

Chapter – 4

Study of State Finance

- **Gross Domestic Product**
- **Fiscal Consolidation and Debt Management as per F.R.B.M. Act.**
- **Revenue Receipts of State**
- **State's Own Tax Revenue**
- **State's Own Non-Tax Revenue**
- **Trends of Expenditure**
- **Forecast of State's Revenue Receipts**

Gross State Domestic Product (GSDP)

- 4.1** Gross state Domestic product (GSDP) is the most crucial parameter to evaluate the progress of the state's economy, to explain the changes in the economic growth trends of the state and structural changes in the economy.
- 4.2** In the year 2017-18 to 2022-23 [A], the annual compound growth rate of the GSDP (at current prices) has been 10.11%. During 2011-12 to 2016-17, the annual compound growth rate of the GSDP (at current prices) was 10.7%. In Fact, since pre-Covid time, even since 2014-15, signs of decline in the aggregate demand were visible in the national economy. After recording a high growth rate of 12.30% and 16.52% in 2012-13 and 2013-14 respectively, the State's economy decreased to only 6.91%. and 1.83%. in 2014-15 and 2015-16 respectively.
- 4.3** The compound annual growth rate (CAGR) of the GSDP during 2011-12 to 2016-17 in five-year period is 10.7% while CAGR from 2016-17 to 2021-22 for five-year period is estimated to 9.11%. The main reason for decline in the growth rate is the negative impact of the Covid pandemic on economy.
- 4.4** The state's economy has been deeply affected by the structural changes and challenges in the national economy. The Covid pandemic and the stringent lockdown imposed in the national level led to the unprecedented migration of workers from urban to rural areas. As a result of this migration, surplus labor in the agriculture sector increased, unemployment in the rural areas also increased and wages rates declined. The strict lockdown had a negative impact in the production sector. Especially as a result of decline in profits of micro, small and medium enterprises, workers were laid off and salaries were reduced which resulted in the huge increase in the urban unemployment. Covid proved to be an inexplicable crisis for individual's life as well as fatal for the economy.
- 4.5** During Covid pandemic, the annual growth rate of the GSDP (at current prices) from 2019-20 to 2020-21 was 5.36% and 0.90% only. On constant prices, the annual growth rate of the GSDP was 2.76% only in 2019-20 and in 2020-21 it has been negative (-1.80%).
- 4.6** However, extensive vaccination, social security programmes like free ration supply to poor and Covid affected people, employment for workers, wage assistance, insurance coverage for health workers are such preventive measures through which, efforts were made to create a favorable and positive economic environment.

- 4.7** In the year 2011-12 the GSDP (at current prices) of the state was Rs. 158073.82 crore which in 10 years estimated to be Rs. 406415.8 crore in 2021-22, 2.57 times of the GSDP in 2011-12. It can be expected that state's economy will achieve high growth rate in forthcoming years too.

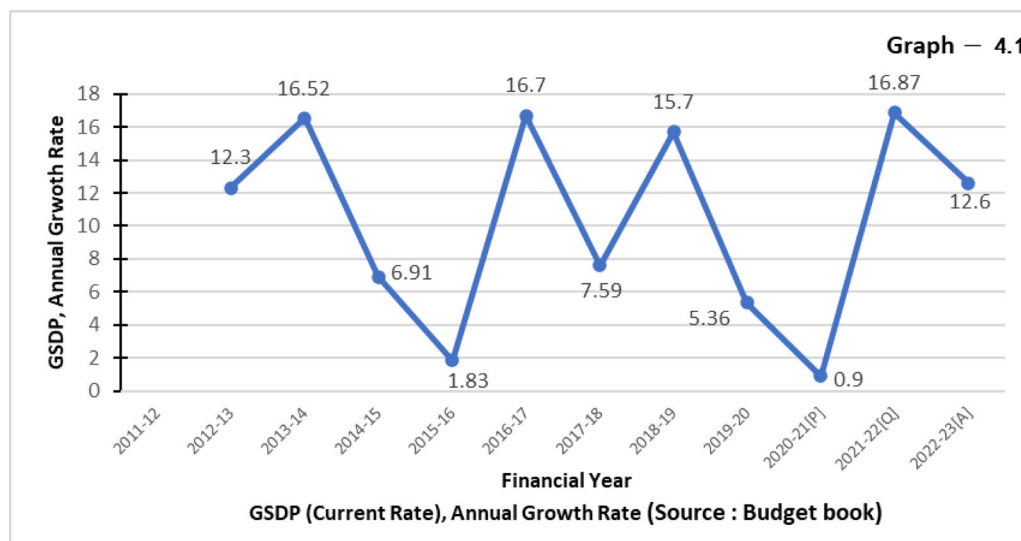
Table 4.1
Gross State Domestic Product (GSDP)

(Amount in Crore Rs.)

Financial Year	GSDP (At Current Prices)	GSDP (At Constant Price, 2011-12)
2017-18	282737.4	220135.7
2018-19	327106.7	244579.2
2019-20	344648.1	251324.7
2020-21(P)	347752.5	246803.6
2021-22(Q)	406415.8	267680.9
2022-23(A)	457608.3	289082.4

(P)-Provisional, (Q)-Quick, (A)-Advance Estimate

Source - Economic Survey, 2022-23



Fiscal consolidation and debt sustainability as per FRBM ACT

- 4.8** For higher level of transparency and prudent economic management in the management of budgetary resources along with economic and fiscal policies, the central Government promulgated the Fiscal Responsibility and Budget Management Act (FRBMA 2003) on 5 July 2004. This act gives responsibility to the Central Government to ensure inter-generational participation in fiscal management and long-term macro-economic stability, Prudent debt management

with continued fiscal sustainability, removal of fiscal constraints through effective implementation of monetary policies, keeping central Government's borrowing, debt and deficit within a certain limit, creating a high level of transparency in fiscal operations and to conduct fiscal policies in the medium term framework are the objectives of this act.

- 4.9** Chhattisgarh Fiscal Responsibility and Budget management Act-2005 came into force in the state from September 2, 2005. By this act the state government has been made responsible for prudent fiscal management, achieving financial stability by eliminating revenue deficit, reducing fiscal deficit, debt management as per fiscal sustainability, transparency in fiscal processes and ensuring conduct of fiscal policies in accordance with the medium-term framework.
- 4.10** 4.10 In the Chhattisgarh FRBM Act 2005, target was set to eliminate the revenue deficit by march 31,2009 and to limit the fiscal deficit to 3 percent of the state GDP. For this, annual targets were set in the FRBM (Amendment) Act-2006. The targets of the Act were achieved within the time period.
- 4.11** 4.11 In Chhattisgarh F.R.B.M. (Amendment) Act 2011, it Was laid off by the state government to achieve the target of zero revenue deficit in each financial year from 2011-12 to 2014-15 and to keep the fiscal deficit within the limit of 3% for the said period. Further, it was set to keep the total debt responsibility in the percentage of GSDP limited between 22% in 2010-11 to 23.90% in 2014-15. As per the objectives of the Act, there has been the condition of revenue surplus in the other years except for 2013-14 and 2014-15 and the fiscal deficit was lower than 3% in other years except for the year 2014-15.
- 4.12** It is enacted by the government of chhattisgarh by chhattisgarh F.R.B.M (Amendment) Act 2016 that the state government will specify the fiscal rules suggested by the Union Finance Commission for fiscal responsibility and budget management acts of states. Accordingly, fiscal parameters recommended by the 14Th Central Finance Commission are the key targets for state's fiscal consolidation.
- 4.13** The 14th Finance Commission for the period of 2015-16 to 2019-20 had determined the annual target for fiscal deficit for states to be 3% of GSDP. However, states could obtain concessions subject to the following conditions: -
- 1)** If there is no revenue deficit in the year in which borrowing limits are to be fixed and in the immediately preceding year.

- 2) After the above condition is fulfilled, 0.25% flexibility on the ceiling of 3% was allowed if Debt GSDP ratio is less than or equivalent to 25% of GSDP in preceding year.
- 3) Other 0.25% flexibility was allowed on the fulfillment of the condition that interest payment in the preceding year should be less than or equal to 10% of the revenue receipts.

4.14 As per the fiscal parameters determined by the 14th Finance Commission, there was position of revenue surplus in the state in 2015-16, 2016-17, 2017-18 and 2018-19. Although, After the financial year 2016-17, there been decline in revenue surplus and in 2018-19, revenue surplus in the percentage of GSDP decreased to 0.21%. After the implementation of GST. There has been regressive impact on the revenue surplus position of the state, simultaneously fiscal management affected due to the Covid pandemic. There was revenue deficit in 2019-20 which was 2.79% of the GSDP. However, in 2020-21, revenue deficit declined to 1.97% of GSDP and in 2021-22 and 2022-23 (R.E.), position of revenue surplus regained.

Table 4.2
Details of fiscal indicators of the State

(Amount in Crore Rs.)

Financial Year	Budget/Expenditure	Fiscal Deficit	Revenue Surplus/ Deficit	Primary Deficit
2017-18	66600.54	-6810.31	3417.33	-3511.98
2018-19	73565.14	-8302.07	683.75	-4649.52
2019-20	82099.86	-17969.55	-9608.61	-12999.21
2020-21	79107.54	-15822.38	-6856.66	-10189.27
2021-22	85838.04	-6093.10	4642.02	49.14
2022-23 (RE)	112708.04	-14499.78	2661.16	-7237.73

Source – Chhattisgarh Government's Budgets of Respective Years, (+) Surplus, (-) Deficit, (RE) Revised Estimate.

4.15 As per the parameters determined by the 14th Finance Commission, fiscal deficit has been less than 3% of the GSDP during 2015-19, but in 2019-20, it reached to the level of 5.21% and after gradual decline. Again, estimated to be 3.17% in 2022-23 (R.E.). During 2015 to 2020, interest payment in the percentage of the total revenue receipts is less than 10% of prescribed level determined by the 14th Finance

Commission. During 2015-20, total public liability in the percentage of the GSDP is also less than 25% of prescribed limit.

Table 4.3
Performance of the fiscal indicators against the FRBM

(Amount in Crore Rs.)

Financial Year	FRBM Targets		Actual Performance		
	Fiscal Deficit	Revenue Deficit	Fiscal Deficit	Revenue Deficit	Primary Deficit
2017-18	-3.0	0.0	-2.41	1.21	-1.24
2018-19	-3.0	0.0	-2.54	0.21	-1.42
2019-20	-5.0	0.0	-5.21	-2.79	-3.77
2020-21	-5.0	+0.1	-4.55	-1.97	-2.93
2021-22	-4.0	+0.5	-1.5	+1.14	0.01
2022-23 (RE)	-3.5	+0.8	-3.17	0.58	-1.58

Source :

- I. Chhattisgarh Government's Budget Papers of Respective Years.
- II. FRBM Targets For 2019-20 & 2020-21, As Per CG FRBMA Amendment 2020.
- III. FRBM Targets For 2017-18 & 2018-19, As Per Report Of 14TH CFC.
- IV. FRBM Targets For 2021-22 & 2022-23, AS Per Report Of 15TH CFC.

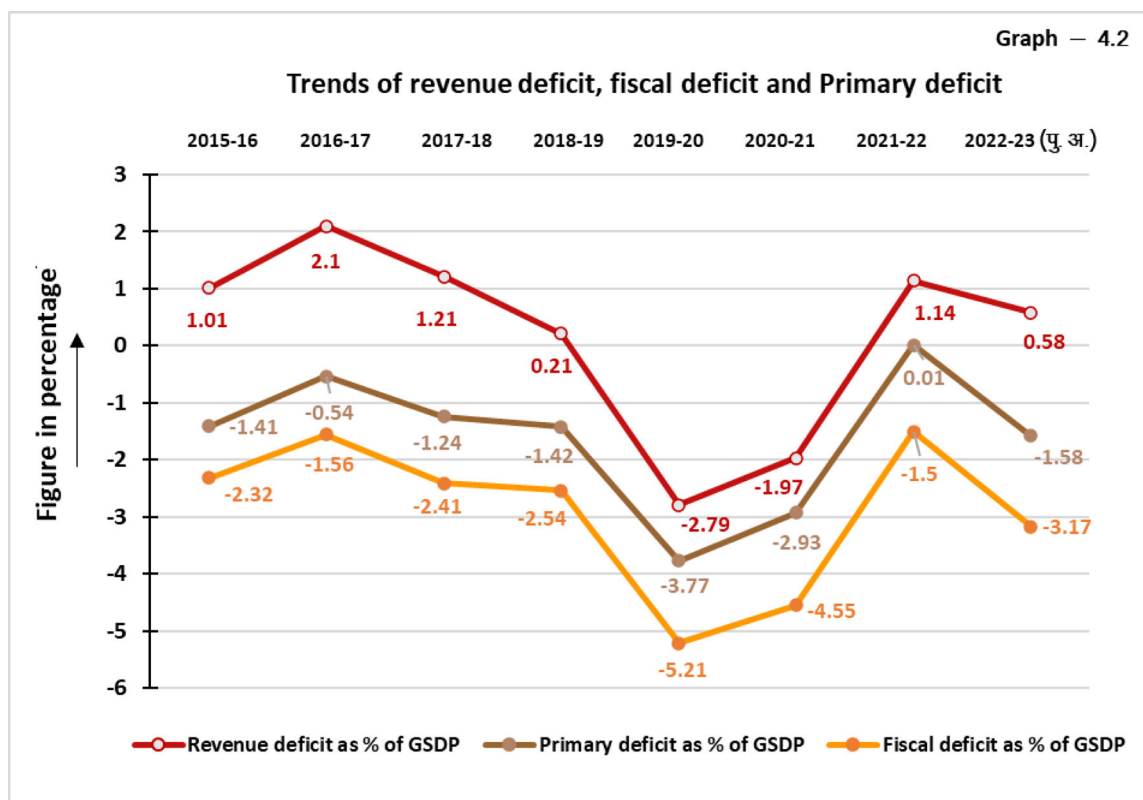


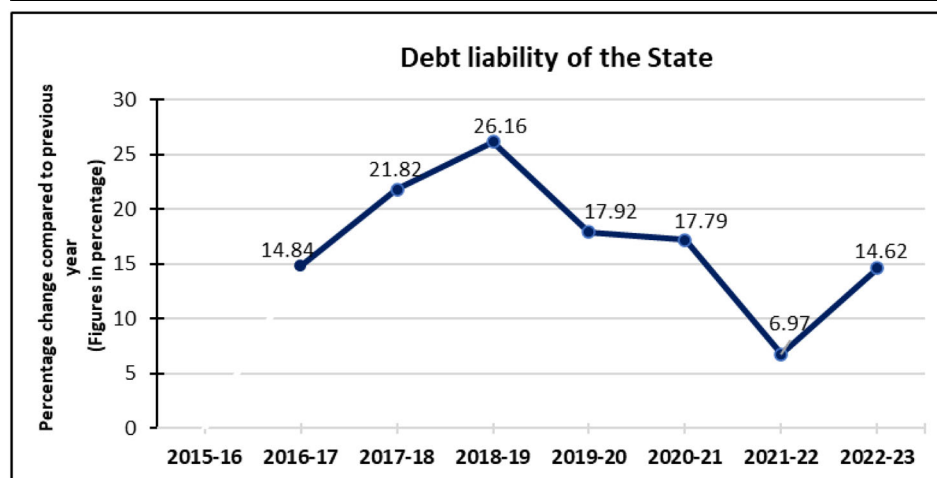
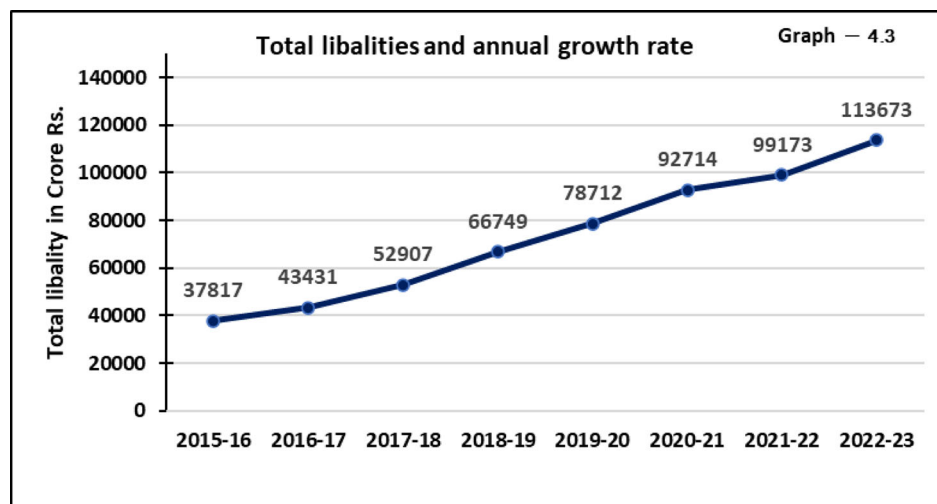
Table 4.4
The Debt liabilities of State

(Amount in Crore Rs.)

Financial Year	Total Liability	Growth In Comparison To Last Years	% Target Of Total Liability To GSDP	Actual % Of Total Liability To GSDP
2017-18	52907.08	21.82	17.05	18.71
2018-19	66749.51	26.16	18.40	20.41
2019-20	78712.46	17.92	19.58	22.84
2020-21	92714.23	17.79	28.10	26.66
2021-22	99172.89	6.97	28.80	24.40
2022-23	113672.67	14.62	30.20	24.84

Note: The Calculation of Liability for the Year 2022-23 has been calculated by adding the Amount of Fiscal Deficit for The Year 2022-23 (RE) To the Liability for The Year 2021-22.

Source: 1. For Total Liability, Budget Papers of Respective Years. 2. For GSDP, Economic Survey, 2022-23. 3. Percentage Target of Total Liability to GSDP For The Years 2017-18 To 2018-19, As Per Recommendation Of The 14th CFC, Percentage Target For 2020-21 To 2022-23 As Per The Recommendation Of 15th CFC.



- 4.16** There was a huge increase in the demand of state own resources due to the reason of the global pandemic of Covid-19 and consequent economic contraction. It has been as necessary as challenging to fulfill these demands as well as to achieve fiscal targets and inclusive development through the growth- inclined and result oriented approach. In today's economic scenario, it has been difficult challenge to fulfill the development needs and to achieve the constitutional model of welfare state. These models and objectives are difficult to achieve within the rigid and inflexible fiscal limits, therefore, in 2021, state has determined by amending its FRBM Act that " for the financial year of 2019-20 and 2020-21, fiscal deficit will not be more than 5% of the GSDP". Thus, the fiscal consolidation has been flexible enough to meet the development needs.
- 4.17** From the favorable growth rate of the GSDP of the state, possibility of high revenue receipt and from the analysis of limited debt liability, it can be expected that the state will be fully able and competent enough to fulfill its financial needs within the fiscal limits recommends by the 15Th Central Finance Commission for the upcoming years.

Revenue Receipts of the State (TRR)

- 4.18** The Revenue receipt of the state in 2011-12 was Rs. 25867.38 crore. which after increasing by approx. 2.1 times, turned into Rs. 53685.25 crore till 2016-17. In this period, the annual compound growth rate of revenue receipt (CAGR) has been 15.72%.
- 4.19** Between the financial years from 2017-18 to 2022-23 (R.E.) in five-year period, the annual compound growth rate (CAGR) of revenue receipts are estimated to 10.42%. In the year 2017-18, the revenue receipts were Rs. 59647.08 crore, which in 2022-23 (R.E.) is estimated to Rs. 97908.26 crore. The two main reasons for the decline in the growth rate of revenue receipts are the economic laxity spread at the national level during Covid and decreased tax revenue after the implementation of GST.
- 4.20** In 2019-20 and 2020-21, there has been a huge negative impact on economic activities due to Covid and nation-wide lockdown. The annual growth rates of revenue receipts were (-) 1.88% and (-) 1.08 in 2019-20 and 2020-21 respectively. Revenue receipt after continuous decline in two years compared to revenue receipts in 2018-19 estimated to Rs. 63176.18 crore in 2020-21.
- 4.21** After the implementation of Goods and Service Tax since 2017-18, there has been adverse effect on the tax income capacity of the state. In 2011-12, tax revenue of the

state (TR) was Rs. 17032.7 crore which in 2016-17 (before the implementation of GST) with the annual compound growth rate of 17.25% increased Rs. 37754.37 crore. Although one of the reasons for this high growth rate was the increased share of the state in central taxes since 2015-16 as per the recommendations of the 14Th Finance Commission. However, After the implementation of GST, between 2017-18 (40649.49 crore) to 2022-23 (65158.26 crore, R.E.) in the 5 year period, the annual compound growth rate (CAGR) of the tax revenue of the state is estimated to only 9.9%.

- 4.22** Since 2017-18 After the implementation of GST, Chhattisgarh state has suffered a loss in tax revenue. GST is a consumption-based tax whereas in chhattisgarh, there is widespread poverty and low consumption level. The abolition of taxes like CST and Entry tax which were the major tax heads of the state, has led to the loss in tax income of state. The CAGR of the state's own tax revenue (OTR) over the 5-year period from 2011-12 (10712.25 cr) to 2016-17 (18945.12 Cr) was 12.1%, which after the implementation of GST, from 2017-18 (19894.68 Cr) to 2022-23 (32800 Cr.) is estimated at only 10.5%. The expected increase in the tax income of the state after the implementation of GST could not be achieved. Many tax heads were subsumed into GST which negatively impacted state's own tax revenue potential, whereas after the inclusion of those taxes in GST, the tax income of state decreased comparatively.
- 4.23** As per the recommendations of the 14th finance commission, by increasing the tax share of states to be shared by the central government with states from 32% to 42% and increase in the tax revenue receipt of chhattisgarh among the mutual shares of states from 2.47% to 3.08%, there has been increase in the revenue receipt of the state for the award period (2015-20) of 14Th Finance Commission.
- 4.24** In 2011-12, the own revenue of the state (SORR) was 57.1% of the total revenue receipts (TRR) which increased to 60.67% till 2013-14, between 2011 to 2015, the own revenue receipts of the state was more than 50% of the total revenue receipts, but, between 2015 to 2023 except for the financial year 2021-22 the tax share and grants received by the center in the other years have been more than 50% of the revenue receipts.
- 4.25** As a result of sharing of taxes by the Central Government with the states in Pursuance of the recommendation of the 14Th Finance commission, except for the Covid affected years 2019-20 and 2020-21, the annual growth rate of state's share in central taxes during the year 2015-16 to 2021-22, has been higher than the annual growth rate in its own tax revenue.

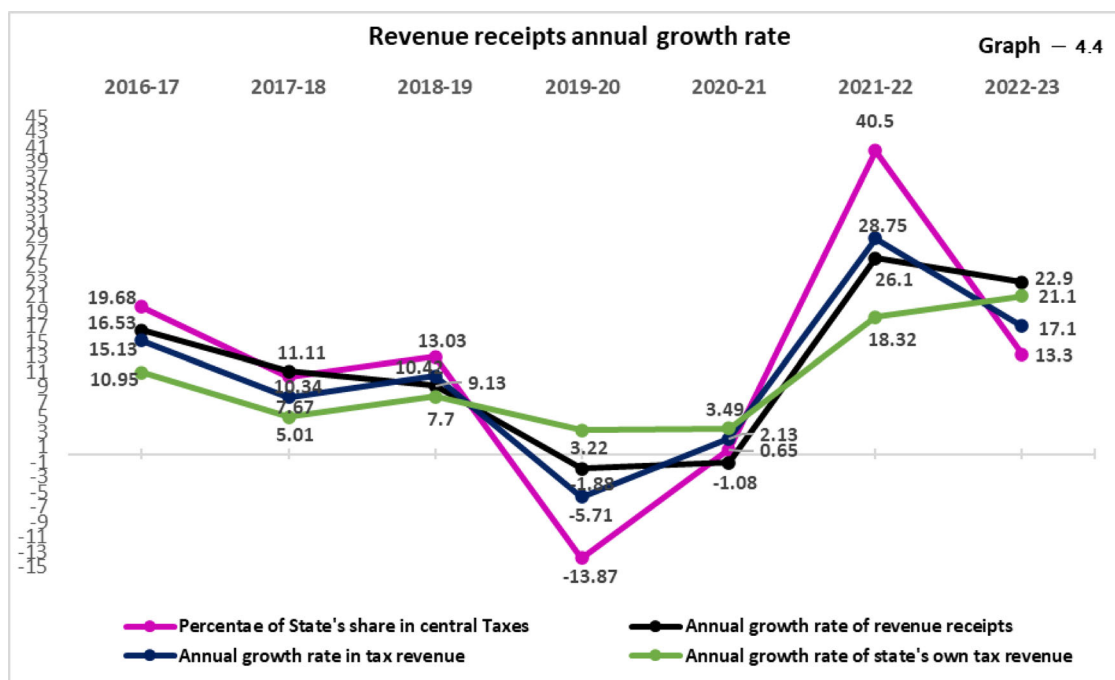
- 4.26** The share of Tax revenue (T.R.) in the revenue receipts, which was 65.85% in 2011-12 increased to 71.18% in 2015-16. In 2016-17, tax revenue was 70.32% of revenue receipts and non-tax revenue was 29.67% of the revenue receipts. In the previous years, In the revenue receipts, growth rate of the non-tax revenue especially the state's own-non-tax revenue has been higher. In 2022-23 (R.E.), tax revenue is 66.55% and non-tax revenue is estimated to 33.45% of the total revenue.
- 4.27** The 15Th Finance Commission from the net proceeds of taxes (divisible pool) has reduced the total share of the states from 42% to 41%. Although, In the divisible pool, there is a increase in the share of chhattisgarh state from 3.08% to 3.407%, However it is uncertain whether there will be a sharp increase in the state's share in tax income from central taxes.

Table 4.5
Details of total receipts of the State

(Amount in Crore Rs.)

Financial Year	State's Own Tax Revenue	State's Own Non-Tax Revenue	State's Share In Central Taxes	Subsidiary Grant	Capital Receipts	Total Receipts (Sum)
2017-18	19894.68	6340.42	20754.81	12657.17	7251.90	66898.98
2018-19	21427.25	7703.02	23458.69	12505.96	8148.42	73243.34
2019-20	22117.85	7933.77	20205.84	13611.24	16810.53	80679.23
2020-21	22889.19	7136.95	20337.54	12812.49	15904.67	79080.84
2021-22	27083.73	13851.21	28570.79	10146.30	6697.20	86349.23
2022-23(RE)	32800.00	16000.00	32358.26	16750.00	14800.00	112708.26

Source – Budget Papers of Respective Years.



State's Own Revenue Receipts (SORR)

- 4.28** In the own revenue receipts of the state, approx three fourth of the receipts are received from the own tax revenue of the state and the rest is received from the own non-tax revenue of the state.
- 4.29** The own revenue receipt of the state was Rs. 14770.73 crore in 2011-12 which with annual compound growth rate of 10.75% increased to Rs. 24614.46 crore in the year 2016-17.
- 4.30** The state's own revenue receipts were Rs.26235.10 crore in the year 2017-18 which is estimated at Rs. 48800 crores in the year 2022-23 (R.E.) with an annual compound growth rate of 13.21%.
- 4.31** With regard to the state's own revenue, the actual revenue receipts have been lower than the forecast of the 14Th Central Finance Commission (2015-20) and the Third State Finance Commission (2017-22). In fact, in the Covid affected years i. e. 2019-20 and 2020-21, the annual growth rates of the state's own tax revenue have been 3.22%. and 3.497% respectively, in these years, the annual growth rate of state's non-tax revenue was 2.99% in 2019-20 and negative (-10.04%) in 2020-21. However, In the national scenario of economic slack between 2017-18 to 2022-23, the growth rate of the state's own revenue receipts has been satisfactory.

Own Tax Revenue of State (OTR)

- 4.32** Under the revenue heads, state's own tax revenue (OTR) in 2011-12 was 62.89% and the share of receipts from central taxes was 37.11%. Till 2014-15, share of state's own tax revenue in total tax revenue was similar to this proportion. But from 2015-16 as per recommendations of 14Th Finance Commission, due to increase in the state's share in central taxes from 32% to 42%, states received higher tax revenue from central taxes. Thus, the share of state's own tax revenue has been reduced to approx 50% of the total tax revenue.
- 4.33** Between 2017-18 to 2022-23 (R.E.), CAGR of tax revenue receipts (T.R.) is 9.9%. In this period, CAGR of state's own tax revenue is 10.52% and CAGR of revenue received from the state's share of central taxes is estimated to 9.3%.
- 4.34** Except for 2019-20 and 2020-21, the buoyancy in tax revenue received from the central government is more than 1. This buoyancy is more than the buoyancy in

state's own tax revenue except for 2020-21, 2021-22 and 2022-23 (R.E.) in the other years the buoyancy of state's own tax revenue is less than 1.

4.35 With the expansion of economic activities, the possibility of tax revenue collection will be higher in the coming financial years. In 2011-12, total tax revenue was 10.77% of the GSDP which was increased to 14.4% in 2016-17. In 2019-20 and 2020-21 also, it was 12.3% and 12.5% respectively which is again estimated to 14.2% in 2022-23 (R.E.). It is likely to be continue increasing in the coming financial years also. 15Th finance Commission has made an estimate for tax-GDP percentage, which is 13.4% for 2021-22 which will increase to 15.2% in 2025-26.

4.36 In 2017-18. the own tax revenue of the state was Rs. 19894.68 crore which with CAGR of 10.52% is estimated to 32800 crores in 2022-23 (R.E.). In this time period, the estimated annual compound growth rate (CAGR) of the various tax heads of the state government are respectively as- State Goods and Service Tax (21.9%), Land Revenue (17.5%). Tax on Electricity (12.2%), Stamp and Registry (11.9%), State Excise Tax (9.7%), Tax on Vehicles (8.2%) and Tax on sale, trade etc. (0.6%)

Table 4.6 Own Tax Revenue Receipts of the State (Amount in Crore Rs.)						
Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23(RE)
Land Revenue	446.41	487.57	551.50	937.71	949.94	1000.00
Stamp & Registration	1197.47	1108.46	1634.62	1584.94	1945.36	2100.00
State Excise Duty	4054.00	4489.02	4952.36	4635.80	5106.61	6450.00
Tax on Sale, Trade etc.	6449.60	4087.72	3931.37	4236.04	5341.10	6643.49
Tax on Vehicles	1180.01	1204.85	1274.85	1148.07	1372.51	1750.00
Tax & Fees on Electricity	1688.95	1790.27	1837.00	2341.41	2836.05	3000.00
State Goods & Service Tax	4386.56	8203.41	7894.82	7925.01	9483.48	11795.96
Other	491.67	55-95	41-32	80-22	48-68	60-55
Total	19894.68	21427.25	22117.85	22889.20	27083.73	32800.00

Source – Chhattisgarh Government's Budgets of Respective Years.

4.37 The largest share in the tax revenue of the state government is from the tax income received from State Goods and Service Tax. In the state's own tax revenue, the share

of State Goods and Services Tax is more than one third. In budget 2022-23 (R.E.), the share of various tax income heads in state's own tax revenue is as follows: -

State Goods and Service Tax (35.96%), Tax on Sale/Trade etc. (20.25%), State Excise Tax (19.7%). Tax and Fees on Electricity (9.15%), Stamp and Registration (6.4%), Tax on Vehicles (5.3%), Land Revenue (3.05%).

Own non-tax Revenue of the State

- 4.38** Between 2011-12 to 2016-17 for the 5-year period. CAGR of state's non-tax revenue was 6.9% whereas in 2017-18 to 2022-23 (R.E.), CAGR is estimated to 20.34%.
- 4.39** The share of non-tax revenue from economic services in the non-tax revenue of the state is approximately 95%. In the economic services, the non-tax revenue received from Non-Ferrous Metal Mining and Metallurgy Industries was Rs. 4911.4 crore in 2017-18 which is estimated to Rs 13500 Cr. in 2022-23 (R.E.). In this period. CAGR of non-tax revenue received from Non-Ferrous Metal Mining and Metallurgy Industries is estimated to 22.4%.
- 4.40** The non-tax revenue received from the Irrigation Sector, one of the major heads included in economic services was Rs. 588.88 Cr. in 2017-18 which is estimated to Rs. 1100 Cr. in 2022-23 (R.E.) with CAGR of 13.3%. Non-tax revenue received from forestry and wild life area is estimated to Rs. 500 crores in 2022-23 (R.E.) from 291.17 Cr in 2017-18 with CAGR of 11.4%.
- 4.41** Own non-tax revenue of the state in the percentage of GSDP is estimated to 3.50% in 2022-23 (R.E.) from 2.24% in 2017-18.

Table 4.7
Own Non-Tax Revenue of the State

(Amount in Crore Rs.)

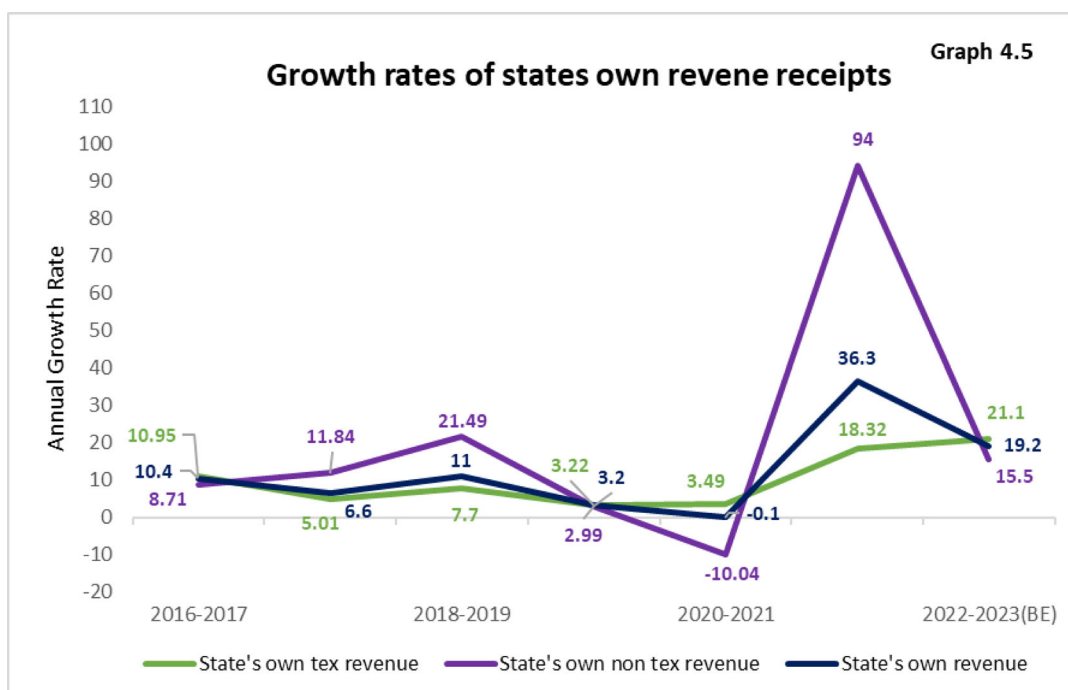
SR. No.	Financial Year	Interest Receipt, Dividends & Profits	Forestry & Wild Life	Irrigation	Non-Ferrous Metall & Metallurgy Ind.	Other	Total
1	2017-18	185.24	291.17	588.88	4911.44	363.69	6340.42
2	2018-19	191.04	236.73	697.19	6110.24	467.82	7703.02
3	2019-20	234.80	249.37	730.29	6195.73	523.58	7933.77
4	2020-21	92.07	277.08	683.79	5538.49	545.52	7136.95
5	2021-22	141.60	346.90	564.07	12305.38	493.26	13851.21
6	2022-23 (RE)	225.13	500.00	1100.00	13500.00	674.87	16000.00

Source – Chhattisgarh Government's Budgets of Respective Years.

Table 4.8
State's own Tax Revenue and Non-Tax revenue in the percentage of GSDP
(In % of GSDP)

Financial Year	Own Tax Revenue	Own Non - Tax Revenue	State's Own Revenue Receipts
2017-18	7.04	2.24	9.28
2018-19	6.55	2.35	8.90
2019-20	6.42	2.30	8.72
2020-21	6.58	2.05	8.63
2021-22	6.66	3.41	10.07
2022-23(RE)	7.17	3.50	10.67

Source – 1. Chhattisgarh Government's Budgets of Respective Years. **2.** GSDP Figures, Economic Survey 2022-23.



Trends of various heads of expenditure

- 4.42** In 2011-12, total expenditure was Rs. 27957.2 cr. Which increased to 57968.26 cr. In 2016-17. Annual Compound Growth Rate (CAGR) in this period was 15.7% which is more than the CAGR of 10.75% of state's own revenue receipts.
- 4.43** In 2017-18, total expenditure was Rs. 66600.54 cr. Which is estimated to Rs. 112708.04 cr. In 2022-23 (R.E.). Annual Compound Growth Rate (CAGR) of the total expenditure in this period is estimated to 11.1% which is less than the CAGR (13.21%) of state's own revenue receipts.

- 4.44** There has also been a significant increase in total expenditure in the percentage of GSDP. In 2011-12, total expenditure was 17.7% of GSDP which increased to 22.1% in 2016-17 and 24.63% in 2022-23 (R.E.). In table no. 4.9 expenditure indices related to total expenditure, revenue expenditure and capital expenditure has been displayed.

Table 4.9
Expenditure and Expenditure Related Indices

Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)
Revenue Expenditure (In Crore Rs.)	56229.7	64411.2	73477.3	70032.8	75010.0	95247.1
Capital Expenditure (In Crore Rs.)	10000.9	8903.4	8566.4	9024.2	10504.2	17079.4
Total Expenditure (In Crore Rs.)	66600.5	73565.1	82099.8	79107.5	85838.0	112708.0
Total Expenditure, In % of GSDP, TE/GSDP(%)	23.5	22.5	23.8	22.7	21.1	24.6
Revenue Expenditure, In % of GSDP, RE/GSDP(%)	19.9	19.7	21.3	20.1	18.4	20.8
Capital Expenditure in % of GSDP, CE/GSDP(%)	3.5	2.7	2.5	2.6	2.6	3.7
Revenue Expenditure, in % of Total Expenditure, RE/TE (%)	84.4	87.5	89.5	88.5	87.4	84.5
Capital Expenditure, in % of Total Expenditure, CE/TE (%)	15.0	12.1	10.4	11.4	12.2	15.1
Own Receipts, in % of Revenue Expenditure, SORR/RE (%)	46.6	45.2	40.9	42.9	54.6	51.2
Own Tax Revenue, In % of Revenue Expenditure, OTR/RE (%)	35.4	33.3	30.1	32.7	36.1	34.4
Revenue Expenditure, in % of Revenue Receipts, RE/TRR (%)	94.3	98.9	115.0	110.8	94.2	97.3

Source – Budget Papers of Respective Years.

- 4.45** Revenue expenditure in total expenditure was 80.9% in 2011-12, which continuously increased to reach the highest level of 89.5% in 2019-20 and 88.5% in 2020-21.
- 4.46** in 2016-17, capital expenditure was 16.3% of total expenditure but due to the Covid pandemic and increase in economic assistance, it decreased to 10.4% and 11.4% in 2019-20 and 2020-21 respectively, it is estimated to increase again to be 15.1%, in 2022-23(R.E.). [Table4.9]
- 4.47** In 2019-20 and 2020-21, revenue deficit occurred due to higher revenue expenditure than revenue receipts.
- 4.48** The state was able to meet 65.3 percent of total expenditure from its own revenue in 2011-12, but this capacity of the state has decreased. In 2016-17, 51.1% of

revenue expenditure was met from own revenue, whereas after the implementation of GST this percentage came down to only 46.6%. During the Covid pandemic, in 2019-20 and 2020-21, only 40.9% and 42.9% of the revenue expenditure could be met from its own revenue respectively. But the growth rate of state's own revenue receipt is promising. The CAGR of own revenue receipts between 2017-18 to 2022-23 is 13.21% while the CAGR of revenue expenditure during the same period is 11.11%. In 2021-22, the state could meet 54.6% of revenue expenditure from its own revenue which was 51.2% in 2022-23 (R.E.). The situation of revenue surplus is hopeful in the coming financial years also. [Table 4.9].

4.49 The state's Capital Expenditure increased from Rs.4056.4 crore in 2011-12 to Rs. 9470.51% crore in 2016-17 with a CAGR of 18.5%. Capital Expenditure increased from Rs.1000.9 crore in 2017-18 to Rs.17079.4 crore in 2022-23 (R.E.) with a CAGR of 11.3% between 2017-18 to 2022-23 (R.E.).

4.50 The highest Revenue Expenditure in percentage of total Revenue Expenditure is occurred in Social Service Sector followed by Revenue Expenditure on Economic Services and General Services Respectively. But the expenditure in the Social Service Sector has decreased from 43.3% to 38.7%, in the period from 2017-18 to 2022-23 (R.E.). The Compound Annual Growth Rate in Revenue Expenditure during 2017-18 to 2022-23 (R.E.) is 11.1%. The CAGR of Revenue Expenditure under various heads during the period is 13.43% for social services 13.31% for economic service and 8-65%. For social service sectors respectively. Grants-in-Aid and contribution to local bodies have also decreased. (Table 4.10)

Table 4.10
Structure of Revenue Expenditure

(Amt. In Crore Rs.)

Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	12870.41	15280.29	19095.34	19586.18	21375.4	24173.3
Social Services	24371.59	23454.94	26652.57	25066.17	27963.7	36907.0
Economic Services	17623.09	24780.79	26609.08	24255.18	24558.1	33024.2
Grants -in – Aid to Local Bodies	1364.66	895.16	1120.32	1125.31	1112.8	1142.6
Total Revenue Expenditure	56229.75	64411.17	73477.31	70032.84	75010.0	95247.1
Structure (In % of Total Revenue Expenditure)						
General Services	22.9	23.7	26.0	28.0	28.5	25.4
Social Services	43.3	36.4	36.3	35.8	37.3	38.7
Economic Services	31.3	38.5	36.2	34.6	32.7	34.7
Grants – in – Aid to Local Bodies	2.4	1.4	1.5	1.6	1.5	1.2

Source – Budget Papers of Respective Years.

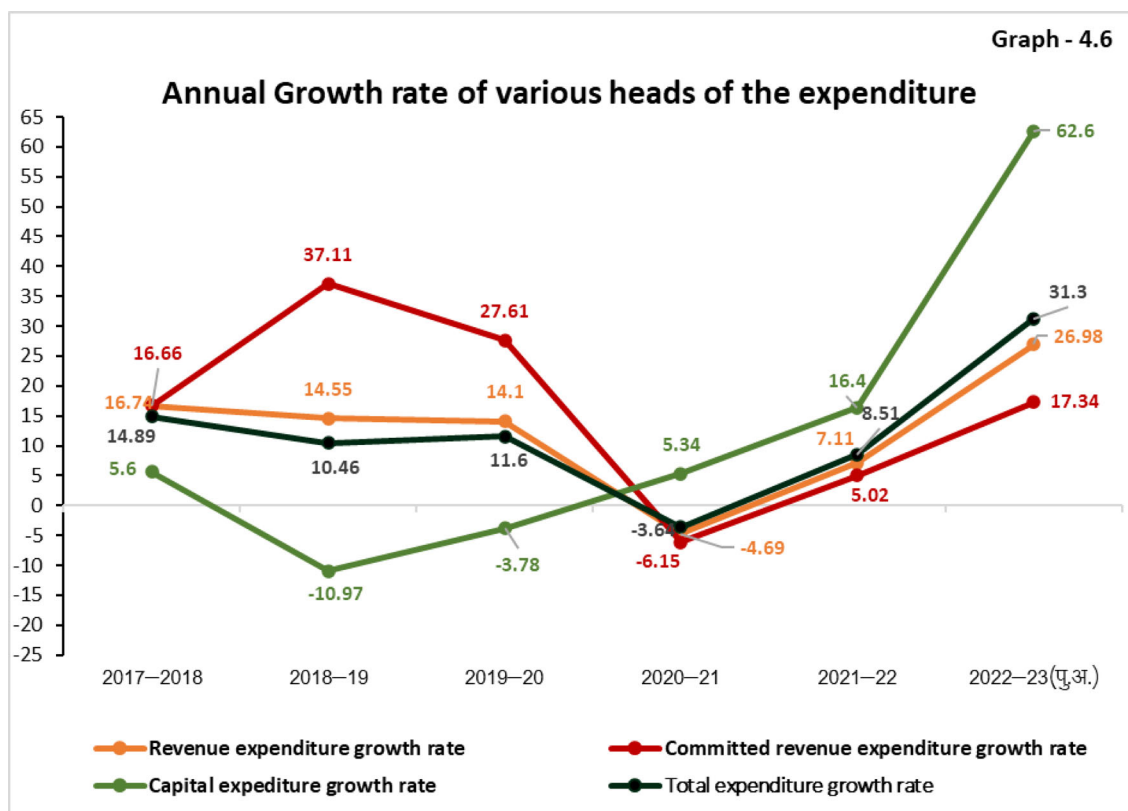
4.51 In 2017-18, Committed Expenditure (CRE) was 45.1% of total revenue expenditure which is estimated to 53.9% in 2022-23 (R.E.). Salaries and Allowances and Wages, Pension, Subsidy and Interest Payments are the components of Committed Expenditure. In 2017-18, state was competent enough to meet its Revenue Expenditure from its own revenue receipt. But due to decline in the capacity of own tax revenue collection, the state could not meet its Revenue Expenditure from its own revenue receipts. Annual Compound Growth Rate (CAGR) of Committed Expenditure between 2017-18 to 2022-23 is in the high level of 15.14%. which will remain a serious challenge in the coming financial years also. (Table 4.11)

Table 4.11
Committed Revenue Expenditure

(Amt. In Crore Rs.)

Heads	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	CAGR 2017-23
(1)Salaries, Allowances & Wages	13183.8	17426.8	21350.7	21629.5	23619.8	28670.7	16.81
(2)Pension	3897.5	5403.1	6611.11	7114.9	7450.3	6711.7	11.48
(3)Economic Assistance (Subsidy)	5004.9	8323.0	11483.2	7307.9	6565.3	8726.0	11.76
(4)Interest Payment	3298.3	3652.5	4970.3	5633.1	6144.2	7262.0	17.10
Committed Revenue Expenditure (CRE)[1+2+3+4]	25384.6	34805.5	44415.4	41685.5	43779.6	51370.4	15.14
Committed Expenditure, In % of Total Revenue Expenditure (CRE/RE)%	45.1	54.0	60.4	59.5	58.4	53.9	-
Committed Expenditure, In % of State's Own Revenue Receipts (CRE/SORR) %	96.7	119.5	147.8	138.8	106.9	105.3	-

Source – Budget Papers of Respective Years.



Fourth State Finance Commission's Forecast of State Gross Domestic Product and State's Own Tax and Non-Tax Revenue for Coming Financial Years.

- 4.52** As per report of the 15th Finance Commission, there are still a lot of uncertainties about the impact of the Covid pandemic which has affected all the countries of the world in terms of human lives, productive capacity and economic activity. It is still a question mark how long it will continue and how the recovery will be done.
- 4.53** As per report of 15th Finance Commission, uncertainties will continue in 2020-21 and 2021-22 and there will be expansion of economic activities in 2022-23. Accordingly, the 15th Finance Commission has predicted a year-wise different growth rate instead of the permanent nominal growth rate for forecasting the GSDP of Chhattisgarh state.
- 4.54** As a result of the evaluation of the agriculture, industry and service sectors of the state of chhattisgarh and assessment of the overall financial condition of the state it is clear that there are possibilities of satisfactory and rapid growth rate in the sectors related to state's own tax revenue and non-tax revenue resources. Though the covid pandemic has also had an extremely adverse impact on the state's economy, but

there is a possibility of rapid expansion in economic activities in the coming financial years.

- 4.55** The own tax and non-tax revenue sectors of the state have not only positive potential but also are competent enough. The human resource sector in the state is increasingly progressive and there are many new possibilities developing. In accordance with the above economic parameters, the 4TH state finance commission for its award period of 2025-30, has made its year-wise separate forecast instead of adopting the methodology of permanent growth rate.

Table 4.12
4TH State Finance Commission's Forecast of GSDP and Tax Revenue

(Amt. In Crore Rs.)

Heads	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
State Gross Domestic Product (GSDP)	470951	513336	564670	621137	686356	761855	845659
Annual Growth Rate	-	9%	10%	10%	10.5%	11%	11%
State's Own Tax Revenue (OTR)	32496	35420	39527	43480	48731	54854	60887
In Percentage of GSDP (%)	6.9	6.9	7.0	7.0	7.1	7.2	7.2
State's Own Non Tax Revenue	11774	12833	14117	15528	17845	20570	22833
In Percentage of GSDP (%)	2.5	2.5	2.5	2.5	2.6	2.7	2.7
State's Own Revenue	44270	48253	53644	59008	66576	75424	83720
In Percentage of GSDP (%)	9.4	9.4	9.5	9.5	9.7	9.9	9.9

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