

CHAPTER 3

State Finances

3.1. As the Third State Finance Commission's award period is year 2017-22, it is necessary to evaluate the fiscal situation of the state during recent years and project the same for the award period. While recommending the transfer of funds from the State Govt. to local bodies, the Commission has to keep in view the resources of the State too.

Structure of the Resources

3.2. Chhattisgarh State Government has two sources of receipts - revenue and capital.

3.3. Revenue receipts consist of own revenue (own tax revenue and non-tax revenue) and transfers from the Union Government (state's share of union taxes, duties and grants-in-aid).

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

#14th Finance Commission recommended that State Governments be excluded from the operations of the NSSF, with effect from 1 April, 2015. The involvement of the States in the NSSF scheme with effect from 1 April 2015, therefore, may be limited solely to discharging the debt obligations already incurred by them until that date (para 14.81). However, this study has taken the same into account as the study period is year 2011-15, except year 2015-16.

3.5. Funds available in the Public Accounts, after disbursement, are also used by the Government to finance its deficit. Expenditure is classified into revenue, capital and loan accounts. With the recent developments, plan and non-plan classification loses its relevance.

3.6. During year 2011-12 to 2017-18, the average growth rate of Chhattisgarh state economy is 10.8 percent at current prices and 6.3 percent at constant prices (year 2011-12) (Table 3.1). The growth of economy of the State is fluctuating at aggregate and also at sectoral level due to various reasons.

State Economy – Trends and Composition

Table 3.1: GSDP at current and constant prices

Year	GSDP at current prices	Growth rate over previous year (%)	(Rs. in Crore)	
			GSDP at constant prices (2011-12)	Growth rate over previous year (%)
2011-12	158073.82		158073.82	
2012-13	177511.32	12.30	165977.40	5.00
2013-14	206833.19	16.52	182579.45	10.00
2014-15	221142.37	6.92	185882.21	1.81
2015-16 (P)	234212.37	5.91	197068.84	6.02

2016-17(Q)	262263.36	11.98	213648.98	8.41
2017-18 (A)	291680.72	11.22	227866.31	6.65
Avg. 2011-18		10.81		6.32

Source: Arthik Sarvekshan 2016-17 and 2017-18, Directorate of Economics and Statistics, Chhattisgarh.

3.7 The contribution to GSDP from the industrial sector at current prices constituted around 45 percent, service sector around 35 percent and agriculture sector around 20 percent and at constant prices it is around 48 percent, around 35 percent and around 18 percent respectively. It is clear from the above table that industry sector contributes about 50 percent of the GSDP whereas service sector contributes around one third of the GSDP and agriculture sector is less than 20 percent. Hence government should take necessary steps to increase the role of agriculture sector in GSDP. (Table 3.2)

Table 3.2 GSDP sectorwise composition at current and constant prices

Sectors	2011-12	2012-13	2013-14	2014-15	2015-16(Provisional)	2016-17(Quick)	2017-18 (Advance)	Avg 2011-12 to 2017-18
(Percentage)								
GSDP sectorwise composition at current prices(%)								
Agriculture	18.10	19.15	18.42	19.32	20.14	21.5	22.16	19.83
Industry	47.27	45.94	47.42	45.90	43.39	42.29	41.01	44.75
Services	34.63	34.91	34.16	34.78	36.47	36.21	36.83	35.43
GSDP sectorwise composition at constant prices(%)								
Agriculture	18.10	18.32	16.97	17.81	16.93	17.76	17.15	17.58
Industry	47.27	47.09	49.08	47.56	48.26	47.97	47.65	47.84
Services	34.63	34.58	33.95	34.63	34.81	34.27	35.20	34.58

Source: Arthik Sarvekshan 2016-17 and 2017-18, Directorate of Economics and Statistics, Chhattisgarh.

Financial Position of the State

Total Receipts

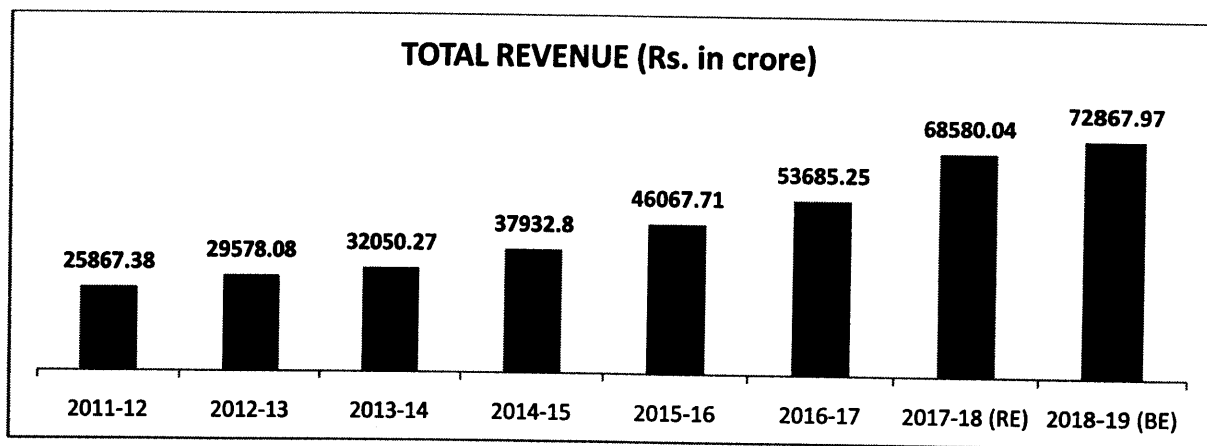
3.8. The total receipts of the State increased from Rs.27577.39 crore in year 2011-12 to Rs.44571.54 crore in year 2014-15. It has further increased to Rs. 51367.65 crore in year 2015-16 and estimated to increase further to Rs. 78527.17 crore (2017-18 RE) and Rs. 83096.13 crore (2018-19 BE). (Table 3.3)

Table 3.3: Financial Position of the State

		(Rs.in Crore)							
	Item	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)
I	TOTAL REVENUE	25867.38	29578.08	32050.27	37932.80	46067.71	53685.25	68580.04	72867.97
A	State Own Revenue	14770.73	17650.15	19443.88	20581.97	22289.65	24614.46	32153.04	34200.00
1	State's Own Tax Revenue	10712.25	13034.21	14342.71	15707.26	17074.85	18945.21	24438.04	26030.00
2	State's Own Non-Tax Revenue	4058.48	4615.94	5101.17	4874.71	5214.80	5669.25	7715.00	8170.00
B	CENTRAL TRANSFERS	11096.65	11927.93	12606.39	17350.84	23778.06	29070.79	36427.00	38667.97

1	Share in Central Taxes	6320.44	7217.60	7880.22	8363.03	15716.47	18809.16	21280.00	22954.97
2	Grants from the Centre	4776.21	4710.33	4726.17	8987.81	8061.59	10261.63	15147.00	15713.00
I	Capital Receipts	1710.01	3605.20	5581.94	6638.74	5299.94	5140.12	9947.13	10228.16
	Non Debt Capital Receipts	1288.67	1547.47	1650.05	199.07	299.74	175.73	305.00	314.02
	Public Debt /public accounts Receipts	421.34	2057.73	3931.89	6439.67	5000.20	4964.39	9642.13	9914.14
I I I	Total Receipts (I+II)	27577.39	33183.28	37632.21	44571.54	51367.65	58825.37	78527.17	83096.13
	Total Expenditure	27953.13	33779.96	38752.29	46206.08	51811.28	57968.26	78622.98	83179.26
	Revenue Expenditure	22628.04	26971.84	32859.57	39497.20	43701.06	48164.60	65392.10	68422.62
	Capital Expenditure	4056.36	4919.33	4574.19	6620.56	7945.00	9470.51	12735.42	14453.93
	Loans and Advances	1268.73	1888.79	1318.53	88.32	165.22	333.15	495.46	302.71
	Revenue Surplus(+)/ Deficit (-)	3239.34	2606.24	-809.30	-1564.40	2366.65	5520.65	3187.94	4445.35
	Fiscal Deficit	-803.23	-2658.34	-5064.75	-8078.42	-5443.83	-4107.28	-9737.94	-9997.27
	Primary Surplus(+)/ Deficit (-)	489.97	-1304.85	-3614.22	-6314.81	-3294.93	-1420.45	-6480.14	-6249.82

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.



3.9. Of these total receipts, revenue receipts though constituted 94 percent in year 2011-12 thereafter reduced to less than 90 percent till year 2015-16. In year 2016-17, its share was 91 percent. Again its share is estimated to decline to around 87 percent in year 2017-18 RE and year 2018-19 BE.

3.10. Share of revenue receipts in total receipts fluctuated between 85 percent and 94 percent during year 2011-19. The corresponding decline/increase in capital receipts is due to decline/increase of Non Debt Capital Receipts/Public Debt Receipts (Table 3.4).

Table 3.4: Broad Composition of Total Receipts

		(Percentage)							
	Item	11-12	12-13	13-14	14-15	15-16	16-17	17-18 (RE)	18-19 (BE)
I	Total Revenue	93.80	89.14	85.17	85.11	89.68	91.26	87.33	87.69
1	State Own Revenue	53.56	53.19	51.67	46.18	43.39	41.84	40.95	41.16
2	Central Transfers	40.24	35.95	33.50	38.93	46.29	49.42	46.39	46.53
II	Capital Receipts	6.20	10.86	14.83	14.89	10.32	8.74	12.67	12.31
1	Non Debt Capital Receipts	4.67	4.66	4.38	0.45	0.58	0.30	0.39	0.38
2	Public Debt Receipts	1.53	6.20	10.45	14.45	9.73	8.44	12.28	11.93
III	Total Receipts (I+II)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, http://finance.cg.gov.in/budget_doc/main_budget.asp? RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

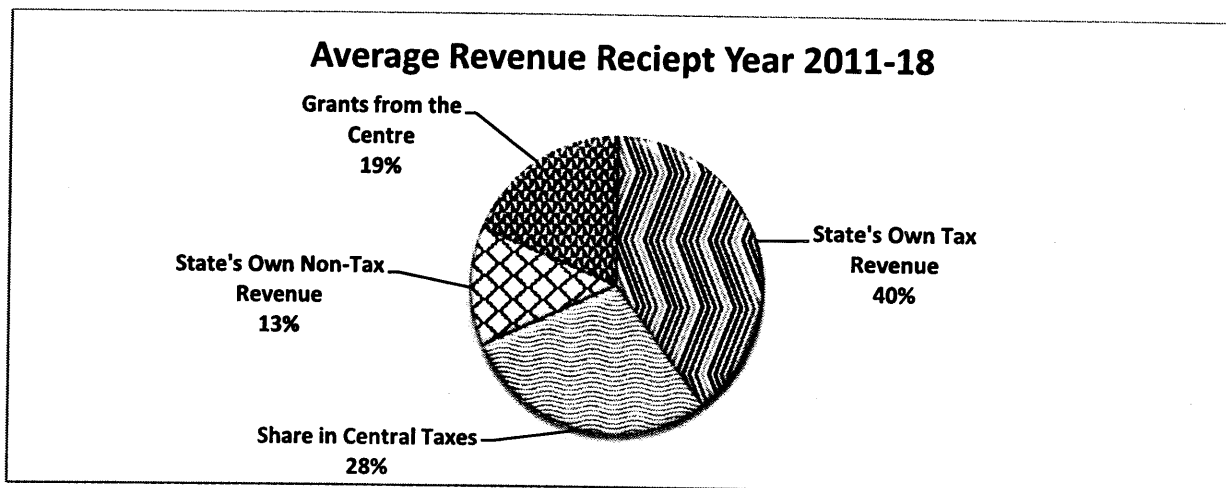
Total Revenue Receipts

3.11. Of the total revenue receipts, though state own revenue is higher than the central transfers from year 2011-15. The declining share of own revenue (tax and non tax) since year 2015-16 is mainly because of higher Central Tax transfers following the 14th Finance Commission award. (Table 3.5)

Table 3.5: Broad Composition of Total Revenue Receipts

		(Percentage)								
	Item	11-12	12-13	13-14	14-15	15-16	16-17	17-18 (RE)	18-19 (BE)	avg 11-18
	Total Revenue	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.	Total Tax Revenue	65.85	68.47	69.34	63.46	71.18	70.33	66.66	67.22	68.24
	A. State's Own Tax Revenue	41.41	44.07	44.75	41.41	37.06	35.29	35.63	35.72	39.70
	B. Share in Central Taxes	24.43	24.40	24.59	22.05	34.12	35.04	31.03	31.50	28.54
2.	Non-Tax Revenue	34.15	31.53	30.66	36.54	28.82	29.67	33.34	32.78	31.76
	C. State's Own Non-Tax Revenue	15.69	15.61	15.92	12.85	11.32	10.56	11.25	11.21	12.92
	D. Grants from the Centre	18.46	15.93	14.75	23.69	17.50	19.11	22.09	21.56	18.84
	State Own Revenue(1a+2C)	57.10	59.67	60.67	54.26	48.38	45.85	46.88	46.93	52.62
	Central Transfers(1B+2D)	42.90	40.33	39.33	45.74	51.62	54.15	53.12	53.07	47.38

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.



3.12. But the components of State Own Revenue i.e. own tax and non-tax revenues in terms of GSDP, showed almost a constant trend. The consistent increase in the proportion of total revenue receipts in GSDP is mainly because of central transfers followed by 14th Finance Commission award. (Table 3.6)

3.13. State's share in central taxes and Grants-in-aid is determined on the basis of recommendations of the Finance Commission and the State's performance in mobilization of resources is assessed in terms of its own resources comprising own tax and non-tax sources. (Table 3.6)

Table 3.6: Total Revenue of GSDP

		(Percentage)							
	Item	11-12	12-13	13-14	14-15	15-16	16-17	17-18 (RE)	AVG 11-18
	GSDP at Current Prices	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
I	Total Revenue(A+B)	16.37	16.66	15.50	17.14	19.67	20.46	23.52	18.50
A	State Own Revenue	9.35	9.94	9.40	9.30	9.52	9.38	11.03	9.70
	State's Own Tax Revenue	6.78	7.34	6.93	7.10	7.29	7.22	8.38	7.30
	State's Own Non-Tax Revenue	2.57	2.60	2.47	2.20	2.23	2.16	2.65	2.40
B	Central Transfers	7.02	6.72	6.10	7.84	10.15	11.08	12.49	8.80
	Share in Central Taxes	4.00	4.07	3.81	3.78	6.71	7.17	7.30	5.30
	Grants from the Centre	3.02	2.65	2.29	4.06	3.44	3.91	5.19	3.50

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

State's Own Revenue

3.14 By comparing the budget outlay and actual on an average, the composition of state own revenue shows that nearly 3/4th of revenue is constituted by own tax revenue and remaining 1/4th by own non-tax revenue. (Table 3.7 & 3.8)

Table 3.7.: Composition of SOR (Budget Provisions)

(Rs. in Crore/percentage)

Item	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	avg 2011-18
SOR	14141.32	17521.15	21372.3	24110.87	28748.84	29384.25	31124.84	34200.00	25075.45
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SOTR	9830.45	12175.59	15300.3	17926.25	20085.85	21964.1	23420.64	26030.00	18341.65
	69.52%	69.49%	71.59%	74.35%	69.87%	74.75%	75.25%	76.11%	73.15%
SONTR	4310.87	5345.66	6072.00	6184.62	8662.99	7420.15	7704.2	8170.00	6733.81
	30.48%	30.51%	28.41%	25.65%	30.13%	25.25%	24.75%	23.89%	26.85%

Table 3.8.: Composition of SOR (Actual Figures)

(Rs. in Crore/percentage)

Item	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)	avg 2011-18
SOR	14770.73	17650.15	19443.88	20581.97	22289.65	24614.46	32153.04	34200.00	21643.41
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SOTR	10712.25	13034.21	14342.71	15707.26	17074.85	18945.21	24438.04	26030.00	16322.08
	72.52%	73.85%	73.76%	76.32%	76.60%	76.97%	76.01%	76.11%	75.58%
SONTR	4058.48	4615.94	5101.17	4874.71	5214.80	5669.25	7715.00	8170.00	5321.34
	27.48%	26.15%	26.24%	23.68%	23.40%	23.03%	23.99%	23.89%	24.42%

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

3.15. The State's account / estimates regarding own revenue (tax and non-tax) receipts for the period year 2015-16 to year 2018-19 BE *vis-à-vis* assessment made by 14thFC are given in Table 3.9. Account /estimates are higher than the assessment made by 14thFC in case of own non-tax revenue and in case of own tax revenue it is opposite. For all years the own revenue receipts the assessment of 14thFC is higher than the State's account / estimates.

3.16 The main reason for lower realizations than estimation was less collection of stamps and registration fees, taxes on sales, trade, taxes on goods and passengers, taxes on vehicles, land revenue and taxes and other duties.

Table 3.9: State Own Revenue -14 FC Assessment vs State Government Estimates

(Rs. in Crore)

Source of Revenue		2015-16	2016-17	2017-18	2018-19	2019-20	2015-20
Own Revenue Receipts	14TH FC Assessed	26196	29602	33505	37978	43106	170387
	State Government's Accounts / Estimates	22290	24614	32153*	34200*		
Own Tax Revenue	14TH FC Assessed	20872	24033	27672	31862	36686	141124
	State Government's Accounts / Estimates	17075	18945	24438*	26030*		
Own Non-Tax Revenue	14TH FC Assessed	5324	5569	5833	6116	6420	29263
	State Government's Accounts / Estimates	5215	5669	7715*	8170*		

* includes SGST and IGST

Source: various years of Budget At a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, 14th Finance Commission.

State's Own Tax Revenue (SOTR)

3.17. The main sources of tax revenue of the State are taxes on sales, trade, etc (VAT), State excise, taxes on vehicles and stamps and registration fees. Sales tax constitutes 52% to 61% of the own tax revenue of the State during year 2011-19.

3.18. The other major sources of revenue are State excise 15% to 20%, followed by taxes on goods and passengers, stamps and registration fees and taxes on vehicles. (Table 3.10)

Table 3.10: Composition of SOTR

Item	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	(Percentage)	
							2017-18 RE	2018-19 BE
A. State's Own Tax Revenue (1 to 3)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<i>1. Taxes on Profession</i>	0.10	0.05	0.05	0.05	0.00	0.00	0.00	0.00
<i>2. Taxes on Property and Capital Transactions (i to ii)</i>	10.42	9.10	8.48	8.63	9.07	9.06	9.00	9.41
<i>i) Land Revenue</i>	2.53	1.80	1.58	2.11	2.13	2.66	2.66	2.54
<i>ii) Stamps and Registration Fees</i>	7.90	7.31	6.90	6.52	6.94	6.40	6.34	6.88
<i>3. Taxes on Commodities and Services (i to vi)</i>	89.48	90.84	91.47	91.33	90.92	90.94	91.00	90.59
<i>i) Sales Tax</i>	56.07	53.16	55.29	53.66	52.17	52.42	60.80	60.97
<i>ii) State Excise</i>	14.91	19.07	17.77	18.41	19.55	18.18	15.09	16.73
<i>iii) Taxes on Vehicles</i>	4.69	4.55	4.54	4.48	4.86	5.20	5.52	5.76
<i>iv) Taxes on Goods and Passengers</i>	7.71	7.31	6.59	6.25	6.09	7.08	2.37	0.02
<i>v) Taxes and Duties on Electricity</i>	5.96	6.60	7.11	8.36	8.04	7.90	7.16	7.11
<i>vi) Entertainment Tax and Others</i>	0.15	0.15	0.16	0.16	0.22	0.15	0.05	0.00

Source: various years of Budget At a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

3.19. It is too early to say whether GST is revenue-neutral or revenue loss. GST rate structure is also volatile. The Commission is unable to assess revenue implications and calculate the extent of compensation in case of revenue loss.

3.20. The 14th Finance Commission recommended creation of an autonomous and independent GST Compensation Fund through legislative actions in a manner that it gives reasonable comfort

to States, while limiting the period of operation appropriately. (Para 13.29, 14th Finance Commission Report)

3.21. However, the Commission recommends transfers to the local bodies in terms of percentage shares in the state revenue. Hence, higher the revenue receipts of the state higher the transfers to local bodies.

3.22 The Commission has projected the GSDP for the period year 2017-22 and compared them with that of assessed by the 14th Finance Commission and data provided by Arthik Sarvekshan year 2016-17 and year 2017-18. Our projection regarding GSDP seems to be at lower side in comparison to the 14th Finance Commission projection. (Table 3.11)

Table 3.11 Comparison of GSDP Estimates

Item	(Rs. in crore)						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
14TH FC Assessed GSDP	241317	276117	315935	361495	413625	-	-
DES, Govt. of Chhattisgarh	234212	262263	291681	-	-	-	-
Our projections	-	-	-	322007	356803	395409	438192

3.23. Generally, as the GSDP grows the State's tax revenue should also grow. The tax-GSDP ratio during the study period has been presented in the table 3.12. The State's own tax revenue in relation to GSDP has been around 7% to 8%. The 14th Finance Commission, on the basis of their calculations, adopted a tax-GSDP ratio of 8.758 percent for the State for the period year 2015-2020.

Table 3.12: Trends in Revenue Receipts of State (as % of GSDP)

Item	11-12	12-13	13-14	14-15	15-16	16-17	17-18 RE
State's Own Tax Revenue (1 to 3)	6.78	7.34	6.93	7.10	7.29	7.22	8.38
1. Taxes on Income	0.01	0.00	0.00	0.00	0.00	0.00	0.00
2. Taxes on Property and Capital Transactions (i to iii)	0.71	0.67	0.59	0.61	0.66	0.65	0.75
i) Land Revenue	0.17	0.13	0.11	0.15	0.16	0.19	0.22
ii) Stamps and Registration Fees	0.54	0.54	0.48	0.46	0.51	0.46	0.53
iii) Urban Immovable Property Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Taxes on Commodities and Services (i to vi)	6.06	6.67	6.34	6.49	6.63	6.57	7.62
i) Sales Tax	3.80	3.90	3.83	3.81	3.80	3.79	5.09
ii) State Excise	1.01	1.40	1.23	1.31	1.43	1.31	1.26
iii) Taxes on Vehicles	0.32	0.33	0.31	0.32	0.35	0.38	0.46
iv) Taxes on Goods and Passengers	0.52	0.54	0.46	0.44	0.44	0.51	0.20
v) Taxes and Duties on Electricity	0.40	0.48	0.49	0.59	0.59	0.57	0.60
vi) Entertainment Tax	0.01	0.01	0.01	0.01	0.02	0.01	0.00

Source: various years of Budget At a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

3.24. In this study, an attempt is made to project the SOTR for the period year 2017-22 by taking only SOTR Growth Rate and compared with 14th FC Projections for year 2017-20 (Table. 3.13).

Table 3.13: SOTR Projections year 2017 to 22

		2017-18 BE	2018-19	2019-20	2020-21	2021-22
14th FC Projected	Tax - GSDP Ratio (%)	8.76	8.81	8.87		
	(Rs. Crore)	27672	31862	36686		
Our Projections Taking only SOTR Growth Rate	Gr. Rate Avg year 2012-13 to 2018-19 (%)			11.80	11.80	11.80
	(Rs. Crore)	23420.64	26030.00	29101.54	32535.52	36374.71

Non-Tax Revenue

3.25. The non-tax revenue of the State constitutes about 24% to 27% of its own revenues. The average annual growth rate of the last 7 years (2012-2019) has been 8.50%. Mining receipts (mineral, concession fees, royalties and other receipts), is one of the major sources of non-tax revenue receipts of the State.

3.26. In this study, an attempt is made to project the SONTR for the period year 2017-22 by taking only SONTR Growth Rate and compared with 14th FC Projections for year 2017-20 (Table 3.14).

Table 3.14: SONTR Projections Year 2017 to 22

		2017-18 BE	2018-19	2019-20	2020-21	2021-22
14th FC Projected	(Rs. Crore)	5833	6116	6420		
Our Projections Taking only SONTR Growth Rate	Gr. Rate Avg 2012-13 to 2018-19 (%)			8.50	8.50	8.50
	(Rs. Crore)	7704.20	8170.00	8864.45	9617.92	10435.44

3.27. SOR for the award period year 2017-22, compared with 14th FC Projections for year 2017-20 (Table 3.15).

Table 3.15: SOR Projections year 2017 to 22

		2017-18 BE	2018-19	2019-20	2020-21	2021-22
14th FC Projected		33505	37978	43106		
Projections Taking only SOR Gr. Rate 12 %		31124.84	34200.00	38304.00	42900.48	48048.54

(Rs. in Crore)

Expenditure

3.28. The analysis is mainly to assess the revenue expenditure of the State over the last five years and to project the same for the award period. The objective is to assess to what extent the State's projected own revenue meets these liabilities. Devolution of funds to local bodies to an extent has been leveraged on the surplus.

3.29. The total expenditure of the State Govt. and its composition during year 2011-12 to 2017-18 RE and 2018-19 BE is given in table 3.16. The average annual growth rate of total expenditure of the State during this period was 19.1%. However, the growth rate ranged between 14.7% (year 2013-14) and 35.6% (year 2017-18 RE). The growth rate of total expenditure fluctuated mainly because of drastic decline in loans and advances. The growth rate of capital expenditure is higher than that of Revenue expenditure since year 2014-15, barring year 2017-18 RE, indicating an increasing expenditure trend on developmental activities.

3.30 Revenue expenditure increases primarily to maintain the current level of services, for maintenance of assets and for interest payments, wages - salaries and pensions. The revenue expenditure was 82-85 percent of the total expenditure during year 2011-16.

Table 3.16: Total Expenditure and its Components

(Rs. in Crore)

Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)	avg 2011-12 to 2017-18
Total	27953.1	33780.0	38752.3	46206.1	51811.3	57968.3	78623.0	83179.3	47870.6
Revenue	22628.0	26971.8	32859.6	39497.2	43701.1	48164.6	65392.1	68422.6	39887.8
Capital	4056.4	4919.3	4574.2	6620.6	7945.0	9470.5	12735.4	14453.9	7188.8
Loans and Advances	1268.7	1888.8	1318.5	88.3	165.2	333.2	495.5	302.7	794.0
Composition (%)									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenue	80.9	79.8	84.8	85.5	84.3	83.1	83.2	82.3	83.1
Capital	14.5	14.6	11.8	14.3	15.3	16.3	16.2	17.4	14.7
Loans and Advances	4.5	5.6	3.4	0.2	0.3	0.6	0.6	0.4	2.2
Year on Year Growth Rate (%)									
Total		20.8	14.7	19.2	12.1	11.9	35.6	5.8	19.1
Revenue		19.2	21.8	20.2	10.6	10.2	35.8	4.6	19.6
Capital		21.3	-7.0	44.7	20.0	19.2	34.5	13.5	22.1
Loans and Advances		48.9	-30.2	-93.3	87.1	101.6	48.7	-38.9	27.1

Source: various years of Budget At a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

3.31. The average annual growth rate of salaries and wages of the State during year 2011-18 was 15.16%. It showed a declining trend in terms of total revenue (from 29% in year 2011-12 to 26%

in year 2017-18 RE) and total revenue expenditure (from 33% in year 2011-12 to 27% in year 2017-18 RE). (Table 3.17)

Table 3.17: Expenditure on Wages and Salaries - Trends

Year	Wages and salaries (Rs. Crore)	YOY Gr. Rate (%)	as % of TRR	as % of SOR	as % of TRE
2011-12	7440.00		28.76	50.37	32.88
2012-13	7690.00	3.36	26.00	43.57	28.51
2013-14	9140.00	18.86	28.52	47.01	27.82
2014-15	10906.38	19.33	28.75	52.99	27.61
2015-16	11935.17	9.43	25.91	53.55	27.31
2016-17	14714.95	23.29	27.41	59.78	30.55
2017-18 (RE)	17784.09	20.86	25.93	55.31	27.20
2018-19 (BE)	19738.84	10.99	27.09	57.72	28.85
Avg 2011-12 -2017-18	11372.94	15.16	27.33	51.80	28.84

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.

3.32. Committed expenditure varies from approx. 19% to approx. 23% for year 2011-12 to year 2018-19 in terms of total revenue expenditure. Interest Payment showed a declining trend in terms of total revenue expenditure from 5.7% in year 2011-12 to 4.5% in year 2014-15 again showed an increasing trend in subsequent two years. However, the revised and budget estimates of year 2017-18 and year 2018-19 respectively showed a down trend. Administrative and pension expenditure Trends are given in table 3.18.

Table 3.18: Committed Expenditure Trends (%)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (RE)	2018-19 (BE)	Avg 2011-12 to 2017-18
I	Interest Payments and Servicing of Debt								
Rs. Crore	1293.20	1353.49	1450.53	1763.61	2348.91	2886.83	3477.80	4067.55	2082.05
as % of TRR	5.00	4.58	4.53	4.65	5.10	5.38	5.07	4.77	4.90
as % of SOR	8.76	7.67	7.46	8.57	10.54	11.73	10.82	8.60	9.36
as % of TRE	5.72	5.02	4.41	4.47	5.37	5.99	5.32	5.00	5.19
II	Administrative services								
Rs. Crore	2068.72	2254.64	2707.83	3015.43	3307.94	3614.70	4921.63	5290.02	3127.27
as % of TRR	8.00	7.62	8.45	7.95	7.18	6.73	7.18	7.26	7.59
as % of SOR	14.01	12.77	13.93	14.65	14.84	14.69	15.31	15.47	14.31
as % of TRE	9.14	8.36	8.24	7.63	7.57	7.50	7.53	7.73	8.00

III	Pension and Miscellaneous General Services								
Rs. Crore	1877.99	2412.30	2752.04	3249.68	3518.73	3486.54	4052.95	5359.89	3050.03
as % of TRR	7.26	8.16	8.59	8.57	7.64	6.49	5.91	7.36	7.52
as % of SOR	12.71	13.67	14.15	15.79	15.79	14.16	12.61	15.67	14.13
as % of TRE	8.30	8.94	8.38	8.23	8.05	7.24	6.20	7.83	7.90
IV= (I+II+III)	committed expenditure								
Rs. Crore	5239.91	6020.43	6910.40	8028.73	9175.59	9988.07	12452.37	14717.45	8259.36
as % of TRR	20.26	20.35	21.56	21.17	19.92	18.60	18.16	20.20	20.00
as % of SOR	35.47	34.11	35.54	39.01	41.17	40.58	38.73	43.03	37.80
as % of TRE	23.16	22.32	21.03	20.33	21.00	20.74	19.04	21.51	21.09

Source: various years of Budget At a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh. jj

Fiscal Consolidation

3.33. The net effect of the trends in revenue receipts and revenue expenditure led to revenue surplus in the first two years and slipped into deficit in the year 2013-14 and year 2014-15. The revenue surplus is shown in subsequent years. The fiscal deficit has also been maintained at a low level and has not exceeded the target of 3% of GSDP as per the 13th / 14th FC. The state's fiscal deficit for year 2017-18 (BE) is though higher 3.34% than recommended by the 14 FC; it requires the attention of the State Government to follow the FRBM guidelines on one hand and smooth flow of resources to local bodies on the other. (Table 3.19)

Table 3.19: Financial Position of the State - as % of GSDP

Item	11-12	12-13	13-14	14-15	15-16	16-17	17-18 (RE)
Revenue Surplus(+) / Deficit (-)	2.05	1.47	-0.39	-0.71	1.01	2.11	1.09
Fiscal Deficit(-)	-0.51	-1.50	-2.45	-3.65	-2.32	-1.57	-3.34
Primary Surplus(+) / Deficit (-)	0.31	-0.74	-1.75	-2.86	-1.41	-0.54	-2.22

Source: various years of Budget at a Glance and Budget in Brief of Chhattisgarh, RBI, State Finances: A Study of Budgets (various years) and Arthik Sarvekshan 2016-17, Directorate of Economics and Statistics, Chhattisgarh.
