CHAPTER-2

FINANCES OF THE STATE

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This chapter provides a broad perspective of the finances of the State and analyses the critical changes in major fiscal aggregates relative to the previous year. It discusses the overall trend during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

2.1 Major changes in Key Fiscal Aggregates during 2023-24 *vis-à-vis* 2022-23

Table-2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during the Financial Year 2023-24, compared to the previous year. Each of these indicators has been analysed in the succeeding paragraphs.

Table-2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23

Revenue Receipts Increased by 3.12 *per cent*	➢ Own Tax Receipts of the State increased by 12.53 *per cent* ➢ Own Non-Tax Receipts increased by 1.17 *per cent* ➢ State's Share of Union Taxes and Duties increased by 18.94 *per cent* ➢ Grants-in-Aid from Government of India decreased by 15.73 *per cent*
Revenue Expenditure Increased by 8.00 *per cent*	➢ Revenue Expenditure on General Services increased by 4.09 *per cent* ➢ Revenue Expenditure on Social Services increased by 8.25 *per cent* ➢ Revenue Expenditure on Economic Services increased by 11.93 *per cent* ➢ Expenditure on Grants-in-Aid increased by 25.28 *per cent*
Capital Receipts Increased by 96.01 *per cent*	➢ Non-Debt Capital Receipt decreased by 44.83 *per cent* ➢ Debt Capital Receipts increased by 96.82 *per cent*
Capital Expenditure Increased by 34.02 *per cent*	➢ Capital Expenditure on General Services increased by 46.77 *per cent* ➢ Capital Expenditure on Social Services increased by 73.67 *per cent* ➢ Capital Expenditure on Economic Services increased by 12.09 *per cent*
Loans and Advances Increased by 40.26 *per cent*	➢ Disbursements of Loans and Advances increased by 31.91 *per cent* ➢ Recoveries of Loans and Advances decreased by 5.88 *per cent*
Public Debt	➢ Public Debt Receipts increased by 96.82 *per cent* ➢ Repayment of Public Debt increased by 0.76 *per cent*
Public Account	➢ Public Account Receipts increased by 11.06 *per cent* ➢ Public Account Disbursements increased by 9.12 *per cent*
Cash Balance	➢ Cash Balance decreased by 22.16 *per cent*

2.2 Sources and Application of Funds

Table-2.2 compares the component of the sources and application of funds of the State during the Financial Year 2023-24 with 2022-23 in figures, while Growth of composition of resources is given in **Table-2.2(A)**. **Charts-2.1** and **2.2** give the details of where the "Receipts comes from" and "Expenditure goes to" during 2023-24 in terms of percentages.

Table-2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

(₹ in crore)

	Particulars	2022-23	2023-24	Increase/Decrease (in *per cent*)
Sources	Opening Cash Balance	3,837.19	2,318.65	*-39.57*
	Revenue Receipts	49,082.70	50,615.01	*3.12*
	Misc. Capital Receipt	11.83	0.00	*-100.00*
	Recoveries of Loans & Advances	17.30	15.82	*-8.55*
	Public Debt Receipts (Net)	956.30	5,801.96	*506.71*
	Public Account Receipts (Net)	384.04	1,563.48	*307.11*
	Contingency Fund (Net)	90.16	-130.31	*-244.53*
	Total	***54,379.52***	***60,184.61***	***10.68***
Application	Revenue Expenditure	43,772.73	47,273.96	*8.00*
	Capital Expenditure	8,194.51	10,981.80	*34.01*
	Disbursements of Loans & Advances	93.63	124.09	*32.53*
	Closing Cash Balance with RBI	2,318.65	1,804.76	*-22.16*
	Total	***54,379.52***	***60,184.61***	***10.68***

Source: Finance Accounts.

Chart-2.1: Composition of Resources (in *per cent*)

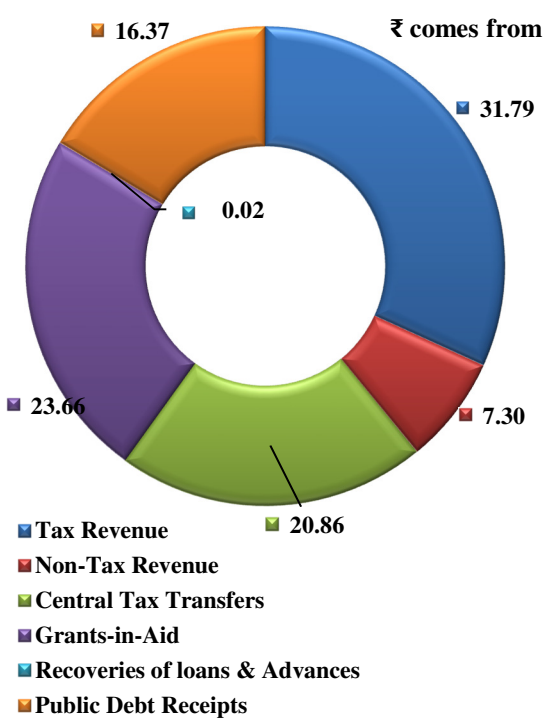
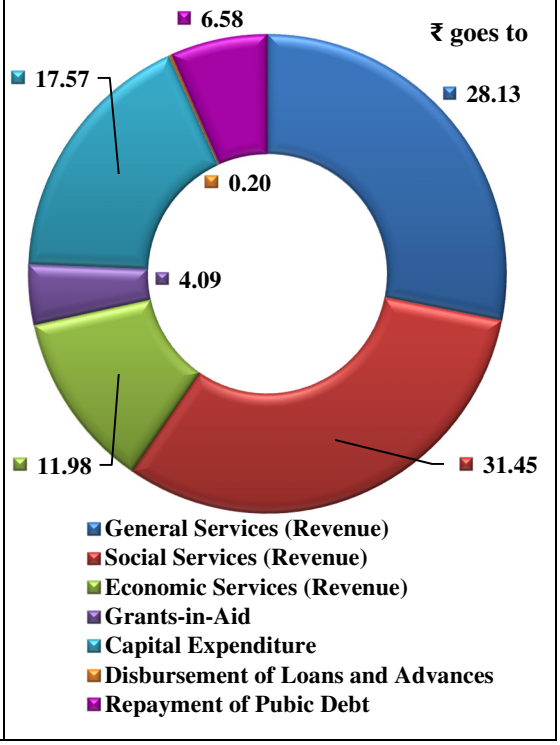


Chart-2.2: Application of Resources (in *per cent*)



Source: Finance Accounts.

Table-2.2 (A): Growth rate of Composition of Resources

(₹ in crore)

Component	2022-23	2023-24	Rate of Growth (in *per cent*)
Tax Revenue	17,102	19,245	*12.53*
Non-tax Revenue	4,367	4,418	*1.17*
Central Tax Transfer	10,617	12,628	*18.94*
Grants-in-Aid	16,997	14,324	*-15.73*
Misc. Capital Receipt	12	00	*-100.00*
Recovery of Loans & Advances	17	16	*-5.88*
Public Debt Receipts	5,036	9,912	*96.82*

Source: Finance Accounts.

2.3 Resources of the State

Resources of the State are described below:

1. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).

2. Capital receipts (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

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

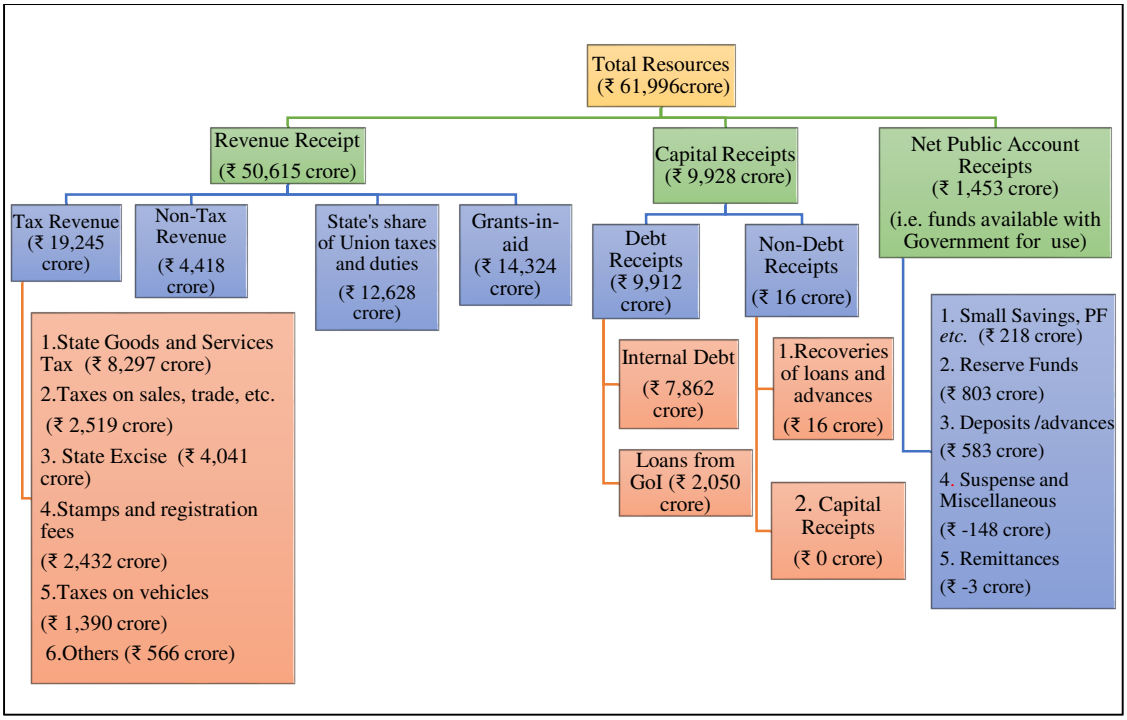
3. Net Public Accounts receipts: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc*., which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the State

Composition of receipts of the State during 2023-24 is given in **Chart-2.3**.

Chart-2.3: Composition of receipts of the State during 2023-24



Out of total resources of ₹ 61,996 crore of the State Government during the year 2023-24, Revenue Receipts (₹ 50,615 crore) constituted 81.64 *per cent*, Capital Receipt (₹ 9,928 crore) constituted 16.02 *per cent* and net Public Account Receipts (₹ 1,453 crore) Constituted 2.34 *per cent*.

2.3.2 State's Revenue 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 2019-24. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts-2.4** and **2.5** respectively.

Table-2.3: Trend in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) *(₹ in crore)*	**30,723**	**38,205**	**43,057**	**49,083**	**50,615**
Budget Estimates (BE) *(₹ in crore)*	**38,955**	**42,439**	**44,151**	**51,474**	**57,057**
Rate of growth of RR *(per cent)*	*(-) 1.58*	*24.35*	*12.70*	*14.00*	*3.12*
State's Own Revenue *(₹ in crore)*	**15,512**	**16,109**	**16,932**	**21,469**	**23,663**
(i) Own Tax Revenue *(₹ in crore)*	**11,513**	**11,938**	**14,176**	**17,102**	**19,245**
(ii) Non-Tax Revenue *(₹ in crore)*	**3,999**	**4,171**	**2,756**	**4,367**	**4,418**
Grants-in aid from GoI	**8,309**	**15,527**	**16,219**	**16,997**	**14,324**
State's share of Union Tax and Duties *(₹ in crore)*	**6,902**	**6,569**	**9,906**	**10,617**	**12,628**
Rate of growth of Own Revenue *(per cent)*	*0.09*	*3.85*	*5.11*	*26.80*	*10.22*
Rate of growth of GIA *(per cent)*	*7.81*	*86.87*	*4.46*	*4.80*	*-15.73*
Gross State Domestic Product *(₹ in crore)*	**2,39,263**	**2,25,617**	**2,67,143**	**3,03,781**	**3,46,206**
Rate of growth of GSDP *(per cent)*	*3.88*	*(-)5.70*	*18.41*	*13.71*	*13.97*
RR/BE *(per cent)*	*78.87*	*90.02*	*97.52*	*95.35*	*88.71*
RR/GSDP *(per cent)*	*12.84*	*16.93*	*16.12*	*16.16*	*14.62*
Buoyancy Ratios[1]					
Revenue Buoyancy ***w.r.t*** **GSDP**	NA	NA	0.69	1.02	0.22
State's Own Revenue Buoyancy ***w.r.t*** **GSDP**	0.02	NA[2]	0.28	1.95	0.73

Source: Finance Accounts, GSDP data has been obtained from SFAR Compilation by Economic Division, C&AG.

[1] Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

[2] NA represents negative figures due to negative growth.

Chart-2.4: Trend of Revenue Receipts as percentage of GSDP

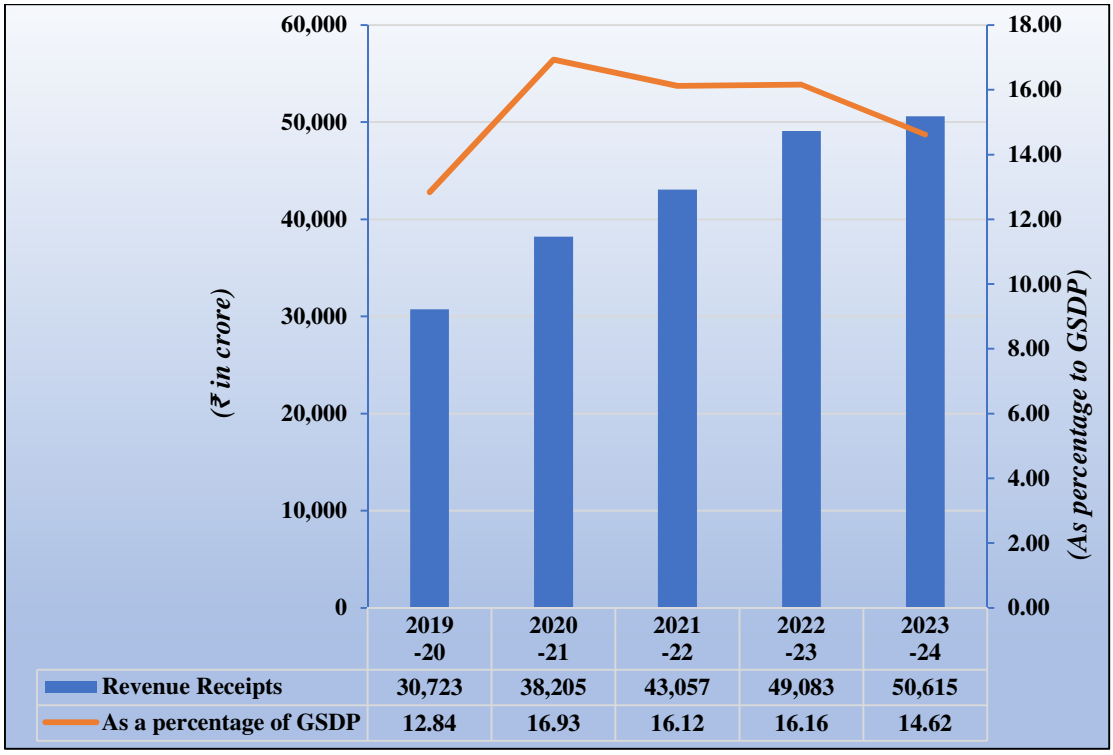
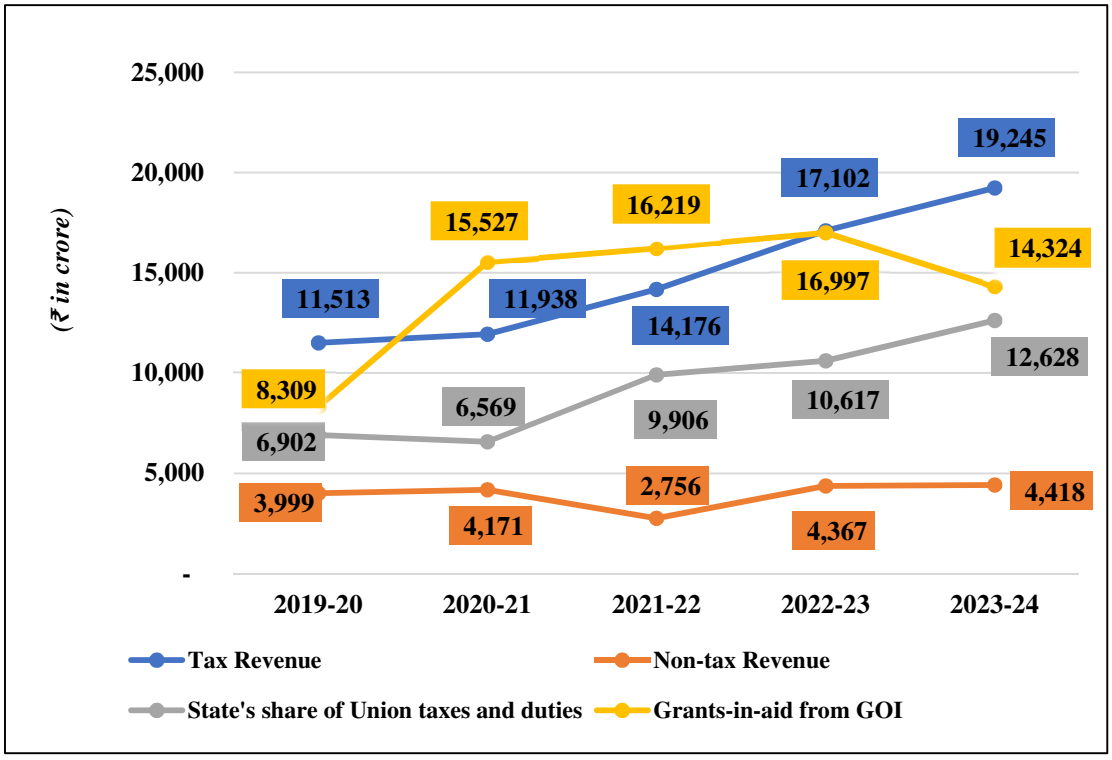


Chart-2.5: Trend of components of Revenue Receipts



- Revenue Receipts increased by 64.75 *per cent* from ₹ 30,723 crore in 2019-20 to ₹ 50,615 crore in 2023-24 at an annual average growth rate of 10.52 *per cent.* During 2023-24, Revenue Receipts increased by ₹ 1,532 crore (3.12 *per cent)* over the previous year, on account of increase in State's share of Union taxes and duties (₹ 2,011 crore), Own Tax Revenue (₹ 2,143 crore) and State's Non-Tax Revenue

(₹ 51 crore) and decrease in Grants-in-Aid (₹ 2,673 crore). Revenue Receipt as percentage of Budget Estimates increased from 78.87 *per cent* in 2019-20 to 88.71 *per cent* in 2023-24. However, it decreased partially by 6.64 *per cent* during 2023-24 as compared to previous year 2022-23.

- Grant-in-aid from GoI on the other hand increased by 72.39 *per cent* during the period 2019-20 to 2023-24. It, however, decreased by ₹ 2,673 Crore (15.73 *per cent*) as compared to 2022-23.
- About 46.75 *per cent* of the Revenue Receipts during 2023-24 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 53.25 *per cent*. Thus, Uttarakhand's fiscal position is largely dependent upon Central tax transfers and GIA.
- During the current year, there was an increase of 3.12 *per cent* (₹ 1,532 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased by 8.00 *per cent* (₹ 3,501 crore). This resulted in a decrease of Revenue surplus during the year. There was wide fluctuation in the revenue buoyancy w.r.t. GSDP of the State, over the period 2019-20 to 2023-24. The revenue buoyancy with reference to GSDP was negative in 2019-20 and 2020-21 which turned positive in 2021-22 and remained positive till 2023-24 whereas the State's own revenue buoyancy ratio with reference to GSDP increased from 0.02 in 2019-20 to 0.73 in 2023-24.
- Diversifying revenue sources and strengthening the local tax base are essential for sustainable fiscal stability and development.

2.3.3 State's Own Resources

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

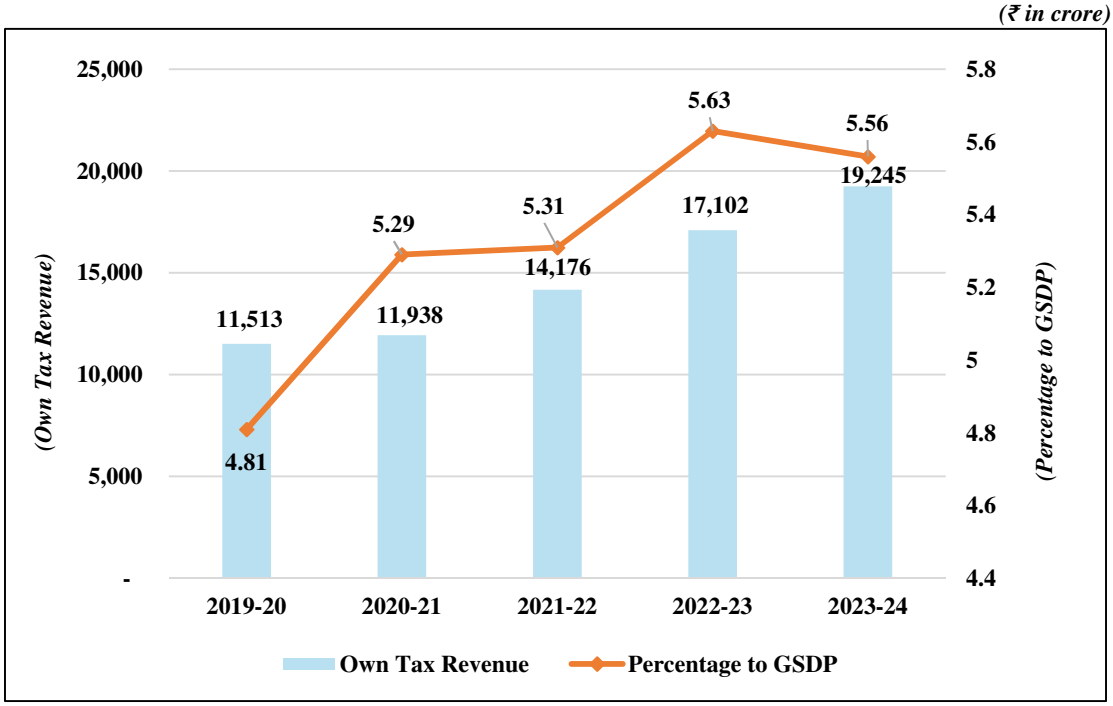
The gross collections in respect of Tax Revenue and Non-Tax Revenue and their relative share in GSDP during 2019-24 are given in ***Appendix-2.1***.

2.3.3.1 Own Tax Revenue

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, *etc*. Figures of Own Tax Revenue of the State and its percentage to GSDP during the five-year period 2019-24 are given in the **Chart-2.6**.

Chart-2.6: Growth of Own Tax Revenue during 2019-24

(₹ in crore)



The component-wise details of Own Tax Revenue collected during the years 2019-24 are in **Table-2.4**.

Table-2.4: Component-wise Own Tax Revenue during 2019-24

(₹ in crore)

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
1.Taxes on Sales, Trades, etc.	1,811	1,858	2,302	2,555	2,519	
2.State Goods and Services Tax	4,931	5,053	5,973	7,341	8,297	
3.State Excise	2,727	2,966	3,258	3,526	4,041	
4.Taxes on Vehicle	908	741	889	1,211	1,390	
5.Stamps and Registration Fees	1,072	1,107	1,488	1,987	2,432	
6.Land Revenue	24	17	40	65	14	
7.Other Taxes	40	196	226	417	552	
Total	***11,513***	***11,938***	***14,176***	***17,102***	***19,245***	
Percentage of Own Tax Revenue to State's Own Revenue	*74.22*	*74.11*	*83.72*	*79.66*	*81.33*	
Percentage of Own Tax Revenue to Total Revenue Receipts	*37.47*	*31.25*	*32.92*	*34.84*	*38.02*	

Source: Finance Accounts.

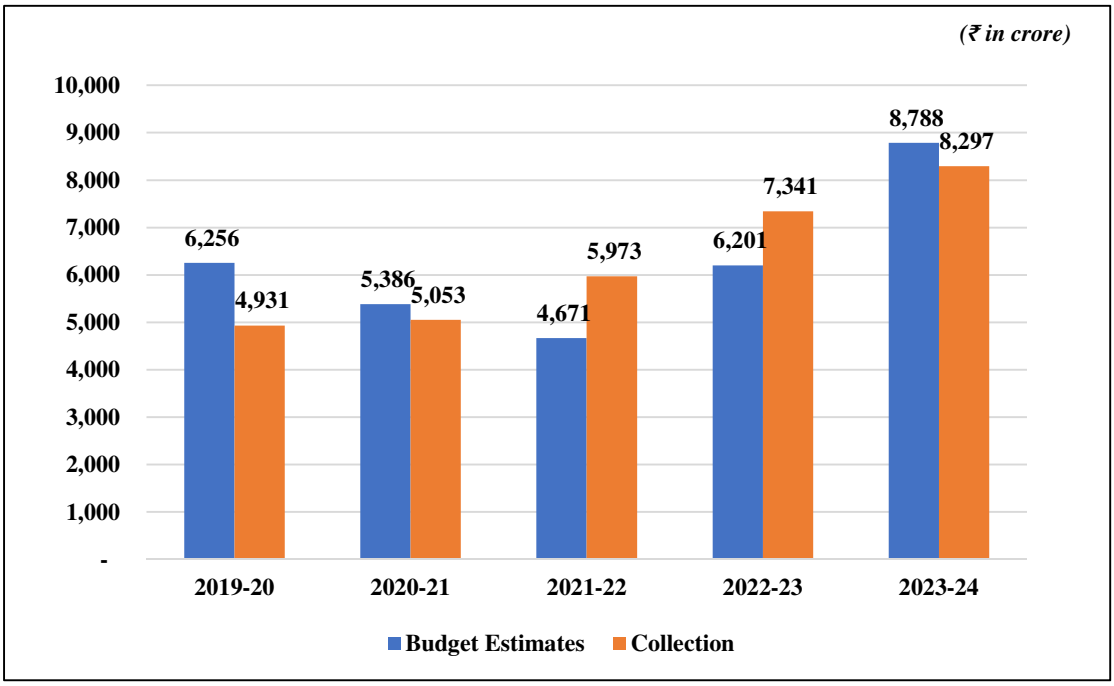
Own Tax Revenue of the State increased by ₹ 7,732 crore from ₹ 11,513 crore in 2019-20 to ₹ 19,245 crore in 2023-24 at an annual average rate of 10.01 *per cent*. During the current year, major contributors of Tax Revenue were State Goods and Services Tax (43.11 *per cent*), State Excise (21.00 *per cent*), Taxes on Sales, Trade, *etc.* (13.09 *per cent*) and Stamp and Registration Fee (12.64 *per cent*). The Own Tax Revenue increased by ₹ 2,143 crore during the current year over the previous year. This increase was mainly on account of increase in State Goods and Services Tax (₹ 956 crore), State Excise (₹ 515 crore), Stamp and Registration Fee (₹ 445 crore) and

Taxes on Vehicles (₹ 179 crore). The percentage of Own Tax Revenue to Total Revenue Receipts also increased from 37.47 to 38.02 *per cent* during last five years (2019-20 to 2023-24).

2.3.3.2 State Goods and Services Tax (SGST)

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Central Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Uttarakhand Goods and Services Tax (GST) Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

Chart-2.7: Comparative receipts under SGST during 2019-20 to 2023-24



As is evident from the above chart collection of SGST increased by ₹ 3,366 crore (68.26 *per cent*) from ₹ 4,931 crore in 2019-20 to ₹ 8,297 crore[3] in 2023-24 at an average annual Growth Rate of 11.86 *per cent*. It increased by ₹ 956 crore (13.02 *per cent*) during the current year over previous year 2022-23.

2.3.3.3 Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realization of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and affect ultimately the revenue deficit.

Arrears of Revenue

The arrears of revenue as on 31 March 2024 under different Heads of Revenue amounted to ₹ 9,515.46 crore, of which ₹ 3,713.26 crore (39.02 *per cent)* was outstanding for more than five years as detailed in **Table-2.5** below.

[3] During the year 2023-24, there was no difference between the RBI's figures and figures booked in the Finance Accounts for State GST.

Table-2.5: Arrears of Revenue

Head of Revenue[4]	Total amount outstanding as on 31 March of *(₹ in crore)*					Amount outstanding for more than five years as on 31 March of *(₹ in crore)*				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Commercial Taxes/VAT	10,205.69	11,821.59	11,457.98	8,061.87	7,669.96	3,227.82	3,968.17	4,495.01	3,592.19	3,577.00
Commercial Taxes/GST	NA	NA	NA	NA	1,570.71	NA	NA	NA	NA	0.00
State Excise	67.51	NA	160.47	NA	NA	67.29	NA	114.16	NA	NA
Police (Other Services)	NA	NA	NA	NA	1.73	NA	NA	NA	NA	0.12
Water Charges	NA	NA	NA	NA	273.07	NA	NA	NA	NA	136.14
Total	***10,273.20***	***11,821.59***	***11,618.45***	***8,061.87***	***9,515.47***	***3,295.11***	***3,968.17***	***4,609.17***	***3,592.19***	***3,713.26***

Source: Commercial Tax, State Excise, Police and Jal Sansthan Departments, Govt of Uttarakhand.

Total arrears of revenue have decreased from ₹ 10,273.20 crore in 2019-20 to ₹ 9,515.47 crore in 2023-24 while showing a fluctuating trend during 2019-24. However, in the current year, it has increased by ₹ 1,453.60 crore (18.03 *per cent*) over previous year. Amount of revenue outstanding for more than five years has also shown a fluctuating trend and increased by ₹ 418.15 crore compared to 2019-20 and increased by ₹ 121.07 crore (3.37 *per cent*) in current year 2023-24 from previous year. Thus, the State Government has to augment its efforts for recovery of revenue.

In this regard, the Government stated during exit conference that matter is already under consideration and necessary steps are being taken up for early recovery of revenue. The State Government further intimated that a web application is being developed for monitoring the arrears of revenue.

Arrears in assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and the number of cases pending for finalisation at the end of the year as furnished by the State Tax Department are given in **Table-2.6** below:

Table-2.6: Arrears in Assessment

Head of revenue	Year	Opening balance (Nos. of Cases)	New cases due for assessment during the year	Total assessment due	Cases disposed off during the year	Balance at the end of the year	Percentage of disposal
VAT	2019-20	60,504	1,28,105	1,88,609	73,885	1,14,724	39
	2020-21	1,14,724	33,426	1,48,150	79,304	68,846	54
	2021-22	68,846	11,825	80,671	79,781	890	99
	2022-23	890	9,106	9,996	8,677	1,319	87
	2023-24	1,319	2,289	3,608	2,449	1,159	68
GST	2019-20	NA					
	2020-21	NA					
	2021-22	0	4,175	4,175	3,564	611	85
	2022-23	611	12,457	13,068	5,524	7,544	42
	2023-24	7,544	21,751	29,295	22,950	6,345	78

Source: Commercial Tax Department, Govt of Uttarakhand.

[4] Based on information furnished by Commercial Tax, State Excise, Police and Jal Sansthan Department.

As is evident from the table above, cases balanced for disposal under VAT and GST have reduced considerably during 2019-24. The percentage of disposal under VAT decreased from 87 *per cent* to 68 *per cent* during the previous year whereas under GST, it increased from 42 *per cent* to 78 *per cent* during the previous year.

Evasion of tax detected by Department, refund cases, etc.

The cases of evasion of tax detected by the Taxation Department, cases finalized and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of the performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, *etc*. The details of evasion of tax detected by the State Tax Department are given in **Table-2.7** below:

Table-2.7: Evasion of Tax Detected

Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty *etc*.		No. of cases pending for finalization as on 31 March 2024
				No. of cases	Amount of demand (*₹ in crore*)	
VAT	0	18	18	9	4.64	9
GST	141	33	174	153	160.06	21
Water Charges	01	01	02	-	-	02

Source: Commercial Tax and Jal Sansthan Departments, Govt of Uttarakhand.

Refund Cases

The details of refund cases in some principal heads of Revenue are given in **Table-2.8**.

Table-2.8: Details of Refund cases as on 31 March 2024

(₹ in crore)

Sl. No	Particular	GST		Commercial Tax/Vat	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	81	13.39	530	7.41
2.	Claims received during the year	1,382	1,278.92	643	29.46
3.	Refunds made during the year	1,267	1,183.13	676	28.49
4.	Refunds rejected during the year	97	44.26	40	3.43
5.	Balance outstanding at the end of year	99	64.92	457	4.95

Source: Commercial Tax Department, Govt of Uttarakhand.

As is evident from the table above, under GST 1,382 claims were received and 1,364 claims (including 97 claims rejected during the year) were settled during the year after paying ₹ 1,183.13 crore as refund, while under Commercial Tax/VAT 643 claims were received and 716 refund cases (including 40 claims rejected during the year) were settled after paying ₹ 28.49 crore as refund.

2.3.3.4 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, *etc.* The component-wise details of Non-Tax Revenue collected during the years 2019-20 to 2023-24 are given in **Table-2.9**.

Table-2.9: Component-wise Non-Tax Revenue during 2019-20 to 2023-24

(₹ in crore)

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Non-Ferrous Mining and Metallurgical Industries	396.75	506.41	575.01	472.13	645.84	
Forestry and Wild Life	410.16	512.27	511.55	474.93	551.53	
Interest receipts	47.81	98.52	403.55	759.04	125.77	
Education Sports Art and Culture	198.83	259.59	268.57	227.19	246.90	
Urban Development	35.57	15.08	190.98	30.99	7.27	
Medical and Public Health	183.84	168.75	177.85	188.50	207.16	
Power	0.30	70.35	111.23	72.46	205.64	
Contribution and Recoveries towards Pension and Other Retirement Benefits	2,492.90	2,109.78	61.57	1,711.37	1,662.02	
Dividend and Profit	14.08	41.02	35.05	25.07	25.20	
Others	218.57	388.80	420.60	404.87	740.75	
Total	***3,998.81***	***4,170.57***	***2,755.96***	***4,366.55***	***4,418.08***	
Percentage of Non-Tax Revenue to State's Own Revenue	*25.78*	*25.89*	*16.28*	*20.34*	*18.67*	
Percentage of Non-Tax Revenue to Total Revenue Receipts	*13.02*	*10.92*	*6.40*	*8.90*	*8.73*	

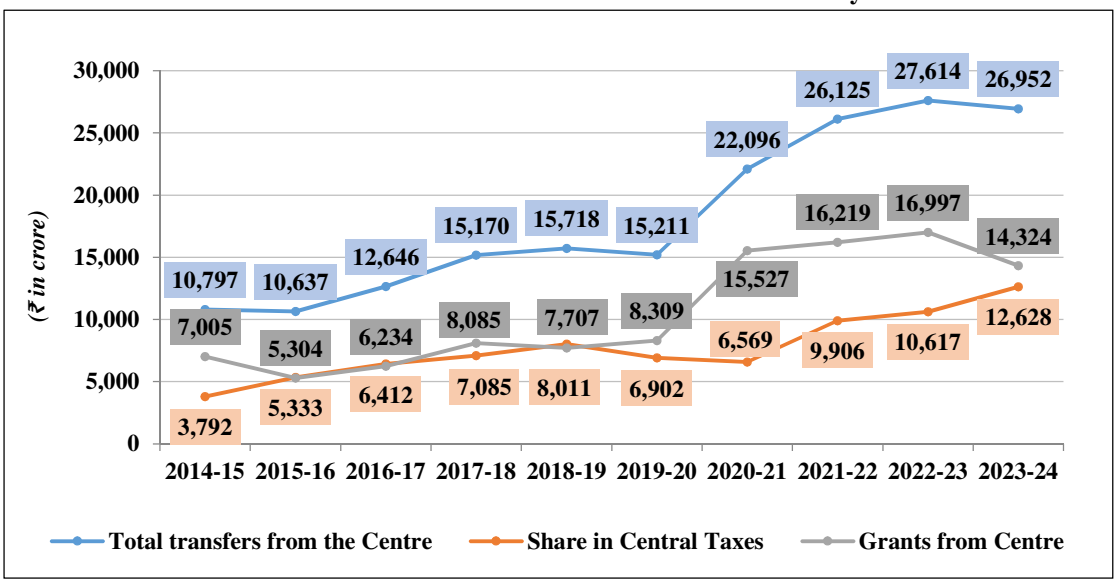
Source: Finance Accounts of respective years.

Non-Tax Revenue, ranged between 06 and 13 *per cent* of Total Revenue Receipts of the State during the five-year period from 2019-20 to 2023-24.

2.3.4 Central Transfers

The Central transfers mainly constitute (i) share in the net proceeds of Union Taxes and Duties and (ii) the Grants-in-aid. Consequent upon the recommendations of the Fourteenth Finance Commission, the grants for centrally sponsored schemes and centrally sponsored plan schemes are now being routed through State Budget. The transfers from Centre are dependent on Finance Commission recommendations. The trends in Central transfers for the last 10 years are shown in **Chart-2.8** given below.

Chart-2.8: Trends in Central Transfers for the last 10 years



2.3.4.1 Central Tax Transfer

The Fourteenth Finance Commission had recommended that the States' share of central taxes be increased to 42 *per cent* from 2015-16 onwards. Further, the share of Uttarakhand in the net proceeds of Central Taxes (excluding Service Tax) had been fixed at 1.052 *per cent*. However, the share was increased to 1.104 *per cent* for the year 2020-21 and to 1.118 *per cent* for the year 2021-22, 2022-23 and 2023-24 by the Fifteenth Finance Commission (FFC). The actual devolution *vis-à-vis* Finance Commission projections is given in **Table-2.10**.

Table-2.10: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2013-14	1.120 *per cent* of net proceeds of all shareable taxes excluding service tax and 1.138 *per cent* of net proceeds of shareable service tax (As per recommendations of Thirteenth FC)	3,727.00	3,573.38	(-) 153.62
2014-15		4,396.00	3,792.30	(-) 603.70
2015-16	1.052 *per cent* of net proceeds of all shareable taxes excluding service tax and 1.068 *per cent* of net proceeds of shareable service tax (As per recommendations of Fourteenth FC)	6,112.00	5,333.19	(-) 778.81
2016-17		7,053.00	6,411.55	(-) 641.45
2017-18		8,150.00	7,084.91	(-) 1,065.09
2018-19		9,429.00	8,011.59	(-) 1,417.41
2019-20		10,921.00	6,901.54	(-) 4,019.46
2020-21	1.104 *per cent* of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC)	9,441.00	6,568.72	(-) 2,872.28
2021-22	1.118 *per cent* of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC's 2021-26 report)	7,363.05	9,906.25	2,543.20
2022-23		8,190.78	10,617.01	2,426.23
2023-24		9,216.62[5]	12,627.75	3,411.13

Source: XV FC and Finance Accounts.

The details of Central tax transfers to the State during 2019-20 to 2023-24 are given in **Table-2.11**.

Table-2.11: Central Tax Transfers

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Corporation Tax	2,353.14	1,981.20	2,985.75	3,559.58	3,790.28
Customs	437.46	349.64	676.32	417.39	442.54
Income Tax	1,843.85	2,031.05	2,938.64	3,474.95	4,377.28
Other Taxes and Duties on commodities and services	4.37	4.69	9.47	17.47	15.48
Service Tax	0.00	28.21	127.78	16.62	2.34
Wealth Tax	0.10	0.00	0.62	0.00	0.00
Union Excise Duties	304.15	220.89	337.81	130.97	167.46
Other Taxes on Income and Expenditure	0.00	0.00	0.02	0.00	0.00
CGST	1,958.47	1,953.04	2,829.84	3,000.03	3,832.37
Total Central Tax Transfer	***6,901.54***	***6,568.72***	***9,906.25***	***10,617.01***	***12,627.75***

[5] Tax devolution to States ₹ 8,24,385*1.118% = ₹ 9,216.62 crore.

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Percentage of (+) increase/ (-) decrease over previous year	*(-) 13.86*	*(-) 4.82*	*50.81*	*7.17*	*18.94*
Percentage of Central tax transfers to Revenue Receipts	*22.46*	*17.19*	*23.01*	*21.63*	*24.95*

Source: Finance Accounts of respective years.

Over the five-year period (2019-20 to 2023-24), Central tax transfers increased by 82.97 *per cent* from ₹ 6,902 crore in 2019-20 to ₹ 12,628 crore in 2023-24. During the current year, it increased by ₹ 2,011 crore (18.94 *per cent*) from previous year, mainly due to increased receipts in Corporation Tax (₹ 231 crore), Income Tax (₹ 902 crore) and CGST (₹ 832 crore). During the year, Central Tax transfer constituted 24.95 *per cent* of the Revenue Receipts. Further, as detailed in **Table-2.10**, the State did not receive its share of Union Taxes and Duties as per projections in the Finance Commissions Reports (XIII, XIV & XV) from the period 2013-14 to 2020-21. However, during the year 2021-22, 2022-23 and 2023-24, the share in central taxes exceeded by ₹ 2,543 crore, ₹ 2,426 crore and ₹ 3,411 crore respectively from the XV FC projection.

2.3.4.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2019-20 to 2023-24 are detailed in **Table-2.12**.

Table-2.12: Grants-in-Aid from GoI

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
1.Grants for Centrally Sponsored Schemes	4,477	6,166	5,219	5,969	5,676
2. Finance Commission Grants	975	6,865	9,424	8,501	8,050
3. Other transfers/Grants to States	2,857	2,496	1,576	2,527	598
Total (1+2+3)	***8,309***	***15,527***	***16,219***	***16,997***	***14,324***
Percentage of increase/decrease over the previous year	*8*	*87*	*4*	*5*	*-16*
Percentage of GIA to Revenue Receipts	*27*	*41*	*38*	*35*	*28*

Source: Finance Accounts of respective years.

Grants-in-Aid from GoI increased by ₹ 6,015 crore (72.39 *per cent*) from 2019-20 to 2023-24. However, it decreased by ₹ 2,673 crore (15.73 *per cent*) during the year compared to the previous year. GIA constituted 28 *per cent* of Revenue Receipts during the year 2023-24. Finance Commission Grants (₹ 8,050 crore) provided during 2023-24 includes Revenue Deficit Grant (₹ 6,223 crore), grant for Local Bodies (₹ 696 crore), State Disaster Response Fund (SDRF) (₹ 826 crore) and State Disaster Mitigation Fund (₹ 305 crore). This constituted 56.20 *per cent* of total grants during the year. Grants for Centrally Sponsored Schemes (₹ 5,676 crore) to the State constituted 39.63 *per cent* of the total grants during the year. Other grants received by the State during the year was mainly in respect of compensation for loss of revenue arising out of implementation of GST (₹ 477 crore).

2.3.4.3 Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 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 authorized 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.

Examination of the reports of the PFMS Portal for the year 2023-24, audit noted the following:

(i) Against ₹ 4,509.85 crore received from GoI during 2023-24 as Central Share, the State Government transferred Central share of ₹ 4,907.20 crore, State share of ₹ 1,400.43 crore and ₹ 258.57 crore as unclassified amount and top-up to the bank accounts of SNAs.

(ii) Under 32 CSS, the State released funds of ₹ 667.17 crore in excess of its proportionate state share whereas under 18 CSS, it released funds of ₹ 12.17 crore lesser than its proportionate state share.

(iii) There were unspent balances of ₹ 2,773.16 crore available in the bank accounts of the SNAs under 134 State linked schemes during 2023-24.

Detailed vouchers and supporting documents of actual expenditure were not received by Accountant General (A&E) office from SNAs.

During exit conference, the State Government stated that SNA SPARSH was being developed by the State through which e-vouchers of end utilisation shall be made available to the Accountant General through online portal.

2.3.4.4 Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, FFC Grants were provided to the States for local bodies and State Disaster Response Fund. Details of grants provided by the GoI to the State in this regard during the year 2023-24 are given in **Table-2.13**.

Table-2.13: Grants-in-Aid released by GoI as per recommendation of XV FC

(₹ in crore)

Transfers	Recommendations of the FFC for 2023-24	Actual Release from GoI during 2023-24
1. Local Bodies	**674**	**696**
(A) Grants to PRIs	445	472
(B) Grants to ULBs	229	224
2. Revenue Deficit Grant	**6,223**	**6,223**
3. Disaster Response Fund (Central Share)	**1,033**	**1,131**
5. Health Sector Grant	**158**	**0.00**
Grand Total	***8,088***	***8,050***

Source: XVFC Report and Finance Accounts.

It is clear from the above table that the State received less share than recommendations of FFC grants in ULBs. However, State received its complete share of Finance Commission in Revenue Deficit Grant. State did not receive ₹ 158 crore grant for Health Sector as recommended by the FFC.

2.3.4.5 Refund of Revenue booked as Revenue Expenditure

As per Para 2.2 of List of Major and Minor Head of Accounts, 'Refunds of Revenue' shall be taken as reduction of the Revenue Receipts in order to ascertain the actual Revenue figures under 'A. Tax Revenue'. During the year, refunds amounting to ₹ 15.98 crore were booked under respective revenue expenditure Major Heads (2040, 2853 and 3055) instead of Revenue Receipt heads.

This improper booking of revenue refunds resulted in overstatement of revenue receipts as well as revenue expenditure to that extent.

During exit conference, the Government agreed with the findings and said that corrective measures will be taken in due course.

2.4 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. **Table-2.14** 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)

Sources of State's Capital Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
1. Capital Receipts (Total)	**6,167**	**9,810**	**7,490**	**5,065**	**9,928**
1.1 Miscellaneous Capital Receipts	**00**	**0.20**	**00**	**12**	**00**
1.2 Recovery of Loans and Advance	**19**	**23**	**17**	**17**	**16**
1.3 Public Debt Receipts	**6,148**	**9,787**	**7,473**	**5,036**	**9,912**
Internal Debt	6,078	6,728	3,787	3,817	7,862
Growth Rate	(-) 15.23	10.69	(-) 43.71	0.79	105.97
Loans and Advance from GoI	70	3,059	3,686	1,219	2050
Growth Rate	(-) 33.33	4,270.00	20.50	(-) 66.93	68.17
Rate of growth of debt Capital Receipts	(-) 15.49	59.19	(-) 23.64	(-)32.61	96.82
Rate of growth of non-debt capital receipts	(-) 29.63	22.11	(-) 26.72	70.59	(-) 44.83
Rate of growth of GSDP	3.88	(-)5.70	18.41	13.71	13.97
Rate of growth of Capital Receipts (*per cent*)	*(-) 15.54*	*59.08*	*(-) 23.65*	*(-)32.38*	*96.01*
Percentage of CR to Total Receipts	*16.72*	*20.43*	*14.82*	*9.35*	*16.40*

Source: Finance Accounts of respective years.

Capital Receipts increased by ₹ 3,761 crore (60.99 *per cent*) from ₹ 6,167 crore in 2019-20 to ₹ 9,928 crore in 2023-24. It increased by ₹ 4,863 crore (96.01 *per cent*) during the current year as compared to previous year mainly due to increase in Public Debt Receipts (₹ 4,876 crore).

Public debt receipts create future repayment obligation, and these are taken from Market, Financial Institutions and Central Government. During the five-year period 2019-24, Public debt receipt of ₹ 38,356 crore taken during the period were utilised for repayment of Public Debt ₹ 16,314 crore (42.53 *per cent)* and the remaining 57.47 *per cent* was utilised for other purposes.

2.5 State's Performance in Mobilization of Resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The Fifteenth Finance Commission (FFC*)* projections, the BEs and the Medium-Term Fiscal Policy Statement (MTFPS) projections *vis-à-vis* actual in respect of State's own resources during 2023-24 are given in **Table-2.15**.

Table-2.15: States Own resources: Projection *vis-à-vis* actual

(₹ in crore)

States Own resources	FFC projections	Budget Estimates	MTFPS projections	Actual	Percentage variation of actual over		
					FFC projections	Budget Estimates	MTFPS projection
Own Tax Revenue	15,346	19,983	19,620	19,245	*25.41*	*-3.69*	*-1.91*
Non-Tax Revenue	4,362	4,762	4,175	4,418	*1.28*	*-7.22*	*5.82*

Source: FFC Report, Budget Document and Finance Accounts.

As shown in **Table 2.15**, the State's own tax revenue during 2023-24 was higher against the FFC projections by ₹ 3,899 crore whereas it was lower against the BEs and MTFPS by ₹ 738 crore and ₹ 375 crore respectively. Thus, the State was not able to achieve its own targets of Own Tax Revenue, projected in the Budget and MTFPS.

The Non-tax revenue (NTR) during 2023-24 was higher by ₹ 56 crore and ₹ 243 crore as compared to the FFC and MTFPS projections respectively. However, it was less by ₹ 344 crore as against BEs.

2.6 Application of Resources

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

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organization, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

Loans and Advances: Loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

The Total Expenditure, its composition and relative share in GSDP during the years 2019-20 to 2023-24 is presented in **Table-2.16**.

Table-2.16: Total Expenditure and its composition

(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	**38,399**	**43,667**	**46,810**	**52,061**	**58,380**
Revenue Expenditure (RE)	32,859	37,091	38,929	43,773	47,274
Capital Expenditure (CE)	5,414	6,538	7,534	8,194	10,982
Loans and Advances	126	38	347	94	124
As a percentage of GSDP					
TE/GSDP	16.05	19.35	17.52	17.14	16.86
RE/GSDP	13.73	16.44	14.57	14.41	13.65
CE/GSDP	2.26	2.90	2.82	2.70	3.17
Loans and Advances/GSDP	0.05	0.02	0.13	0.03	0.04

Source: Finance Accounts.

The above table shows that Total Expenditure of the State increased by 52 *per cent* from ₹ 38,399 crore in 2019-20 to ₹ 58,380 crore in 2023-24. During the current year, it increased by 12.14 *per cent* over the previous year. As a percentage of GSDP, the Total Expenditure showed a fluctuating trend and remained in the range of 16 *per cent* to 19 *per cent* during 2019-20 to 2023-24.

Chart-2.9 depicts the trend of the share of components in Total Expenditure whereas **Chart-2.10** shows composition of total disbursement from Consolidated Fund for the year 2023-24.

Chart-2.9: Total Expenditure: Trends in share of its components

(in per cent)

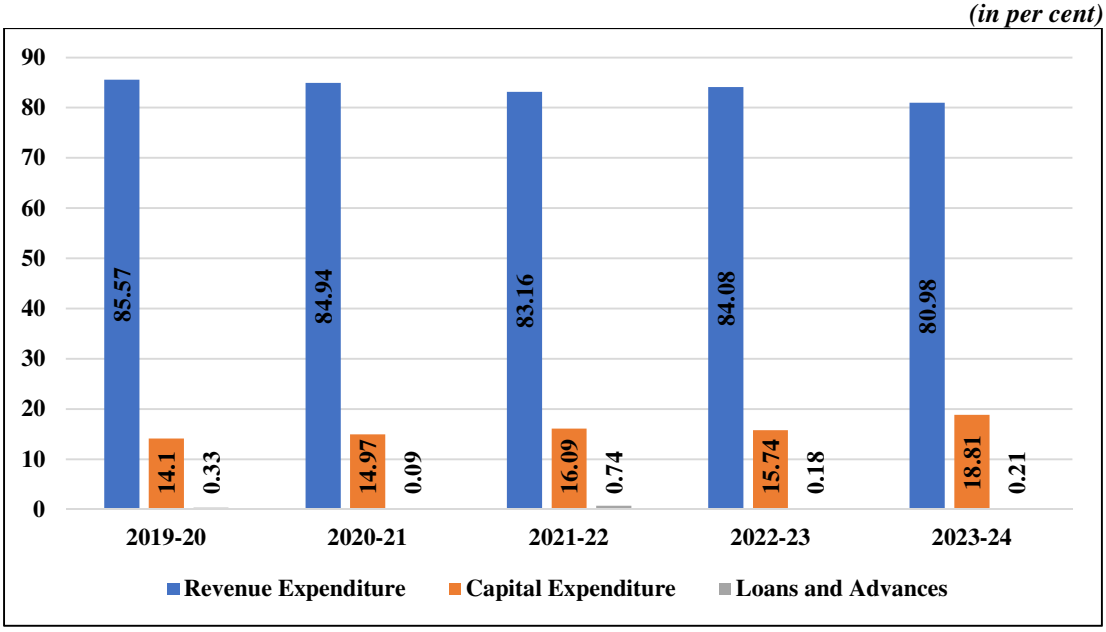
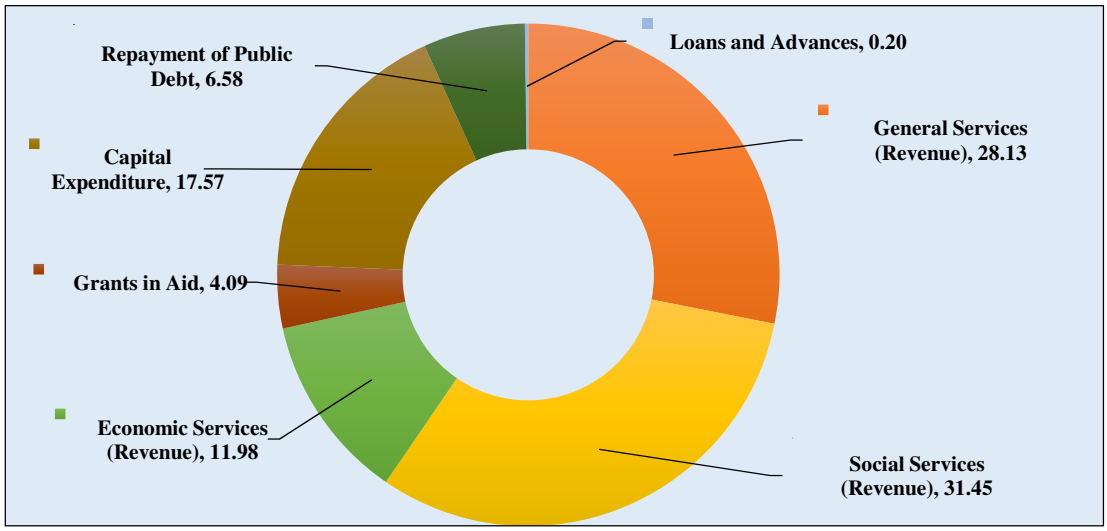


Chart-2.10: Composition of total disbursement from Consolidated Fund during 2023-24

(in per cent)



In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 58,380 crore (refer ***Appendix-2.1***) during 2023-24 is given in **Table-2.17**.

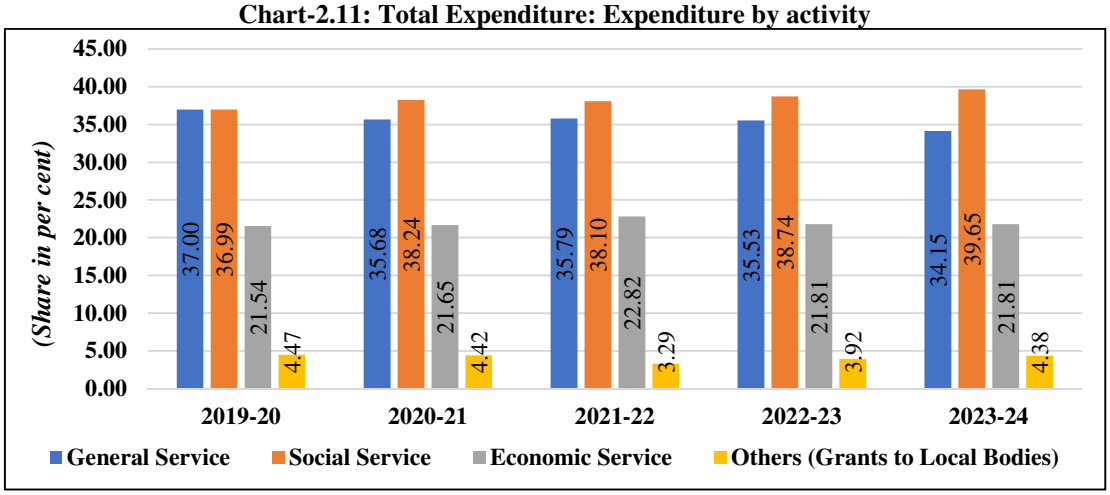
Table-2.17: Relative share of various sectors of expenditure

(in percentage)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	37.00	35.68	35.79	35.53	34.15
Social Services	36.99	38.24	38.10	38.74	39.65
Economic Services	21.54	21.65	22.82	21.81	21.81
Others (Grants to Local Bodies and Loans and Advances to Government Servants)	4.47	4.43	3.29	3.92	4.38

Chart-2.11 depicts trends of sectoral component in Total Expenditure for the period 2019-20 to 2023-24.

Chart-2.11: Total Expenditure: Expenditure by activity



The relative share of the above components of expenditure indicates that the shares of General Services in the Total Expenditure were partially decreased during 2023-24 over the previous year. However, the respective share of Social Services and others increased during the current year.

2.6.1 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure formed on an average 84 per cent (ranging from 81 *per cent* to 86 *per cent*) of the total expenditure during the period 2019-20 to 2023-24. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five-year period 2019-20 to 2023-24. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in Table-2.18. Trend of Revenue Expenditure and its percentage to GSDP is shown in Chart-2.12 whereas the sectoral distribution of Revenue Expenditure pertaining to 2023-24 is given in **Chart-2.13**.

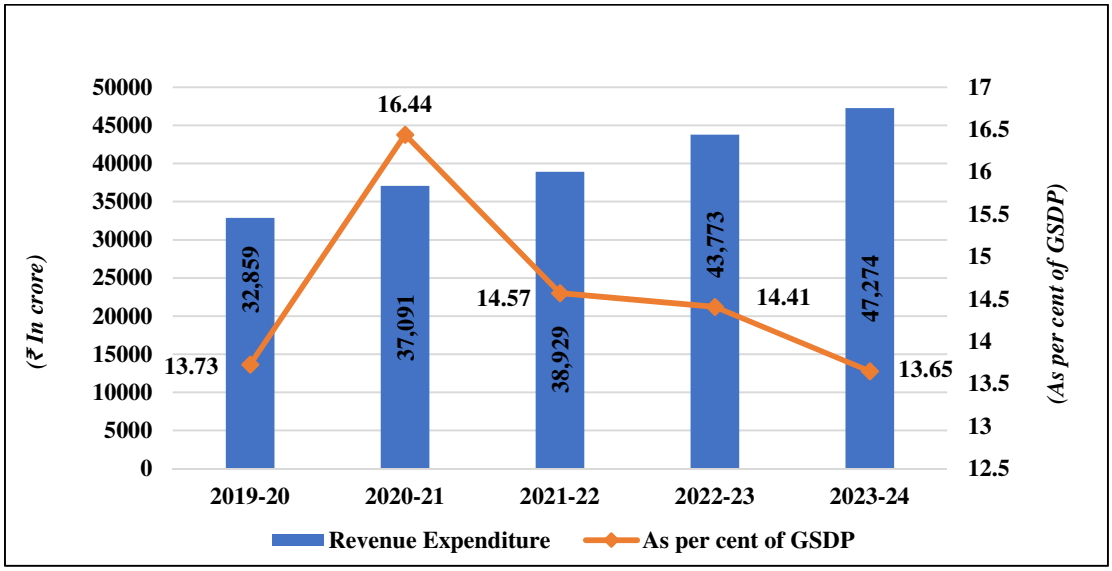
Table-2.18: Revenue Expenditure – basic parameters

(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	**38,399**	**43,667**	**46,810**	**52,061**	**58,380**
Revenue Expenditure (RE)	**32,859**	**37,091**	**38,929**	**43,773**	**47,274**
Rate of Growth of RE (*per cent*)	*2.06*	*12.88*	*4.96*	*12.44*	*8.00*
Revenue Expenditure as percentage of TE	*85.57*	*84.94*	*83.16*	*84.08*	*80.98*
RE/GSDP (*per cent*)	*13.73*	*16.44*	*14.57*	*14.41*	*13.65*
RE as percentage of RR	*106.95*	*97.09*	*90.41*	*89.18*	*93.40*
Buoyancy[6] of Revenue Expenditure with					
GSDP (ratio)	0.53	(-)2.26	0.27	0.91	0.57
Revenue Receipts (ratio)	(-)1.30	0.53	0.39	0.89	2.56

Source: Finance Accounts.

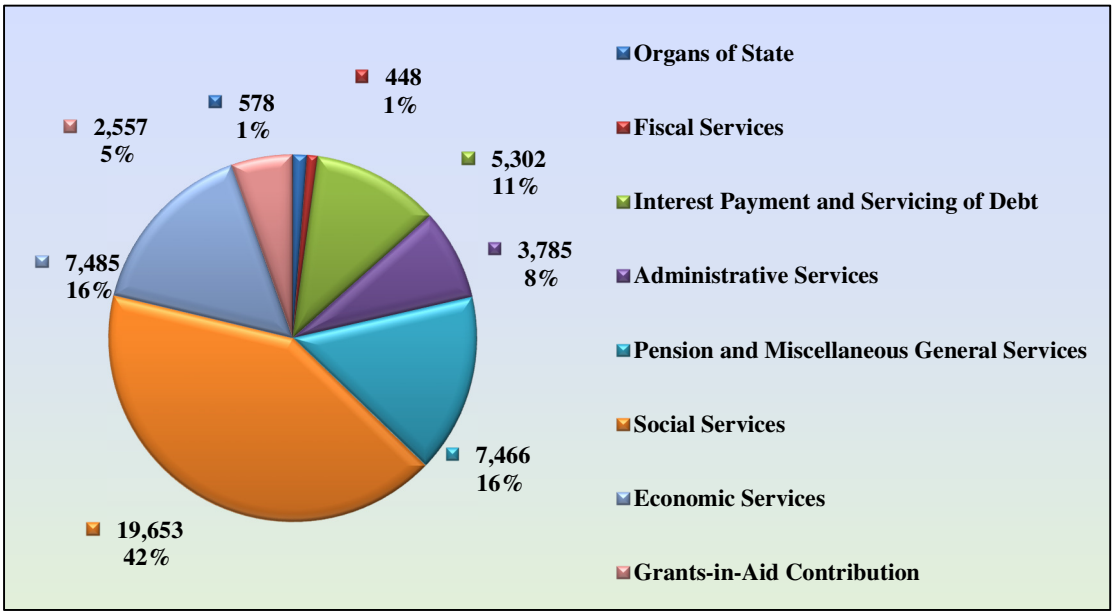
Chart-2.12: Trend of Revenue Expenditure during 2019-20 to 2023-24



[6] Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Chart-2.13: Sector wise distribution of Revenue Expenditure during 2023-24

(in per cent)



During 2023-24, Revenue Expenditure as a percentage of GSDP was lower than the previous year. It witnessed a significant increase of ₹ 3,501 crore (8.00 *per cent*) over the previous year. Revenue Expenditure was lower by ₹ 4,311 crore from the assessment made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 51,585 crore).

2.6.1.1 Major Changes in Revenue Expenditure

Table-2.19 details significant variations (more than ₹ 30 crore and 30 *per cent*) under various Heads of Account with regard to Revenue Expenditure of the State during the current year in comparison to the previous year. Some of the major heads with positive variations were (i) Public Service Commission, (ii) Treasury and Accounts Administration, (iii) Sports and Youth services, (iv) Water Supply and Sanitation, (v) Urban Development, (vi) Information and Publicity, (vii) Labour, Employment and Skill Development, (viii) Relief on account of Natural Calamities, (ix) Fisheries, (x) Special programmes for Rural Development, (xi) Other Rural Development programmes and (xii) Roads and Bridges whereas Revenue Expenditure under Rural Employment showed negative variation.

Further, it was found during scrutiny that revenue expenditure of ₹ 111.30 crore was made out of Contingency Fund for routine nature of transactions like Salary, Office Expenditure, Honorarium, Wages, Advertisement and Publicity, etc. which was against the provisions of Uttarakhand Contingency Fund Act, 2001. This reflects poor budgeting by the State Government as routine nature of establishment expenditure was not forecasted and budgeted at the initial stage of preparation of Budget.

Table-2.19: Significant Variation in Revenue Expenditure during 2023-24 as compared to 2022-23

(₹ in crore)

Major Heads of Account		Expenditure		Variation	
		2022-23	2023-24	In amount	In percentage
2515	Other Rural Development Programmes	1,581.44	2,109.40	527.96	*33.38*
3054	Roads and Bridges	419.11	886.56	467.45	*111.53*
2245	Relief on account of Natural Calamities	1,049.96	1,369.55	319.59	*30.44*
2215	Water Supply and Sanitation	608.75	812.74	203.99	*33.51*
2217	Urban Development	302.77	417.67	114.90	*37.95*
2220	Information and Publicity	167.85	260.17	92.32	*55.00*
2230	Labour, Employment and Skill Development	178.68	264.75	86.07	*48.17*
2501	Special Programmes for Rural Development	59.51	117.41	57.90	*97.29*
2051	Public Service Commission	59.97	103.63	43.66	*72.80*
2204	Sports and Youth Services	100.63	142.63	42.00	*41.74*
2054	Treasury and Accounts Administration	89.92	130.42	40.50	*45.04*
2405	Fisheries	21.38	52.92	31.54	*147.52*
2505	Rural Employment	530.41	215.75	-314.66	*-59.32*

Source: Finance Accounts of respective years.

2.6.2 Committed Expenditure

The Committed Expenditure of the State Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. It has the first charge on Government resources. An upward trend in Committed Expenditure leaves the Government with lesser flexibility for overall development of various sectors. The FRBM Act of the State prescribes that there should be a Revenue Surplus; it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

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 variable transactions such as capital expenditure, etc. The following items may be considered as inflexible expenditure:

(i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).

(ii) Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF), etc.

(iii) Recoupment of Contingency Fund - Amount recouped within the year.

(iv) Transfer of cess to reserve fund / other body, which are statutorily required.

(v) Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs / spent by the State.

(vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - interest payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its

components is depicted in **Table-2.20** and share of committed expenditure in revenue expenditure is shown in **Chart-2.14**.

Table-2.20 presents the trends in the components of committed expenditure during 2019-20 to 2023-24. Share of Committed and Non-Committed Expenditure in total Revenue Expenditure is depicted through **Chart-2.14** during 2019-24.

Table-2.20: Components of Committed Expenditure

(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Components of Committed Expenditure					
Salaries & Wages	11,714	11,755	12,417	13,515	14,341
Interest Payments	4,504	4,773	4,939	5,104	5,192
Expenditure on Pensions	5,507	6,168	6,364	7,181	7,597
Total	***21,725***	***22,696***	***23,720***	***25,800***	***27,130***
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	*38.13*	*30.77*	*28.84*	*27.53*	*28.33*
Interest Payments	*14.66*	*12.49*	*11.47*	*10.40*	*10.26*
Expenditure on Pensions	*17.92*	*16.14*	*14.78*	*14.63*	*15.01*
Total	***70.71***	***59.41***	***55.09***	***52.56***	***53.60***
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	*35.65*	*31.69*	*31.90*	*30.88*	*30.34*
Interest Payments	*13.71*	*12.87*	*12.69*	*11.66*	*10.98*
Expenditure on Pensions	*16.76*	*16.63*	*16.35*	*16.41*	*16.07*
Total	***66.12***	***61.19***	***60.93***	***58.94***	***57.39***
Non-committed RE	11,134	14,395	15,209	17,973	20,144
***Percentage* of Non-committed Expenditure to RE**	*33.88*	*38.81*	*39.07*	*41.06*	*42.61*
***Percentage* of Non-committed Expenditure to TE**	*29.00*	*32.97*	*32.49*	*34.52*	*34.50*
Subsidies	35	139	145	289	428
Subsidies as percentage of non-committed expenditure	*0.31*	*0.97*	*0.95*	*1.61*	*2.12*
Components of Inflexible Expenditure					
Statutory devolution to local bodies	1,717	1,932	1,390	1,492	1,795
Contribution to Reserve Funds	150	150	210	110	110
Recoupment of Contingency Fund	94	02	436	269	179
Transfer of Cess to Reserve Fund/Other body	00	70	72	72	80
Share contribution of CSS against the Central Fund received	NA	548	1,047	728	1,581
Payment of interest on the balances of the Interest-Bearing Funds as if they could have been invested and payment of interest on public debt as charged expenditure- interest payment**	43	156	156	(-) 122	05
Total	***2,004***	***2,858***	***3,311***	***2,549***	***3,750***
Inflexible Expenditure *as a percentage of RR*	***6.52***	***7.48***	***7.69***	***5.19***	***7.41***
Inflexible Expenditure *as a percentage of RE*	***6.10***	***7.71***	***8.51***	***5.82***	***7.93***

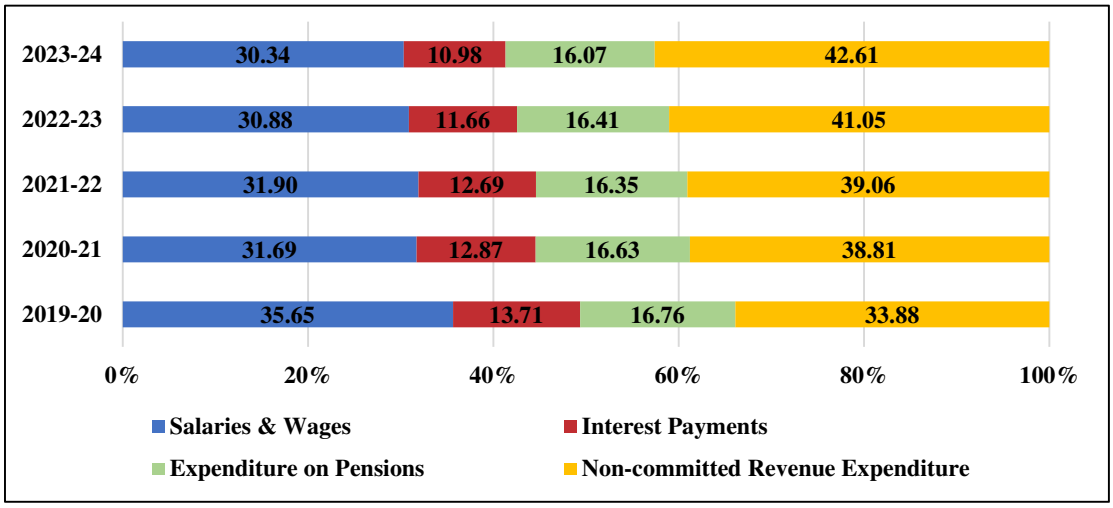
Source: Finance Accounts of respective years.

*****Only Interest-Bearing Funds Liability is provided. Public Debt interest liability if any due is not available.***

Table-2.20 shows that percentage of non-committed expenditure to revenue expenditure increased from 33.88 *per cent* in 2019-20 to 42.61 *per cent* in 2023-24 to which subsidies constituted proportion ranging from 0.31 *per cent* to 2.12 *per cent.*

Chart-2.14: Share of Committed and Non-Committed Expenditure in Revenue Expenditure

(in per cent)



Source: Finance Accounts.

The Committed Expenditure as percentage of Revenue Expenditure decreased to 57.39 *per cent* in 2023-24 from 66.12 *per cent* in 2019-20. Accordingly, more funds were available for developmental and maintenance work. Similarly, Committed Expenditure as percentage of Revenue Receipts decreased from 70.71 *per cent* in 2019-20 to 53.60 *per cent* in 2023-24. Further, Non-Committed Expenditure as percentage of Revenue Expenditure increased from 33.88 *per cent* in 2019-20 to 42.61 *per cent* in current year.

2.6.2.1 Other Committed Expenditure

Other Committed Expenditure of the State Government, on revenue account, consists of expenditure under Social Security and Welfare schemes such as old age pension scheme, Pension under social security scheme in addition to welfare of handicapped, child, women and aged infirm and destitute etc. Further, expenditure against payment of utility bills which includes expenses on electricity, water charges and telephone charges are also other committed expenditure. The following **Table-2.21** indicates other committed expenditure during last five years up to 2023-24.

Table-2.21: Components of Other Committed Expenditure

(₹ in crore)

Components of Other Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Social Security and Welfare	1,607.08	1,671.37	1,814.44	2,615.42	2,810.84
Utility Bill Payment	271.84	290.58	344.87	460.81	482.46
Total	***1,878.92***	***1,961.95***	***2,159.31***	***3,076.23***	***3,293.30***
As a percentage of Revenue Receipts (RR)					
Social Security and Welfare	*5.23*	*4.37*	*4.21*	*5.33*	*5.55*
Utility Bill Payment	*0.88*	*0.76*	*0.80*	*0.94*	*0.95*
Total	***6.11***	***5.13***	***5.01***	***6.27***	***6.50***
As a percentage of Revenue Expenditure (RE)					
Social Security and Welfare	*4.89*	*4.51*	*4.66*	*5.97*	*5.95*
Utility Bill Payment	*0.83*	*0.78*	*0.89*	*1.05*	*1.02*
Total	***5.72***	***5.29***	***5.55***	***7.03***	***6.97***

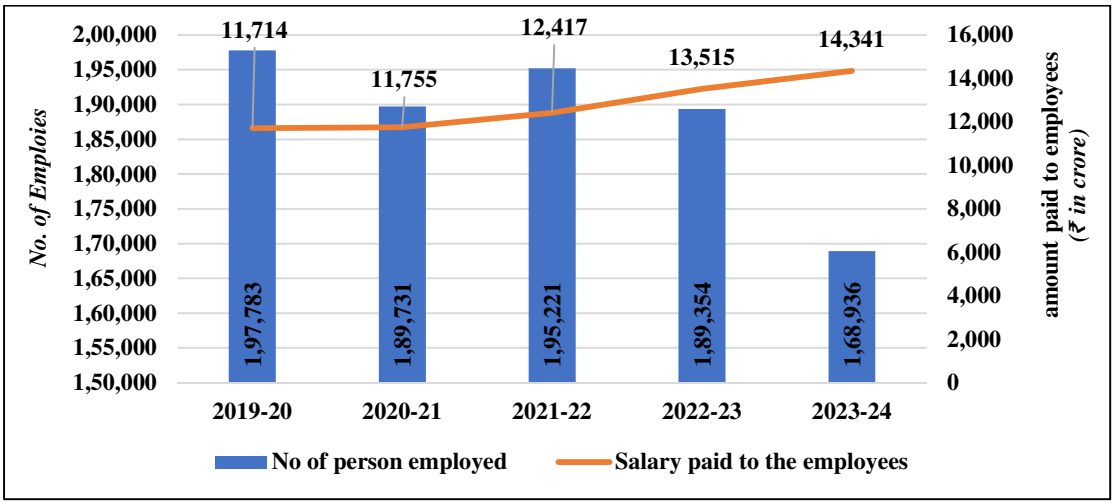
As is evident from above table that Other Committed Expenditure as percentage of Revenue Expenditure remained in the range of five *per cent* to seven *per cent* during 2019-20 to 2023-24.

2.6.2.2 Salaries and Wages

Share of salaries in the Revenue Expenditure was low during the current year relative to the previous year. Expenditure on salaries and wages accounted for 30.34 *per cent* of Revenue Expenditure during 2023-24 with a slight reduction (0.54 *per cent*) over previous year. Over the five-year period 2019-20 to 2023-24, it increased by ₹ 2,627 crore (22.43 *per cent*) from ₹ 11,714 crore in 2019-20 to ₹ 14,341 crore in 2023-24. Expenditure on salaries (₹ 14,341 crore) during 2023-24 was less by ₹ 3,489 crore compared to the projection of ₹ 17,830crore made in MTFPS. In addition to salary expenditure, the State Government incurred ₹ 192.48 crore on professional and specialized services and ₹ 1,352.41 crore was given as grants-in-aid for Pay and Allowances and Other Expenses.

Comparison of number of employees and amount of salary paid during the period 2019-20 to 2023-24 is given in the **Chart-2.15**:

Chart-2.15: Comparison of number of employees and amount of salary paid



Source: Volume VI of Uttarakhand Budget and Finance Accounts.

The number of employees in the State has shown a decreasing trend during the period 2021-24. The number of employees decreased by 28,847 (14.59 *per cent*) from 1,97,783 in 2019-20 to 1,68,936 in 2023-24 whereas salary expenditure increased by ₹ 2,627 crore (22.43 *per cent*) from 11,714 crore to 14,341 crore for the respective years.

2.6.2.3 Interest Payments

Interest Payments increased by ₹ 88 crore (1.72 *per cent*) from ₹ 5,104 crore in 2022-23 to ₹ 5,192 crore in 2023-24 mainly due to increase in interest payment on Internal Debt by ₹26 crore, interest on Reserve Funds by ₹ 97 crore which was counterbalanced by decrease in Interest on Other Obligations by ₹ 40 crore. During the current year, the Interest Payments were made on internal debt (₹ 4,154 crore), Small Savings, Provident Fund, *etc.*, (₹ 662 crore), Loans and Advances from Central Government (₹ 76 crore), Reserve Funds (₹ 97 crore) and interest on Other Obligations (₹ 204 crore). The State

government had to pay an amount of ₹ 39.07 crore as interest on GPF pertaining to Class IV employees during the current year.

Interest on Class-IV GPF accounts is being calculated notionally by the Accountant General (A&E), Uttarakhand in the absence of rendition of actual interest credited in each subscriber's account by all DDOs.

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

Table-2.22: Interest Payments *vis-à-vis* State's Projections

(₹ in crore)

Year	Actuals	Assessment made by the State Government in			
		Budget		MTFPS	
		Projection	Variation *(per cent)*	Projection	Variation *(per cent)*
2023-24	5,192	6,161	969 *(15.73)*	6,059	867 *(14.31)*

Source: Budget Document and Finance Accounts.

Above table indicates that the interest payments by State Government were well below its own projections made in Budget and MTFPS.

2.6.2.4 Pensions

Expenditure on pension payments was ₹ 7,597 crore in 2023-24, which constituted 15.01 *per cent* of the revenue receipts. During the current year, it increased by (₹ 416 crore) 5.79 *per cent* over the previous year and was below the projection made by the State Government in its Budget (₹ 7,602 crore) by ₹ 5 crore, however, it was above the projected amount in MTFPS (₹ 7,421 crore) by ₹ 176 crore. During the year, Pensions to Employees of State Aided Educational Institutions (₹ 1,310.37 crore) increased by ₹ 136.44 crore, Superannuation and Retirement Allowances (₹ 2,353.45 crore) increased by ₹ 169.39 crore, Family Pension (₹ 1,422.42 crore) increased by ₹ 88.83 crore and Government Contribution for Defined Contribution Pension Scheme (₹ 899.45 crore) increased by ₹ 77.31 crore, from those in 2022-23. This increase was counterbalanced by decrease in Leave Encashment Benefits (₹ 324.47 crore) by ₹ 5.98 crore, Gratuities (₹ 713.64 crore) by ₹ 25.00 crore and Commuted value of Pensions (₹ 558.30 crore) by ₹ 22.62 crore.

Pension payments *vis-à-vis* salary increased from 47.01 *per cent* in 2019-20 to 52.97 *per cent* in 2023-24. However, It slightly decreased from 53.13 *per cent* in 2022-23 to 52.97 *per cent* in 2023-24 as given in **Table-2.23**.

Table-2.23: Pension payments as percentage of salary

Components	2019-20	2020-21	2021-22	2022-23	2023-24
Pension payments *(₹ in crore)*	5,507	6,168	6,364	7,181	7,597
Expenditure on Salary *(₹ in crore)*	11,714	11,755	12,417	13,515	14,341
Percentage of pension vis-a-vis salary	*47.01*	*52.47*	*51.25*	*53.13*	*52.97*

Liability under National Pension System

State Government employees recruited on or after 1 October 2005 are covered under the National Pension System (NPS), which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 *per cent* of his basic pay and

dearness allowance and the Government contributes 14 *per cent* of the basic pay and dearness allowance. The State Government is responsible to deposit both employee's and employer's share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS.

During the year, total contribution to Defined Contribution Pension Scheme was ₹ 1,560.03 crore (Employee's contribution ₹ 660.58 crore and Government contribution ₹ 899.45 crore). The Government transferred ₹ 1,580.03 crore (including interest payment ₹ 20 crore) to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government contribution to NPS was less by ₹ 25.36 crore, which resulted in overstatement of Revenue surplus and understatement of Fiscal deficit to that extent.

During the year, ₹ 1,548.95 crore was transferred to NSDL/Trustee Bank. However, an amount of ₹ 98.09 crore was still lying un-transferred at the end of 2023-24 which resulted in overstatement of Cash Balance to that extent. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme.

2.6.2.5 Subsidies

There was a significant increase in expenditure on subsidies during the year 2023-24 as compared to previous year as can be seen from the details given in **Table-2.24**. Subsidies as a percentage of Revenue Receipts have seen a steady increase from 0.11 *per cent* in 2019-20 to 0.85 *per cent* in 2023-24 except for the year 2021-22 in which it showed a nominal decrease. Further, subsidies as a percentage to Revenue Expenditure increased from 0.11 *per cent* in 2019-20 to 0.91 *per cent* in 2023-24. Further, the expenditure on subsidies increased by ₹ 139 crore (48.10 *per cent)* in 2023-24 over previous year.

Table-2.24: Expenditure on subsidies during 2019-24

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies *(₹ in crore)*	35	139	145	289	428
Subsidies as a percentage of Revenue Receipts	*0.11*	*0.36*	*0.34*	*0.59*	*0.85*
Subsidies as a percentage of Revenue Expenditure	*0.11*	*0.37*	*0.37*	*0.66*	*0.91*

During 2023-24, the major schemes in which expenditure on subsidy was incurred were Deen Dayal Upadhyay Cooperative Farmer Welfare Scheme (₹ 81 crore), Food subsidy under Food Security Act (₹ 104 crore), Mega Textile Policy (₹ 15 crore), Mukhya Mantri Swarojgar Yojna (₹ 60 crore), Grant for EWS's Houses (₹ 75 crore), Deen Dayal Upadhyay (Home stay) Development Plan (₹ 15 crore), Grant to poor families for cooking gas (₹ 27 crore), Solar Photovoltaic Programme (₹ 18 crore) and Veer Chandra Singh Garhwali Prayatan Swarojgar Yojana (₹ 10 crore). State Government had made a projection for subsidy of ₹ 493 crore in its Budget Estimates during 2023-24.

2.6.2.6 Implicit Subsidy

Implicit subsidy arises when the government provides social and economic goods/ services at a price lesser than the cost of goods and services incurred by the government. It can be indirect or in kind or can be given as concession. Implicit subsidy indirectly provided by the Government during 2019-24 is given in **Table-2.25**.

Table-2.25: Expenditure on implicit subsidies during 2019-24

(₹ in crore)

Implicit Subsidies	2019-20	2020-21	2021-22	2022-23	2023-24
Crop Insurance	3.99	1.89	2.16	3.24	0.00
Assistance to Public Sector and other Undertakings	45.19	123.90	85.70	79.93	76.54
Total	***49.18***	***125.79***	***87.86***	***83.17***	***76.54***

The above **table-2.25** indicates that the State Government also provided subsidy in implicit form under Crop Husbandry for crop insurance amounting to ₹ 11.28 crore during 2019-20 to 2022-23 and assistance to public sector and other undertakings under Road Transport as compensation and Direct Benefit Transfer of free travel facility and reimbursement of equivalent amount of loss due to bus operation in mountain routes by UTC amounting to ₹ 411.26 crore during 2019-20 to 2023-24.

2.6.2.7 Inflexible Expenditure

The components of Inflexible expenditure which include others Statutory devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2019-20 to 2023-24 except 2021-22. As a percentage of revenue expenditure, the inflexible expenditure remained in the range of six *per cent* to nine *per cent* during 2019-24. Further, the inflexible expenditure (₹ 3,750 crore) increased by 47.12 *per cent* during 2023-24 over the previous year (₹ 2,549 crore).

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

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants to local bodies and other institutions during the period 2019-20 to 2023-24 is presented in **Table-2.26**.

Table-2.26: Financial Assistance to Local Bodies *etc*.

(₹ in crore)

Sl. No.	Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
1.	Educational Institutions (Aided Schools & Colleges, Universities)	573.62	1,531.82	901.68	1,079.12	1,156.09
2.	Municipal Corporations and Municipalities	902.05	976.91	734.27	1,044.05	1,308.34
3.	Zila Parishads and Other Panchayati Raj Institutions	814.62	955.29	655.97	996.62	1,249.06
4.	Development Agencies	494.84	539.27	483.71	523.97	712.04
5.	Hospitals and Other Charitable Institutions	353.03	552.66	630.04	1,068.47	118.40
6.	Energy (Non-conventional source of energy)	13.30	9.17	13.81	11.07	18.83
7.	Agriculture Research and Educational Institution, Land Reforms for updating land records and Wildlife Preservation	585.49	915.03	902.30	947.26	657.20

Sl. No.	Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
8.	Co-operatives	1.55	15.18	14.26	16.85	3.61
9.	Animal Husbandry, Dairy Development and Fisheries	51.17	55.77	70.97	76.63	85.72
10.	Secretariat Economic Services & Tourism	47.27	56.38	64.19	98.14	140.30
11.	Social Security & Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	238.66	250.85	178.48	433.53	448.89
12.	Other Institutions	724.60	582.44	1208.77	1,335.60	1,102.22
Total		***4,800.18***	***6,440.77***	***5,858.45***	***7,631.31***	***7,000.70***
Assistance as per percentage of RE		*14.61*	*17.36*	*15.05*	*17.43*	*14.81*
GIA on Salary (OH-05)		**1,071.71**	**1,179.53**	**1,181.65**	**1,391.96**	**1,352.41**
GIA for Creation of Capital Assets (OH-55)		**383.01**	**(-)431.63[7]**	**706.10**	**450.47**	**538.99**
GIA for non-salary (OH-56)		**3,129.89**	**3,409.34**	**3,312.13**	**4,747.80**	**3,314.36**
GIA Devolution (OH-69)			**1,932.20**	**1,390.23**	**1,491.55**	**1,794.94**
GIA given in kind		**Information not provided by Government**				

Source: Finance Accounts & V.L.C. data of Accountant General (A&E), Uttarakhand.

The assistance during the current year decreased by ₹ 630.61 crore over the previous year. Municipal Corporations, Municipalities, Zila Parishads and other Panchayati Raj Institutions together accounted for 36.53 *per cent* of the total financial assistance during the current year.

In May 2016, the Fourth State Finance Commission had recommended 11 *per cent* of State's Own Tax Revenue as the devolution amount to the Local Bodies. The amount to be devolved and the actual amount devolved during 2019-20 to 2023-24 is given in **Table-2.27**.

Table-2.27: Financial Assistance to Local Bodies vis-à-vis amount to be devolved

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
State Own tax Revenue (OTR)	11,513	11,938	14,176	17,103	19,245
Amount to be devolved (11 *per cent* of OTR for 2016-17 onwards)	*1,266.43*	*1,313.18*	*1,559.36*	*1,881.33*	*2,116.95*
Total amount devolved to Local Bodies	**1,716.67**	**1,932.20**	**1,390.24**	**1,491.55**	**2,557.39**
Actual Devolution to Local Bodies as percentage of OTR	*14.91*	*16.19*	*9.81*	*8.72*	*13.29*

Source: V.L.C. data of Accountant General (A&E), Uttarakhand and State Finance Commission's Recommendations.

It can be seen from above table that the actual devolution to Local Bodies steadily increased from 2019-20 to 2023-24 except during 2021-22. The actual devolution during 2023-24 was more than the amount recommended by the State Finance Commission.

2.6.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc*.

Total Capital Expenditure increased from ₹ 5,414 crore in 2019-20 to ₹ 10,982 crore in 2023-24. During the current year, it increased by ₹ 2,788 crore (34.02 *per cent*). The Capital Expenditure incurred by the State during the year 2023-24 was higher

[7] Minus figure represents expenditure on account of SDRF transferred to Public Account.

than the projections made in the MTFPS targets (₹ 10,403 crore) by ₹ 579 crore whereas it was lower than budget projections (₹ 13,134 crore) by ₹ 2,152 crore. Details of Capital Expenditure *vis-à-vis* budget during the five-year period 2019-20 to 2023-24 are given in **Chart-2.16** and Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure is given in **Chart-2.17**.

Chart-2.16: Trend of Capital Expenditure over the five-year period from 2019-20 to 2023-24

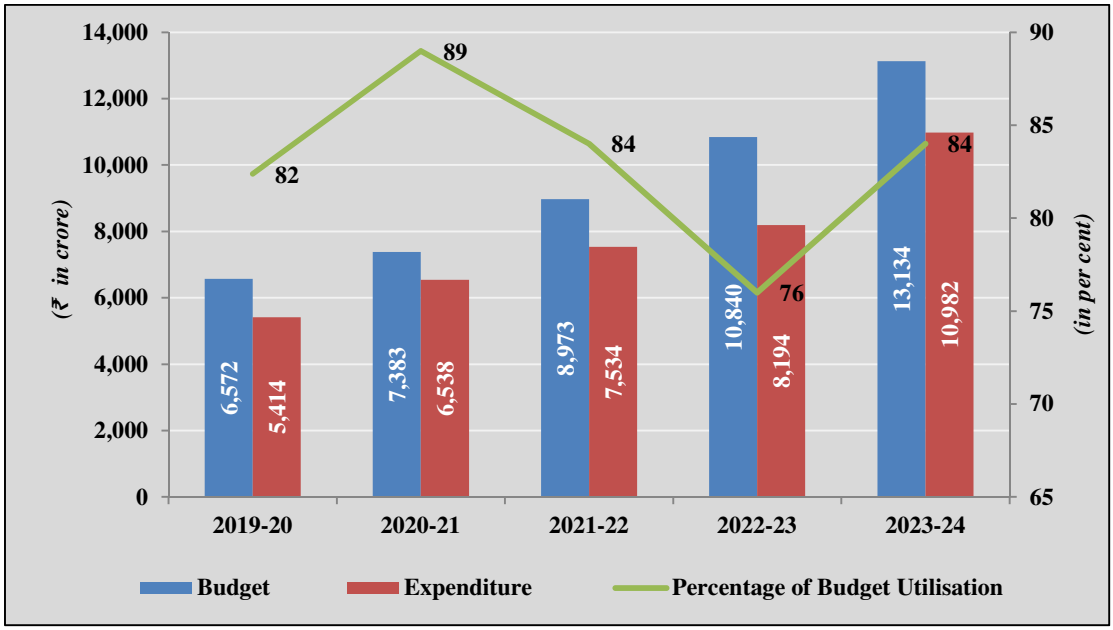
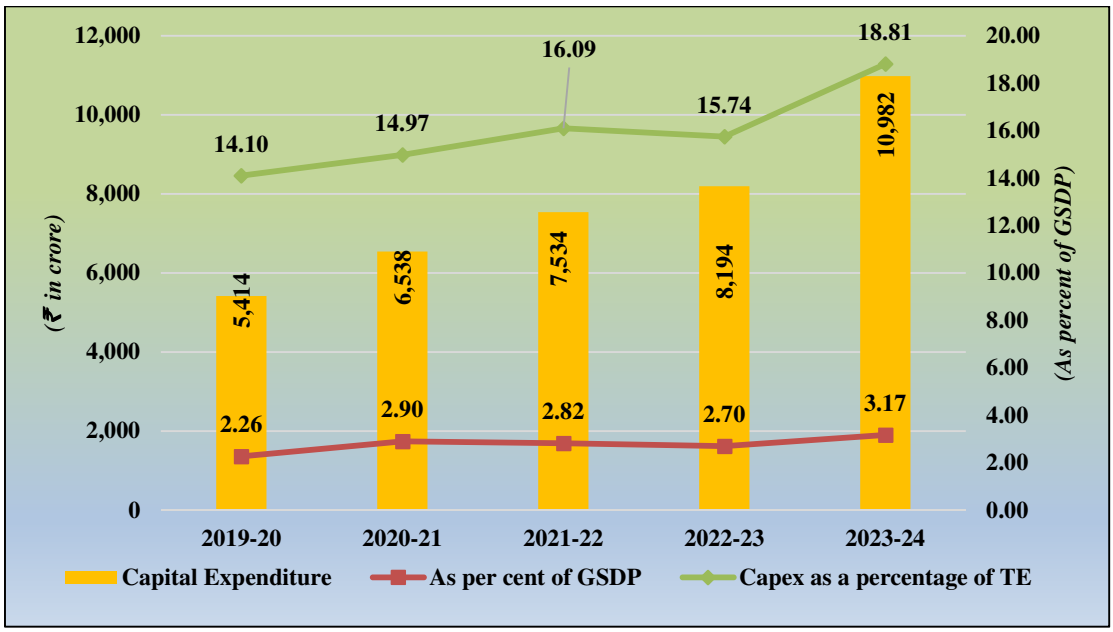


Chart-2.17: Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure



2.6.3.1 Major changes in Capital Expenditure

Table-2.28 highlights the cases of significant increase or decrease (more than ₹ 30 crore and 30 *per cent*) in various Heads of Account in Capital Expenditure during 2023-24 vis-à-vis the previous year. Further, trend of expenditure under these heads during 2019-24 is also depicted in table below:

Table-2.28: Capital Expenditure during 2019-24

(₹ in crore)

Major Heads of Account		2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
4059	Capital Outlay on Public Works	339.32	733.66	1,050.30	1,554.94	2,296.86	
4210	Capital Outlay on Medical and Public Health	97.60	172.94	313.19	299.37	807.71	
4215	Capital Outlay on Water Supply and Sanitation	638.64	648.18	1,059.87	550.20	918.46	
4216	Capital Outlay on Housing	16.25	42.09	73.79	66.37	263.85	
4217	Capital Outlay on Urban Development	469.43	574.95	385.89	511.90	717.94	
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, other Backward Classes & Minorities	28.25	94.80	60.02	57.00	95.05	
4235	Capital Outlay on Social Security and Welfar	39.90	6.77	5.73	43.57	167.73	
4401	Capital Outlay on Crop Husbandry	12.48	2.33	2.6	27.02	134.47	
4408	Capital Outlay on Food Storage and Warehousing	569.19	71.29	493.97	285.32	628.94	
4700	Capital Outlay on Major Irrigation	200.67	132.28	118.59	136.90	351.26	
4702	Capital Outlay on Minor Irrigation	31.52	43.96	41.92	53.56	163.99	
4801	Capital Outlay on Power Projects	133.20	147.59	100.90	151.49	568.59	
4515	Capital Outlay on Other Rural Development Programmes	1,270.19	2,000.43	1,706.32	1,917.54	1,257.36	
4711	Capital Outlay on Flood Control Projects	105.75	82.10	118.59	178.28	120.53	

The major heads where substantial increase/ decrease over previous year was noticed were under Public Works, Food Storage and Warehousing, Medical and Public Health and Other Rural Development Programmes.

2.6.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are limited chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans given to loss making corporations and other poorly run bodies in sectors such as sugar mills, financial corporations, *etc*. Requisite steps must be taken to infuse transparency in such financial operations. This section presents an analysis of investments undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations, and other bodies

Investments made and loan given to companies (*e.g.* Power Distribution Companies), corporations (*e.g.* Scheduled Caste and Scheduled Tribe Financial Corporations), and cooperatives (*e.g.* sugar mills), which are loss making and those where net worth is completely eroded, is not sustainable. Return on investment in share capital invested in Public Sector Undertakings and history of repayment of loans given to various bodies are important indicators of quality of capital expenditure.

As per the Finance Accounts 2023-24, Government of Uttarakhand had invested ₹ 4,527.50 crore in one Statutory Corporation and 16 Government Companies, in the State as of 31 March 2024. The State Government earned a return of ₹ 25.20 crore on these investments during 2023-24. Year-wise details of investment by Government of Uttarakhand over the five-year period 2019-20 to 2023-24 are given in the **Table-2.29**.

Table-2.29: Details of Investment and return on Investment

(₹ in crore)

Investments/ Returns/Cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year	3,534.95	3,683.54	3,818.94	4,043.90	4,527.50
Return on investment	14.08	40.02	35.05	25.07	25.20
Return on investment (*per cent*)	*0.40*	*1.09*	*0.92*	*0.62*	*0.56*
Average rate of interest on Government borrowings (*per cent*)	*7.26*	*6.83*	*6.55*	*6.56*	*6.32*
Difference between return on investment *(per cent)* and average rate of interest	*(-)6.86*	*(-)5.74*	*(-)5.63*	*(-)5.94*	*(-)5.76*
Notional loss due to difference between interest rate of Government borrowings and return on investments	242.50	211.44	215.01	240.21	260.78

The average return on Uttarakhand Government's investment was negligible and ranged from 0.40 to 1.09 *per cent* of the investment (at historical cost) during 2019-20 to 2023-24. It decreased to 0.56 *per cent* during the year from 0.62 *per cent* of previous year. However, the Government paid an average interest rate of 6.70 *per cent* on its borrowings during 2019-20 to 2023-24.

During exit conference, the Government agreed with the facts and assured to revisit the efforts to augment return on investments.

(ii) Reconciliation of balances

The figures in respect of equity, loans and guarantees outstanding as per records of SPSEs should agree with that of the figures appearing in the Finance Accounts of the GoU. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantees as on 31 March 2024 are given below in **Table-2.30**.

Table-2.30: Equity, Loans and Guarantees outstanding as per Finance Accounts *vis-à-vis* as per records of SPSEs

(₹ in crore)

Outstanding in respect of	As per Finance Accounts	As per records of SPSEs	Difference
A	B	C	(B-C)
Equity	4,527.50	4,176.67	350.83
Loan	831.99	1,401.44	(-) 569.45
Guarantee	117.88	185.00	(-) 67.12

Source: Compilation based on information received from SPSEs and Finance Accounts.

The differences between the figures are persisting since last many years. The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Principal Accountant General (A&E) and the details given in the Audit Reports obtained from the individual PSUs.

During exit conference, the Government stated that the balances would be reconciled.

(iii) Misclassification between Revenue and Capital Expenditure

During the year 2023-24, Government of Uttarakhand incorrectly booked expenditure of ₹ 0.70 crore (Major Works) and ₹ 61.96 crore (Land Purchase) under Revenue Section instead of Capital Section and ₹ 605.82 crore (Grants-in-aid) under Capital Section instead of Revenue Section as has been determined from the purpose of expenditure. This led to overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During exit conference, the Government agreed with the findings and stated that corrective measures will be taken.

(iv) Quantum of Loans disbursed and recovered during five years

In addition to investments in Co-operative societies, Corporations and Companies, the State Government also provided loans and advances to many institutions/organisations. **Table-2.31** presents the outstanding loans and advances as on 31 March 2024 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2019-20 to 2023-24.

Table-2.31: Details of quantum of loans disbursed and recovered during 2019-24

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loan outstanding	1,926.54	2,033.40	2,047.91	2,378.28	2,454.61
Amount advanced during the year	125.78	37.56	347.45	93.63	124.10
Amount recovered during the year	18.92	23.05	17.08	17.30	15.82
Closing Balance of loan outstanding	2,033.40	2,047.91	2,378.28	2,454.61	2,562.89
Net Addition	106.86	14.51	330.37	76.33	108.28
Interest Received	25.65	58.78	359.22	34.72[8]	65.90
Interest received as a percentage of outstanding Loans and Advances	*1.33*	*2.89*	*17.54*	*1.46*	*2.68*
Average rate of interest paid on Government borrowing *(per cent)*	*7.26*	*6.83*	6.55	*6.56*	*6.32*
Difference between Interest Payments and Interest Received (*per cent*)	*(-)5.93*	*(-)3.94*	10.99	*(-)5.10*	*(-)3.64*

The total amount of outstanding loans and advances as on 31 March 2024 was ₹ 2,562.89 crore. The amount of loans disbursed during the current year increased by 32.54 per cent from ₹ 93.63 crore in 2022-23 to ₹ 124.10 crore in 2023-24. Within the Economic Services, the major recipient was Energy Sector ₹ 112.00 crore followed by the Agriculture Sector ₹ 8.00 crore.

Scrutiny of the total outstanding loans revealed that there was no repayment by four sectors namely General Services (other Loans), Special Area Programmes, Water Supply, Sanitation, Housing and Urban Development and Transport sector as detailed in **Table-2.32** over last five years (up to March 2024). In one sector (Transport),

[8] Excludes an amount of ₹ 660.16 crore pertaining to MH-6003-111 (Special Securities issued to NSSF) which was inadvertently booked/debited under MH-2049 during 2017-18 & 2018-19. The same was corrected through a TE by crediting MH-0049-800 during 2022-23.

additional loans (₹ 2.87 crore) had been extended despite no repayments, while, in Agriculture and Allied Activities additional loans (₹ 8.00 crore) had been extended despite minor repayments. The overall outstanding balance has increased over the years.

Table-2.32: Loan and Advances rolling for a long time

(₹ in crore)

Sl. No.	Name of the Sector	2019-20	2020-21	2021-22	2022-23	2023-24
1.	General Services (Other Loans)	19.47	19.47	19.47	19.47	19.47
2.	Water Supply, Sanitation, Housing and Urban Development	42.09	42.09	42.09	42.09	42.09
3.	Agriculture and Allied Activities	1,119.57	1,117.47	1,116.47	1,188.91	1,195.88
4.	Special Area Programme	503.16	503.16	503.16	503.16	503.16
5.	Transport	153.80	158.09	215.47	233.23	236.10
Total		***1,838.09***	***1,840.28***	***1,896.66***	***1,986.86***	***1,996.70***

During the period 2019-20 to 2023-24, an amount of ₹ 728.52 crore was advanced to different sectors by the Government while recoveries amounted to ₹ 92.17 crore. Recovery declined from 0.92 *per cent* of the amount outstanding at the beginning of the year and amount advanced during the year in 2019-20 to 0.61 *per cent* in 2023-24. During the current year, the amount repaid was ₹ 15.82 crore which stood at 0.64 *per cent* of the outstanding loans (₹ 2,454.61 crore) as on 31 March 2023.

During exit conference, the Government agreed with the facts and stated that old/legacy loan balances shall be reviewed and necessary steps taken to bring down the total outstanding loans.

(v) Capital Blocked in Incomplete/ongoing Projects

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

As per Finance Accounts of the State for the year 2023-24, there were 154 (135 + 19) incomplete/ ongoing projects of Public Works and Irrigation Departments as on 31 March 2024. Age profile of incomplete projects based on the year of sanction/year of start of these projects as on 31 March 2024 is given in **Table-2.33**.

Table-2.33: Age profile of incomplete projects as on 31 March 2024

(₹ in crore)

Year	No of incomplete projects	Estimated cost	Expenditure	Financial Progress (in *per cent*)
Sanctioned Upto 2018-19	42	248.48	199.60	*80.33*
2019-20	08	51.32	47.17	*91.91*
2020-21	12	122.82	98.26	*80.00*
2021-22	31	288.39	197.44	*68.46*
2022-23	13	81.28	42.35	*52.10*
2023-24	42	116.80	50.63	43.35
Sanction/Start date not available	06	12.74	6.08	*47.72*
Total	**154**	***921.83***	***641.53***	***69.59***

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns.

During exit conference, the Government agreed with the facts and stated that instructions will be issued to the implementing agencies for early completion of the incomplete projects.

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

Public Private Partnership 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 infrastructure development. Details of the projects running in the State are given **Table-2.34** below.

Table-2.34: Sector/Department wise details of PPP Projects

(₹ in crore)

Sl. No.	Sector	Completed		Ongoing	
		No.	Estimated Cost	No.	Estimated Cost
1.	Transport	3	71.42	3	63.76
2.	Energy	0	0	2	117.50
3.	Urban	6	721.73	5	364.55
4.	Tourism	3	25.00	2	201.81
5.	Health	6	84.40	0	0
6.	Agriculture	0	0	1	380.00
Total		***18***	***902.55***	***13***	***1,127.62***

Source: Uttarakhand Public Private Partnership Cell Dashboard **(http://www.upppc.org/projects/projects).**

2.7 Expenditure Priorities

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

Table-2.35 compares the fiscal priority of the State Government with that of NE & Himalayan States with regard to development expenditure, expenditure on Social and Economic Sectors, and Capital Expenditure during 2023-24, taking 2019-20 as the base year.

Table-2.35: Fiscal Priority of the State in 2019-20 and 2023-24

(in per cent)

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health & FW/ AE
Average (ratio) in 2019-20 of							
NE & Himalayan	*26.21*	*35.50*	*28.72*	*64.22*	*14.94*	*17.08*	*6.37*
Uttarakhand	*16.05*	*36.99*	*21.21*	*58.20*	*14.10*	*20.16*	*5.47*
Average (ratio) in 2023-24 of							
NE & Himalayan	*25.19*	*37.02*	*25.52*	*62.54*	*17.61*	*15.93*	*6.43*
Uttarakhand	*16.86*	*39.65*	*21.60*	*61.25*	*18.81*	*17.19*	*7.87*
AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.							

Source: SFAR compilation based on data of NSO, MoSPI, etc.

A comparative study of Average Expenditure of Uttarakhand State in 2023-24 with that of 2019-20 indicates the following:

- The State Government's Aggregate Expenditure as a proportion of the GSDP in 2023-24 increased nominally by 0.81 percentage points as compared to 2019-20.

- Social Sector Expenditure as a proportion of AE in 2023-24 was higher by 2.66 percentage points as compared to 2019-20.
- Economic Sector Expenditure as proportion of AE was nominally higher by 0.39 percentage points in 2023-24 as compared to 2019-20.
- The proportion of Development Expenditure (DE), Capital Expenditure (CE) and Health Sector Expenditure in AE increased by 3.05, 4.71 and 2.40 percentage points respectively in 2023-24 as compared to 2019-20.
- The proportion of Education Expenditure in AE decreased by 2.97 percentage points in 2023-24 as compared to 2019-20.

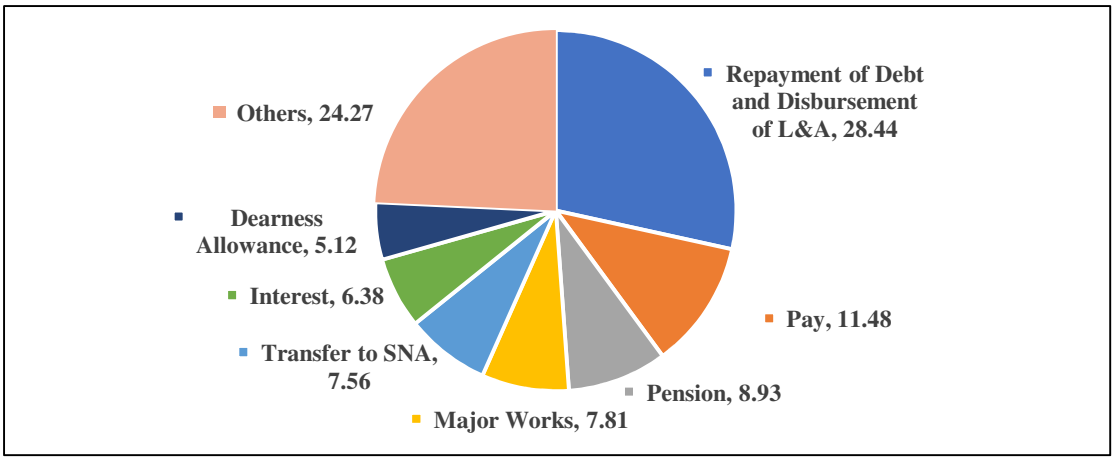
Further comparative study of NE & Himalayan States Average and Uttarakhand's Average in 2023-24 with that of 2019-20 revealed the following:

- Aggregate Expenditure (AE) as a proportion of GSDP in the State remained well below NE & Himalayan State's average during both the years.
- Development Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of the NE & Himalayan state's average during both the years.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was higher than that of the NE & Himalayan state's average during both the years.
- The Economic Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of NE & Himalayan state's during both the years.
- Priority was accorded by the State Government to Education Expenditure and the ratio of Education Expenditure to Aggregate Expenditure was higher than that of the NE & Himalayan state's average in both years.
- Expenditure under Health and Family Welfare Sector as a proportion to Aggregate Expenditure was lower than NE & Himalayan average in 2019-20, however, it improved a lot and was higher by 1.44 percentage points in 2023-24.

Object Head wise Expenditure

Object head wise expenditure gives information about the object/purpose of the expenditure. Details of Object head wise expenditure are provided in **Chart-2.18**.

Chart-2.18: Details of Object Head wise expenditure



Source: Finance Accounts.

2.8 Public Account

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

2.8.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State during the years (2019-20 to 2023-24) are given in **Table-2.36** below.

Table-2.36: Component-wise net balances in Public Account as of 31 March of each year

(₹ in crore)

Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds, *etc*.		**665.79**	**431.46**	**333.88**	**122.95**	**217.65**
J. Reserve Funds	(a) Reserve Funds bearing Interest	2,759.12	89.90	(-)467.57	58.04	803.43
	(b) Reserve Funds not bearing Interest	149.48	150.00	210	113.59	110.06
	Investment from RF	(-)150.00	(-)150.00	(-)210	(-)110	(-)110
	Total	***2,758.60***	**89.90**	***-) 467.57***	***61.63***	***803.49***
K. Deposits and Advances	(a) Deposits bearing Interest	(-)2.77	3.57	(-)7.36	(-)12.79	51.62
	(b) Deposits not bearing Interest	504.35	378.43	(-)673.73	357.25	531.05
	(c) Advances	0	0	0	0	0
	Total	***501.58***	**382.00**	***(-)681.09***	***344.46***	***582.67***
L. Suspense and Miscellaneous	(a) Suspense	(-)124.82	(-)103.72	285.28	13.22	(-)167.59
	(b) Other Accounts*	(-)1,039.63	(-)490.83	(-)7.46	(-)285.41	19.76
	(c) Accounts with Governments of Foreign countries	0.04	0	0	0	0
	(d) Miscellaneous	0	0	0	0	0
	Total	***(-)1,164.41***	***(-)594.55***	***277.82***	***-272.19***	***-147.83***
M. Remittances	(a) Money Orders, and other Remittances	(-) 4.38	0	(-) 0.04	(-)0.32	0.09
	(b) Inter- Governmental Adjustment Account	3.76	(-)6.41	12.33	17.54	(-)2.58
	Total	***(-)0.62***	***(-)6.41***	***12.29***	***17.22***	***(-)2.49***
Grand Total		***2,760.94***	***302.40***	***(-)524.67***	***274.07***	***1,453.49***

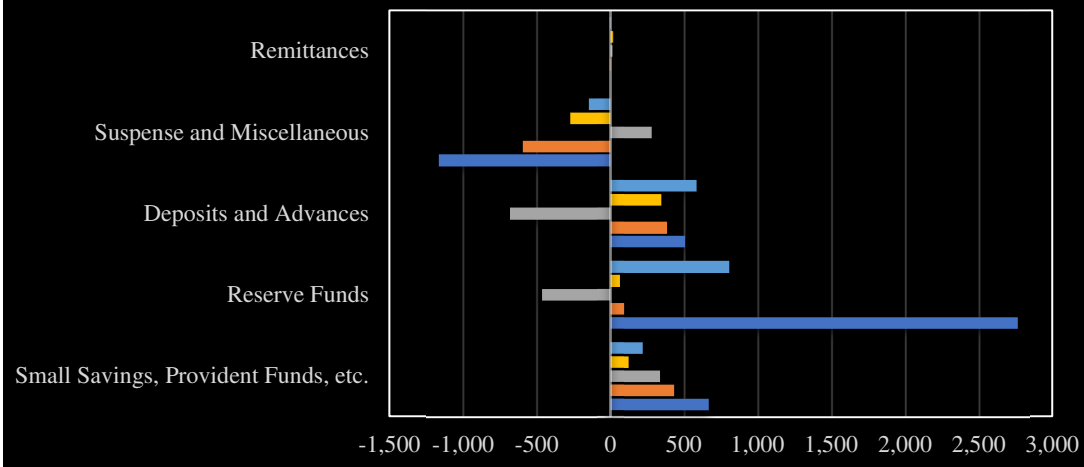
Note: -ve denotes debit balance and +ve denotes credit balances.

****Other Accounts under L. Suspense and Miscellaneous exclude Departmental Balance, Permanent Cash Imprest &Cash Balance Investment Account.***

The yearly changes in composition of balances in Public Account over the five-year period 2019-24 are given in **Chart-2.19**.

Chart-2.19: Yearly changes in composition of Public Account balances

(₹ in crore)



	Small Savings, Provident Funds, etc.	Reserve Funds	Deposits and Advances	Suspense and Miscellaneous	Remittances
2023-24	217.65	803.49	582.67	-147.83	-2.49
2022-23	122.95	61.63	344.46	-272.19	17.22
2021-22	333.88	-467.57	-681.09	277.82	12.29
2020-21	431.46	89.90	382.00	-594.55	-6.41
2019-20	665.79	2758.60	505.58	-1164.41	-0.62

As has been highlighted in **Table-2.36**, the net public account balance decreased steadily from 2019-20 to 2021-22 whereas it increased from 2022-23 onwards. It increased by ₹ 1,179.42 crore, from ₹ 274.07 crore in 2022-23 to ₹ 1,453.39 crore in 2023-24. This was due to increase in net Reserve Funds (₹ 741.86 crore), net Deposit and Advances (₹ 238.21 crore), net Suspense and Miscellaneous (₹ 124.36 crore) and net Small Savings, Provident Fund, *etc.* (₹ 94.70 crore).

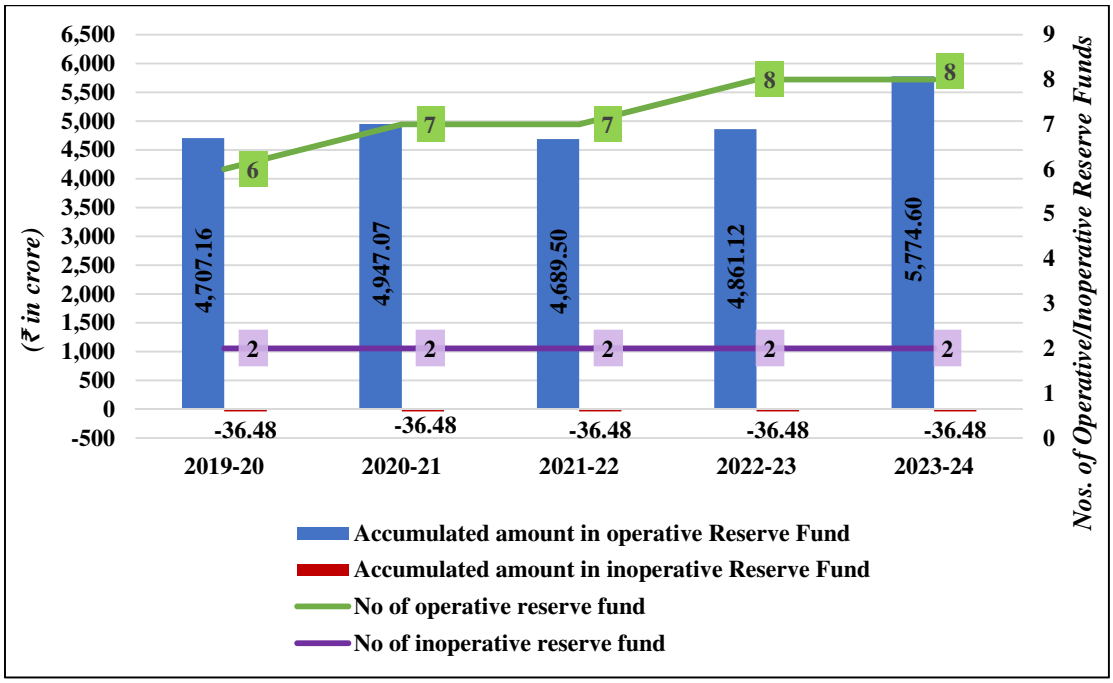
2.8.2 Reserve Funds

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

State Government operated ten Reserve Funds as on 31 March 2024 out of which three Reserve Funds are interest bearing (₹ 3,737.35 crore credit) and seven Reserve Funds are non-interest-bearing funds (₹ 2,000.77 crore credit). Out of these ten funds, two funds were inoperative (balance ₹ 36.48 crore debit) and eight funds are operative (balance ₹ 5,774.60 crore credit), of which ₹ 1,918.62 crore (33.23 *per cent*) was invested.

Trend of accumulated balances under operative and inoperative Reserve funds is shown in **Chart-2.20** below:

Chart-2.20: Trend of Operative and Inoperative reserve funds



Note: Accumulation in inoperative Reserve Fund is debit figure hence shown in negative.

Details of transactions during the year in the Reserve Funds (active-inactive) are discussed below.

2.8.2.1 In-operative Reserve Funds

There are two Reserve Funds, which are in-operative since long. These two funds have a balance of ₹ 36.48 crore (Debit). The details of these in-operative funds are given in **Table-2.37**.

Table-2.37: Details of inoperative Reserve Funds

Sl. No.	Name of the Fund	Amount as on 31st March 2024 *(₹ in crore)*	Year of Establishment	Inoperative since
1.	Development Funds for Educational Purposes	0.01 (Cr.)	2000-01	2007-08
2.	Electricity Development Funds	36.49 (Dr.)	2005-06	2015-16
Total		***36.48 (Dr.)***		

2.8.2.2 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Uttarakhand are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head 8121. Expenditure during the year is incurred by operating Major Head 2245. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. Government of India provides additional assistance from the National Disaster Response Fund (NDRF) - when the balances available under

SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. Details of expenditure charged to SDRF for the year 2023-24 is given in the **Table-2.38** as well as details of SDRF are provided in the **Table-2.39**.

Table-2.38: Details of expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2023-24
2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts	1,120.40
	901- Deduct- Amount met from State Disaster Response Fund	(-) 200.00
	Sub Total	***920.40***
2245- Relief on Account of Natural Calamities 80- General	102- Management of Natural Disaster, Contingency Plans in disaster prone areas	121.15
	800-Other Expenditure	…
	Sub-Total	***121.15***
Grand Total		***1,041.55***

Source: Finance Accounts.

Table-2.39: Details of SDRF

(₹ in crore)

Opening balance (01 April 2023)	Contribution by Centre	State Share	Total	Amount set off (MH 2245-05)	Balance in the fund (31 March 2024)	Amount invested through RBI during the year
2.27	826.40	92.00	918.40	200.00	720.67	Nil

Source: Finance Accounts.

The State Government during the year neither made any investment from the SDRF nor provided any interest on the fund balance, in violation of SDRF guidelines.

During exit conference, the Government intimated that efforts would be made to comply with the guidelines.

2.8.2.3 State Disaster Mitigation Fund (SDMF)

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disaster notified by the State Government from time to time. The State Government has created the SDMF, vide Notification No. 710/XVIII (2)/08-3(15)/2007 dated 05 May 2008 under Major Head 8121-130- State Disaster Mitigation Fund. During the year 2023-24, the State Government received ₹ 305.00[9] crore from the Central Government. The State Government's share during the year is ₹ 23.00 crore. The State Government transferred ₹ 328.00 crore to the Fund. However, State withdrew an amount of ₹ 218.60 crore from the fund, by leaving balance of ₹ 21.48 crore (credit balance). Moreover, central grant of ₹ 187.40 crore received during the year 2021-22, with matching state share was not transferred to the fund till date.

[9] This includes ₹ 206.60 crore for the year 2023-24 and ₹ 98.40 crore for the year 2022-23.

During exit conference, the Government intimated that efforts would be made to comply with the guidelines.

2.8.2.4 Guarantee Redemption Fund

The Government of Uttarakhand constituted 'Guarantee Redemption Fund' in 2006-07 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf the guarantee was issued.

In terms of guidelines of Uttarakhand Gazette Notification dated December 2006, the State Government is required to contribute an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year. The funds are invested by the Reserve Bank of India.

The State Government informed that no Guarantee was invoked during 2023-24. An amount of ₹ 10.00 crore was contributed from the Consolidated Fund to the Guarantee Redemption Fund during the current year. Further, against the receivable Guarantee commission fee of ₹ 35.15 crore, an amount of ₹ 0.23 crore was received resulting in short receipt of ₹ 34.92 crore as guarantee commission fees. Also, as per Uttarakhand Gazette Notification dated 19 December 2016, guarantee fee received has to be deposited in Public Account under Guarantee Redemption Fund. However, the State Government booked all the Guarantee Commission amounting to ₹ 0.23 crore as Revenue Receipts. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During exit conference, the Government agreed with the facts and instructed the concerned officers to examine the matter carefully and take it up on priority.

Average return from investments made out of Guarantee Redemption Fund during past five years was 7.52 *per cent.* Details of Guarantee Redemption Fund is provided in the **Table-2.40**.

Table-2.40: Details of Guarantee Redemption Fund

(₹ in crore)

Opening balance (01 April 2023)	Additions to the Fund (Contribution and interest)	Payments out of the Fund	Total balance in the Fund	Amount invested by RBI during the year	Closing balance (31 March 2024)
176.75 (105.00 Principal & 71.75 Interest)	22.69 (10.00 Principal & 12.69 Interest)	Nil	199.44 (115.00+84.44)	199.44	Nil

Source: Finance Accounts.

2.8.2.5 State Compensatory Afforestation Funds

The Uttarakhand State Compensatory Afforestation Fund was created in September 2018 by the Government of Uttarakhand to administer the amount received and utilize the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure

development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. Detailed guidelines for accounting under this Fund have been issued vide Ministry of Environment, Forest and Climate Change, Government of India in November 2018. The State Government has not so far adopted these guidelines and not followed the accounting procedure[10] given in the guidelines. During 2023-24, the State Government did not receive any amount from National Compensatory Afforestation Deposit, as the share of Uttarakhand. During the year 2023-24, the State Government booked an amount of ₹ 213.01 crore (₹ 212.96 crore of interest + ₹ 0.05 crore of user charges) in State Compensatory Afforestation Fund under Major Head '8121-General and Other Reserve Fund'. An amount of ₹ 237.39 crore has been withdrawn from the fund leaving balance of ₹ 2,995.20 crore as on 31 March 2024.

2.8.3 Interest liabilities against Reserve Funds and Deposits Bearing Interest not discharged

Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Accounts.

Accordingly, ₹ 5.43 crore was the interest liabilities that the State Government is required to pay during the year 2023-24 as detailed in **Table-2.41**.

Table-2.41: Details of un-discharged liability of interest due in Reserve Funds and Deposits

(₹ in crore)

Sector	Sub-sector	Rate of interest	Balance at the beginning of 2023-24	Interest due	Interest paid
J-Reserve Funds	(a) Reserve Funds bearing interest-SDRF	*8.5 per cent* (2 % above the average WMA)	(Cr.) 2.27	5.28	--
	(c) Reserve Funds bearing interest-SDMF	*8.5 per cent* (2 % above the average WMA)	(Dr.) 87.92	0.15	--
Total				***5.43***	**--**

Source: NTFA to Finance Accounts 2023-24 Government of Uttarakhand.

During the current year 2023-24, the State Government did not pay any interest as against interest due of ₹ 5.43 crore. The non-payment of ₹ 5.43 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

During exit conference, the Government agreed and noted for compliance after verification of the figures.

2.9 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign liability

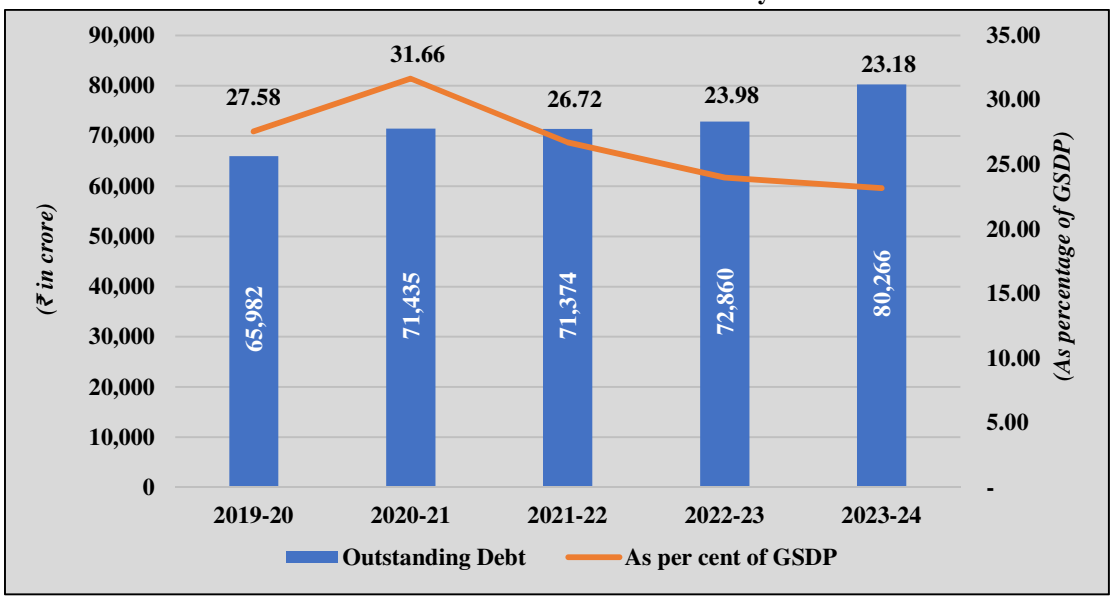
[10] These guidelines inter-alia states that the monies received by the State government from the user agencies shall be credited in "State Compensatory Afforestation Deposits" at Minor Head level below Major Head 8336 Civil Deposits. Out of it 90 *per cent* shall be transferred to the Major Head 8121-129 in Public Account of the State and 10 *per cent* in the National Fund. Similarly, the expenditure shall initially be booked under Major Head-2406 and then transferred to the Major Head 8121-129 in the Public Account by deduct entry in the concerned Major Head of account 2406.

management goals that the Government may have set through enactment or any other annual budget announcements.

2.9.1 Trend of overall liability

The effective outstanding liability at the end of 2023-24 was ₹ 80,266 crore. Year wise overall liability during 2019-20 to 2023-24 is given in **Chart-2.21**.

Chart-2.21: Trend of overall Liability



Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification[11] this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

2.9.2 Liability profile: Components

Total debt of the State Government typically constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc*.), loans and advances from the Central Government and Public Account Liabilities. Total Liabilities as per FRBM Act of the Uttarakhand means the liabilities under the Consolidated Fund of the State and the Public Account of the State. The component wise debt trends are shown in **Table-2.42**.

Table-2.42: Component wise Debt Trends

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Total Liability	**65,982**	**71,435**	**71,375**	**72,860**	**80,266**
Public Debt	**50,250**	**54,799**	**55,554**	**56,510**	**62,312**
(i) Internal Debt	49,437	53,302	53,759	53,559	57,379
(ii) Loans from GoI	813	1,497	1,795	2,951	4,933
Liabilities on Public Account	**15,732**	**16,636**	**15,821**	**16,350**	**17,954**
(i) Small Savings, Provident Fund etc.	8,565	8,997	9,331	9,453	9,671

[11] Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/2021-22 dated 10 December 2021.

	2019-20	2020-21	2021-22	2022-23	2023-24
(ii) Reserve Fund	3,332	3,422	2,954	3,016	3,820
(iii) Deposit	3,835	4,217	3,536	3,881	4,463
Rate of growth of Outstanding Total Liability	13.69	8.26	(-) 0.09	2.08	10.16
Gross State Domestic Product (GSDP)	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
Liability/GSDP (*per cent*)	*27.58*	*31.66*	*26.72*	*23.98*	*23.18*
Borrowings and other Liabilities (as per Statement 6 of Finance Accounts)					
Total Receipts	22,194	*23,327*	16,326	18,188	38,573
Total Repayments	14,251	15,558	13,053	16,703	31,168
Net Funds Available	7,943	7,769	3,273	1,485	7,405
Repayment/Receipts (percentage)	*64.21*	66.70	*79.95*	*91.84*	*80.80*

Source: Finance Accounts.

Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

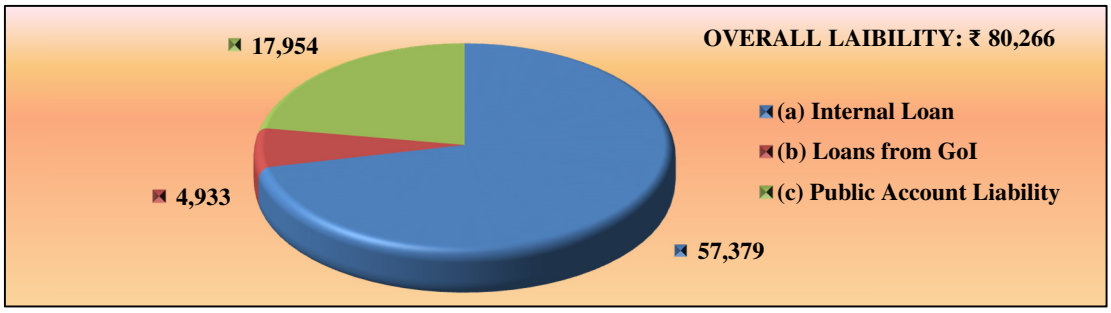
Total liabilities of the State Government have increased by ₹ 14,284 crore (21.65 *per cent*) from ₹ 65,982 crore in 2019-20 to ₹ 80,266 crore in 2023-24. However, it increased by ₹ 7,406 crore (10.16 *per cent*) over the previous year. Further, Internal Debts and Loans from GoI increased by ₹ 3,820 crore (7.13 *per cent*) and ₹ 1,982 crore (67.16 *per cent*) respectively over the previous year. Liabilities on Public Account increased by ₹ 2,222 crore (14.12 *per cent*) during the period 2019-24. Further, liabilities on Public Account increased ₹ 1,604 crore (9.81 *per cent*) over the previous year due to increase in all components of Public Account liabilities.

2.9.3 Break up of Outstanding Overall Liability at the end of 2023-24

The total outstanding liability of the State Government at the end of 2023-24 was ₹ 80,266 crore. Internal debt, which is (₹ 57,379 crore), accounts for 72 *per cent* of the total outstanding debt. Component-wise break-up of debt is shown below in **Chart-2.22**.

Chart-2.22: Break-up of Outstanding Liabilities at the end of FY 2023-24

(₹ in crore)



Note: Outstanding Total Liability excludes back-to-back loan of ₹ 5,649 crore, received from GoI up to FY 2021-22, in lieu of GST compensation shortfall.

2.9.4 Component wise debt trends

The debt trends comprising of internal debt, Loans from GoI, Public Account over the period 2019-20 to 2023-24 are highlighted in **Table-2.43** and **Chart-2.23** below:

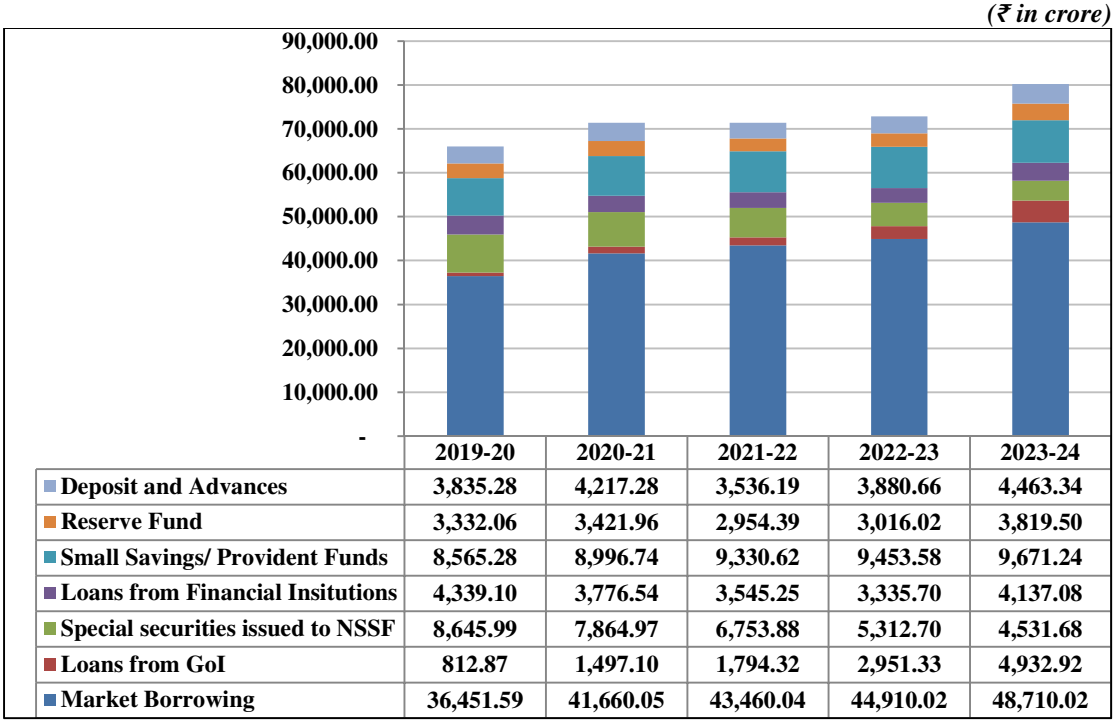
Table-2.43: Component wise debt trends

(₹ in crore)

Year	Market Borrowing	Loa1s from GOI	Special securities issued to NSSF	Loans from Financial Institutions	Small Savings/ Provident Funds	Reserve Fund	Deposit and Advances
2019-20	36,451.59	812.87	8,645.99	4,339.10	8,565.28	3,332.06	3,835.28
2020-21	41,660.05	1,497.10	7,864.97	3,776.54	8,996.74	3,421.96	4,217.28
2021-22	43,460.04	1,794.32	6,753.88	3,545.25	9,330.62	2,954.39	3,536.19
2022-23	44,910.02	2,951.33	5,312.70	3,335.70	9,453.58	3,016.02	3,880.66
2023-24	48,710.02	4,932.92	4,531.68	4,137.08	9,671.24	3,819.50	4,463.34

Chart-2.23: Component wise debt trends

(₹ in crore)



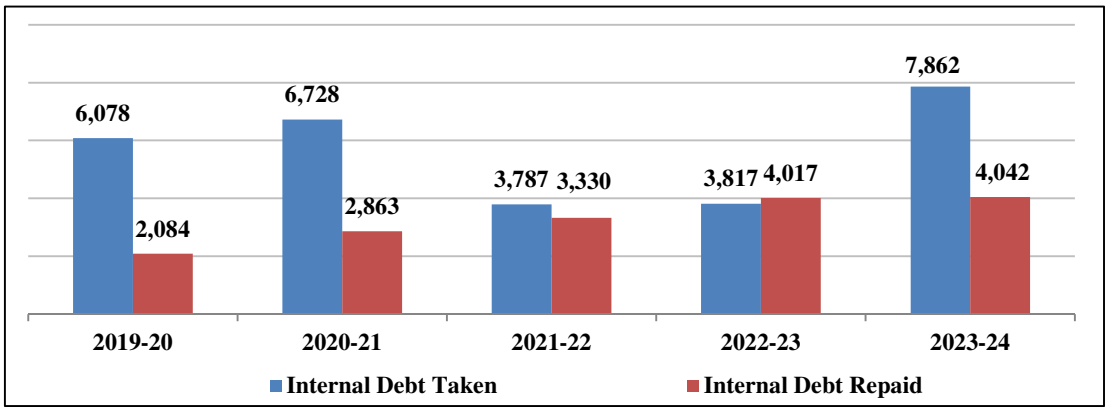
Note: Outstanding Total Liability excludes accumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o FY 2021-22 and 2020-21 respectively) in lieu of GST compensation shortfall.

2.9.5 Internal Debt taken vis-à-vis repaid

Composition of Internal Debt taken and repaid during 2019-20 to 2023-24 is given in **Chart-2.24**.

Chart-2.24: Internal Debt taken *vis-à-vis* repaid

(₹ in crore)



The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table-2.44**.

Table-2.44: Components of Fiscal Deficit and its Financing Pattern

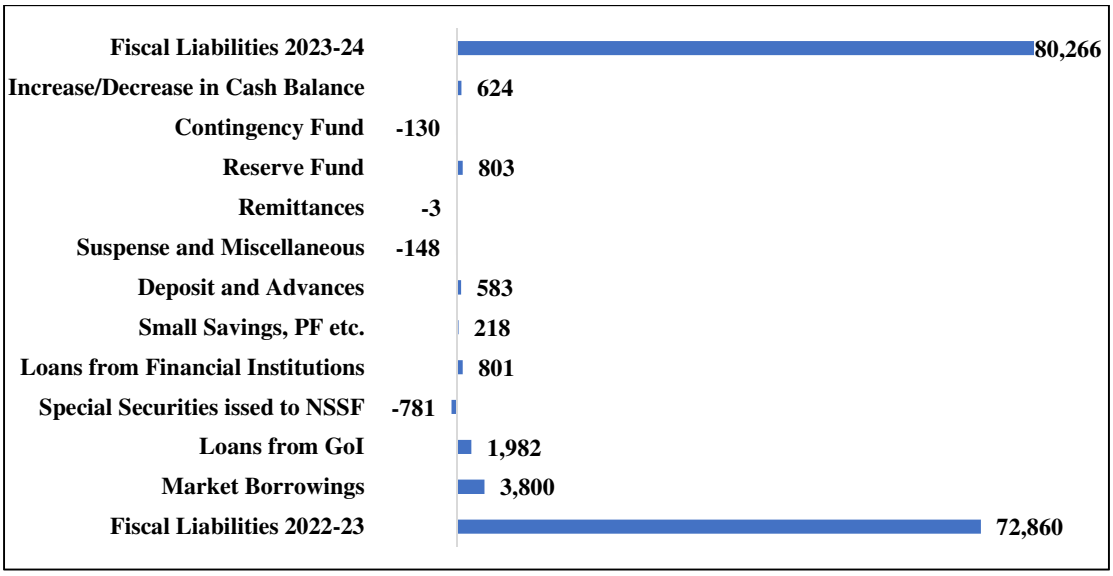
(₹ in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	**Components of Fiscal Deficit (1 to 3)**	**(-) 7,657**	**(-) 5,439**	**(-) 3,736**	**(-)2,949**	**(-)7,749**
1.	**Revenue Deficit (-)/ Surplus (+)**	(-) 2,136	(+) 1,114	(+) 4,128	(+)5,310	(+)3,341
2.	**Net Capital Expenditure**	(-) 5,414	(-) 6,538	(-) 7,534	(-)8,183	(-)10,982
3.	**Net Loans and Advances**	(-) 107	(-) 14	(-) 330	(-)76	(-)108
B	**Financing Pattern of Fiscal Deficit**					
1.	**Net Public Debt**	**(+) 4,017**	**(+) 6,865**	**(+) 4,088**	**(+)956**	**(+)5,802**
a.	Net Market Borrowings	(+) 4,500	(+) 5,209	(+) 1,800	**(+)**1,450	(+)3,800
b.	Net Loans from GoI	(+) 23	(+) 3,000	(+) 3,630	**(+)**1,157	(+)1,982
c.	Net Special Securities issued to NSSF	(-) 781	(-) 781	(-) 1,111	(-)1,441	(-)781
d.	Net Loans from Financial Institutions[12]	(+) 275	(-)563	(-) 231	(-)210	(+)801
2.	**Net Public Account**	**(+) 2,761**	**(+) 302**	**(-) 525**	**(+) 274**	**(+)1,453**
a.	Net Small Savings, PF, *etc.*	(+) 666	(+) 431	(+) 334	**(+)**123	(+)218
b.	Net Deposits and Advances	(+) 501	(+) 382	(-) 681	**(+)**344	(+)583
c.	Net Suspense and Misc.	(-) 1,164	(-) 595	(+) 278	**(-)**272	(-)148
d.	Net Remittances	(-) 01	(-) 6	(+) 12	**(+)**17	(-)3
e.	Net Reserve Fund	(+) 2,759	(+) 90	(-) 468	**(+)**62	(+)803
3.	**Net Contingency Fund**	**(+) 68**	**(-) 225**	**(+) 224**	**(+)90**	**(-)130**
4.	**Accretion to Cash Balance**	**(+) 811**	**(-) 1,503**	**(-) 51**	**(+)1,629**	**(+)624**

Source: Finance Accounts of Government of Uttarakhand.

The fiscal deficit in 2023-24 was largely managed by Market Borrowings (49.04 *per cent*), Loans from GoI (25.58 *per cent*), Reserve Fund (10.36 *per cent*) and Accretion to Cash Balance (8.05 *per cent)*. This was counterbalanced by a decline in Net Special Securities issued to NSSF (10.08 *per cent*). Financing of Fiscal Deficit during the year is depicted in **Chart-2.25** below:

Chart-2.25: Financing of Fiscal Deficit



[12] Includes Net Ways and Means Advances.

2.9.6 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table-2.45** and **Chart-2.26**.

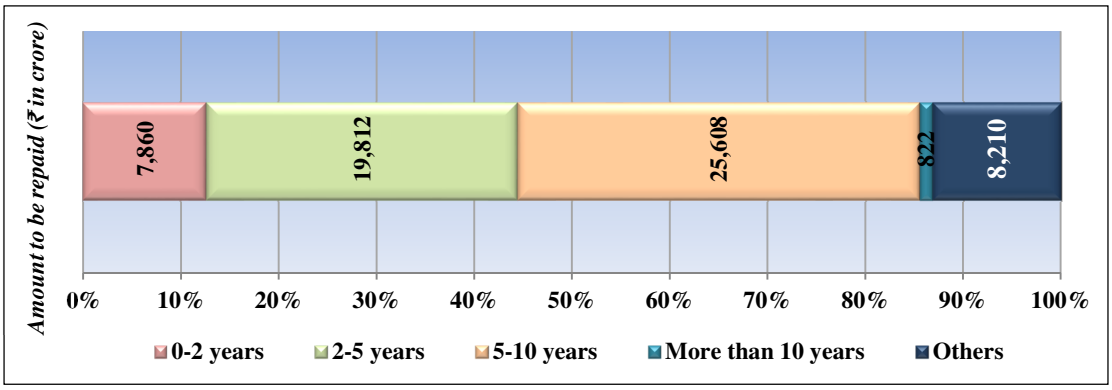
Table-2.45: Debt Maturity Profile of Repayment of Public Debt

(₹ in crore)

Year of maturity	Maturity Profile (in years)	Amount			*Per cent* of total Public Debt
		Internal Debt	Loans & Advances from GoI	Total	
By 2025-26	0-2	7,746.90	113.21	7,860.11	*12.61*
Between 2026-27 & 2028-29	2-5	19,642.31	170.13	19,812.44	*31.80*
Between 2029-30 & 2033-34	5-10	25,313.36	294.40	25,607.76	*41.10*
2034-35 onwards	Above 10	539.12	282.38	821.50	*1.32*
Others[13]	NA	4,137.08	4,072.80	8,209.88	*13.17*
Total		***57,378.77***	***4,932.92***	***62,311.69***	***100.00***

Note: Loan from GoI excludes back to back loan of ₹ 5,649 crore, received from GoI till the year 2021-22, in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

Chart-2.26: Maturity Profile of Public Debt



The maturity profile of outstanding stock of public debt as on 31 March 2024 indicates that out of the outstanding public debt of ₹ 62,311.69 crore[14], 85.51 *per cent* (₹ 53,280.31 crore) is payable within the next ten year while 1.32 *per cent* (₹ 821.50 crore) is in the maturity bracket of more than ten years. The maturity profile of the remaining 13.17 *per cent* (₹ 8,209.88 crore) is not available. It constitutes mainly Internal loans from financial institutions (GIC, LIC, SBI, NABARD, NCDC *etc.*) of ₹ 3,530.02 crore and loans from GoI as Scheme for Special Assistance as Loan to State for Capital Expenditure ₹ 4,031.10 crore. Of the total outstanding public debt, internal debt (₹ 57,378.77 crore) consisting of market borrowings, loans from NABARD and special securities issued to NSSF etc. constituted 92.08 *per cent*.

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13 Maturity profile of these loans are not available.

14 Excludes a*ccumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o 2021-22 and 2020-21 respectively)* in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

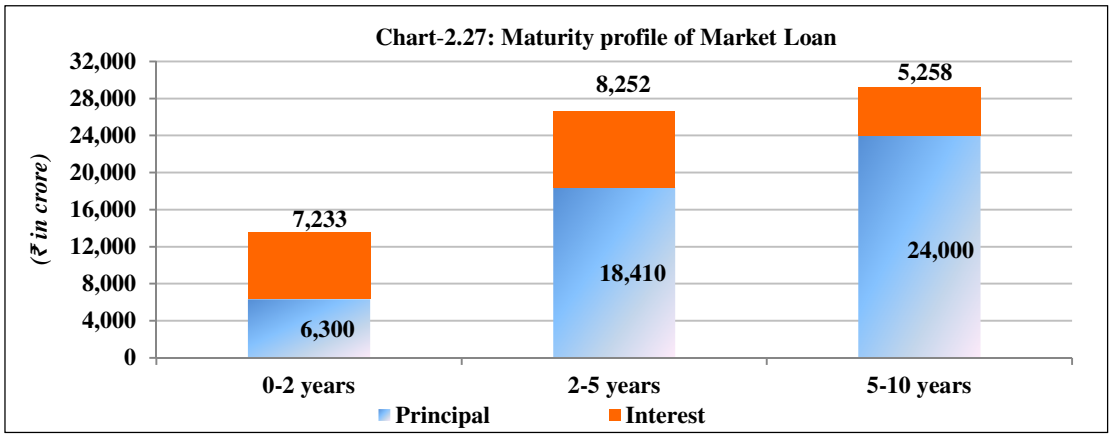
The amount of outstanding market loans and interest to be paid there on over the period of next 10 years is detailed in **Table-2.46** and **Chart-2.27** below:

Table-2.46: Repayment of Debt and Interest

(₹ in crore)

Year	Repayment of		
	Public Debt (Market Loan) **	Interest	Total
2024-25	2,400.00	3,714.45	6,114.45
2025-26	3,900.00	3,518.84	7,418.84
2026-27	5,450.00	3,194.30	8,644.30
2027-28	6,660.00	2,786.34	9,446.34
2028-29	6,300.00	2,271.45	8,571.45
2029-30	5,100.00	1,742.51	6,842.51
2030-31	6,200.00	1,374.54	7,574.54
2031-32	3,200.00	948.46	4,148.46
2032-33	3,200.00	719.98	3,919.98
2033-34	6,300.00	472.73	6,772.73
Total	**48,710.00**	**20,743.60**	**69,453.60**

*** Calculation of interest in respect of public debt components other than market loan is not feasible due to non-availability of information i.e. maturity profile and rate of interest in Finance Account.*



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2024 and interest has been calculated up to the financial year in which the loans are going to be retired.

The State will have to repay ₹ 24,710 crore of market loans and pay interest of ₹ 15,485 crore in next five financial years *i.e.,* up to 2028-29. In next five years up to 2033-34, ₹ 24,000 crore principal and interest of ₹ 5,258 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 6,945 crore during next ten years up to 2033-34. During the current year, an amount of ₹ 5,978 crore (₹ 2,500 crore principal + ₹ 3,478 crore interest) was repaid as Market Loan.

2.9.7 Debt Sustainability Analysis

A comprehensive indicator-based approach, which is a combination of some important indicators (growth rate of GSDP, effective interest rate, Primary Balance etc.) and Domar Model, has been used for Debt sustainability analysis. This approach takes into account all types of debt including Public Debt as well as liabilities arising from Public Accounts such as Small savings, Provident funds, Reserve funds, Deposits etc., hence, providing a holistic view of the finances of the State Government.

However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfil borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode, and governments are not forced to significantly increase taxes, or decrease spending.

The results of the analysis are given in the following paragraphs:

(**A**) Debt sustainability is defined as the ability of the State to service its debt now and in future. Analysis of variations in debt sustainability indicators is given in **Table-2.47** and **Chart-2.28**.

Table-2.47: Debt Sustainability: Indicators and Trends

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	**Overall Liabilities or Overall Debt**	65,982.17	71,434.64	71,374.68	72,860.02	80,265.78
2	**Rate of growth of Overall Debt *(per cent)***	*13.69*	*8.26*	*(-)0.08*	*2.08*	*10.16*
3	**GSDP (in nominal terms)**	2,39,263	2,25,617	2,67,143	3,03,781	3,46,206
4	**Nominal GSDP Growth (*per cent*)**	*3.88*	*(-)5.70*	*18.41*	*13.71*	*13.97*
5	**Overall Debt/GSDP (*per cent*)**	*27.58*	*31.66*	*26.72*	*23.98*	*23.18*
6	**Maturity profile of all kinds of borrowings#**					
6a	**0-2 years**	3,670.63	4,827.84	5,940.47	6,590.78	7,860.11
6b	**2-5 years**	8,672.21	11,301.66	14,225.36	17,652.11	1,98,212.44
6c	**5-10 years**	30,399.20	33,418.29	30,594.28	25,771.43	25,607.76
6d	**Over 10 years**	3,168.34	757.57	267.44	1,055.08	821.50
7	**Repayment to Gross Borrowings (*per cent*)**	*64.21*	*74.05*	*100.46*	*91.83*	*80.80*
8	**Net borrowings available as a percentage of Gross Borrowings**	*35.79*	*25.95*	*(-)0.46*	*8.17*	*19.20*
9	**Interest payments on Overall Debt**	4,504.02	4,773.07	4,938.83	5,103.63	5,192.45
10	**Effective rate of interest on Overall Debt (*per cent*)**	*7.66*	*7.37*	*7.36*	*7.59*	*7.45*
11	**Interest payment to Revenue Receipts (*per cent*)**	*14.66*	*12.49*	*11.47*	*10.40*	*10.26*
12	**Revenue Deficit / Surplus**	-2,136.23	1,113.33	4,128.04	5,309.97	3,341.05
13	**Primary Revenue Balance (PRB)**	2,367.79	5,886.40	9,066.87	10,413.60	8,533.50

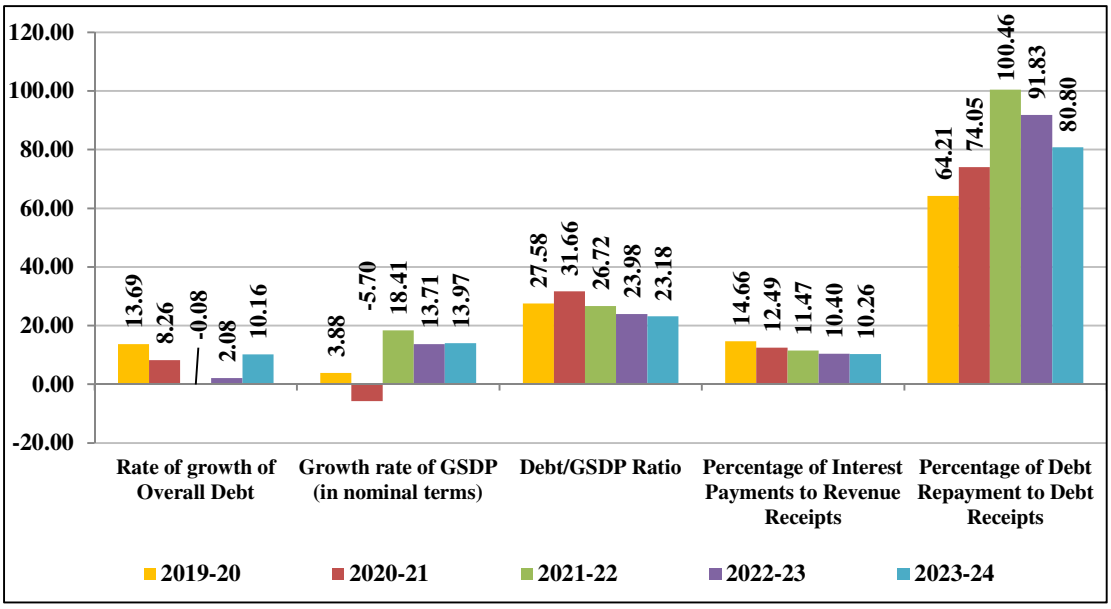
Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
14	**Primary Balance (PB)**	(-)3,153.25	(-)666.11	1,202.99	2,154.59	(-)2,556.57
15	**PB/GSDP (*per cent*)**	*(-)1.32*	*(-)0.30*	*0.45*	*0.71*	*(-)0.74*
16	**Difference between RoI* and effective rate of interest on Overall Debt**	(-)6.36	(-)4.49	8.87	(-)6.15	(-)4.82
17	**Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)**	140	96	6	39	137
18	**Debt Stabilisation (Quantum Spread + Primary Balance)**	(-)5,516.34	(-)9,418.33	8,633.53	6,277.55	2,148.92
19	**Domar Criteria**					
a	**GSDP (in constant terms)**	1,89,740	1,66,786	1,84,274	1,98,341	2,13,378
b	**Real Growth (in constant terms)**	1.97	(-)12.10	10.49	7.63	7.58
c	**Inflation based on CPI (*per cent*)**	*5.89*	*7.29*	*5.58*	*6.51*	*5.55*
d	**Effective rate of interest**	7.66	7.37	7.36	7.59	7.45
e	**Real effective rate of interest (Effective rate of interest – inflation)**	1.77	0.08	1.78	1.08	1.90
f	**Growth Interest Differential (Real growth – Real effective rate of interest)**	0.20	(-)12.18	8.70	6.56	5.68

 # Includes liabilities on Public Debt where maturity profile was available. Public Account was not included as its Maturity Profile was not available.

** Return on Investment (RoI) as measured by effective rate of interest receipts. i.e. RoI = (Interest Receipts / Average of Outstanding L&A of Previous and Current Financial Year)*100.*

Chart-2.28: Trend of Debt Sustainability Indicator

(₹ in crore)



- Debt stabilization condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant, or debt would stabilize

eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

- **Table-2.47** shows that The State's debt burden, measured by the total liabilities to GSDP ratio, has started improving after showing an upward trend till 2020-21, while a consistent decline has been observed in the last three years of the period (2019-2024) considered for debt sustainability analysis. The debt-GSDP ratio increased from 25.20 *per cent* in 2018- 19 to 27.58 *per cent* in 2019-20 and to 31.66 per cent in 2020-21 as compared to the previous year. After registering a historic increase of 4.08 percentage points in 2020- 21 due to the impact of the pandemic, when nominal growth contracted by 5.70 *per cent*, it declined to 26.72 *per cent* in the post-pandemic year (2021-22), registering a significant improvement of 4.94 percentage points as compared to the previous year. Following a downward trend, the overall liabilities-GSDP ratio reached to 23.98 *per cent* in 2022-23 and 23.18 *per cent* in 2023-24. The steady decline in the state's debt burden, measured by the overall liabilities-GSDP ratio, since 2021-22 indicates that it has started stabilizing.
- Year-wise analysis shows that while there has been a steady decline in the growth interest gap (GID), which is already in the negative territory in 2018-19, the debt-GSDP ratio has increased in 2019-20 and 2020-21 due to persistent primary deficit. With less appetite for borrowing requirements by making significant reduction in the primary deficit, the State could not prevent the debt-GSDP ratio from registering a rise of 4.08 percentage points in 2020-21 compared to an increase of 2.38 percentage points in the last fiscal. However, recovering from the pandemic effect as evident from the significant nominal growth of 18.41 *per cent* in 2021-22 owing to base effect and steady nominal growth supported by primary balance which continued to remain in the positive territory leading to improvement in debt burden of the State by 4.94 percentage points in 2021-22 and 2.74 percentage points in 2022-23 over the previous year. Despite the primary deficit, the state's debt-GSDP ratio continued to decline and improved from 23.98 *per cent* in 2022-23 to 23.18 *per cent* in 2023-24. The reduction in the debt-GSDP ratio can be attributed to the favorable GID which was sufficient to offset the impact of the primary deficit.
- As per the Domar criterion, despite the fluctuating trend, the Growth Interest Differential (GID) in real terms remained favourable during 2019-2024 except for the pandemic year (2020-21) given a significant contraction of 12.10 *per cent* registered in real growth. Both the nominal growth and effective rate of interest largely remained driven by inflation. Despite the 5-year low real rate of interest, when CPI inflation almost intensified to the level of the effective nominal rate of interest, the GID turned unfavourable in 2020-21. Thereafter, consistent economic growth supported by the easing of CPI inflation helped the GID to remain favourable over the next three years. On average, the CPI inflation during the

period 2019-2024 remained above tolerance band of 2-6 *per cent* determined by the RBI.

- Interest payments as a percentage to Revenue Receipts and Revenue Expenditure has declined constantly over the last five years which is an indication of sustainable debt as more resources are left for other productive purposes.
- During the current fiscal year, the State Government resorted to financial accommodation instruments available with RBI on 137 occasions which warrants poor fiscal management and hinders short-term debt sustainability.

(B) Details of the achievements *vis-à-vis* targets set in the Central Finance Commission Report (FCR) are shown below:

Table-2.48: Achievements *vis-à-vis* Targets set in the FCR

(**in *per cent* of GSDP**)

Fiscal Parameters		Achievements *vis-à-vis* Targets set in the FCR				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit	**T**	00	00	00	00	00
Revenue Deficit (-)/ Surplus (+)	**A**	(-) 0.89	0.49	1.55	1.75	0.97
Fiscal Deficit (-)/Surplus (+)	**T**	(-) 3.25	(-) 4.50	(-) 4.00	(-) 3.50	(-) 3.00
	A	(-) 3.20	(-) 2.41	(-) 1.40	(-) 0.97	(-)2.24
Ratio of total outstanding liability to GSDP	**T**	22.52	33.20	33.10	33.90	34.00
	A	27.58	31.66	26.72	23.98	23.18

The State was unable to keep its debt burden within target set under the FRBM Act in 2019-20 and 2020-21. However, the State's debt burden remained within the ceilings prescribed by the Finance Commission during last five years except 2019-20.

2.9.8 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Trend of utilization of borrowed funds during past five years are shown in the **Table-2.49** and **Chart-2.29** below:

Table-2.49: Utilisation of borrowed funds

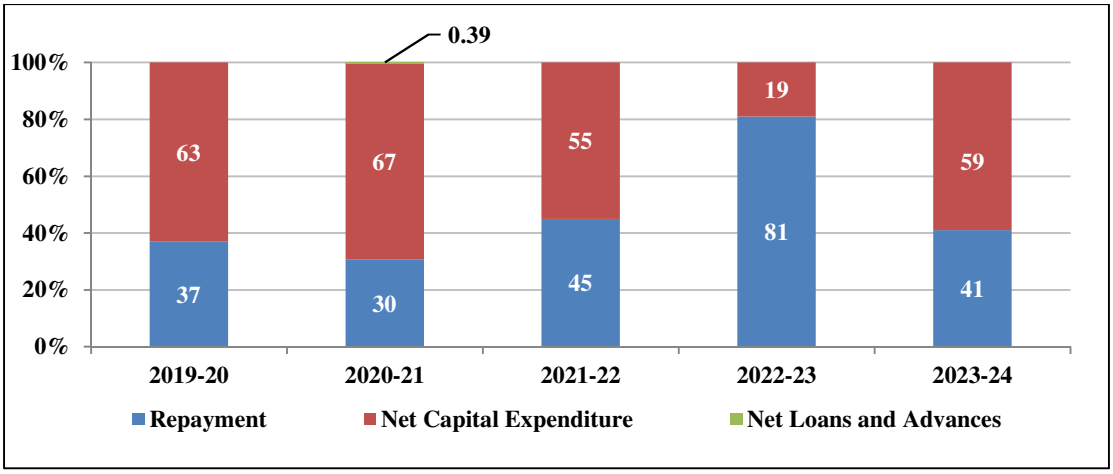
(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (percentage)	Net Capital expenditure* (percentage)	Net Loans and Advances disbursed. (percentage)	Portion of Revenue expenditure met out of total borrowings. (percentage)
2019-20	5,834	2,131 *(37)*	3,703 (*63*)	NA	NA
2020-21	9,787	2,921 *(30)*	6,538 (*67*)	38 (*0.39*)	NA[15]
2021-22	7,473	3385 *(45)*	4,088 *(55)*	NA	NA
2022-23	5,036	4,079 *(81)*	957 *(19)*	NA	NA
2023-24	9,912	4,110 *(41)*	5,802 *(59)*	NA	NA

Net Capital Expenditure = Total Capital Expenditure – Misc. Capital Receipts. NA- Not Applicable.

[15] No Revenue Expenditure was met from borrowings as State had Revenue Surplus during 2020-21.

Chart-2.29: Trend of Utilisation of Borrowed Funds



In the Period 2019-24, State utilised 30 to 81 *per cent* of borrowings for repayment of earlier principal leaving less space for capital expenditure and net capital expenditure ranged between 19 *per cent* and 67 *per cent* of available borrowings. Further, expenditure on net capital expenditure came down from 63 *per cent* in 2019-20 to 59 *per cent* in 2023-24. As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2023-24 which is the third year of the Finance Commission period, the State has a Revenue Surplus of ₹ 3,341 crore. During the current year 2023-24, the Government has resorted to high borrowings in the year compared to previous year.

2.10 Status of Guarantees–Contingent Liabilities

The statutory corporations, government companies, co-operatives institutions, financial institutions, autonomous bodies and authorities are distinct legal entities and responsible for their debts. Their financial obligations may be guaranteed by a government and thus the Government has a commitment to see that these are fulfilled. When these entities borrow directly from the market, it reduces a government's budgetary support to them and the magnitude of the Government borrowings. However, it adds to the level of guarantees given by the government. Thus, Guarantees normally constitute contingent liabilities of the Government and are contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of coming into force of such rule or law. However, the State Legislature (under Article 293 of the Constitution fixing the maximum limit within which the government could give guarantees on the security of the Consolidated Fund of the State) made the relevant provision in the amended FRBM, Act only in December 2016.

As per **Statement-9 & 20** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table-2.50** and **Chart-2.30**.

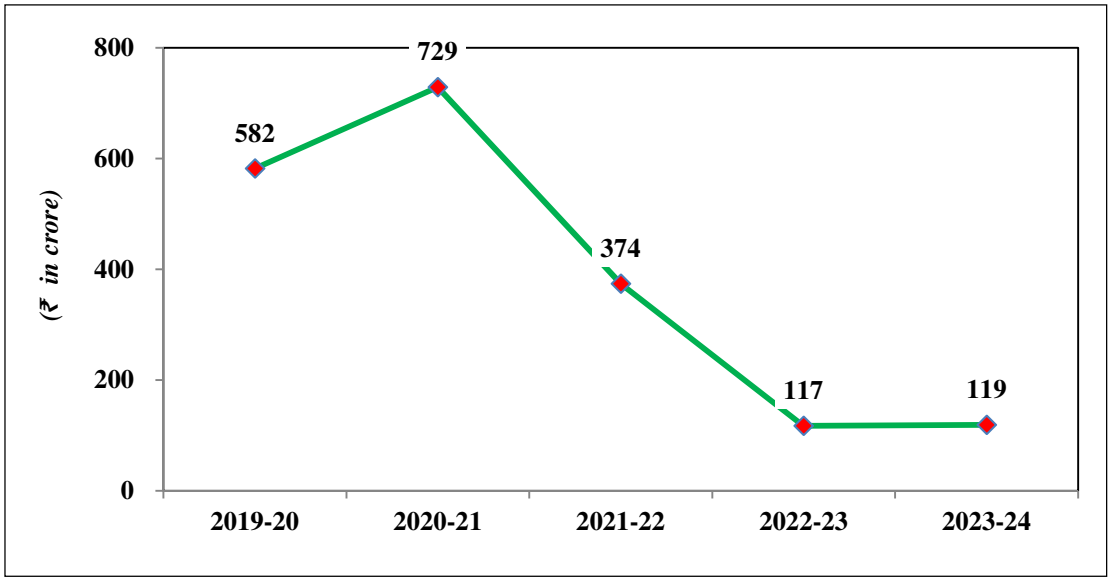
Table-2.50: Guarantees given by the Government of Uttarakhand

(₹ in crore)

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding amount of guarantees as on 31st March*	582	729	374	117	119
Ceiling fixed by the State Government Act	Outstanding guarantees capped within one *per cent* of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 *per cent* of the GSDP for that year.				
Additions during the year*	402	400	418	386	167
Deletions during the year*	712	525	760	643	238

**** Based on available information and State Budget Document.***

Chart-2.30: Status of Outstanding Guarantees



Source: Finance Accounts.

The amount of guarantees outstanding as on 31 March 2024 is ₹ 119 crore which comprises Co-operatives (₹ 117 crore) and others (₹ two crore). Total outstanding guarantees as on 31 March 2024 was ₹ 119 crore which is 0.03 *per cent* of GSDP for the year and hence was within the FRBM ceiling of 0.30 *per cent* of GSDP.

As on 31 March 2024, out of the total outstanding guarantees of ₹ 119 crore, a majority of the share amounting to ₹ 117.25 crore was given to the Sugar and Sugarcane Department whereas an amount of ₹ 1.53 crore and ₹ 0.63 crore were given to the Uttarakhand Minority Welfare and Wakf Development Corporation and Uttarakhand Multipurpose Financial and Development Corporation respectively.

No guarantee was invoked during the year. The information regarding maximum amount of guarantees has been made available partially by the State Government and hence, the statement is incomplete to that extent. The requirements of IGAS-1 have not been fully met in these statements. The State Government received ₹ 0.23 crore as Guarantee commission. Out of this ₹ 0.23 crore was received under Revenue Receipts instead of Guarantee Redemption Fund as per 'The Uttarakhand Ceiling on Government Guarantee Act, 2016' requiring that the guarantee commission received be taken to the corpus of the Fund.

2.11 Management of Cash Balances

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

Under the agreement, State Government has to maintain a minimum daily cash balance of ₹ 0.16 crore with the Bank. The limit for ordinary WMA to the State Government was ₹ 602.00 crore with effect from 01 April 2023 and the limit of SWMA is revised by the bank from time to time. During the year 2023-24, the limit of SWMA varied from ₹ 310.58 crore to ₹ 586.23 crore. The government availed WMA of ₹ 19,526.71 crore and repaid ₹ 18,919.65 crore during the year and ₹ 607.06 crore of WMA remained unpaid as on 31 March 2024. During the year 2023-24, on 228 days, the State Government maintained the minimum daily cash balance with the Reserve Bank of India without taking any advance. WMA, SWMA and overdraft were availed on 45 days, 64 days and 28 days respectively during the year.

2.11.1 Investment of Cash Balances

Table-2.51 depicts the cash balances and investments made out of these by the State Government during the year.

Table-2.51: Cash Balances and their investment

(₹ in crore)

	Opening balance on 01 April 2023	Closing balance on 31 March 2024
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	(-)131.82	(-)102.34
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	**(-)131.82**	**(-)102.34**
Investments held in Cash Balance investment account	653.37	0.00
Total (A)	***521.55***	**(-)102.34**
B. Other Cash Balances and Investments		
Cash with departmental officers viz., PWD, Forest Officers	(-) 10.71	(-) 10.71
Permanent advances for contingent expenditure with department officers	(-) 0.81	(-) 0.81
Investment in earmarked funds	1,808.62	1,918.62
Total (B)	***1,797.10***	***1,907.10***
Total (A + B)	***2,318.65***	***1,804.76***
Interest realised	**44.17**	**23.97**

Source: Finance Accounts.

Cash Balances of the State Government at the end of the current year decreased by ₹ 513.89 crore (22.16 *per cent*) from ₹ 2,318.65 crore in 2022-23 to ₹ 1,804.76 crore in 2023-24. This was mainly due to decrease in Investment held in Cash Balance Investment

Account (₹ 653.37 crore), which was partially counter balanced by increase in investment in earmarked fund (₹ 110 crore).

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of ₹ 23.97 crore during 2023-24 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 1,918.62 crore in earmarked funds, the whole amount was invested in the securities of GoI. The cash balance investments of the State during the five year period 2019-20 to 2023-24 are given in **Table-2.52**.

Table-2.52: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2019-20	247.48	00	(-) 247.48	21.73
2020-21	00	1,931.57	(+) 1,931.57	32.01
2021-22	1,931.57	2,037.62	(+) 106.05	34.23
2022-23	2,037.62	653.37	(-)1,384.25	44.17
2023-24	653.37	00	(-)653.37	23.97

The trend analysis of the cash balance investment of the State Government during 2019-20 to 2023-24 revealed that investment was decreasing from 2022-23. During the current year there was a nil closing balance under the major head Cash Balance Investment Account with a decrease of ₹ 653.37 crore (100 *per cent*).

Chart-2.31 compares the balances available in the Average Cash Balance and the Market Loans taken by the State during the period 2019-20 to 2023-24. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart-2.31: Market loans *vis-à-vis* Average Cash Balance

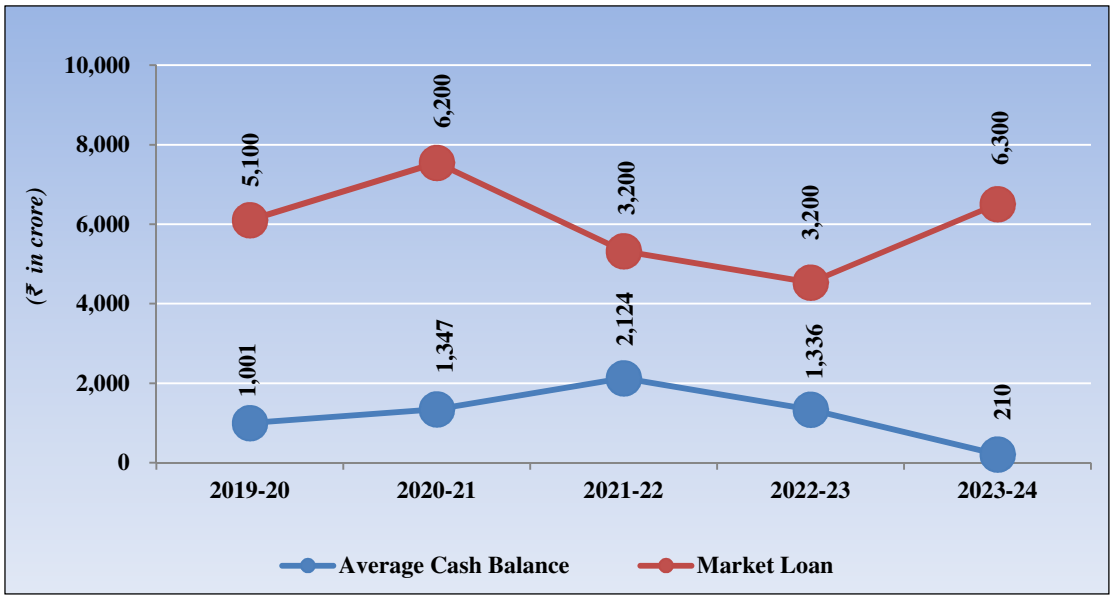
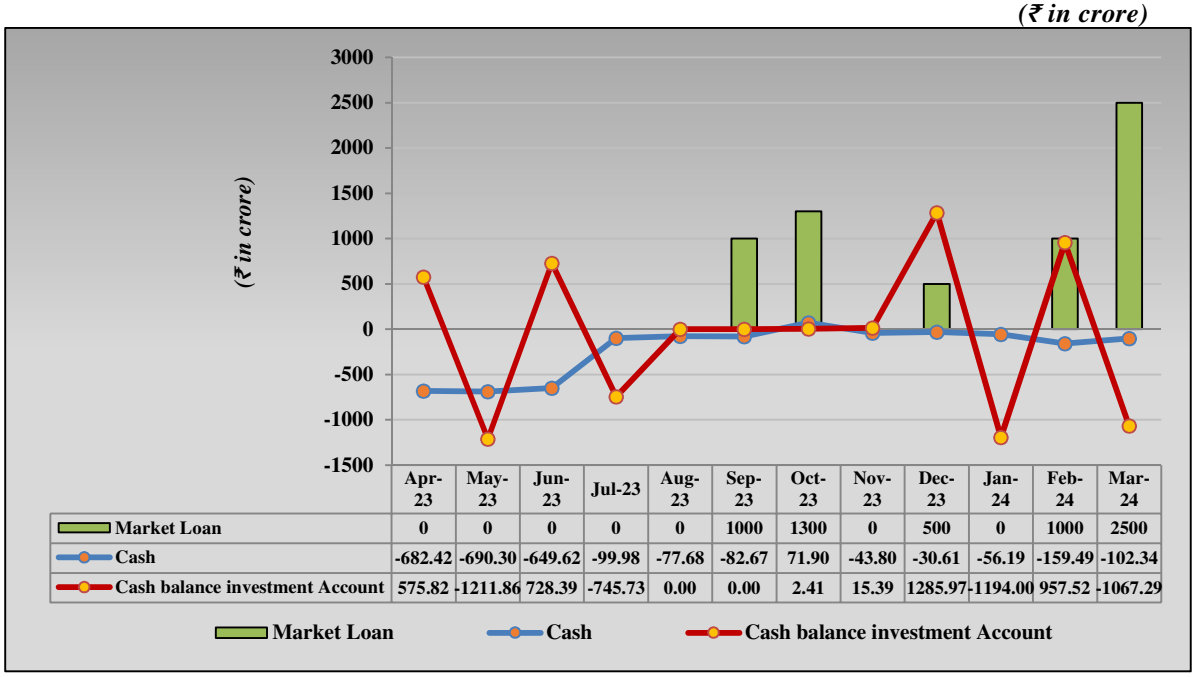


Chart-2.32 compares the month-wise Cash Balance Investment Account with the Cash Balances during 2023-24.

Chart-2.32: Month-wise movement of Cash Balances Investment Account and Cash Balance during 2023-24

(₹ in crore)



	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Market Loan	0	0	0	0	0	1000	1300	0	500	0	1000	2500
Cash	-682.42	-690.30	-649.62	-99.98	-77.68	-82.67	71.90	-43.80	-30.61	-56.19	-159.49	-102.34
Cash balance investment Account	575.82	-1211.86	728.39	-745.73	0.00	0.00	2.41	15.39	1285.97	-1194.00	957.52	-1067.29

The preceding chart indicates that the State Government had taken recourse to market loans on five occasions (September, October, December, 2023 and February and March 2024). In December 2023 and February 2024, there were funds available but still the state government took recourse to Market Loans. During the year 2023-24, the State Government raised ₹ 6,300 crore from the market.

2.12 Conclusion

- During 2023-24, Revenue Receipts increased by ₹ 1,532 crore (3 *per cent)* over the previous year, on account of increase in Own Tax Revenue (₹ 2,143 crore), State's Share in Union Taxes and Duties (₹ 2,011 crore) and decrease in Grants-in-Aid (₹ 2,673 crore).
- Revenue Expenditure formed on an average 84 *per cent* (ranging from 81 *per cent* to 86 *per cent* during 2019-24) of the total expenditure during the period 2019-24. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five year period 2019-24. The Committed Expenditure ranged between 57 *per cent* and 66 *per cent* of Revenue Expenditure, while it accounted for 53 *per cent* to 71 *per cent* of the Revenue Receipts of the State during the five year period 2019-24.
- Inflexible Expenditure ranged between six *per cent and* nine *per cent* of Revenue Expenditure, while it accounted for five *per cent* to eight *per cent* of the Revenue Receipts of the State during the five-year period 2019-24.
- Capital Expenditure increased by ₹ 2,788 crore (34.02 *per cent*) during the current year. The Capital Expenditure incurred by the State during the year 2023-24 was higher than the projections made in the MTFPS targets (₹ 10,403 crore) by ₹ 579 crore whereas it was lower than budget projections (₹ 13,134 crore) by ₹ 2,152 crore.
- The average return on the Uttarakhand Government's investment was negligible. During the current year, the amount recovered against the outstanding loans was

₹ 15.82 crore which stood at 0.64 *per cent* of the outstanding loans (₹ 2,454.61 crore) as on 31 March 2023.

- In the Education, Social and Health & Family Welfare Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2023-24. Whereas, in Development and Economic Sector, expenditure as a proportion of Aggregate Expenditure in the State was lower than the NE & Himalayan States during 2023-24.
- As per Finance Accounts for the Year 2023-24, there were 154 incomplete/ongoing projects worth ₹ 921.83 crore under various divisions of Public Works as on 31 March 2024. Out of these 154 projects, 48 projects (estimated cost ₹ 308.13 crore) have a time overrun of two to eight years from their target years of completion whereas 106 projects (estimated cost ₹ 613.70 crore) which were to be completed by 2023-24 are still incomplete.
- The total fiscal liabilities to GSDP ratio in 2023-24 decreased by 0.80 *per cent* over the previous year and stood at 23.18 *per cent,* which was below the Fiscal Responsibility and Budget Management (FRBM) target of 33.10 *per cent*.

2.13 Recommendations

- ***The State Government needs to settle the pending tax claims timely, settle arrears in assessment of taxes and recover the arrears of revenue and improve non-tax revenues towards better resource mobilization;***
- ***The State Government may explore ways of ensuring reasonable return on capital invested in profit making State Public Sector Undertakings in view of the substantial high cost of borrowings made by it;***
- ***The State may increase allocation of resources on Development sector so as to bring it at par with NE & Himalayan States average;***
- ***The State Government may ensure time-bound completion of the incomplete projects and ensure that there are no further cost overruns;***
- ***The State Government may ensure the recoveries of Guarantee Commission fees and deposit it in the Guarantee Redemption Fund.***