 crore was incurred on the budget head 'Relief on Account of Natural Calamities', out of which ₹ 1,127.03 crore was met from SDRF (excluding Administration expenses of ₹ 9.51 crore) as per details given in Table 2.33.

**Table 2.33: Details of expenditure charged to SDRF**

(₹ in crore)			
S. No.	Major Head of Account	Minor Head of Account	Amount
1.	2245- Relief on Account of Natural Calamities 01- Drought	102- Drinking Water Supply	41.13
		104- Supply of Fodder	55.85
		800- Other Expenditure	452.81
		<b>Sub Total</b>	<b>549.79</b>
2.	2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	52.53
		102-Drinking Water Supply	-
		106-Repairs and Restoration of Damaged Roads and Bridges	156.82
		107- Repairs and restoration of damaged Government Office Buildings	0.73
		111- Ex-gratia payment to bereaved families	1.76
		113- Assistance for repairs/reconstruction of Houses	32.54
		114- Assistance to farmers for purchase of Agriculture Inputs	316.21
		117- Assistance to farmers for purchase of livestock	0.27
		122-Repairs and Restoration of Damaged Irrigation and Flood Control Works	16.48
		282- Public Health	(-) 0.10
		<b>Sub Total</b>	<b>577.24</b>
		<b>Grand Total</b>	<b>1,127.03</b>
3.	2245- Relief on Account of Natural Calamities 80- General	800-Other Expenditure (Administration Expenses)	9.51
		<b>Sub-Total</b>	<b>9.51</b>
		<b>Total</b>	<b>1,136.54</b>

Source: Finance Accounts.

### 2.5.2.2 Guarantee Redemption Fund

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

According to Finance Department (Ways & Means), GoR order (December 2007), accumulations in this fund including interest earned on invested funds are to be invested through RBI into Treasury Bills of 364 days of GoI.

The corpus of the Fund was to be gradually increased to the desired level of 5 per cent of outstanding guarantees in terms of the guidelines of the RBI which administers the Fund. The Guarantee Redemption Fund had a balance of ₹ 7,628.97 crore as on 31<sup>st</sup> March 2023 which was 7.28 per cent of outstanding guarantees (₹ 1,04,832.45 crore).

As of 1<sup>st</sup> April 2022, the opening balance in the Fund was ₹ 6,072.44 crore. During the year 2022-23, a sum of ₹ 1,372.37 crore (₹ 37.90 crore belonging to the period 2021-22 and ₹ 1,334.47 crore<sup>12</sup> of 2022-23) was transferred into the Fund and no guarantee was invoked. In addition to this, an amount of ₹ 184.16 crore was received by the Government as interest on investment made from the Fund during 2022-23. As

12. ₹ 1,338.86 crore received under head '0075-108' against receivable guarantee fee of ₹ 1,386.03 crore.

of 31<sup>st</sup> March 2023, the closing balance in the Fund was ₹ 7,628.97 crore, out of which only ₹ 6,766.39 crore was invested in the Treasury Bills of 364 days and remaining funds of ₹ 862.58 crore were lying un-invested.

### 2.5.2.3 Collection of Cess/Surcharge

Cess is levied by government for a specific purpose, and the proceeds are required to be kept in a separate fund, with distinct accounting to ensure that it is incurred on the specific purpose. The details of collection of various cess/surcharge and transfer to respective funds is given in the Table 2.34 below:

**Table 2.34: Position of collection of cess and transfer to the fund**

(₹ in crore)

S. No.	Name of Cess	Opening Balance of un-transferred amount	Cess/Surcharge Collected during the year 2022-23	Total (3+4)	Amount transferred to the fund during 2022-23	Closing Balance of Un-transferred Amount (5-6)
1	2	3	4	5	6	7
1.	Petrol and Diesel cess (Rajasthan State Road Development Fund Act, 2004)	3,531.98	1,438.03	4,970.01	3,000.00	1,970.01
2.	Surcharge for conservation and propagation of cow and its progeny (Rules, 2016)	1,367.44	1,101.29	2,468.73	857.56	1,611.17
3.	Water Conservation cess (Rajasthan Electricity (Duty) Act, 1962)	986.99	309.62	1,296.61	249.19	1,047.42
4.	Building and Other Construction Workers' Welfare cess (Rules 2009)	500.62	624.32	1,124.94	500.87	624.07
5.	Infrastructure Development cess	380.12	530.71	910.83	892.28	18.55
6.	Surcharge for relief from Natural and Man-made disasters	0.00	530.65	530.65	137.38	393.27
	<b>Total</b>	<b>6,767.15</b>	<b>4,534.62</b>	<b>11,301.77</b>	<b>5,637.28</b>	<b>5,664.49</b>

Source: Finance Accounts

As seen from the above table, the State Government short transferred ₹ 5,664.49 crore in six Reserve funds/Deposit funds upto 31 March 2023 in violation of rules which is a deferred liability of the State Government. Against the Cess collection in respect of six cesses of ₹ 4,534.62 crore during 2022-23, the State Government transferred an amount of ₹ 5,637.28 crore resulting in overstatement of Revenue Deficit and Fiscal Deficit by ₹ 1,102.66 crore.

Further, during the current year, the State Government collected ₹ 2,565.88 crore in respect of four out of six Cesses viz., (i) Surcharge for conservation and propagation of cow and its progeny, (ii) Water conservation Cess (iii) Building and other construction workers' welfare cess and (iv) Surcharge for relief from Natural and Man-made disasters and transferred only ₹ 1,745 crore. This resulted into short transfer of ₹ 820.88 crore which led to deferring the liability to future years.

## 2.6 Management of Public Liability

Debt management is the process of establishing and executing a strategy for managing the Government's liability 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 enactments or any other annual budget announcements. Outstanding liability of the State along with its percentages to GSDP for the years 2018-19 to 2022-23 is depicted in Chart 2.17.

**Chart 2.17: Position of outstanding liability during 2018-23**



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

# Arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loans under debt receipts from the total outstanding liabilities.

The total liability of the State Government increased from ₹ 3,13,374 crore in 2018-19 to ₹ 5,05,574 crore<sup>13</sup> in 2022-23. During 2022-23, it increased by 9.23 per cent over the previous year. These liabilities were more than twice the revenue receipts (₹ 1,94,988 crore) and more than four times the State's own resources (₹ 1,07,911 crore) during 2022-23.

### 2.6.1 Liability profile: Components

According to Rajasthan FRBM Act, 2005, total liability means the explicit liabilities under Consolidated Fund of the State and the Public Account of the State including General Provident Fund. Some of the important terms in this regard are explained in **Appendix 2.3**. Table 2.35 presents the component-wise overall liability trends for the period 2018-23.

**Table 2.35: Component wise liability trends**

		(₹ in crore)				
S. No.		2018-19	2019-20	2020-21	2021-22	2022-23
1.	<b>Outstanding Overall Liability (2+3)</b>	<b>3,11,374*</b>	<b>3,52,702*</b>	<b>4,10,500*</b>	<b>4,62,845*</b>	<b>5,05,574*</b>
2.	<b>Public Debt</b>	2,33,239	2,59,380	3,08,321	3,53,556	3,88,384
(i)	<b>Internal Debt</b>	2,19,312	2,42,077	2,84,789	3,21,807	3,50,962

13. Effective outstanding liability would be ₹ 4,93,702 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 11,872 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

S. No.		2018-19	2019-20	2020-21	2021-22	2022-23
(ii)	<b>Loan from GoI</b>	13,927	17,303	23,532	31,749	37,422
3.	<b>Liabilities on Public Account</b>	78,135	93,322	1,02,179	1,09,289	1,17,190
(i)	<i>Small Savings, Provident Fund etc.</i>	47,478	51,468	56,326	58,786	64,123
(ii)	<i>Reserve funds Bearing Interest</i>	738	3,832	4,529	3,345	4,668
(iii)	<i>Reserve funds not Bearing Interest</i>	1,101	4,179	4,610	2,984	2,776
(iv)	<i>Deposits Bearing Interest</i>	5,517	7,667	11,270	13,451	18,304
(v)	<i>Deposits not Bearing Interest</i>	23,301	26,176	25,444	30,723	27,319
4.	<b>Rate of growth of outstanding Overall liability (percentage)</b>	10.74	13.27	16.39	12.75	9.23
5.	<b>GSDP</b>	9,11,519	9,98,679	10,19,442	12,18,193	14,13,620
6.	<b>Overall Liability/GSDP (per cent)</b>	34.16	35.32	39.82 <sup>14</sup>	37.02 <sup>15</sup>	34.92 <sup>15</sup>
7.	<b>Total Liability Receipts during the year including public accounts receipts #</b>	2,08,734	2,37,596	2,68,770	3,02,174	2,90,718
8.	<b>Total Repayments during the year including Public Account disbursements #</b>	1,78,542	1,96,268	2,10,972	2,49,829	2,47,990
9.	<b>Net funds available</b>	30,192	41,328	57,798	52,345	42,728
10.	<b>Funds Available/Total Liability Receipts (percentage)</b>	14.46	17.39	21.50	17.32	14.70

Source: Finance Accounts

\* Including outstanding UDAY loans: 2018-19 = ₹ 51,636 crore, 2019-20= ₹ 44,730 crore, 2020-21= ₹ 37,825 crore, 2021-22= ₹ 30,919 crore and 2022-23= ₹ 24,013 crore.

# Excluding Ways and Means Advances.

The effective outstanding overall debt would be ₹ 4,93,702 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 11,872 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

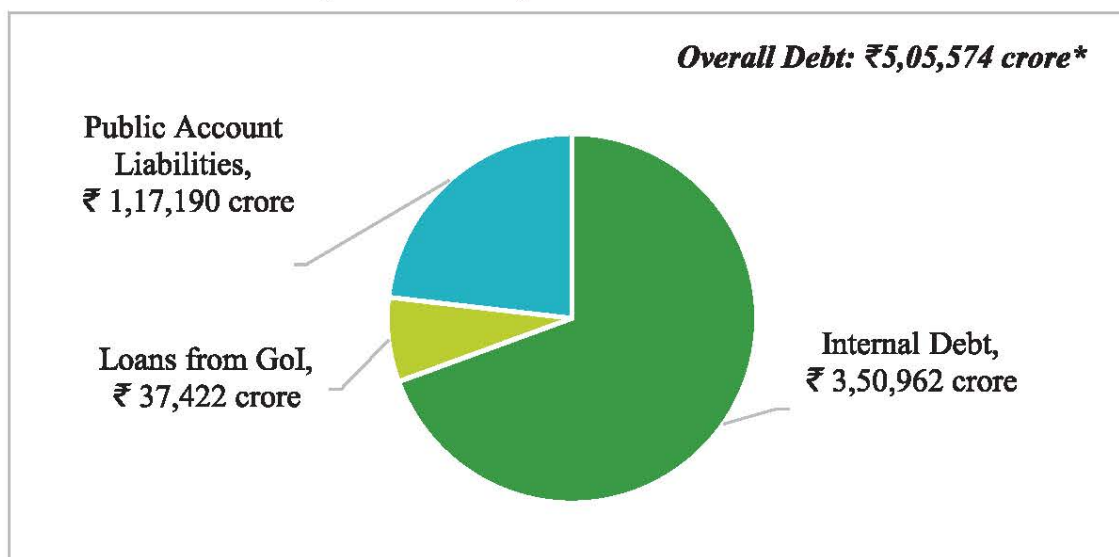
During 2022-23, the overall liability increased by ₹ 42,729 crore from previous year mainly due to increase in public debt (₹ 34,828 crore) and public account liabilities (₹ 7,901 crore).

The overall liability-GSDP ratio decreased from 37.02 *per cent* in 2021-22 to 34.92 *per cent* in 2022-23. The State achieved the target of 38.20 *per cent* fixed under FRBM Act.

14. The effective liability to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 4,604 crore received as back to back loan under debt receipts from the outstanding overall liability.

15. The effective liability to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loan under debt receipts from the outstanding overall liability.

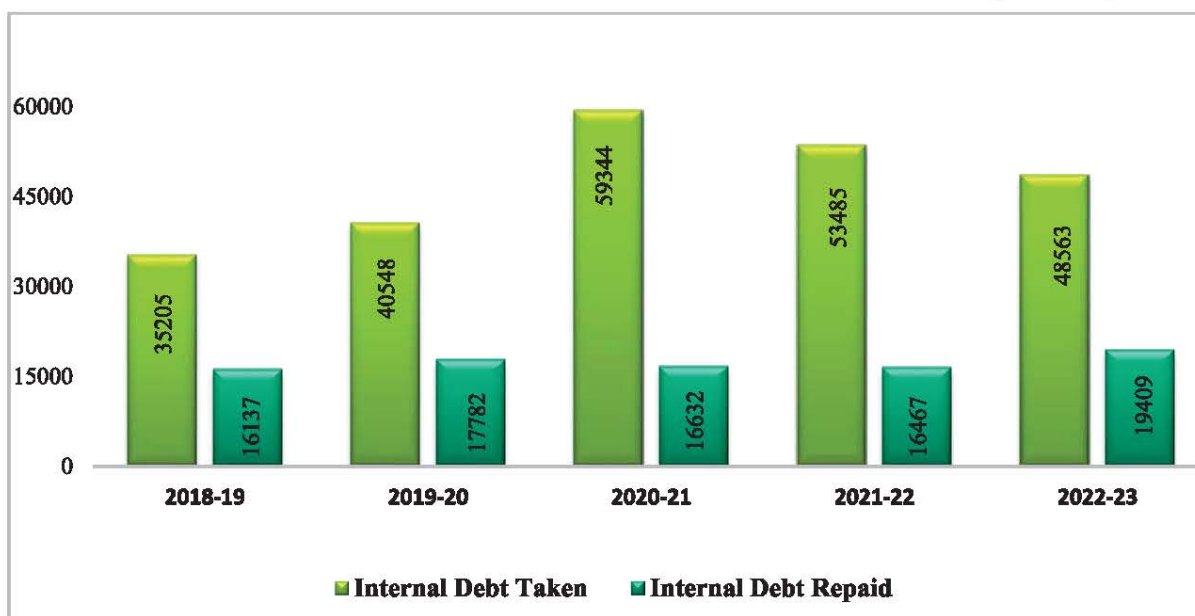
**Chart 2.18: Break up of Outstanding Overall Debt at the end of Financial Year**



\* Effective overall liability would be ₹ 4,93,702 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 11,872 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

**Chart 2.19: Internal debt taken vis-a-vis repaid**

(₹ in crore)



The Internal debt taken has increased from ₹ 35,205 crore in 2018-19 to ₹ 48,564 crore in 2022-23 at a CAGR of 8.37 per cent, however, the Internal debt repaid has increased lower at a CAGR of 4.72 per cent from ₹ 16,137 crore in 2018-19 to ₹ 19,409 crore in 2022-23.

### Components of fiscal deficit and its financing pattern

**Table 2.36** presents item-wise net disbursement/outflow financing pattern of fiscal deficits of the State during 2018-19 to 2022-23.

**Table 2.36: Components of fiscal deficit and its item-wise financing pattern**

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>(a) Composition of Fiscal Deficit</b>					
1 Revenue Deficit/ Surplus (-)	28,900	36,371	44,001	25,870	31,491
2 Net Capital Expenditure	19,618	14,698	15,257	24,121	19,782
3 Net Loans and Advances*	(-) 14,045	(-) 13,415	118	(-) 1,753	(-) 245
<b>Total (a)</b>	<b>34,473</b>	<b>37,654</b>	<b>59,376</b>	<b>48,238</b>	<b>51,028</b>
<b>(b) Financing Pattern of Fiscal Deficit</b>					
1 Market Borrowings	26,822	31,592	51,179	45,149	37,016
2 Loans from GoI	1,864	3,375	6,229	8,217	5,673
3 Special Securities Issued to National Small Saving Funds	(-) 1,560	(-) 1,585	(-) 1,584	(-) 1,585	(-) 1,585
4 Ways and Means	-	-	-	-	-
5 Loans from Financial Institutions	(-) 6,194	(-) 7,241	(-) 6,882	(-) 6,546	(-) 6,277
6 Small Savings, Provident Fund etc.	5,383	3,991	4,857	2,461	5,337
7 Deposits and Advances	4,056	5,025	2,871	7,461	1,448
8 Suspense and Miscellaneous	(-) 57	86	116	(-) 81	(-) 52
9 Remittances	09	(-) 8	12	0	(-) 1
10 Reserve Funds	567	4,330	1,361	1,344	2,471
<b>Total (b)</b>	<b>30,890</b>	<b>39,565</b>	<b>58,159</b>	<b>56,420</b>	<b>44,030</b>
11 Increase (-)/ Decrease in Cash Balance (a-b)	3,583	(-) 1,911	1,217	(-) 8,182	6,998
12 Overall Fiscal Deficit (b+11)	34,473	37,654	59,376	48,238	51,028

Source: Finance Accounts

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

Fiscal deficit is the total borrowing requirement of the State and is the excess of Revenue and Capital Expenditure including loans and advances over revenue and non-debt receipts. Composition of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above Revenue and non-debt Receipts.

Market borrowings continued to finance a major portion of fiscal deficit, however, its share in financing fiscal deficit decreased from 94 per cent in 2021-22 to 73 per cent in 2022-23. During 2022-23, the fiscal deficit of ₹ 51,028 crore was mainly met from Market Borrowings (₹ 37,016 crore), Loans from GoI (₹ 5,673 crore) and Small Savings, Provident Fund etc. (₹ 5,337 crore).

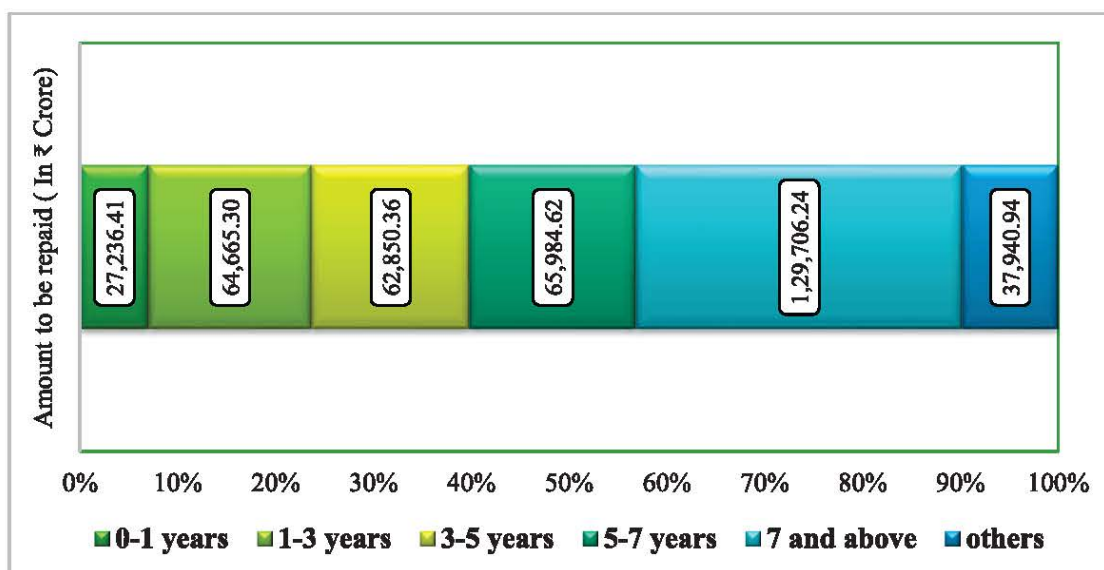
### 2.6.2 Debt profile: Maturity and Repayment

The Maturity Profile of the State Debt (amounts payable in respect of Internal debt and loans from GoI in different years) as on 31 March 2023 is depicted in Table 2.37.

**Table 2.37: Maturity profile of repayment of Public debt of the State**

S. No.	Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
1.	0 – 1	27,236.41	7.01
2.	1 – 3	64,665.30	16.65
3.	3 – 5	62,850.36	16.18
4.	5 – 7	65,984.62	16.99
5.	7 and above	1,29,706.24	33.40
6.	Others <sup>16</sup>	37,940.94	9.77
	<b>Total</b>	<b>3,88,383.87</b>	<b>100.00</b>

Source: Finance Accounts

**Chart 2.20: Maturity Profile of Public Debt**

The maturity profile of outstanding stock of public debt as on 31<sup>st</sup> March 2023 indicates that out of the outstanding public debt of ₹ 3,88,383.87 crore, 56.83 *per cent* (₹ 2,20,736.69 crore) is payable within the next seven years, 33.40 *per cent* (₹ 1,29,706.24 crore) is in the maturity bracket of more than seven years while the repayment schedule of the remaining amount (₹ 37,940.94 crore) is not available.

### **Repayment Schedule of market loans**

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

As per information provided by the Finance Department, GoR (June 2023) the repayment schedule of outstanding market loans and interest on these loans for the years 2023-24 to 2055-56 is depicted below in **Table 2.38**.

16. Payment schedule of this amount is not available in record.

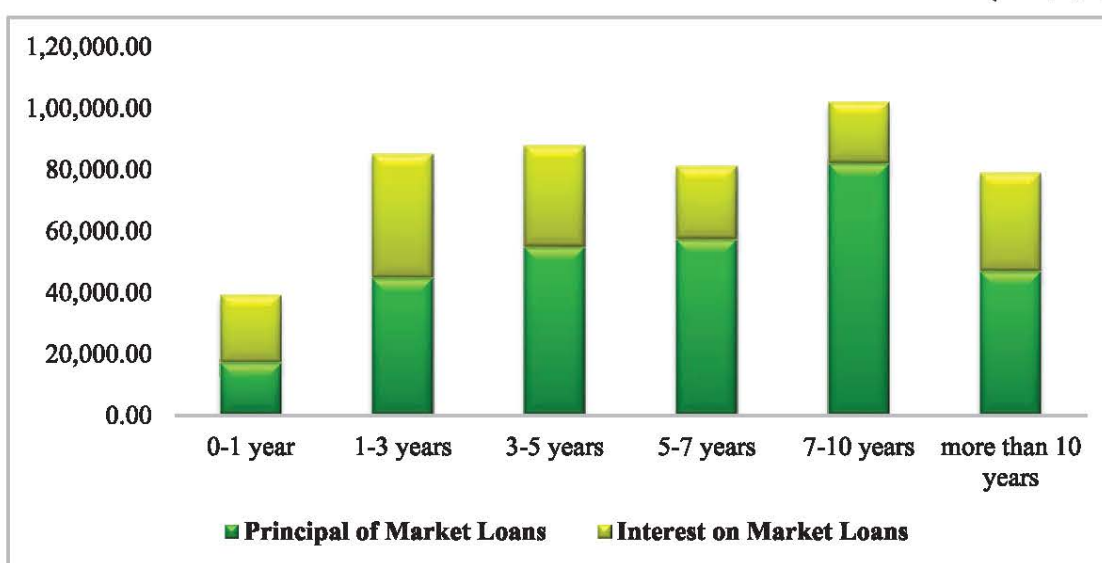
**Table 2.38: Repayment schedule of Market Loans and Interest on Market Loans**

S. No.	Period of repayment (Years)	Repayment of Market Loans (Principal) (₹ in crore)	Repayment of Market Loans (Interest) (₹ in crore)
1.	0 – 1	17,000.00	22,195.72
2.	1 – 3	44,600.00	40,286.70
3.	3 – 5	54,736.78	33,040.82
4.	5 – 7	57,200.04	23,809.52
5.	7 -10	81,860.00	20,184.89
6.	More than 10	46,806.00	31,975.72
	<b>Total</b>	<b>3,02,202.82</b>	<b>1,71,493.37</b>

Source: Information provided by the Finance Department.

**Chart 2.21: Repayment schedule of Market Loans and Interest on Market Loans**

(₹ in crore)



As shown above, the State will have to repay ₹ 61,600 crore of market loans and pay interest of ₹ 62,482.42 crore in next three financial years i.e. up to 2025-26. In the following two years up to 2027-28, principal of ₹ 54,736.78 crore and interest of ₹ 33,040.82 crore will be payable. Average annual outgo of principal repayment and interest will be approximately ₹ 42,372 crore during next five years up to 2027-28.

In the period from 2028-29 to 2032-33, loans of ₹ 1,39,060.04 crore and interest of ₹ 43,994.41 crore will be payable. As such, the State will have to repay approximately ₹ 36,610.89 crore annually on an average during the period 2028-29 to 2032-33.

## 2.7 Debt Sustainability Analysis (DSA)

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; 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 refers to the ability of the State to service its debt obligation now and in future. Analysis of debt sustainability indicators for a period of five years beginning from 2018-19 is given in Table 2.39.

Table 2.39: Trends in debt Sustainability indicators

S.No.	Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Overall liability (₹ in crore) (as on 31 <sup>st</sup> March of the year)	3,11,374	3,52,702	4,10,500 <sup>§</sup>	4,62,845 <sup>§§</sup>	5,05,574 <sup>§§</sup>
2.	Outstanding Public Debt* (₹ in crore)	2,33,239	2,59,380	3,08,321@	3,53,556@	3,88,384@
3.	Rate of Growth of Outstanding Public Debt ( <i>per cent</i> )	9.86	11.21	18.87	14.67	9.85
4.	GSDP (₹ in crore)	9,11,519	9,98,679	10,19,442 <sup>17</sup>	12,18,193 <sup>18</sup>	14,13,620 <sup>19</sup>
5.	Rate of Growth of GSDP ( <i>per cent</i> )	9.49	9.56	2.08	19.50	16.04
6.	Public Debt/GSDP ( <i>per cent</i> )	25.59	25.97	29.79 <sup>20</sup>	28.05 <sup>21</sup>	26.63 <sup>21</sup>
7.	Overall Liability/GSDP ( <i>per cent</i> )	34.16	35.32	39.82 <sup>20</sup>	37.02 <sup>21</sup>	34.92 <sup>21</sup>
8.	Public Debt Maturity profile of repayment of State debt – including default history, if any (₹ in crore)	16,096	17,702	16,556	16,394	19,345
9.	Public Debt Receipts (₹ in crore) ###	37,847	44,757	66,480	62,821	55,647
10.	Public Debt Repayment (₹ in crore)##	16,915	18,616	17,539	17,586	20,820
11.	Interest paid on Outstanding Public Debt (₹ in crore)	17,804	19,236	20,720	23,060	25,393
12.	Revenue deficit (-)/ surplus without interest payment	(-) 7,205	(-) 12,728	(-) 18,799	2,230	(-) 889
13.	Percentage of overall interest payment to Revenue deficit	(-) 75.07	(-) 65.01	(-) 57.28	108.62	(-) 97.18
14.	Average interest rate of Outstanding Public Debt ( <i>per cent</i> )	7.99	7.81	7.30	6.97	6.85
15.	Percentage of Interest payment on Outstanding Public Debt to Revenue Receipt	12.91	13.73	15.43	12.54	13.02
16.	Percentage of Public Debt Repayment to Public Debt Receipt	44.69	41.59	26.38	27.99	37.41
17.	Net Public Debt available to the State* (₹ in crore)	3,128	6,905	28,221	22,175	9,434
18.	Net Public Debt available as <i>per cent</i> to Public Debt Receipts	8.26	15.43	42.45	35.30	16.95
19.	Primary deficit (-)/Primary Surplus(+)	(-) 12,778	(-) 14,011	(-) 34,174	(-) 20,138	(-) 20,426
20.	Debt Stabilization (Quantum spread + Primary deficit) **	(-) 9,279	(-) 9,472	(-) 50,028	22,675	14,175

Source: Finance Accounts

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

<sup>§§</sup> The effective debt would be ₹ 4,50,973 crore and ₹ 4,93,702 crore for 2021-22 and 2022-23 respectively as GST compensation of ₹ 11,872 crore given to the States as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

17. Revised Estimate-II

18. Revised Estimate-I

19. Advance Estimate

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

21. Arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loans under debt receipts from the total outstanding liabilities.

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

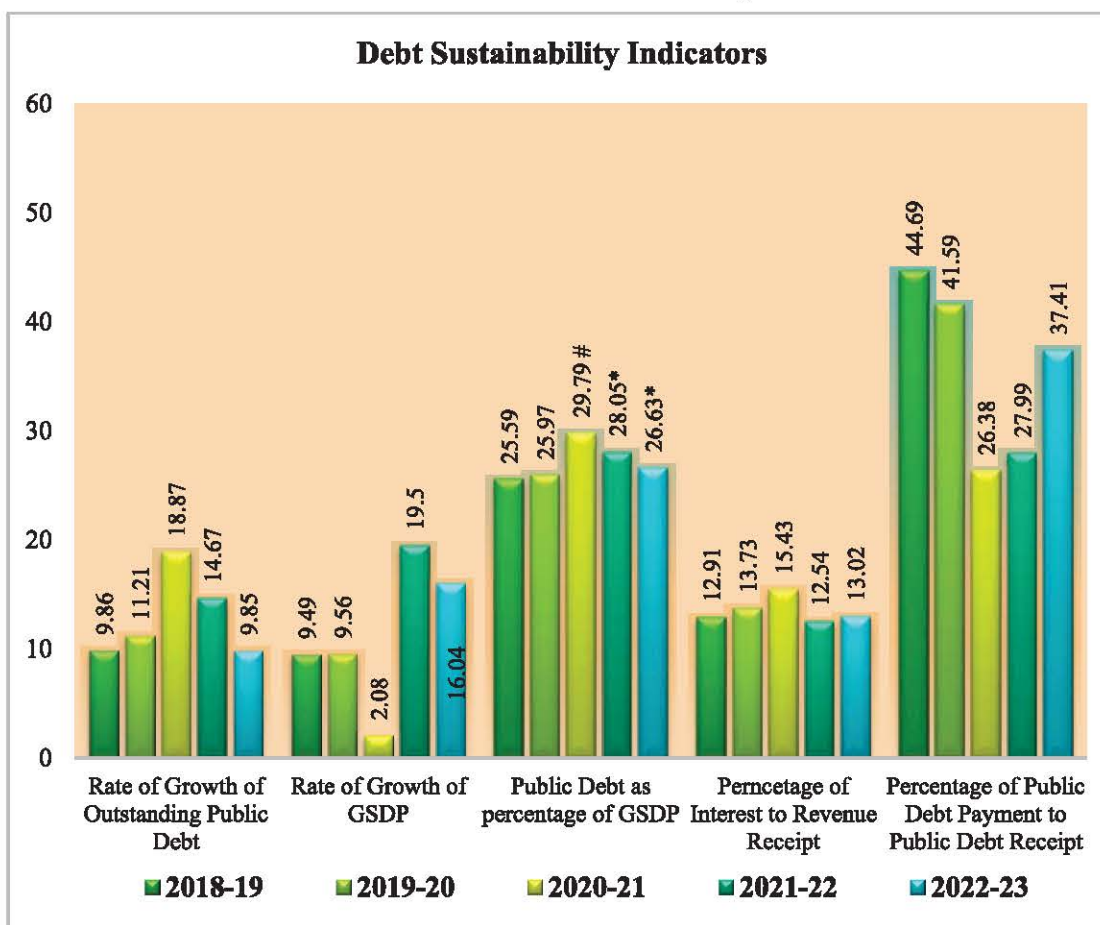
# Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

## Excluding Ways and Means Advances

@ During 2020-21, 2021-22 and 2022-23, outstanding Public Debt included ₹ 4,604 crore, ₹ 11,872 crore and ₹ 11,872 crore respectively in lieu of back-to-back loan on account of GST compensation shortfall.

\*\* Quantum spread= Public Debt \* (GSDP growth rate – interest rate of outstanding public debt). While calculating Quantum spread for years 2020-21, 2021-22 and 2022-23, figures of back-to-back loan of ₹ 4,604 crore, ₹ 11,872 crore and ₹ 11,872 crore respectively, in lieu of back-to-back loan on account of GST compensation shortfall, has been excluded from Public Debt.

**Chart 2.22: Trends of Debt Sustainability indicators**



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

\*Arrived at after exclusion of GST compensation of ₹11,872 crore received as back to back loans under debt receipts from the total outstanding liabilities.

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

- The debt-GSDP ratio decreased from 37.02 per cent in 2021-22 to 34.92 per cent<sup>22</sup> in 2022-23. However, taking into account the off-budget borrowings

22. The effective debt to GSDP ratio has been arrived at after exclusion of GST compensation of ₹ 11,872 crore received as back to back loan during 2020-21 and 2021-22 under debt receipts from the outstanding overall debt.

of ₹ 1,279.39 crore, resorted to by the State during the year, the total outstanding liability at the end of March 2023 worked out to ₹ 4,94,980.88 crore against ₹ 4,93,701.49 crore. Consequently, the overall liability as a percentage of GSDP at the end of the year (34.92 *per cent*) was understated by 0.09 *per cent*.

- The burden of interest payment on public debt as percentage of revenue receipts increased from 12.54 *per cent* in 2021-22 to 13.02 *per cent* in 2022-23 due to increase in Public debt.
- The percentage of public debt repayment to public debt receipts during 2022-23 increased to 37.41 *per cent* as against 27.99 *per cent* in 2021-22.

**(B) Domar Model:** An analysis on debt sustainability was carried out based on a study by E.D Domar [Domar, 1944]. The Domar model<sup>23</sup> 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 Rajasthan, are shown in **Table 2.40**.

**Table 2.40: Debt sustainability analysis based on Domar Model**

Year	Real Growth (g)	Real Interest (r*)	(Domar gap) (g-r)	Primary Deficit(-)/ Surplus(+) (₹ in crore)	Remarks
(1)	(2)	(3)	(4=2-3)	(5)	(6)
2018-19	2.4	5.0	(-) 2.6	(-) 12,778	As g-r<0 and s<0
2019-20	5.2	1.8	3.4	(-) 14,011	As g-r> 0 and s<0
2020-21	(-) 2.0	2.91	(-) 4.91	(-) 34,174	As g-r<0 and s<0
2021-22	11.4	1.54	9.86	(-) 20,138	As g-r> 0 and s<0
2022-23	8.2	(-) 0.61	8.81	(-) 20,426	

Source: Finance Accounts and Economic Review 2022-23, Department of Economics and Statistics, GoR and Ministry of Statistics and Programme Implementation, GoI.

\* Real Interest rate is calculated as difference of Real growth rate (Growth rate of GSDP at constant prices) and Real Interest rate (Nominal interest rate adjusted for inflation)

It can be observed that primary deficit in all the five years remained negative and increased from ₹ 12,778 crore in 2018-19 to ₹ 20,426 crore in 2022-23. The g-r (Domar gap) was negative during 2018-19 and 2020-21, indicating that public debt as

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

percentage of GSDP could increase indefinitely. The economic slowdown on account of the COVID-19 pandemic had resulted in a negative growth of GSDP during 2020-21. The resurgence of the economy during 2021-22 and 2022-23, resulted in positive  $g-r$  (Domar gap), thereby indicating that the public debt as a percentage of GSDP would converge to a stable level greater than zero. However, there has been a consistent increase in the Public Debt Repayment to Public Debt Receipt ratio over the last two years which suggests that economic growth is not robust enough to service the debt. Also, the state has consistently reported a negative primary balance from the year 2018-19 to the present, it becomes evident that depending solely on economic growth (expressed as  $g-r > 0$  from 2021-23) would not suffice to cover the debt obligations of the state and thus, based on two years of positive domar gap it is too early to conclude that debt is on the path of stabilisation.

#### **Net availability of borrowed funds**

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

The net fund available from borrowing for current operations after providing for interest and principal repayment increased from ₹ 3,128 crore in 2018-19 to ₹ 9,434 crore in 2022-23. However, the net public debt available as a percentage of Public debt receipts declined from 35.30 *per cent* in 2021-22 to 16.95 *per cent* in 2022-23 indicating a greater share of debt receipts are being utilised towards redemption of old public debt indicating a deteriorating debt situation.

(C) Details of the achievements vis-à-vis targets set in the MTFP are shown in Table 2.41:

**Table 2.41: Achievements vis-à-vis targets set in MTFP**

Fiscal Parameters		Achievement vis-à-vis targets set in the MTFP/FRBM Act				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/ Surplus (+) to Revenue Receipt (in <i>per cent</i> )	T	(-) 11.51	(-) 16.47	(-) 7.12	(-) 12.88	(-) 10.93
	A	(-) 20.96	(-) 25.96	(-) 32.76	(-) 14.07	(-) 16.15
Fiscal Deficit (-)/ Surplus (+) to GSDP (in <i>per cent</i> )	T	(-) 2.98	(-) 3.19	(-) 2.99	(-) 3.98	(-) 4.36
	A	(-) 3.78	(-) 3.77	(-) 5.82	(-) 3.96	(-) 3.61
Ratio of total outstanding liability to GSDP (in <i>per cent</i> )	T	32.76	33.13	33.12	38.15	39.80
	A	34.16	35.32	39.82 <sup>24</sup>	37.02 <sup>25</sup>	34.92 <sup>25</sup>

Source: Finance Accounts and budget documents

It can be seen from the above table that the State Government was unable to achieve targets of Revenue Deficit to Revenue Receipt continuously for last five years. Revenue Deficit as percentage of Revenue Receipt decreased from 20.96 *per cent* in 2018-19 to 16.15 *per cent* in 2022-23, however, it increased over the previous year (14.07 *per cent*). The State Government failed to achieve the MTFP targets of Fiscal Deficit as percentage of GSDP and outstanding liability to GSDP during 2018-19 to 2020-21, though these targets were achieved in 2021-22 and 2022-23.

24. Arrived at after exclusion of GST compensation of ₹4,604 crore received as back to back loans in 2020-21 under debt receipts from the total outstanding liabilities.

25. Arrived at after exclusion of GST compensation of ₹11,872 crore received as back to back loans during 2020-21 and 2021-22 under debt receipts from the total outstanding liabilities.

### 2.7.1 Utilisation of borrowed funds and funds available under other Liabilities

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

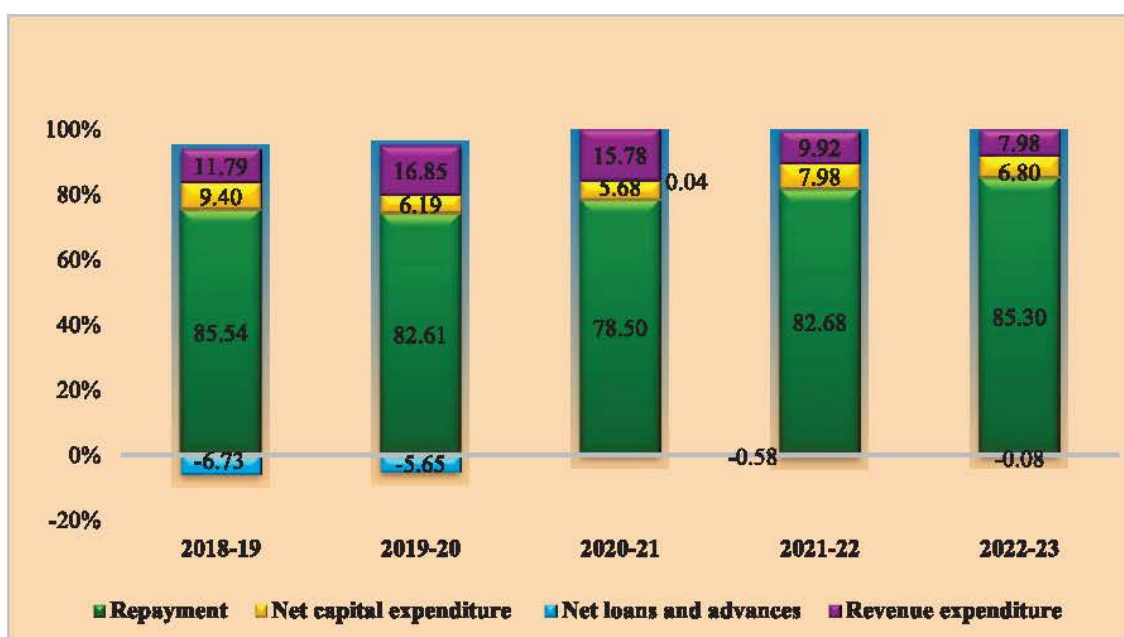
Details and trends of utilisation of borrowed funds and funds available for use under other liabilities is given in Table 2.42:

**Table 2.42: Utilisation of borrowed funds and other liabilities**

			(₹ in crore)				
S. No.	Year		2018-19	2019-20	2020-21	2021-22	2022-23
1.	Total Borrowings (Public Debt and other obligations) during the year	1	2,08,734	2,37,596	2,68,770	3,02,174	2,90,718
2.	Repayment (earlier borrowings (Principal) and other obligations) (percentage)	2	1,78,542 (85.54)	1,96,268 (82.61)	2,10,972 (78.50)	2,49,829 (82.68)	2,47,990 (85.30)
3.	Net capital expenditure (percentage)	3	19,618 (9.40)	14,698 (6.19)	15,257 (5.68)	24,121 (7.98)	19,782 (6.80)
4.	Net loans and advances	4	(-)14,045 (- 6.73)	(-) 13,415 (-5.65)	118 (0.04)	(-) 1,753 (-0.58)	(-) 245 (-0.08)
5.	Portion of Revenue expenditure met out of net available borrowings and other liabilities (percentage)	5= 1-2- 3-4	24,619 (11.79)	40,045 (16.85)	42,423 (15.78)	29,978 (9.92)	23,191 (7.98)

Source: Finance Accounts

**Chart 2.23: Trends of Utilisation of borrowed funds**



During 2022-23, borrowing of ₹ 23,191 crore was used for meeting the revenue expenditure. The percentage of repayment of borrowing to total borrowing marginally decreased from 85.54 per cent in 2018-19 to 85.30 per cent in 2022-23. However, it increased by 2.62 percentage points in 2022-23 over the previous year.

### 2.7.2 Status of Guarantees Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State which may be invoked in case of default by the borrower for whom the guarantee was extended. As per FRBM Act, 2005 (amended in April 2016) total outstanding Government guarantee on 31<sup>st</sup> March 2017 shall not exceed 70 *per cent* of estimated receipts in the Consolidated Fund of the State in financial year 2016-17 and thereafter total outstanding government guarantee at the end of each financial year shall not exceed 60 *per cent* of estimated receipts in the Consolidated Fund of the State in that financial year.

The maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in Table 2.43.

**Table 2.43: Guarantees given by the Government of Rajasthan**

(₹ in crore)						
S.No.	Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Maximum amount guaranteed including interest	1,31,026	1,44,676	1,56,822	1,72,684	2,01,008
2.	Outstanding amount of guarantees including interest	70,430	80,631	82,612	95,868	1,04,832
3.	Maximum amount guaranteed as a percentage of total Revenue Receipts	95.03	103.26	116.76	93.89	103.08
4.	Estimated receipts in the Consolidated Fund	2,08,306	2,24,905	2,19,467	2,46,909	3,38,075
5.	Outstanding guarantee w.r.t. estimated receipts (in <i>per cent</i> )	33.81	35.85	37.64	38.83	31.01

Source: Finance Accounts and budget documents

The outstanding guarantees increased by 9.35 *per cent* from ₹ 95,868 crore in 2021-22 to ₹ 1,04,832 crore in 2022-23 and were 53.76 *per cent* of the Revenue Receipts (₹ 1,94,988 crore) of the Government. The outstanding guarantees mainly pertained to five Power Companies (₹ 84,525 crore), Urban Development and Housing Sector (₹ 6,305 crore), one Road Transport Corporation (₹ 2,986 crore) and six Co-operatives (₹ 1,743 crore). The guarantees of Power Companies were given for repayment of loans/ overdraft, amount raised by issue of bonds/debentures and payment of interest at stipulated rates.

The outstanding guarantee to estimated receipts ratio (31.01 *per cent*) during 2022-23 was within the limit fixed under FRBM Act (60 *per cent*).

### 2.7.3 Management of Cash Balances

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

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

The limit for Normal Ways and Means Advances to the State Government was ₹ 2,608 crore with effect from 17 April 2020 and the same prevailed up to 31 March 2023. The RBI has also agreed to give Special Ways and Means Advances against the pledge of Government Securities. The limit of Special Ways and Means Advances is revised by the RBI from time to time. The limit of Special Ways and Means Advances was ₹ 6,662.81 crore on 1 April 2022 and ₹ 7,198.17 crore on 31 March 2023.

The extent to which the Government maintained the Minimum Cash Balance with the RBI during 2022-23 is given below:

(i) **Special Ways and Means Advances:** The balance under Special Ways and Means Advances as on 1 April 2022 was Nil. During 2022-23, the State Government obtained ₹ 1,01,386.13 crore by Special Ways and Means Advances on 124 occasions for 273 days from RBI and paid ₹ 112.88 crore as interest. The balance at the end of the year 2022-23 was Nil.

(ii) **Normal ways and means Advances:** The balance under Normal ways and means Advances as on 1 April 2022 was Nil. During 2022-23, the State Government obtained ₹ 3,553.27 crore by Normal ways and Means Advances on nine occasions for ten days from RBI and paid ₹ 0.22 crore as interest. In these ten days the State Government also obtained Special Ways and Means Advances. The balance at the end of the year 2022-23 was Nil.

(iii) **Cash Balance:** The General Cash Balance of the State as on 31 March 2023, apart from 'Investment held in the Cash Balance Investment account' (₹ 103.30 crore), 'Investment of Earmarked Funds' (₹ 7,614.42 crore) and other cash balance (₹ 24.47 crore), was ₹ (-) 70.65 crore which consisted of the following:

- a. Cash in Treasuries (MH 8999-101) = ₹ 0.06 crore
- b. Deposits with RBI (MH 8999-102) = ₹ (-) 61.90 crore
- c. Remittance in transit- local (MH 8999-104) = ₹ (-) 8.81 crore

The 'Deposits with RBI' depict the monthly cash balance in respect of Reserve Bank Deposit (State) as on 31 March 2023 after closing of March 2023 accounts. There was a difference of ₹ 53.06 crore (Dr.) between the figures in the Finance accounts (₹ 61.90 crore (Cr.)) and that intimated by the RBI (₹ 8.84 crore (Dr.)). Out of this, amount of ₹ 53.22 crore (Dr.) has been reconciled and cleared. Difference of ₹ 0.16 crore (Cr.) was outstanding by the end of June 2023 and requires reconciliation.

Table 2.44: Cash Balances and their investment

(₹ in crore)			
S. No.		Opening balance on 1 April 2022	Closing balance on 31 March 2023
	<b>A. General Cash Balance</b>		
1.	Cash in treasuries	0.05	0.06
2.	Deposits with Reserve Bank of India	281.72	(-) 61.90
3.	Remittances in transit – Local	(-) 94.33	(-) 8.81
	<b>Total</b>	<b>187.44</b>	<b>(-) 70.65</b>
4.	Investments held in Cash Balance investment account	8,218.92	103.30
	<b>Total (A)</b>	<b>8,406.36</b>	<b>32.65</b>
	<b>B. Other Cash Balances and Investments</b>		
5.	Cash with departmental officers viz., Public Works, Forest Officers	0.75	0.73
6.	Permanent advances for contingent expenditure with department officers	2.83	23.74
7.	Investment in earmarked funds	6,259.15	7,614.42
	<b>Total (B)</b>	<b>6,262.73</b>	<b>7,638.89</b>
	<b>Total (A + B)</b>	<b>14,669.09</b>	<b>7,671.54<sup>#</sup></b>
	<b>Interest realized</b>	<b>43.69</b>	<b>14.08</b>

Source: Finance Accounts

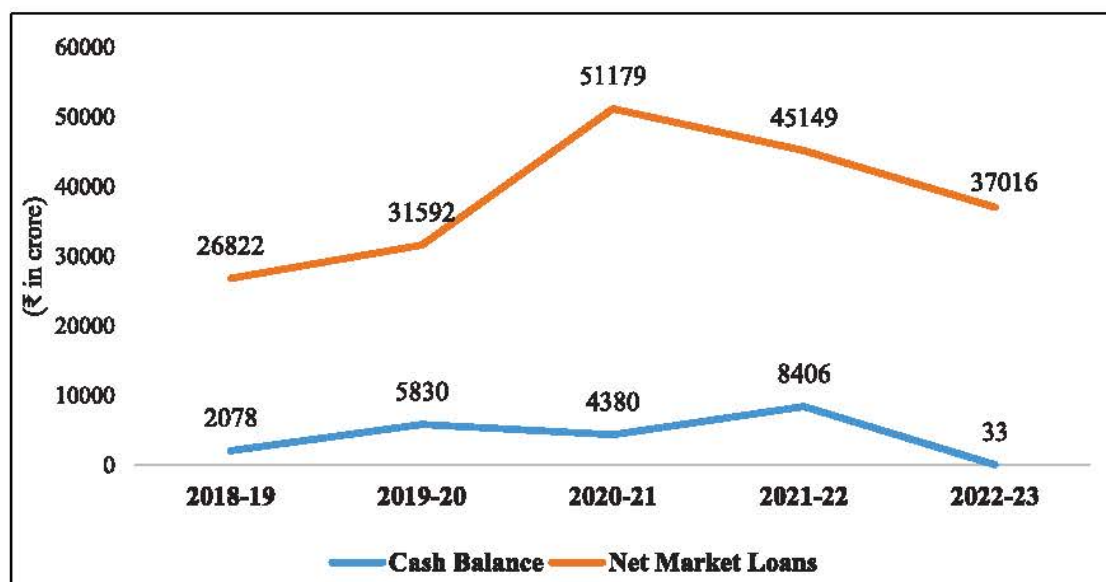
# Differs from rounding of absolute figures by (+) 0.01 crore.

Table 2.45: Cash Balance Investment Account (Major Head-8673)

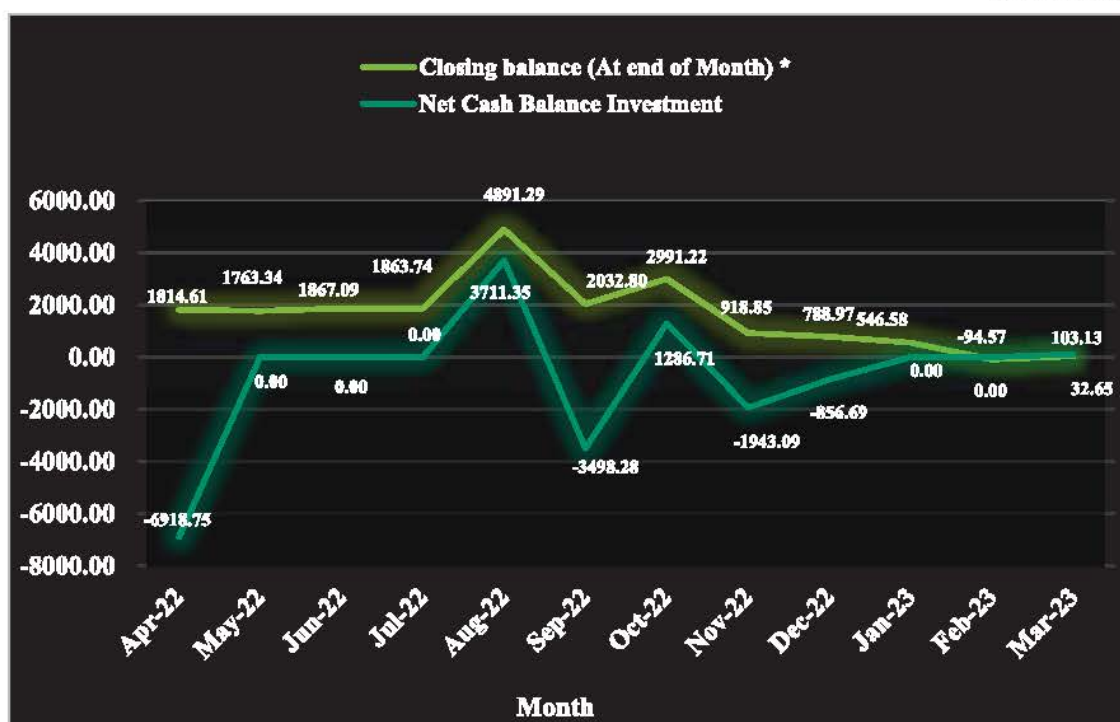
(₹ in crore)					
S.No.	Year	Opening Balance	Closing Balance	Increase/decrease (-)	Interest earned
1.	2018-19	6,401.72	2,154.46	(-) 4,247.26	281.20
2.	2019-20	2,154.46	5,807.73	3,653.27	77.12
3.	2020-21	5,807.73	4,440.13	(-) 1,367.60	23.38
4.	2021-22	4,440.13	8,218.92	3,778.79	43.69
5.	2022-23	8,218.92	103.30	(-) 8,115.62	14.08

Source: Finance Accounts

The surplus cash balances of the State Government are automatically invested in 14 day treasury bills with an average interest rate of five *per cent* per annum and partly in 91, 182 and 364 day auctioned treasury bills of RBI. At the end of 2022-23, a sum of ₹ 103.30 crore was invested in GoI Treasury Bills/Securities, which earned an interest of ₹ 14.08 crore. Further, ₹ 7,614.42 crore was also invested in earmarked funds.

**Chart 2.24: Net Market loans vis-a-vis General Cash Balance****Chart 2.25: Month-wise movement of Cash Balances and net cash balance investments during the year**

(₹ in crore)



\* It includes Cash in treasuries, Deposits with Reserve Bank of India, Remittances in transit – Local and Investments held in Cash Balance investment account.

It can be seen from the above **Chart 2.25** that at the end of March 2023, the cash balance was only ₹ 32.65 crore. In addition, the State Government availed Ways and Means for 273 days and paid an interest of ₹ 113 crore. This indicates insufficient cash management by the State.

## 2.8 Conclusion and Recommendations

### Fiscal Parameters

For the tenth consecutive year, the State Government was unable to achieve its target of attaining zero revenue deficit envisaged under the FRBM Act. During 2022-23, the revenue deficit increased to ₹ 31,491 crore from ₹ 25,870 crore in 2021-22.

The State Government could not contain the fiscal deficit within the limit of three *per cent* of GSDP, as laid down in FRBM Act and at the end of 2022-23, the fiscal deficit was ₹ 51,028 crore (3.61 *per cent* of GSDP).

The Liability-GSDP ratio during 2022-23 was 34.92 *per cent* which was within the limit fixed by the FRBM Act.

***Recommendation 1: The State Government should put a significant thrust through regular and periodical monitoring of the revenues which were either falling in full arrears or were short-realised thereby ensuring that the FRBM target of attaining Revenue Surplus can be achieved.***

### State's own resources

The growth rate of Revenue Receipts was on an increasing trend except during 2020-21 due to Covid 19 pandemic lockdown. The State Government registered an increase of 6.02 *per cent* in its Revenue Receipts during 2022-23, though, ratio of Revenue Receipts to GSDP decreased from 15.10 *per cent* in 2021-22 to 13.79 *per cent* in 2022-23. During 2022-23, 55.34 *per cent* of the Revenue Receipts came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 44.66 *per cent* indicating towards dependency of the Rajasthan's fiscal position on the tax transfers and Grants-in-Aid from GoI on.

***Recommendation 2: State Government may explore mobilizing additional resources through tax and non-tax sources by ensuring better tax compliance.***

### Revenue expenditure

During the current year, Revenue Expenditure increased by 7.96 *per cent* (₹ 16,689 crore) while Revenue Receipts increased by 6.02 *per cent* (₹ 11,068 crore) from the previous year. Revenue Expenditure constituted 91.90 *per cent* of total expenditure during 2022-23. 59.37 *per cent* of revenue expenditure comprised committed expenditure on salaries, interest payments and pensions. Further, during 2022-23, subsidy as *per cent* of revenue receipts and revenue expenditure was 13.42 and 11.55 *per cent* respectively.

***Recommendation 3: Since the costs of salary, pension and interest are committed, the expenditure on subsidies, Grants-in-aid other than to local bodies, which are increasing steadily, requires utmost attention from the State Government.***

### Quality of expenditure

During 2022-23, Capital expenditure decreased by 18.03 *per cent* (₹ 4,354 crore) over the previous year. This decrease was mainly under Capital Outlay on Water Supply and

Sanitation and Roads and Bridges. The share of Capital expenditure (including Loans and Advances) to total expenditure was only 8.10 *per cent* during the current year.

Funds aggregating ₹ 30,669 crore (11.71 *per cent* of the cumulative capital outlay) were locked up in 347 incomplete projects (more than ₹ 10 crore each) at the end of 2022-23. Due to non-completion of projects within the stipulated time, the expected benefits to society were delayed and the cost also increased over the years.

***Recommendation 4: The State may ensure time bound completion of the incomplete projects.***

#### **Debt sustainability**

Open Market Borrowings had a major share (69.42 *per cent*) in the outstanding fiscal liabilities of the State. The burden of interest payments measured by interest payments on outstanding public debt to Revenue Receipts ratio (IP/RR) which increased from 12.54 *per cent* in 2021-22 to 13.02 *per cent* in 2022-2023. The net debt available to the State during 2022-23 was only ₹ 9,434 crore against Public Debt receipt of ₹ 55,647 crore during 2022-23. Net Public Debt available as *per cent* to Public Debt Receipts decreased from 35.30 *per cent* in 2021-22 to 16.95 *per cent* in 2022-23.

***Recommendation 5: The State Government needs to make medium term corrections on the expenditure side to moderate expenditure and simultaneously mobilize State revenues to bring down the debt level.***

#### **Cash Balance and Investment of Cash Balance**

At the end of March 2023, the cash balance was only ₹ 32.65 crore. Further, the State Government availed Ways and Means for 273 days and paid an interest of ₹ 113 crore. This indicates inefficient cash management by the State.

***Recommendation 6: The State Government may put in place a more efficient cash management system to minimise availing Ways and Means advances.***