



FINANCE COMMISSION IN COVID TIMES

Report For 2021-26



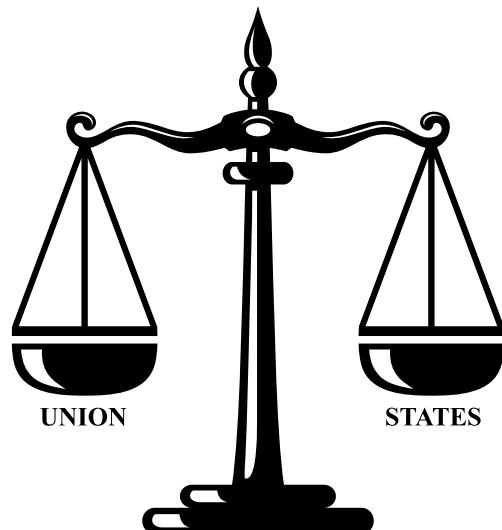
XV FINANCE COMMISSION

Volume-IV The States
October 2020



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Report For 2021-26



XV FINANCE COMMISSION

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CONTENTS

<i>Introduction</i>	i
<i>States Included in the Volume IV</i>	v
<i>Methodology</i>	vii
<i>Structure of State Chapters</i>	ix
<i>Interpreting Box Plots</i>	xi
1. Andhra Pradesh	AP-1 to AP 11
2. Arunachal Pradesh	ArP-1 to ArP-10
3. Assam	AS-1 to AS-12
4. Bihar	BH-1 to BH-13
5. Chhattisgarh	CH-1 to CH-12
6. Goa	GO-1 to GO-11
7. Gujarat	GJ-1 to GJ-12
8. Haryana	HR-1 to HR-12
9. Himachal Pradesh	HP-1 to HP-10
10. Jharkhand	JH-1 to JH-13
11. Karnataka	KR-1 to KR-11
12. Kerala	KL-1 to KL-13
13. Madhya Pradesh	MP-1 to MP-12
14. Maharashtra	MH-1 to MH-12
15. Manipur	MN-1 to MN-12
16. Meghalaya	MG-1 to MG-11
17. Mizoram	MZ-1 to MZ-11
18. Nagaland	NG-1 to NG-10
19. Odisha	OD-1 to OD-11
20. Punjab	PB-1 to PB-13
21. Rajasthan	RJ-1 to RJ-12
22. Sikkim	SK-1 to SK-11

23. Tamil Nadu	TN-1 to TN-13
24. Telangana	TL-1 to TL-12
25. Tripura	TR-1 to TR-11
26. Uttar Pradesh	UP-1 to UP-12
27. Uttarakhand	UK-1 to UK-11
28. West Bengal	WB-1 to WB-11

<i>References and Data Sources</i>	1 to 2
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<i>Annexes—General Indicators</i>	GI-1 to GI-8
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<i>Annexes—Financial Indicators</i>	FI-1 to FI-18
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ABBREVIATIONS AND ACRONYMS

ACS	Average Cost of Supply
ADC	Autonomous District Council
AG	Accountant General
AMC	Aizawl Municipal Corporation
ARR	Average Revenue Realised
AT&C Losses	Aggregate Technical and Commercial Losses
ATR	Action Taken Report
BMI	Body Mass Index
BOOT	Build, Own, Operate, Transfer
BPL	Below Poverty Line
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CGST	Central Goods and Services Tax
CHC	Community Health Centre
DBT	Direct Benefit Transfer
DISCOM	Distribution Company
DLFA	Directorate of Local Fund Audit
DMF	District Mineral Foundation
DT Metering	Distribution Transformer Metering (Rural/ Urban)
ELFA	Examiner, Local Fund and Accounts
EoDB	Ease of Doing Business
ES	Economic Services
EWR	Eco-Spiritual, Wellness and Religious hotspots
FC	Finance Commission
FC-XII	Twelfth Finance Commission
FC-XIII	Thirteenth Finance Commission
FC-XIV	Fourteenth Finance Commission
FC-XV	Fifteenth Finance Commission
FD	Fiscal Deficit
FDI	Foreign Direct Investment
FRBM	Fiscal Responsibility and Budget Management
FYXXXX	FY XXXX denotes a financial year with 31 March XXXX as the closing of a full one year period starting from 1 April of the previous year.
G2B	Government to Business
GS	General State(s)
GIA	Grants-in-aid
GOI	Government of India
GP	Gram Panchayat
GS	General Services

FC-XV VOLUME IV, THE STATES

GSDP	Gross State Domestic Product
GST	Goods and Services Tax
GSVA	Gross State Value Added
GW	Giga Watt
IFMS	Integrated Financial Management System
IGST	Integrated Goods and Services Tax
IMFL	Indian made foreign liquor
IMR	Infant Mortality Rate
IPP	Independent Power Producer
kWH	Kilo Watt Hour
LFAD	Local Fund Audit Department
LFPR	Labour force participation rate
LSG	Local self-government
LSGI	Local self-government institutions
LWE	Left Wing Extremism
MFP	Minor Forest Produce
MOPR	Ministry of Panchayati Raj
MoU	Memorandum of Understanding
MSMEs	Micro, Small, and Medium Enterprises
MSP	Minimum Support Price
NAMP	National Air Quality Monitoring Programme
NCA	Normal Central Assistance
NEHS	North Eastern and Himalayan States
NER	Northeast Region
NFHS	National Family Health Survey
NTR	Non-Tax Revenue
O&M	Operations and Maintenance
OD	Outstanding Debt
ODF	Open Defecation Free
ORR	Own Revenue Receipts
OTR	Own Tax Revenue
PDS	Public Distribution System
PFMS	Public Finance Management System
PHC	Primary Health Centre
PPP	Public Private Partnership
PRIs	Panchayati Raj Institutions
PSU	Public Sector Undertaking
PTB	Property Tax Board

PWS	Piped Water Supply
RBI	Reserve Bank of India
RD	Revenue Deficit
RDG	Revenue Deficit Grants
RE	Revenue Expenditure
RES	Renewable Energy Systems
RLBs	Rural Local Bodies
SC	Scheduled Caste
SCA	Special Central Assistance
SDG	Sustainable Development Goal
SECC	Socio-Economic and Caste Census
SERC	State Electricity Regulatory Commission
SFC	State Finance Commission
SGST	State Goods and Services Tax
SOTR	State Own Tax Revenue
SPA	Special Plan Assistance
sq km	square kilometres
SRS	Sample Registration System
SS	Social Service
ST	Scheduled Tribe
STSB	State Treasury Savings Bank
T&D	Transmission & Distribution Losses
TE	Total Expenditure (Revenue Plus Capital)
TFR	Total Fertility Rate
TGR	Trend Growth Rate
TGS	Technical Guidance and Support
ToR	Terms of Reference
TR	Tax Revenue
TRE	Total Revenue Expenditure
TRR	Total Revenue Receipts
TSEC	Tripura State Electricity Corporation
TTAADC	Tripura Tribal Areas Autonomous District Council
UA	Urban Agglomeration
UDAY	Ujjwal DISCOM Assurance Yojana
ULBs	Urban Local Bodies
UT	Union Territory
VC	Village Council
VDB	Village Development Board

THE CONTEXT

1. The Fifteenth Finance Commission has placed special emphasis on the finer strands of fiscal reform for the States—devolving down to the third tier of local governance—while understanding the aspirations of each State, offering dynamic perspectives on relevant financial levers, and advising the States as they plan ahead.

Terms of Reference (Para 6)

While making recommendations, FC-XV shall take into consideration (among others):

- i) the demand on the resources of the State Governments, particularly on account of financing socioeconomic development and critical infrastructure, assets maintenance expenditure, balanced regional development and impact of the debt and liabilities of their public utilities;
- ii) the impact of the GST, including payment of compensation for possible loss of revenues for 5 years, and abolition of a number of cesses, earmarking thereof for compensation and other structural reforms programme, on the finances of Centre and States.
2. In the current context, expenditure efficiency is now even more critical to creating fiscal space for addressing the prevailing public health crisis, protecting human capital, and building economic recovery. These hinge on the States being able to carefully reprioritise and monitor expenditures in the context of economic reform. In pursuit of the above objectives, FC-XV was motivated to prepare a volume dedicated to the in-depth analysis of States.
3. Volume IV is thus entirely devoted to States. Each State economy is analysed in great detail to draw disaggregated and specific conclusions and recommendations to address its challenges and leverage its opportunities. Given the diversity of challenges, each state has been viewed as a separate entity and context-specific reforms have been suggested.

THE PROCESS

Consultations with the Accountants General of States

4. The Accountants General provided objective assessments of the strengths and weaknesses of the public finances of their respective States—in particular fiscal and financial health, efficiency in resource mobilisation, and expenditure. They also provided insights into the performance of various sectors, financial health of public sector enterprises and the local bodies in these States.

Consultations with the State Governments

5. Consultations with the State Governments and other stakeholders in the States are an essential and enduring part of the process followed by all previous Finance Commissions. FC-XV covered all 28 States and held at least four meetings in each of them. The meeting with the Chief Minister, Ministers, and officers of the State Government was integral to the State visits. Separate meetings were also held with elected representatives of panchayats and municipalities, representatives of trade and industry, and representatives of recognised national and State political parties.

Research and Analysis

6. In developing this volume, we have included inputs from CAG Audit Reports for States, NITI Aayog,

Ministry of Power (specifically for UDAY barometers), the Ministry of Panchayati Raj (Devolution Index), and fiscal data compiled by the Commission from Finance Accounts.

REPORT STRUCTURE

7. The States were divided in two groups: 18 General States (GS) and 10 North East and Himalayan States (NEHS). The report devotes one chapter to each State, summing to 28 chapters in all.
 - a. An attempt was been made to understand each State—through its geographic, demographic, macroeconomic, socioeconomic, and fiscal indicators in the initial section. This includes a detailed analysis of health infrastructure of each State which is especially pertinent to the context of the pandemic.
 - b. Information on the devolution and functioning of the third tier of governance—the rural and urban local bodies forms the next section
 - c. This is followed by a snapshot of the crucial power sector in terms of the debt, losses, and performance on the basis of the UDAY barometers.
 - d. The next section summarises the proposal of the State on vertical and horizontal devolution.
 - e. The section analysing the strengths is intended to suggest to the State, available opportunities to create the fiscal space they need to pursue their own charter of development and other policy goals.
 - f. Its corollary that follows, in terms of recognising the specific challenges they may face—especially in the context of the current health emergency that is having an asymmetric impact across States—forewarns the State on the various risks and implications.
 - g. The conclusions emanating from each chapter are analysed in the context of the fiscal space available to each State as well as the reform initiatives which could significantly contribute to its growth momentum. No doubt, adherence to fiscal rectitude and debt sustainability form part of the analytical assessment. These are based upon intensive deliberations with domain experts and extensive visits to the States.

HIGHLIGHTS

8. Though the issues pertaining to States converge at a few points, they mostly remain differentiated and diversified. For example, though significant progress has been made by Uttar Pradesh and Bihar in improving social indicators, they are still the poorest performers among the GS on broader parameters of overall development. However, both the States have been relatively fiscally prudent. On the other hand, Kerala, a role model on human capital development and other social indicators, faces structural revenue deficit risks.
9. Compared to GS, the NEHS are characterised by a higher dependence on Union transfers, higher Debt–GSDP ratio, and higher committed expenditure as a proportion of revenue expenditure. Among NEHS, States that are net consumers like Arunachal Pradesh, Manipur, Mizoram, and Meghalaya have done well in terms of GST revenues, while manufacturing States like Himachal Pradesh and Uttarakhand are facing significant structural and related challenges.
10. State finances have been repeatedly hit by the implementation of UDAY, Pay Commission awards, and farm-loan waivers, with wider moral hazard implications.
 - a. Reform of the power sector generally remains a major concern and a challenge.
 - b. States have witnessed high volatility in GST collections with differential impact on their finances. The cushion of GST compensation till June 2022, the details of which are currently being decided by the GST Council, has eased the process of their transition.
 - c. The policy of giving periodic farm-loan waivers and subsidies carries the risk of building a wider

deleterious impact on the credit culture of States by incentivising wilful default, demoralising the conscientious borrowers who regularly serviced their loans, besides increasing the reluctance of banks in lending to farmers.

IN CONCLUSION

11. As the current health emergency is being tackled and even as fiscal space to manoeuvre is being asymmetrically tightened, it has been the endeavour of the Commission to understand the aspirations and circumstances of the States, make the recommendations, provide reform signposts, and also support them with enabling guidance. The Commission hopes that these will act as lighthouses for States to navigate the high seas of uncertainties and challenges through the next five years in improving the State's finances and find the necessary fiscal space to foster development and growth. We believe that their implementation will improve growth trends and confer wider multiplier benefits over the period of the award.

ACKNOWLEDGEMENTS

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2. We would like to especially thank Dr Indira Rajaraman for providing guidance and valuable suggestions in putting it together. We acknowledge and thank the outstanding editorial and publishing support provided by Sudipto Patra and his team at Lucid Solutions.
3. A highly professional and cohesive team of the Commission's Secretariat worked diligently and tirelessly in contributing to and assembling this volume. Its members are: Manish Dev, Joint Director; Sweta Satya, Joint Director; Aditi Pathak, Joint Director; Shikha Dahiya, Joint Director; Nitish Saini, Deputy Director; Sandeep Kumar, Deputy Director; Ritesh Kumar, Deputy Director; Mahesh Kumar, Assistant Director; and Sushant Kumar, Data Entry Operator. The overall effort was coordinated by Mukhmeet Bhatia, Additional Secretary and Dr Ravi Kota, Joint Secretary.

STATES INCLUDED IN THE VOLUME IV

General States (GS)		
1	AP	Andhra Pradesh
2	BH	Bihar
3	CH	Chhattisgarh
4	GO	Goa
5	GJ	Gujarat
6	HR	Haryana
7	JH	Jharkhand
8	KR	Karnataka
9	KL	Kerala
10	MP	Madhya Pradesh
11	MH	Maharashtra
12	OD	Odisha
13	PB	Punjab
14	RJ	Rajasthan
15	TN	Tamil Nadu
16	TL	Telangana
17	UP	Uttar Pradesh
18	WB	West Bengal

- Comparisons of fiscal indicators before 2015–16 have been drawn with reference to 16 GS (excluding Andhra Pradesh and Telangana) as fiscal data is only available for the Undivided Andhra Pradesh before its bifurcation into Telangana and Andhra Pradesh in June 2014.
- Comparisons of fiscal indicators 2015–16 onwards have been drawn with reference to all 18 GS.
- In Exhibit 1.D of every state, GS includes all 18 States because Ministry of Statistics and Programme Implementation, Government of India released disaggregated GSDP for Telangana and Andhra Pradesh from 2011–12.

North East and Himalayan States (NEHS)		
1	ArP	Arunachal Pradesh
2	AS	Assam
3	HP	Himachal Pradesh
4	MG	Meghalaya
5	MN	Manipur
6	MZ	Mizoram
7	NG	Nagaland
8	SK	Sikkim
9	TR	Tripura
10	UK	Uttarakhand

Special Mention		
1	AI	All India
2	JK	Erstwhile State of Jammu and Kashmir Comparisons across NEHS indicators include the erstwhile State of Jammu and Kashmir because data has been analysed for the period 2011–12 to 2018–19, during which the erstwhile State of Jammu and Kashmir was in existence.
3	PD	Puducherry

METHODOLOGY

<i>Macroeconomic Indicators</i>	
Sectoral contribution to GSDP (at current prices)	Contribution of primary, secondary, and tertiary sectors to GSDP at current prices (net of subsidies)
Decadal growth of population	Decadal population growth calculated from the Census data (various years)
Total Fertility Rate	The number of children that would be born per woman (or per 1,000 women) if she/they were to pass through the child-bearing years, bearing children according to the current schedule of age-specific fertility rates.
<i>Socioeconomic, Education, and Health Indicators</i>	
SDG Index	<p>SDG India Index 2.0 (SDGII 2.0) is based on the framework of 17 SDGs for which 169 indicators have been identified. The SDGII 2.0 estimation is based on data related to the indicators for the first 16 goals and a qualitative assessment for the 17th.</p> <p>The score ranges between 0 and 100.</p> <p>SDG-1: No Poverty SDG-2: Zero Hunger SDG-3: Good Health and Well-Being SDG-4: Quality Education SDG-5: Gender Equality SDG-6: Clean Water and Sanitation SDG-7: Affordable and Clean Energy SDG-8: Decent Work and Economic Growth SDG-9: Industry, Innovation and Infrastructure SDG-10: Reduced Inequality SDG-11: Sustainable Cities and Communities SDG-12: Sustainable Consumption and Production SDG-13: Climate Action SDG-14: Life Below Water SDG-15: Life on Land SDG-16: Peace Justice and Strong Institutions SDG-17: Partnerships for the Goals</p> <ul style="list-style-type: none"> • Weight-for-age is a composite index of height-for-age and weight-for-height. • It takes into account both acute and chronic under-nutrition. • Children whose weight-for-age z-score is below minus two standard deviations (-2sd) from the median of the reference population are classified as underweight. • Children whose weight-for-age z-score is below minus three standard deviations (-3sd) from the median are considered severely underweight. <p>• Number of infant deaths during the year X 1000 • Number of live births during the year</p> <p>• Height-for-age is a measure of linear growth retardation and cumulative growth deficits.</p> <p>• Children whose height-for-age z-score is below minus two standard deviations (-2sd) from the median of the reference population are considered short for their age (stunted), or chronically undernourished.</p> <p>• Children whose height-for-age z-score is below minus three standard deviations (-3sd) from the median of the reference population) are considered severely stunted.</p>
Underweight children under five years of age (based on weight-for-age scores)	
Infant mortality rate	
Stunting in children under five years of age (based on height-for-age scores)	
Household (%) with toilet facility	Improved toilet facilities include non-shared toilets of the following types—flush/pour flush toilets to piped sewer systems, septic tanks, and pit latrines; ventilated improved pit (VIP)/biogas latrines; pit latrines with slabs; and twin pit/composting toilets.

Deprived households (%)	SECC 2011 is a study of socioeconomic status of rural and urban households and allows ranking of households based on predefined parameters. The percentage of deprived households is based on the cumulative performance on the following parameters: <ul style="list-style-type: none"> • Households with one or less room, kuchcha walls and kuchcha roof • No adult member in household aged 18–59 years • Female-headed households with no adult male member 16–59 years of age • Households with differently-abled members with no other able bodied adult member • Scheduled Caste and Scheduled Tribe households • Households with no literate adult above age 25 years • Landless households deriving a major part of their income from manual labour
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Fiscal Indicators

Central Transfers	Tax Devolution + Grants-In-Aid (Both Finance Commission and Non-Finance Commission Grants)
Buoyancy	Percentage growth of tax revenue / Percentage growth of GSDP
Fiscal / Revenue Deficit	Positive data values denote deficit and negative data values denote surplus

STRUCTURE OF STATE CHAPTERS

State Overview and Macroeconomic Indicators

- 1.A: Overview
- 1.B: Growth rate of GSDP (at current prices, %)
- 1.C: Per capita GSDP (at current prices)
- 1.D: GSDP Current, 2011–12 series (Rs crore)
- 1.E: Sectoral Contribution to GSDP (at current prices, %)

Socioeconomic Indicators

- 2.A: Decadal Growth in Population (%)
- 2.B: Total Fertility Rate (children per woman)
- 2.C: SDG Index of NITI Aayog (2019)
- 2.D: Key Social Indicators
- 2.E: Poverty Reduction (percentage points) between FY2005 and FY2012

Health Infrastructure

- 3.A: Persons ('000s) per Allopathic and AYUSH Doctor
- 3.B: Persons ('000s) per Sub-centre/PHC/CHC
- 3.C: Persons ('000s) per Nurse/ Pharmacist
- 3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

Fiscal Indicators

- 4.A: Revenue Deficit as % of GSDP
- 4.B: Fiscal Deficit as % of GSDP
- 4.C: Outstanding Debt as % of GSDP
- 4.D: Committed Expenditure as a % of Revenue Expenditure
- 4.E: OTR as % of GSDP
- 4.F: NTR as % of GSDP
- 4.G: Capital Expenditure to GSDP Ratio
- 4.H: Key Fiscal Indicators—State vs GS / NEHS
- 4.I: TRE and ORR Gap
- 4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR

Local Bodies

Power Sector

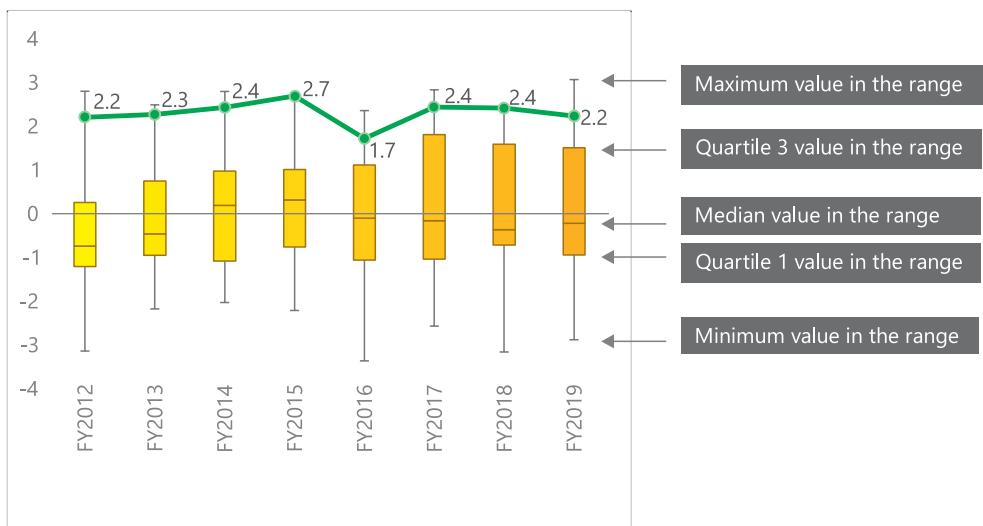
Proposal from State

Strengths and Opportunities

Risks and Challenges

Reform Roadmap

INTERPRETING BOX PLOTS



AP-1.A: Overview



POPULATION
49.6 million
4.2%
Of population across all States



AREA
1,62,923 sq km
5.0%
Of area across all States



FOREST COVER
29,137 sq km
4.1%
Of forest area across all States
17.9%
Of the State's own area is under forest
3.5%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,68,083
Rs 1,40,422

Average across all States



TAX TO GSDP
6.7%
6.3%

Average across all States



CHILDREN PER WOMAN
1.8
2.2

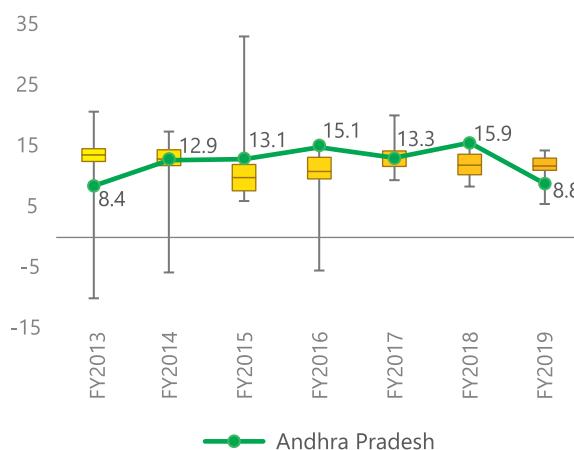
Average across all States



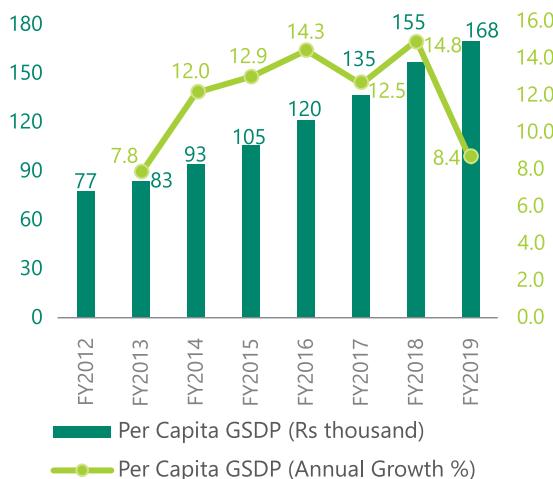
URBANISATION RATE
33.5%
31.1%

All India average

AP-1.B: Growth rate of GSDP (at current prices, %)



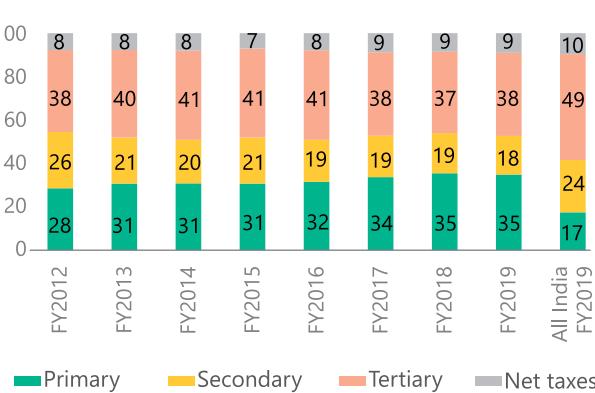
AP-1.C: Per capita GSDP (at current prices)



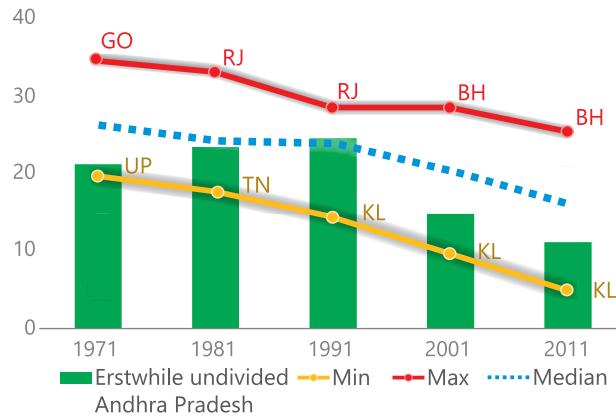
AP-1.D: GSDP Current, 2011–12 series (Rs crore)

	<i>State</i>	<i>All GS</i>	<i>Share (%) of State in GS</i>
2011–12	3,79,402	77,44,945	4.9
2012–13	4,11,404	88,27,195	4.7
2013–14	4,64,272	1,00,07,392	4.6
2014–15	5,24,976	1,09,93,257	4.8
2015–16	6,04,229	1,21,91,256	5.0
2016–17	6,84,416	1,37,80,737	5.0
2017–18	7,93,186	1,54,20,126	5.1
2018–19	8,62,957	1,72,83,813	5.0

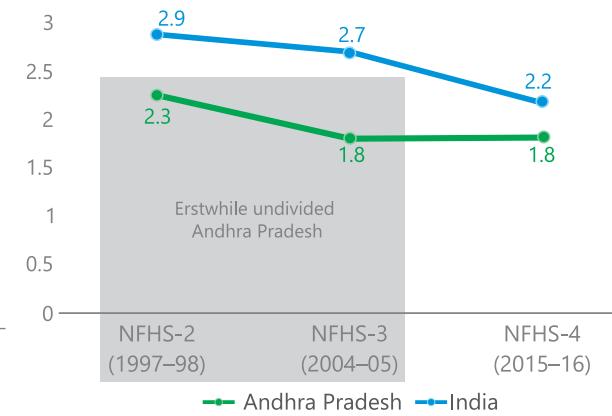
AP-1.E: Sectoral Contribution to GSDP (at current prices, %)



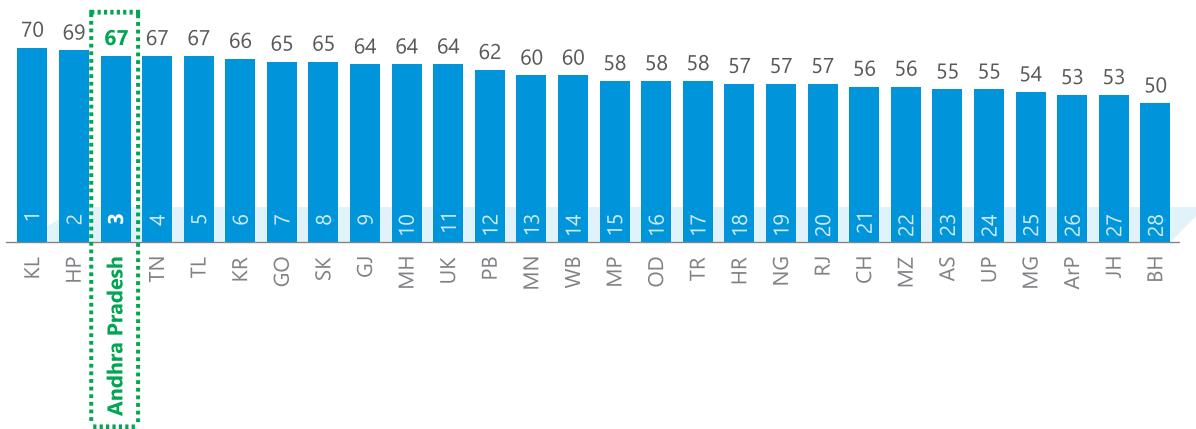
AP-2.A: Decadal Growth in Population (%)



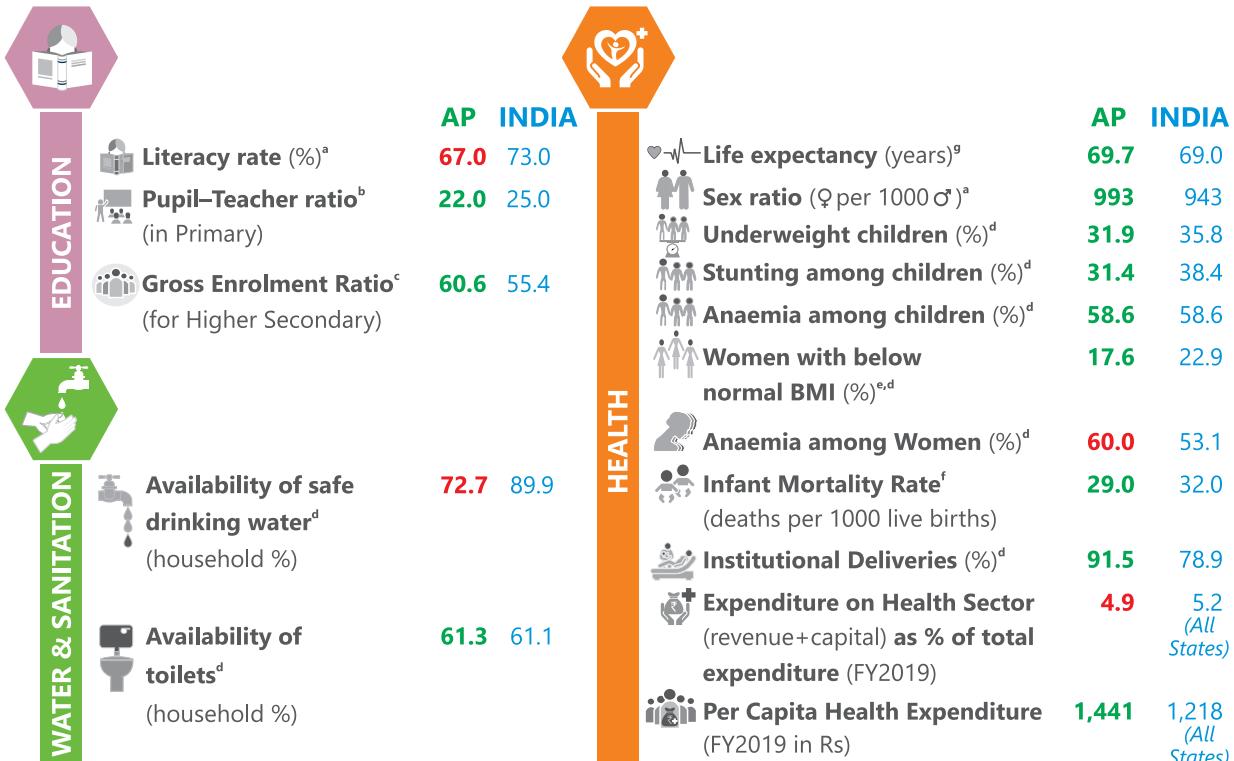
AP-2.B: Total Fertility Rate (children per woman)



AP-2.C: SDG Index of NITI Aayog (2019)



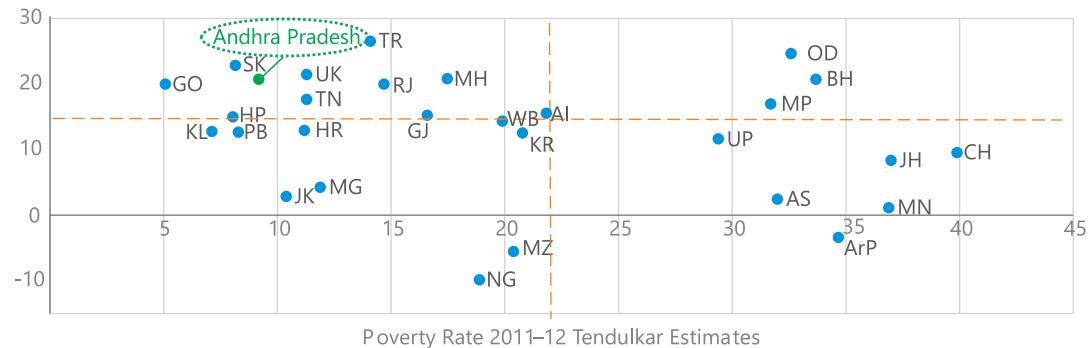
AP-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

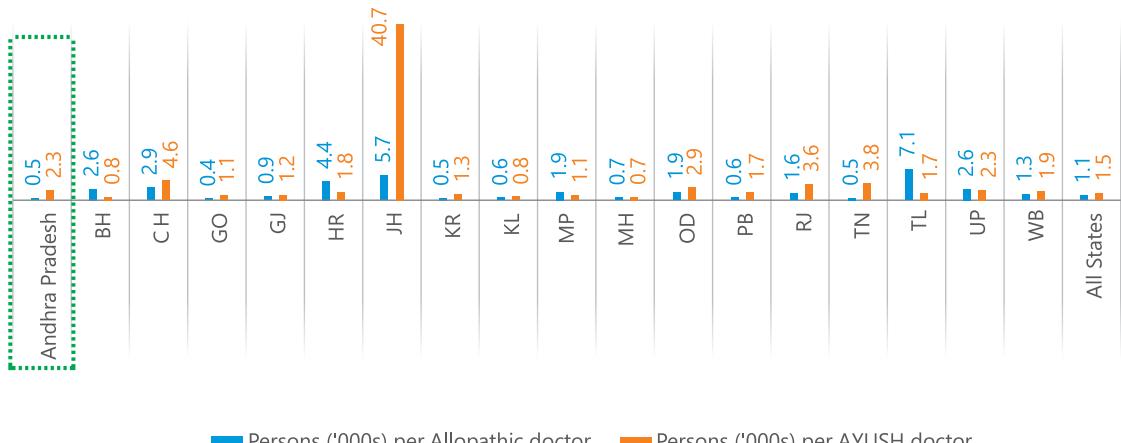
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

AP-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

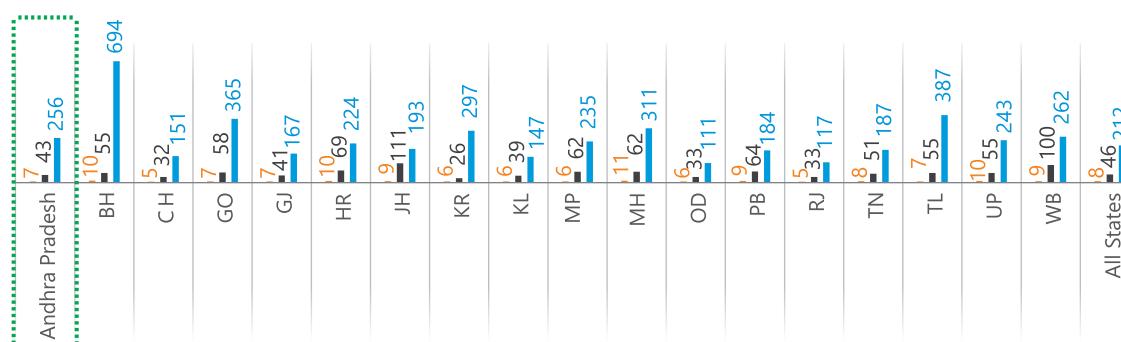
AP-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

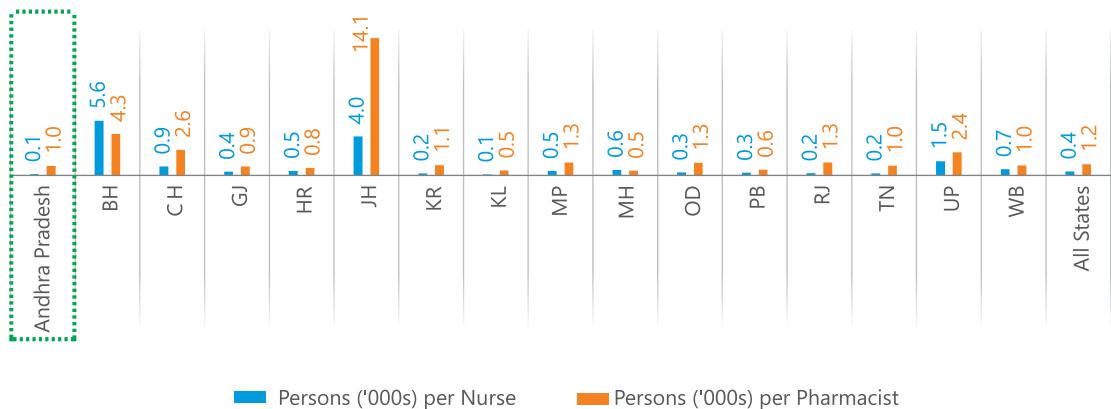
AP-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

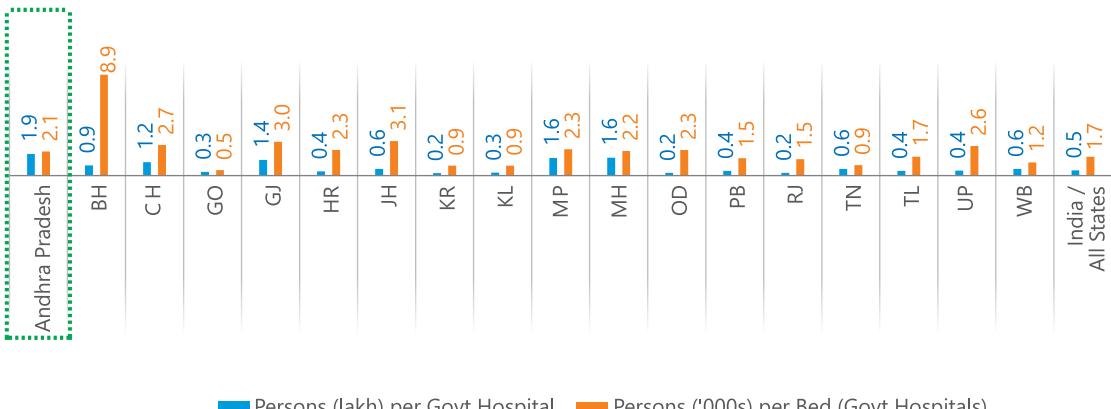
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

AP-3.C: Persons ('000s) per Nurse/ Pharmacist



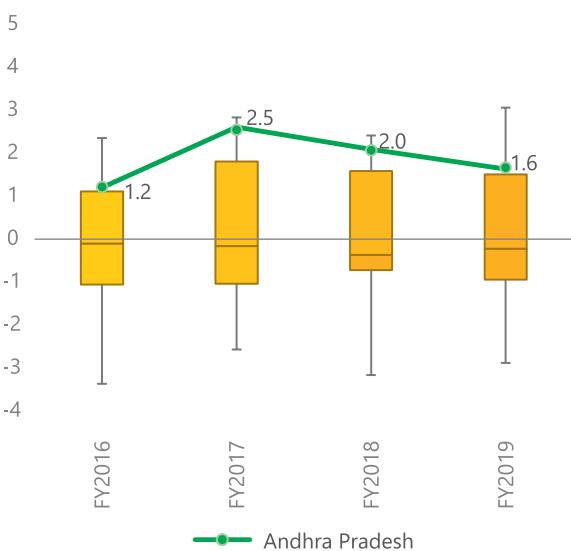
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

AP-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

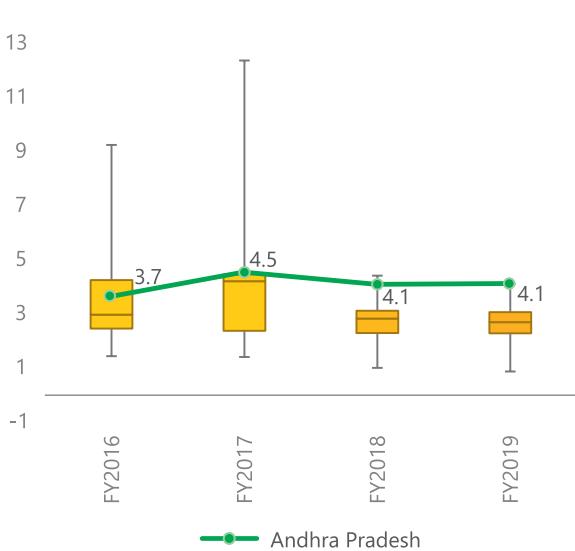


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

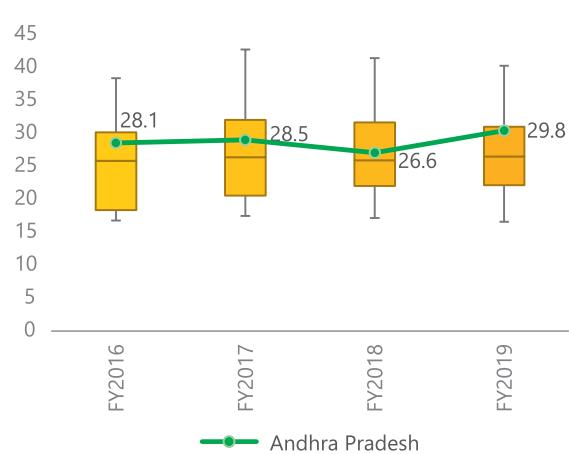
AP-4.A: Revenue Deficit as % of GSDP



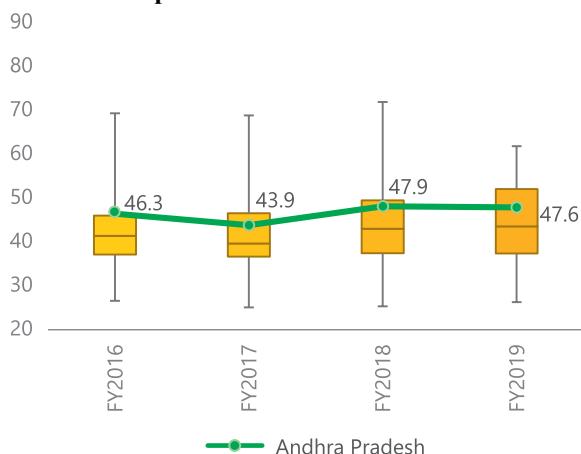
AP-4.B: Fiscal Deficit as % of GSDP



AP-4.C: Outstanding Debt as % of GSDP



AP-4.D: Committed Expenditure as a % of Revenue Expenditure



Note: Committed expenditure includes salaries, interest payments, and pensions

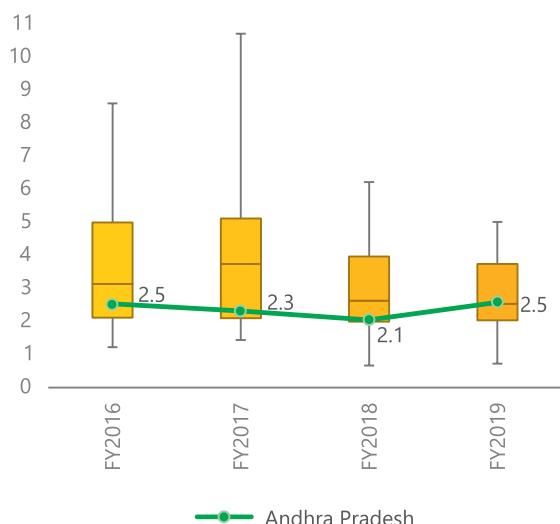
AP-4.E: OTR as % of GSDP



AP-4.F: NTR as % of GSDP



AP-4.G: Capital Expenditure to GSDP Ratio



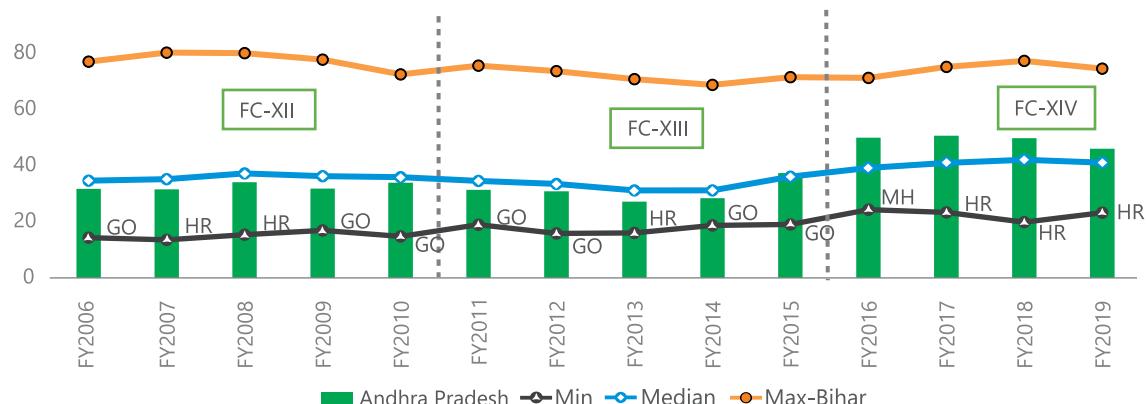
AP-4.H: Key Fiscal Indicators—State vs GS

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,68,083	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	13.3	13.4
OTR	6.7	6.4
NTR	0.5	1.1
TE	17.4	16.1
ES	2.7	3.1
SS	7.5	5.4
GS	4.7	4.7
Committed Expenditure	7.1	5.8
Capital Expenditure	2.5	2.5
FD	4.1	2.5
RD	1.6	0.2
OD	29.8	25.0

AP-4.I: TRE and ORR Gap

TGR %, 2015–2019	TRE	TRR	ORR
Andhra Pradesh	9.6	8.7	11.3
GS Average	11.9	11.8	11.1

AP-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 10 have been devolved to RLBs.
- Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 17 have been devolved to ULBs.

Auditing Status

- Audit of accounts of RLBs and ULBs has been completed till 2016–17.

Property Tax Board

- Government of erstwhile undivided Andhra Pradesh set up its PTB in 2010 and it has been functioning since 2011.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
10	10	16	13

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Third SFC

- Third SFC recommended devolution to local bodies by way of per capita grants and assignments. This worked out to be 6.77% of total tax and non-tax revenues of the State including share of central taxes for 2004–05.
- The Government accepted the recommendations related to total devolution.

Fourth SFC

- Fourth SFC constituted in 2015 was re-constituted in 2018. However, the report is yet to be submitted.
- The State Government is not strictly complying with the constitutional provisions for constituting SFCs and implementing their recommendations.

Debt and Losses

- ▲ Total borrowings of DISCOMs as on 31 March 2019 are Rs 18,023 crore of which State Government borrowings are Rs 9 crore.
- ▲ AP neither achieved the UDAY AT&C losses target nor the ACS–ARR gap target in 2018–19.

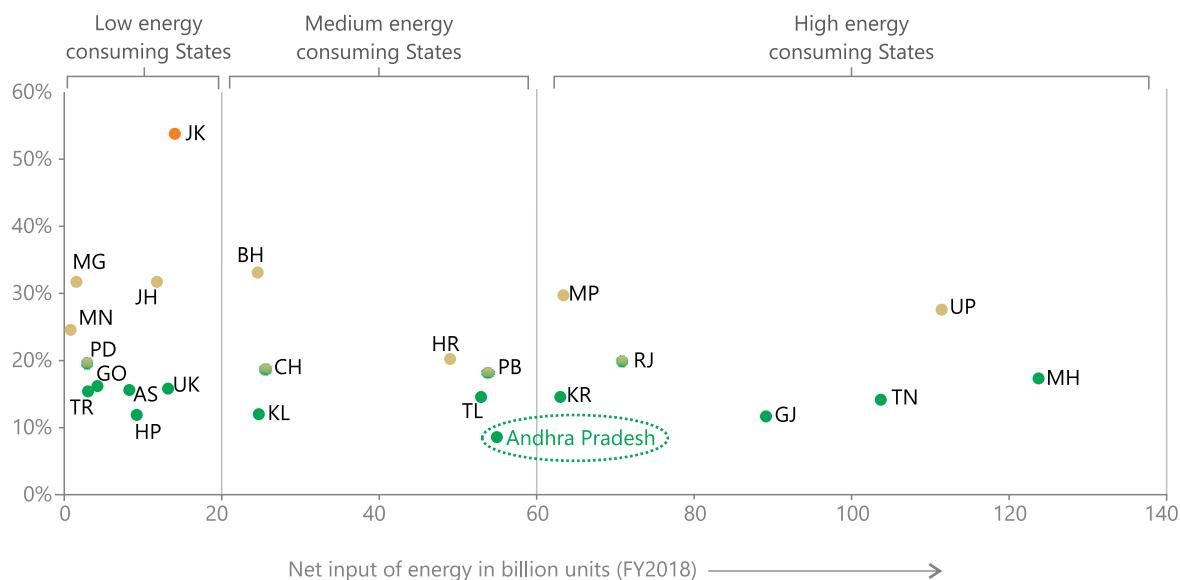
Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	25.7	9.0
ACS–ARR Gap (Rs per unit)	2.7	–0.03

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

- ▲ The State needs to substantially improve its performance on UDAY barometers to avoid future fiscal risk.

AP-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Andhra Pradesh proposed that the share of States in divisible pool be increased to 50%.

Formula for Horizontal Devolution

S. no.	Criteria	Weights (%)
i)	Population	5
ii)	Area	15
iii)	Income Distance	40
iv)	Population Growth Distance	25
v)	Renewable Energy Capacity	10
vi)	Contribution of Primary Sector to GSDP	5

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranked 3rd (after Himachal Pradesh and Kerala) among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog.
- ▲ Further, the State has achieved 5th rank on SDG–1 (i.e., No Poverty). In fact, undivided AP had poverty rate in single digit, i.e., 9.2% in 2011–12, which was much lower than the all India poverty rate of 21.9% in the same year (as per Tendulkar methodology).
- ▲ Paradoxically, the State did not perform well on SDG–2 (i.e., Zero Hunger), attaining 18th rank amongst all States.
- ▲ The State should sustain efforts towards enhancing social outcomes.

Composite Water Management Index

- ▲ As per the Composite Water Management Index, 2019 released by NITI Aayog, AP ranked 2nd in water management amongst the 17 GS in 2017–18 (improving from 3rd rank in 2016–17).
- ▲ AP is well placed to become torchbearer of good water management practices for other States provided it continues to improve and sustain its efficient water management practices.

Unemployment Rate

- ▲ Incidence of unemployment (usual principal and subsidiary status) among persons aged 15 years and above was third lowest in AP (across GS) in 2017–18.¹
- ▲ AP should consolidate the apex position it won in Ease of Doing Business in 2019, along with the low unemployment rate, by continuing its investment friendly policies and generating more employment for its people.

Female Labour Force Participation Rate

- ▲ In GS, AP had the second highest female LFPR (usual principal and subsidiary status) of 42.5% among workers aged 15 years in 2017–18.²
- ▲ The State Government should adopt policies to further enhance the participation of women, especially at the managerial level.

Million-Plus Cities

- ▲ There are two million-plus cities in AP, Vijayawada and Vishakhapatnam, which could act as engines of economic growth with the right mix of investment in infrastructure and logistics to ensure better quality of life.

Second Longest Coastline

- ▲ The State has a 974 km long coastline with 9 of the 13 districts along the coast.
- ▲ Therefore, the State can generate revenue through port-led development to serve the industries of proximate landlocked States.

Fiscal Discipline

- ▲ There has been a rise in the FD–GSDP ratio of the State from 3.7% in 2015–16, rising to 4.5% in 2016–17, and 4.1% in 2018–19.
- ▲ At the same time, the Debt–GSDP ratio has remained elevated at the level of 28.1% in 2015–16 to 29.8% in 2018–19.
- ▲ In view of the above, the State needs to bring down its deficits and debt to sustainable levels.

FRBM Compliance

- ▲ The State passed its FRBM Act in 2005 and amended it in 2011.
- ▲ Adherence to FRBM targets by AP from 2015–16 to 2017–18 could not be ascertained in the absence of requisite targets fixed by the State Government.

<i>Ratios as %</i>	<i>2015–16^a</i>	<i>2016–17^a</i>	<i>2017–18^a</i>
Debt–GSDP			
As prescribed by the State FRBM	N.A.	N.A.	N.A.
Actually achieved	28.1	28.5	26.6
FD–GSDP			
As prescribed by the State FRBM	N.A.	N.A.	N.A.
Actually achieved	3.7	4.5	4.1

Not Applicable (N.A.): According to the communication from the Government of Andhra Pradesh, no FRBM targets were fixed for these years.

Source: Government of Andhra Pradesh.

High Dependence on Central Transfers

- ▲ In 2016–17, Central transfers constituted more than 50% of AP's TRR. However, in 2018–19 it decreased to 45.6%.
- ▲ The State needs to keep taking steps to generate more revenue from its own sources (both tax and non-tax).

High and Rising Dependence on Agriculture and Allied Sectors

- ▲ The share of agriculture, forestry and fishing sectors in GSVA (at current prices) is both large and rising—increasing from 31% in 2015–16 to 35% in 2018–19).
- ▲ This is contrary to expected structural transformation of developing economies away from primary to secondary and tertiary sectors.
- ▲ Therefore, the State needs to diversify its economic base and strengthen other sectors including food processing industry, which would also generate more skilled jobs.

Low Per Capita Expenditure in Important Sectors, 2016–17

- ▲ Per capita spending by AP in key sectors crucial for nation building has been lower than both GS and all States averages.

Per capita expenditure in key sectors per annum in Rs

	<i>Roads, Bridges and Buildings</i>	<i>Forestry, Ecology, and Environment</i>	<i>Water Supply and Sanitation</i>
Andhra Pradesh	240	53	223
General States	318	98	253
All States	365	114	276

Education

- ▲ Educational outcomes in AP are either poorer than the national average (such as reading abilities) or have substantially deteriorated over a period of time (such as arithmetic abilities).

	<i>Learning outcome I^a</i>		<i>Learning outcome II^b</i>	
	<i>2016</i>	<i>2018</i>	<i>2016</i>	<i>2018</i>
Andhra Pradesh	22.6	22.6	48.3	38.5
India	25.2	27.3	27.7	28.2

a Percentage Children in Class III (of government and private schools) who can read Class II Text (2018)

b Percentage Children in Class III (of government and private schools) who can at least do subtraction (2018)

Source: ASER (2018), *Annual Survey of Education Report, 2018*, ASER Centre.

- ▲ AP should focus on improving educational outcomes.

Backwardness

- ▲ Of the 13 districts of AP, three are identified as aspirational.
- ▲ Of these, one district figures among the 35 districts in the country most severely affected by left-wing extremism, creating serious obstacles in its development path.
- ▲ The State may like to target the development of bottom 20% blocks as aspirational blocks, on the lines of aspirational districts.

Power Sector

- ▲ AT&C losses have increased from 14.26% (against the target of 9%) in 2017–18 to 25.7% (against the target of 9.0%) in 2018–19.
- ▲ The State needs to substantially improve its performance on key UDAY barometers (including smart metering) to avoid fiscal risk.
- ▲ Robust systemic reforms are required to ensure that the power subsidy reaches intended beneficiaries without leakage.

Local Bodies

- ▲ Measures need to be taken to devolve the remaining functions to local bodies.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings³

- ▲ There were 64 working PSUs in the State, out of which 37 PSUs finalised their accounts (covering different reporting periods) between October 2016 and September 2017. Fifteen of

the working PSUs earned a profit of Rs 1,164.2 crore and 20 PSUs incurred a loss of Rs 3,240.5 crore. One PSU (Andhra Pradesh Power Finance Corporation Limited) prepared its accounts on no profit–no loss basis and another PSU (Bhogapuram International Airport Corporation Limited) had not started its operations.

- ▲ Nine PSUs had accumulated losses of Rs 25,367.9 crore—eroding public wealth—which is a cause for serious concern.
- ▲ The non-auditing of accounts could pose serious downside risks given the substantial budgetary support.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Andhra Pradesh is part of the group which includes West Bengal, Rajasthan, Chhattisgarh, and Punjab.
- ▲ In June 2014, the erstwhile State of Andhra Pradesh was re-organised (bifurcated) into Telangana and present-day Andhra Pradesh. Hence, disaggregated revenue and expenditure figures were not available pre-2014 for comparison with other middle income States. While the overall evaluation has been done for the entire period from 2011–12 to 2018–19, the fiscal numbers for TL and AP were analysed 2015–16 onward.

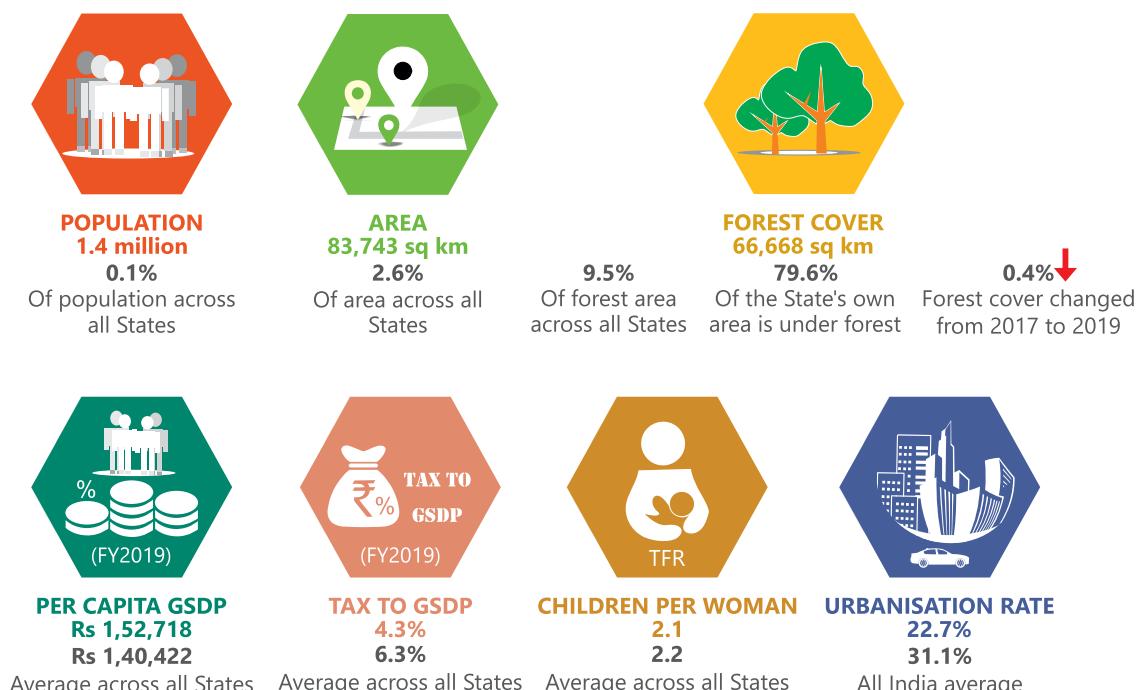
Reform Signposts

- ▲ Post-bifurcation, residual AP is highly agri-dependent (35% share in GSVA).
- ▲ Its GSDP is the lowest, after Kerala in South India.
- ▲ Compared to undivided AP and the new State (Telangana), AP's current fiscal parameters are inferior.
- ▲ **AP needs to improve its ORR/TRR (55%) (compared to Telangana at 74%).**
- ▲ **Excise revenue is underperforming (10.72% of OTR compared to 16.45% in Telangana) and needs streamlining.**
- ▲ **State needs to rationalise its TRE in the short term, as it is one of the highest in the country at about 86% of total expenditure (against Telangana 76%).**
- ▲ In the last four years, the State's revenue expenditure started increasing rapidly at the cost of its capital expenditure. This is highly unsustainable for a new State. **Capital investment in irrigation, drinking water, and power should be linked to cost recovery.**
- ▲ It faces serious cash flow issues and resorts to frequent ways and means advances with occasional overdraft.
- ▲ Though FD and OD are well within limits, debt repayment presents cause of concern as its ORR is low.
- ▲ **The State needs to focus on improving revenue streams from excise, stamp duty, and royalty from minerals.**

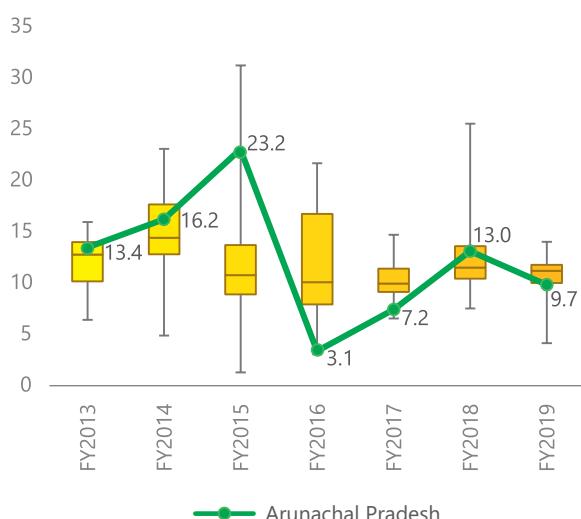
Notes

- 1 GOI (2019), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.
- 2 Ibid.
- 3 CAG (2018), *Report No. 3 of 2018: Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended March 2017*, Government of Andhra Pradesh.

ArP-1.A: Overview



ArP-1.B: Growth rate of GSDP (at current prices, %)



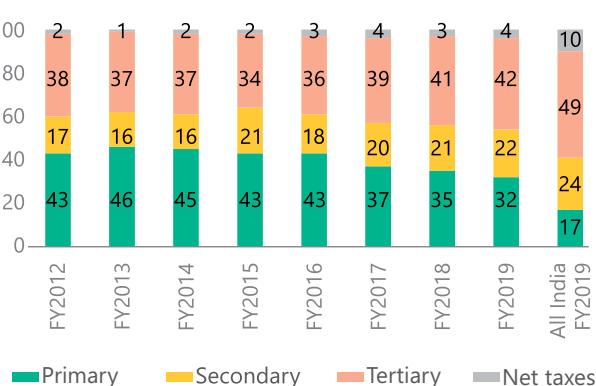
ArP-1.C: Per capita GSDP (at current prices)



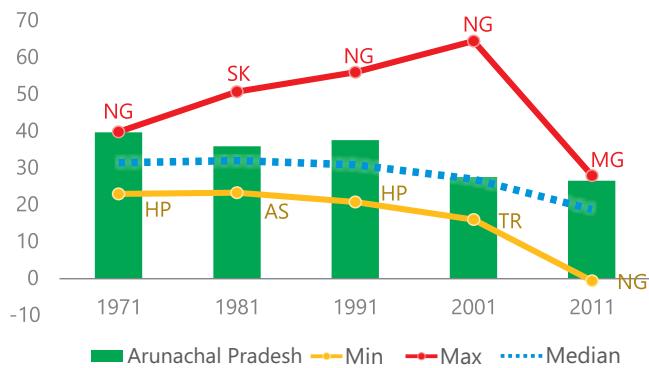
ArP-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
2011–12	11,063	5,03,182	2.2
2012–13	12,547	5,63,081	2.2
2013–14	14,581	6,37,264	2.3
2014–15	17,959	6,95,474	2.6
2015–16	18,509	7,88,321	2.4
2016–17	19,845	8,67,648	2.3
2017–18	22,432	9,74,240	2.3
2018–19	24,603	10,82,901	2.3

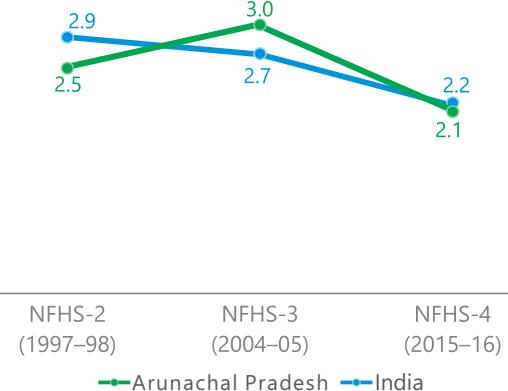
ArP-1.E: Sectoral Contribution to GSDP (at current prices, %)



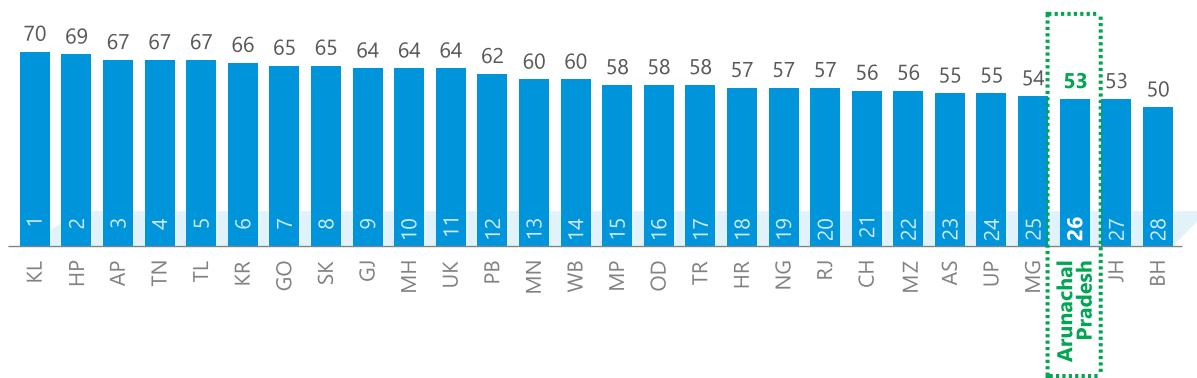
ArP-2.A: Decadal Growth in Population (%)



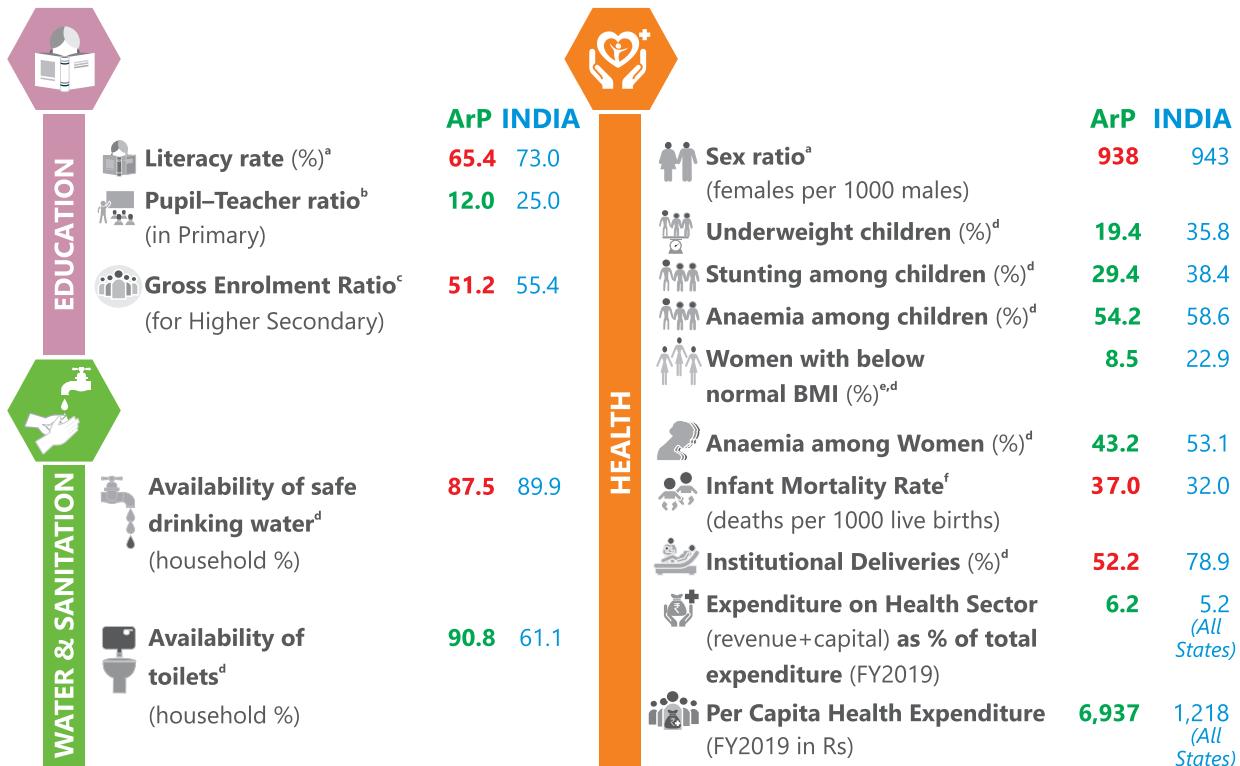
ArP-2.B: Total Fertility Rate (children per woman)



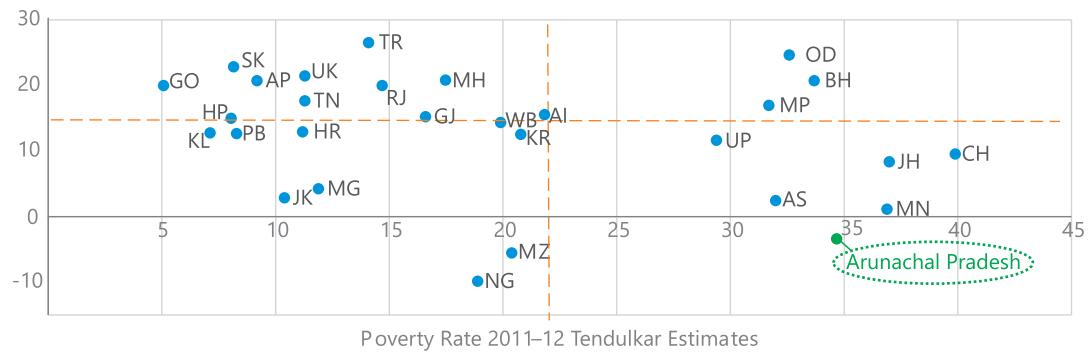
ArP-2.C: SDG Index of NITI Aayog (2019)



ArP-2.D: Key Social Indicators

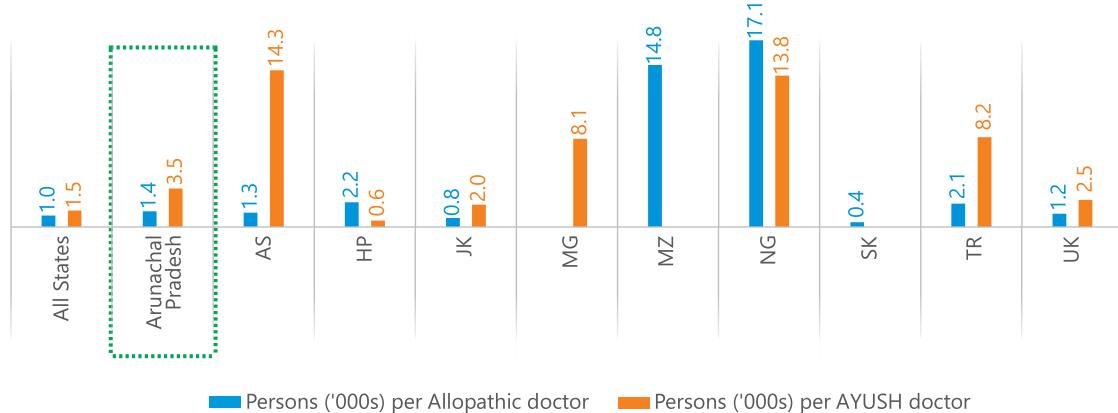
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

ArP-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

ArP-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



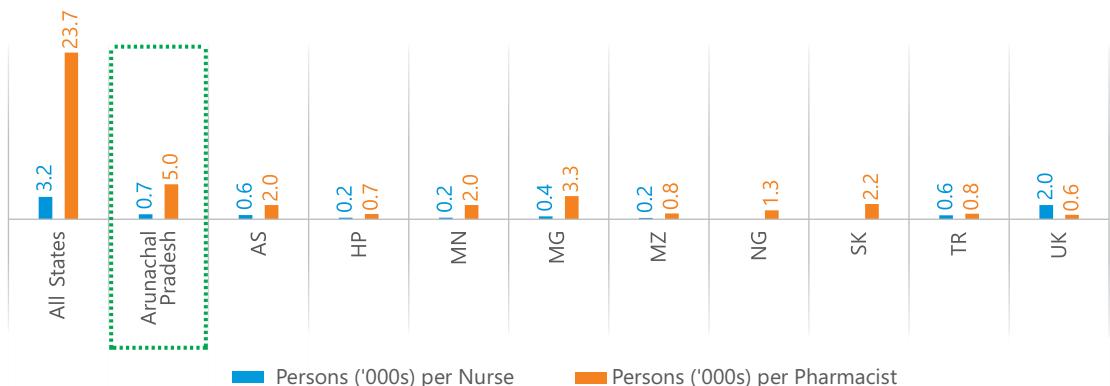
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

ArP-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



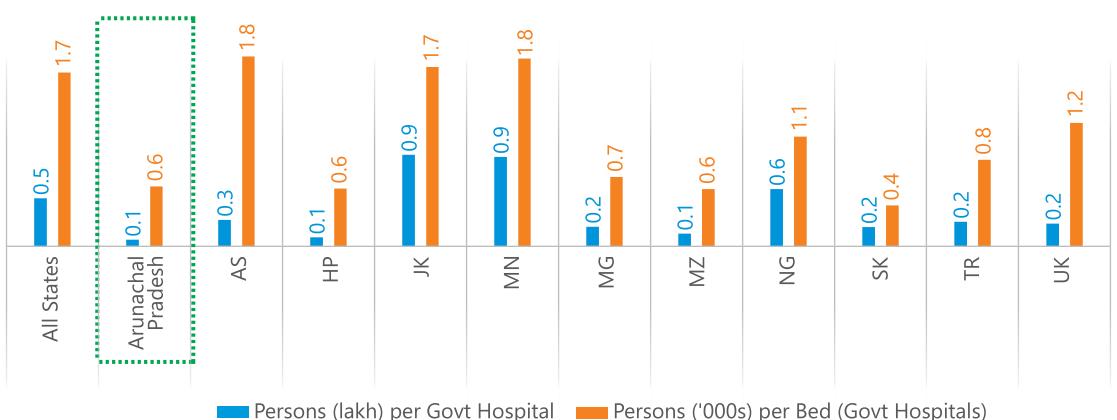
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

ArP-3.C: Persons ('000s) per Nurse/ Pharmacist



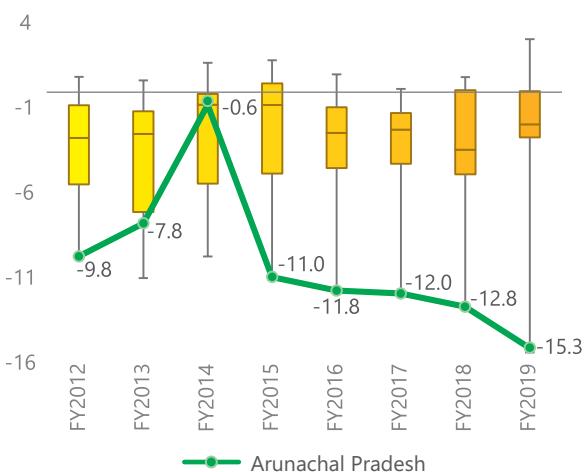
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

ArP-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

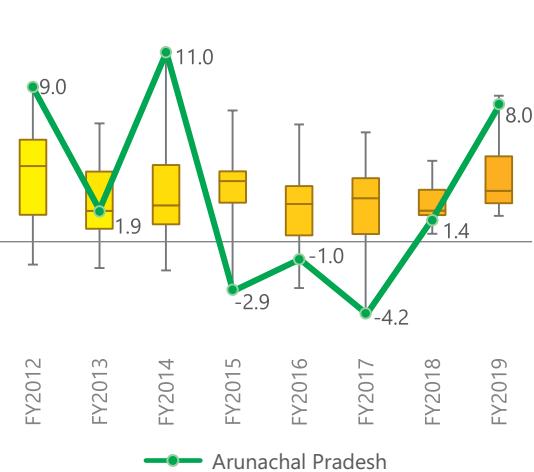


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

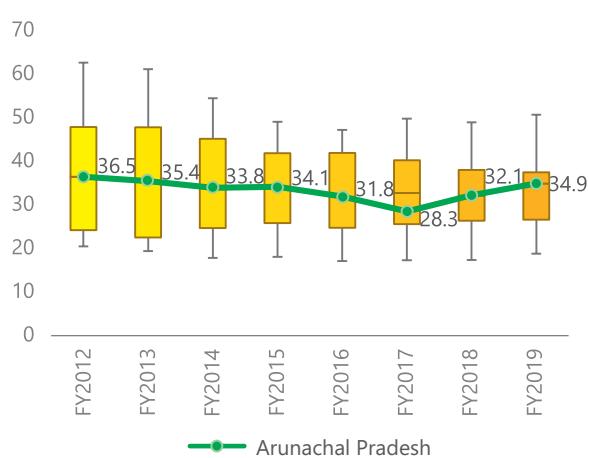
ArP-4.A: Revenue Deficit as % of GSDP



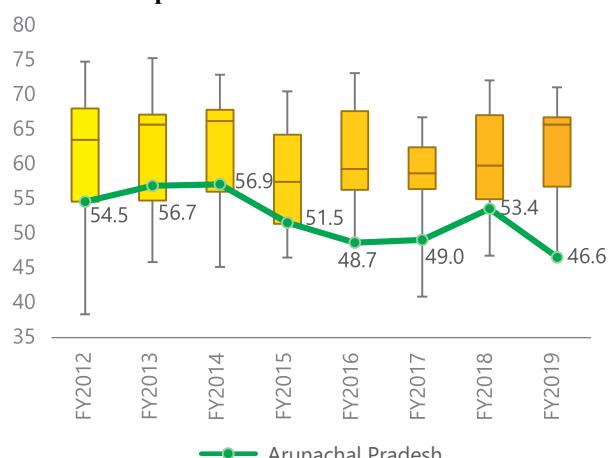
ArP-4.B: Fiscal Deficit as % of GSDP



ArP-4.C: Outstanding Debt as % of GSDP

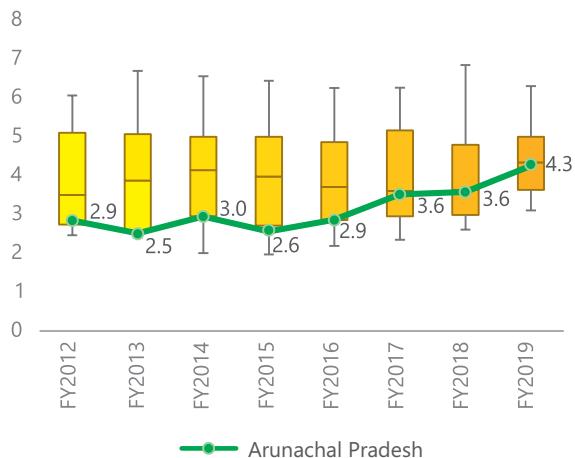


ArP-4.D: Committed Expenditure as a % of Revenue Expenditure

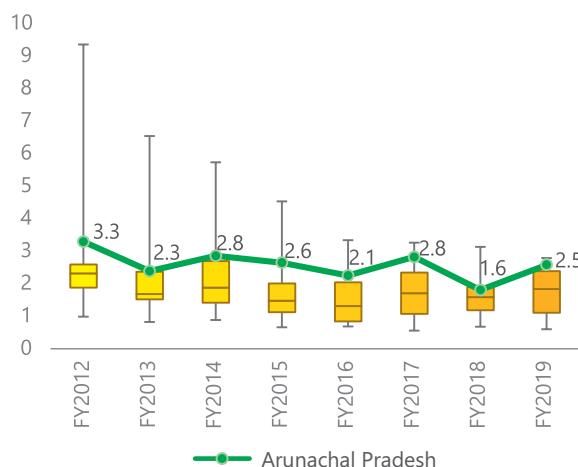


Note: Committed expenditure includes salaries, interest payments, and pensions

ArP-4.E: OTR as % of GSDP



ArP-4.F: NTR as % of GSDP



ArP-4.G: Capital Expenditure to GSDP Ratio

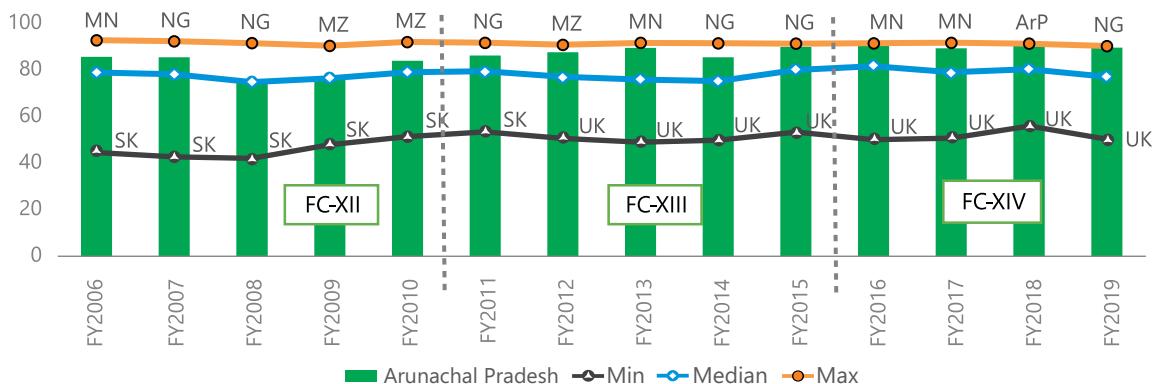


ArP-4.H: Key Fiscal Indicators—State vs NEHS

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	1,52,718	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	65.8	23.3
OTR	4.3	5.0
NTR	2.5	2.0
TE	73.9	26.7
ES	16.8	5.0
SS	19.3	8.7
GS	14.4	8.5
Committed Expenditure	23.5	14.4
Capital Expenditure	23.4	4.3
FD	8.0	3.4
RD	-15.3	-0.9
OD	34.9	29.6

ArP-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Arunachal Pradesh	16.7	18.4	13.9
NEHS	12.6	12.1	10.7

ArP-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- ▲ All 29 functions envisaged in the Eleventh Schedule of the Constitution have been devolved to RLBs.
- ▲ Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 13 have been devolved to ULBs.

Auditing Status

- ▲ The accounts of ULBs have been audited till 2017–18 and RLBs till 2014–15.

Property Tax Board

- ▲ Property Tax Board has not been set up by State Government yet.
- ▲ However, the State Cabinet has decided to introduce property tax in urban areas and survey of property in 30 urban areas has started.
- ▲ Property tax rules have been drafted and shall be notified on completion of property tax survey.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	6	16	21

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

State Finance Commissions

- ▲ No SFC is under implementation.
- ▲ The First SFC report was rejected by the Government.
- ▲ The Second SFC report was submitted during June 2014 but its ATR was not tabled in the assembly.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Debt and Losses

- While the State is a signatory to the UDAY agreement for operational efficiency, it has not taken over any DISCOM debt under the scheme.
- AT&C losses and ACS-ARR gap are both much higher than UDAY targets for the year 2018-19.

Key UDAY barometers (2018-19)	Achievement	Target
AT&C Losses (%)	55.5	39.0
ACS-ARR Gap (Rs per unit)	4.27	0.0

Note: (-) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

Vertical Devolution

- Arunachal Pradesh has recommended that State share in overall divisible pool of taxes be increased to 50%.
- It has also recommended that 10% of the devolved taxes be earmarked for the Northeast in the vertical devolution formula.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population and its compositions	20
ii)	Infrastructure Deficit	5
iii)	Deficit in Human Development	10
iv)	Income Distance (without agriculture)	30
v)	Forest area	10
vi)	Area	20
vii)	Performance based on criteria like GST, sanitation, Public Financial Management System, etc.	5

Tourism

- Measures to boost tourism (and thus generate revenues for the State) are listed below.
 - Air connectivity and road network should be improved to save time and money for the tourist.
 - Heli-taxi services to offbeat hill-stations may be started on PPP mode.
 - Eco-tourism and adventure sports may be encouraged through incentives or PPP mode.
 - Homestays, individual as well as community-based, may be promoted. Since homestays are primarily run by women, they are instrumental for their economic empowerment. The State Government may take active measures to link homestays with e-commerce players.

Hydropower

- The State has hydropower potential of 58,160 MW, of which only a part has been tapped so far.
- The State needs to find ways to exploit the potential and increase the revenue earnings.

Low OTR and High Dependence on Transfers

- ▲ The State's OTR contributed only 6.6% of TRR and NTR contributed about 3.8% of TRR in 2018–19.
- ▲ The Union's transfers contribute 89.6% of its TRR.
- ▲ The positive aspect though is that OTR has been growing at a good TGR of 19.3% (against NEHS average of 11%) from 2011–12 to 2018–19. This is mainly because of good GST collections by the State.
- ▲ Collections of VAT/GST increased at a TGR of 21.2% in Arunachal Pradesh (NEHS average 11%) from 2011–12 to 2018–19.
- ▲ The State has also made good progress in collections from Stamp Duty and Registration, posting a TGR of 22.4% against the average of 6.73% for NEHS from 2011–12 to 2018–19.
- ▲ However, OTR/GSDP remains lower than NEHS average.
- ▲ Hence, further attempts should be made by the State Government to enhance revenues and reduce dependence on Union Government.

Revenue Receipts of Arunachal Pradesh vs NEHS

Particular	<i>As percentage of GSDP in 2018–19</i>		<i>TGR from 2011–12 to 2018–19</i>	
	<i>Arunachal Pradesh</i>	<i>NEHS</i>	<i>Arunachal Pradesh</i>	<i>NEHS</i>
Total Revenue Receipts	65.8	23.3	18.4	12.1
Own Tax Revenue	4.3	5.0	19.3	11.0
VAT/GST	3.5	3.5	21.2	11.1
Stamp Duty & Registration	0.0	0.2	22.4	6.7
State Excise	0.6	0.7	21.0	14.8
Electricity Duty	–	0.1	–	9.9
Other Taxes	0.2	0.5	4.8	8.2
Non Tax Revenue	2.5	2.0	7.0	10.0
Share in Central Taxes	42.4	8.1	55.5	22.8
Grant in Aid	16.6	8.2	–4.4	6.7

High Debt to GSDP Ratio

- ▲ Debt–GSDP ratio of Arunachal Pradesh is very high at 34.9% against NEHS average of 29.6%.
- ▲ However, the State's debt has increased at a relatively slower TGR of 10.1% (against 11% NEHS average) from 2011–12 to 2018–19.
- ▲ The State should take further measures to align its debt to the new FRBM Act.
- ▲ The State also has abnormally high fiscal deficit of 8% in 2018–19.
- ▲ This is in spite of large revenue surplus emanating from huge transfers from Union since 2015–16. This needs to be strictly curtailed.

High Committed Expenditure

- ▲ Overall committed expenditure (including GIA Salary) (consisting of interest payments, salaries and pensions) increased by TGR of 13.8% (NEHS average 12.1%) between 2011–12 and 2018–19.
- ▲ Committed expenditure (including GIA salary) during 2018–19 constituted 54.5% of the revenue expenditure.
- ▲ The State needs to rationalise its expenditure and reduce its share of committed expenditure so that fiscal space is eased up for development expenditure.

Economy Driven by Public Expenditure

- ▲ Total expenditure of the State Government was about 73.88% of the GSDP in 2018–19—indicating that its economy is driven almost entirely by government spending.
- ▲ The State gets no FDI and negligible private investment.
- ▲ Share of secondary sector in the State is also very low.
- ▲ The State Government needs to take measures to propel growth through tourism and other services.

Increasing Poverty

- ▲ The State witnessed an increase in poverty rate from 31.1% in 2004–05 to 34.7% in 2011–12 as per Tendulkar estimates of poverty.
- ▲ This trend needs to be reversed immediately.

Low Literacy

- ▲ Government of Arunachal Pradesh needs to focus on improving educational attainments.
- ▲ Arunachal Pradesh has second lowest literacy rate in the country after Bihar (see ArP-2.D).
- ▲ Only 18.7% of Grade III students could read Grade II text (27.3% all India).¹

Long International Border

- ▲ The State has an international border of about 1,863 km with many of the villages along the international border suffering from “stress migration”.
- ▲ People living in the border villages frequently move to interior areas in search of employment.
- ▲ It is essential to expeditiously fill the infrastructure gap in the border areas and provide source of employment so that villagers do not abandon their homes.

Inadequate Infrastructure

- ▲ The State Government needs to follow a medium-term focused approach for improving its physical connectivity.
- ▲ Arunachal Pradesh has very low density of roads.
- ▲ There are no State Highways.
- ▲ The State Government needs to prioritise building of roads and provide for their maintenance.
- ▲ Arunachal Pradesh has no airport. This is hampering the growth of tourism.

Public Sector Undertakings²

- ▲ The number of accounts in arrears has increased from 28 in 2012–13 to 35 in 2016–17 with the extent of arrears ranging from 1 to 17 years in the five working PSUs.
- ▲ The State Government had extended budgetary support of Rs 4.1 crore to PSUs in 2016–17.
- ▲ Although the budgetary support is not significant, maintenance of accounts and auditing should be ensured by the State Government.

High Power Sector Losses

- ▲ AT&C losses in the power sector were as high as 55.5% (in 2018–19) and ACS–ARR gap, Rs 4.27 per unit. This is much higher than the targets assigned to the State under UDAY.
- ▲ The receipt–expenditure mismatch in the power sector has increased over the last few years.
- ▲ The State Government has not yet unbundled the power sector.

- ▲ It should take measures to corporatise its power sector to allow it to run on sound economic principles.
- ▲ The State also needs to follow the operational targets of UDAY including 100% metering of consumers.

Local Bodies

- ▲ The State needs to constitute SFCs on time and act upon its recommendations after tabling its report in the legislature.
- ▲ Local bodies in the State have low own revenues. The State government may help the local bodies to use market fees, parking space, etc. for improving their own revenues.
- ▲ The State Government should immediately set-up a PTB as was recommended by FC-XIII.
- ▲ Remaining functions of RLBs may be immediately devolved.

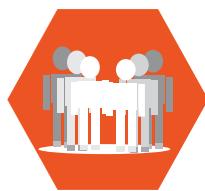
Reform Signposts

- ▲ Arunachal Pradesh is highly dependent upon the Union Government as it receives 89.6% of its resources from the Centre Union. Its OTR to GSDP ratio is also very low as compared to the NEHS average. **The State needs to find innovative ways including hydel power generation and tourism to enhance its revenues.**
- ▲ **The State needs to reduce its debt–GSDP ratio and FD–GSDP ratio for fiscal sustainability.**
- ▲ Arunachal Pradesh has very high committed expenditure. **The State needs to reduce, reprioritise, and revamp its expenditure (including salaries, interest payments, and pensions) to create fiscal space for development spends.**
- ▲ **The State needs to enhance efficiency of the power sector by reducing its AT&C losses and ACS–ARR gap.**
- ▲ **It should ensure timely audit of accounts of all PSUs.**

Notes

- 1 ASER (2018), *Annual Survey of Education Report 2018*, ASER Centre.
- 2 CAG (2018), *Report on Public Sector Units in Arunachal Pradesh* by the Comptroller and Auditor General of India for the Government of Arunachal Pradesh.

AS-1.A: Overview



POPULATION
31.2 million
2.6%
Of population across all States



AREA
78,438 sq km
2.4%
Of area across all States



FOREST COVER
28,327 sq km
36.1%
Of the State's own area is under forest
0.8%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 92,533
Rs 1,40,422

Average across all States



TAX TO GSDP
5.0%
6.3%

Average across all States



CHILDREN PER WOMAN
2.2
2.2

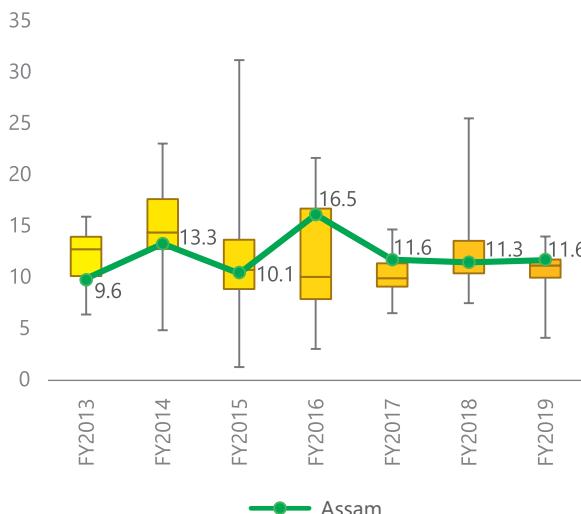
Average across all States



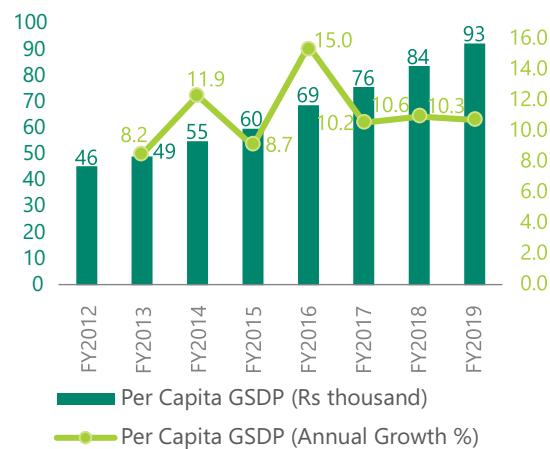
URBANISATION RATE
14.1%
31.1%

All India average

AS-1.B: Growth rate of GSDP (at current prices, %)



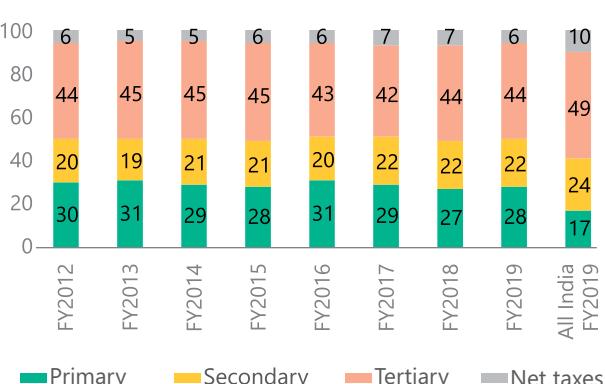
AS-1.C: Per capita GSDP (at current prices)



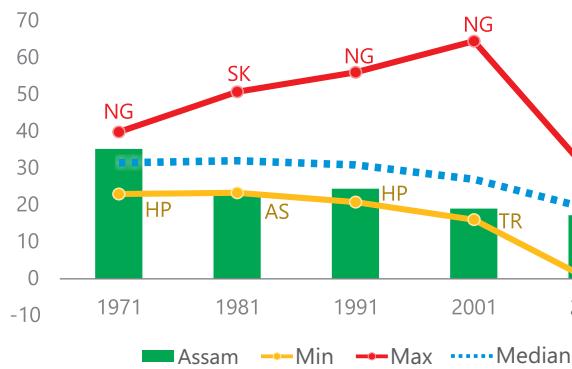
AS-1.D: GSDP Current, 2011–12 series (Rs crore)

	<i>State</i>	<i>All NEHS</i>	<i>Share (%) of State in NEHS</i>
2011–12	1,43,175	5,03,182	28.5
2012–13	1,56,864	5,63,081	27.9
2013–14	1,77,745	6,37,264	27.9
2014–15	1,95,723	6,95,474	28.1
2015–16	2,27,959	7,88,321	28.9
2016–17	2,54,382	8,67,648	29.3
2017–18	2,83,165	9,74,240	29.1
2018–19	3,15,881	10,82,901	29.2

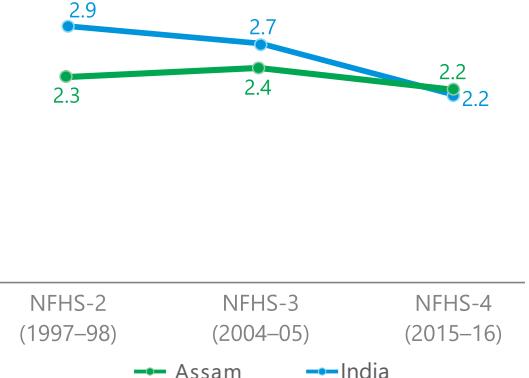
AS-1.E: Sectoral Contribution to GSDP (at current prices, %)



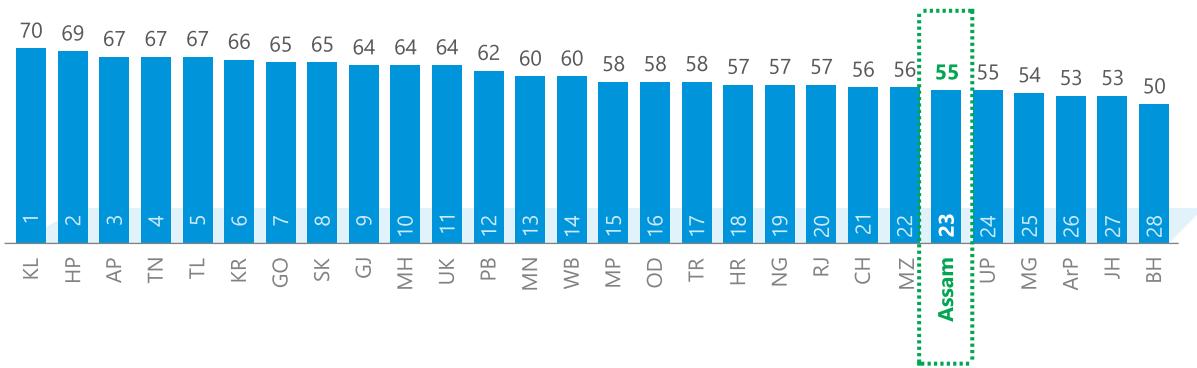
AS-2.A: Decadal Growth in Population (%)



AS-2.B: Total Fertility Rate (children per woman)



AS-2.C: SDG Index of NITI Aayog (2019)



AS-2.D: Key Social Indicators

EDUCATION	AS		INDIA		AS	INDIA				
	Literacy rate (%) ^a		72.2			73.0				
	Pupil-Teacher ratio ^b (in Primary)		24.0			25.0				
Gross Enrolment Ratio ^c (for Higher Secondary)		39.7		55.4		29.8				
WATER & SANITATION	Availability of safe drinking water ^d (household %)		83.8			66.2				
	Availability of toilets ^d (household %)		88.9			943				
	Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)		6.8			35.8				
Per Capita Health Expenditure (FY2019 in Rs)		1,360		5.2 (All States)		38.4				
Women with below normal BMI (%) ^{e,f}		25.7		22.9		58.6				
Anaemia among Women (%) ^d		46.0		53.1		36.4				
Infant Mortality Rate ^f (deaths per 1000 live births)		41.0		32.0		35.7				
Institutional Deliveries (%) ^d		70.6		78.9		25.7				
Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)		6.8		5.2 (All States)		22.9				
Per Capita Health Expenditure (FY2019 in Rs)		1,360		5.2 (All States)		38.4				

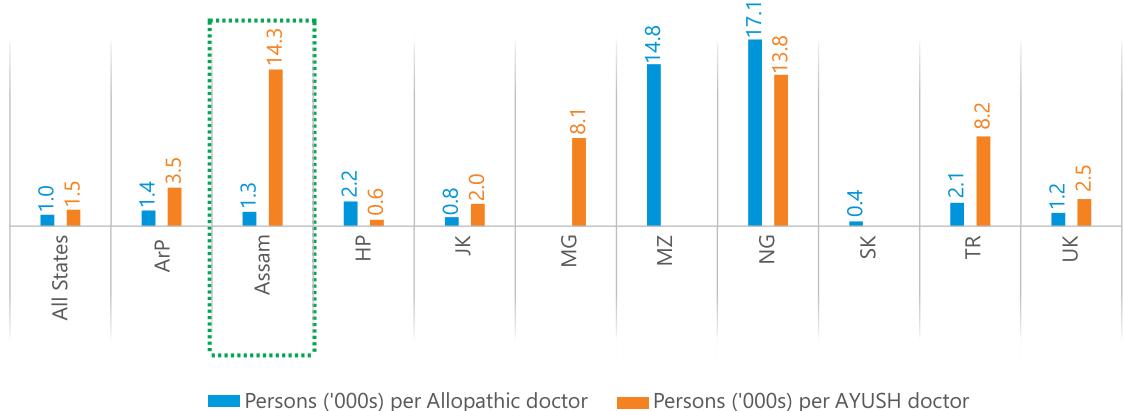
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

AS-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

AS-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

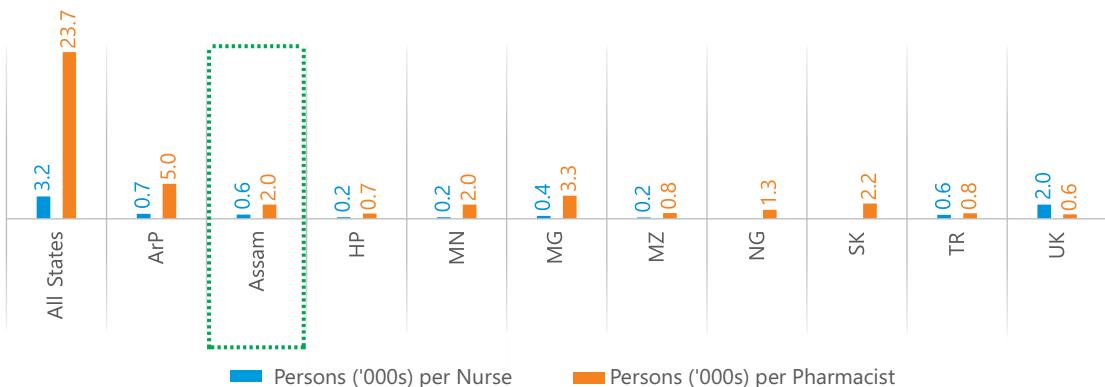
AS-3.B: Persons ('000s) per Sub-centre/PHC/CHC



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

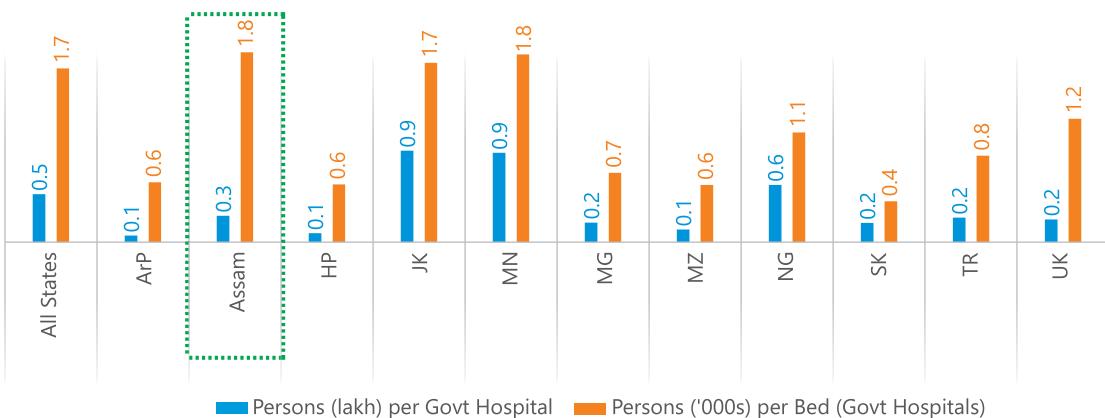
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

AS-3.C: Persons ('000s) per Nurse/ Pharmacist



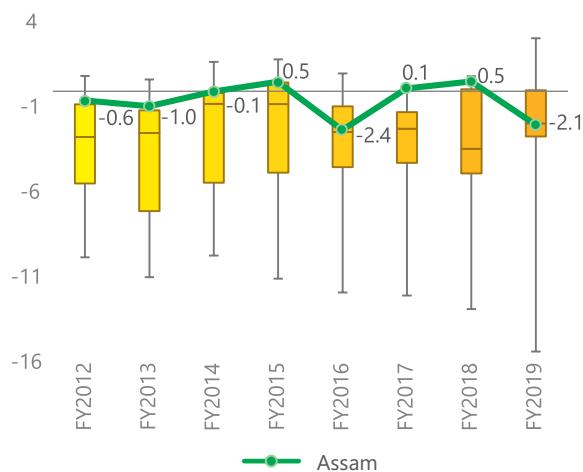
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

AS-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

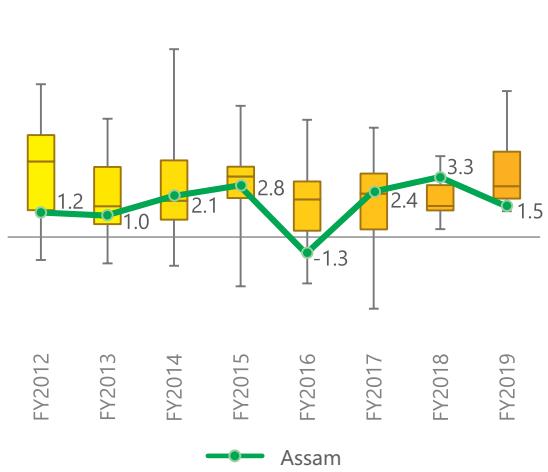


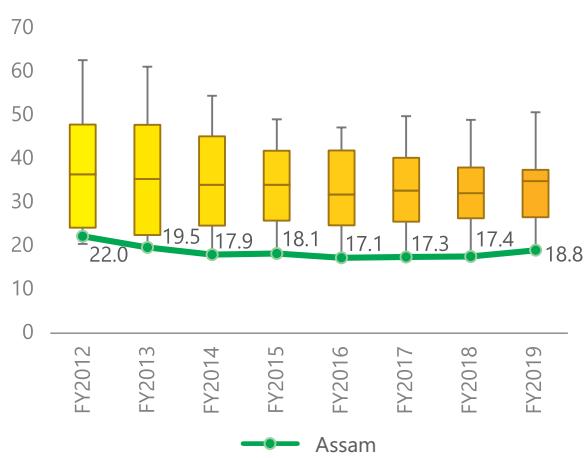
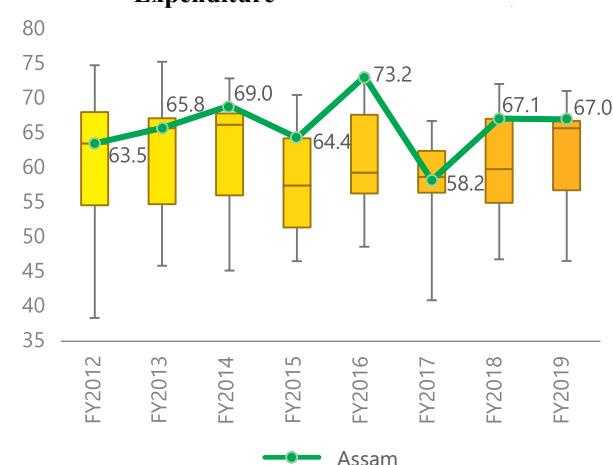
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

AS-4.A: Revenue Deficit as % of GSDP

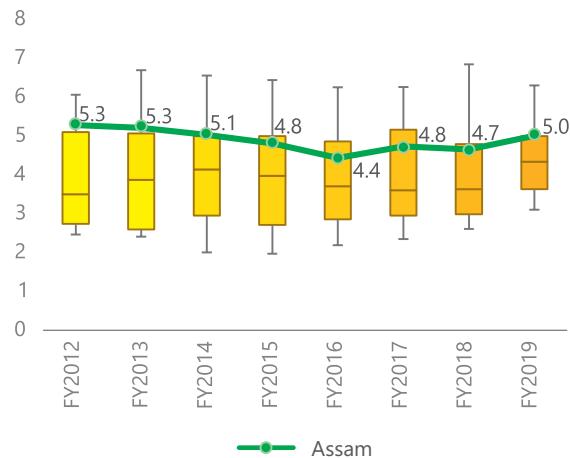
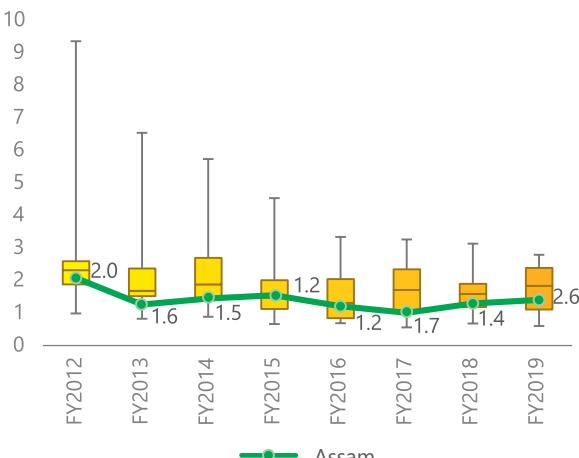
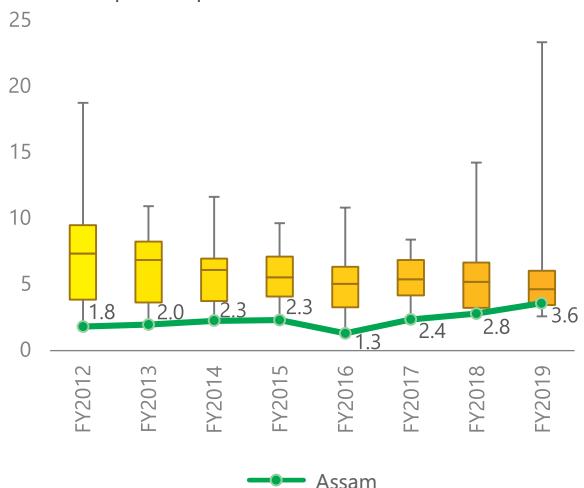


AS-4.B: Fiscal Deficit as % of GSDP



AS-4.C: Outstanding Debt as % of GSDP**AS-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

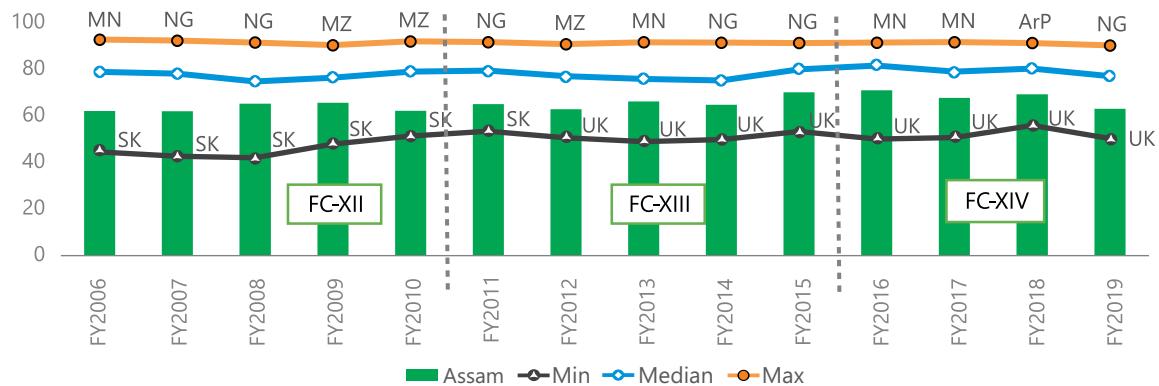
AS-4.E: OTR as % of GSDP**AS-4.F: NTR as % of GSDP****AS-4.G: Capital Expenditure to GSDP Ratio****AS-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	92,533	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	20.1	23.3
OTR	5.0	5.0
NTR	2.6	2.0
TE	21.6	26.7
ES	3.2	5.0
SS	8.1	8.7
GS	6.6	8.5
Committed Expenditure	12.1	14.4
Capital Expenditure	3.6	4.3
FD	1.5	3.4
RD	-2.1	-0.9
OD	18.8	29.6

AS-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Assam	12.4	12.8	11.7
NEHS	12.6	12.1	10.7

AS-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, only 7 have been devolved to PRI.
- The State Government has not undertaken the devolution of functions, functionaries and funds to the municipalities as per the Twelfth Schedule of the Constitution.
- Of the 18 functions envisaged in the Twelfth Schedule, 13 are covered within the ambit of their current traditional functions hence no separate activity mapping is required for these subjects. No activity mapping has been done for the remaining subjects.

Auditing Status

- Auditing of accounts of RLBs, ULBs, and ADCs has been completed till 2017–18.

Property Tax Board

- The State set up its PTB (recommended by FC-XIII) in March 2011. It is functional in Golaghat, Silchar, Bongaigaon, Satapgram, Lala, Dergaon, Hojai, and Jorhat Municipal Board.
- It is in the process of being operationalised in Dhakuakhana and Silipathar Municipal Board.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
12	17	15	14

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2016–17 to 2019–20):

- Fifth SFC submitted its interim report on 30 September 2014 and final report on 30 November 2016. The ATR was tabled on 20 June 2017.
- It recommended that 14% of the net proceeds of taxes and duties levied and collected by the State Government (Rs 6,679.87 crore) be allocated as grants and untied funds during the award period (2016–17 to 2019–20).

- ▲ Of the amount, Rs 4,748.70 crore be allocated to the General Areas—Rs 3,356.8 crore as earmarked grant and Rs 1,391.9 crore as Untied Fund.
- ▲ Further, Rs 1,931.2 crore be allocated to the Excluded Areas—Rs 1,880.3 crore as earmarked grant and Rs 50.9 crore as Untied Fund.
- ▲ SFC recommended that distribution between RLBs and ULBs be based on population (weight 80%) and density (weight 20%).
- ▲ Allocation within PRIs be the weighted average of population (50%), geographical area (25%), and inverse per capita rural district domestic product (25%).
- ▲ Allocation with ULBs should be based upon population (50%), area (25%), index of infrastructure (12.5%), and per capita tax collection (12.5%).

Debt and Losses

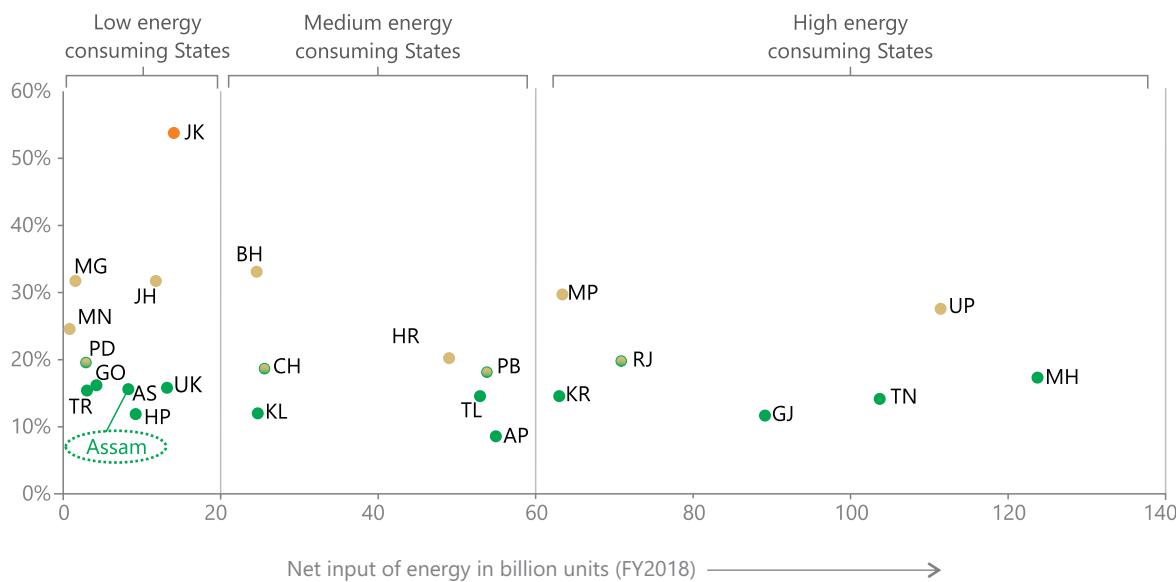
- ▲ Assam Government took over the debt of the power sector amounting to Rs 1,133 crore.
- ▲ The State failed to achieve the targets of AT&C losses but was able to achieve the ACS–ARR gap target.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	19.87	16.0
ACS–ARR Gap (Rs per unit)	0.02	0.19

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

AS-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- Assam has recommended that the State share in overall divisible pool of taxes be increased to 50% from 42%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Income Distance	50
ii)	Forest Cover	10
iii)	Area	5
iv)	Population	20
v)	Socio-economic Infrastructure Gap	15

Sound Macro-Deficit Indicators

- Fiscal Deficit, Revenue Deficit and Primary Deficit remained at modest levels. Fiscal Deficit remained below 3% from 2011–12 to 2018–19, except in 2017–18 when it reached 3.3%.

FRBM Compliance

- The State implemented its FRBM Act in 2005 and amended it in 2005, 2007, 2009, 2011, and 2017.
- A perceptible change in the fiscal management was seen after the enactment of the FRBM Act.
- Outstanding Debt as a percentage of GSDP decreased from 22% in 2011–12 to 18.8% in 2018–19.
- The State has adhered to its FRBM limit in the recent years.
- The State should continue to adhere to the debt path as per the new FRBM Act.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	28.3	28.4	28.4	28.5	28.5	28.5	28.5
Actually achieved	22.0	19.5	17.9	18.1	17.1	17.3	17.4
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	1.2	1.0	2.1	2.8	–1.3	2.4	3.3

Source: Government of Assam

Gateway to the Northeast Region (NER) of India and South-East Asia

- Assam borders Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura, and shares international boundaries stretching to 533 km.
- Assam's physical infrastructure (particularly the road network) is used extensively by neighbouring states. The maintenance of the transportation networks in Assam is important not only for the State but also for the entire NER and also for strategic defence interests of the country.

- ▲ Improvement and maintenance of road, rail, air and waterways connectivity of Assam is important for overall development of the NER.

Natural Resources

- ▲ Assam has one of the richest biodiversity zones in the world and consists of tropical rainforests, deciduous forests, riverine grasslands, bamboo orchards and numerous wetland ecosystems.
- ▲ It has abundant mineral resources—coal, petroleum; limestone and natural gas.
- ▲ Other minor minerals include magnetic quartzite, kaolin, sillimanites, iron ore, clay and feldspar, etc.
- ▲ It is also the largest producer of crude oil in India. Oil India Limited (OIL) is the second largest hydrocarbon exploration and production Indian public sector company with its operational headquarters in Duliajan, Assam. These resources have the potential to develop more upstream and downstream industries.

Tourism

- ▲ Assam has a rich mix of history, culture, and natural beauty, which may be leveraged for tourism.
- ▲ Better infrastructure and connectivity is needed to further promote tourism.
- ▲ Various festivals and events may be promoted.
- ▲ Eco-tourism and adventure sports may be encouraged through incentives or PPP mode.
- ▲ Homestays, individual as well as community based, may be promoted as alternate source of income for local people. The State Government may take active measures to link homestays with e-commerce players.

Low Collections from Excise and Stamp Duty and Registration

- ▲ While overall OTR–GSDP ratio of Assam (5.04%) is marginally better than the NEHS average (4.95%), its Excise collections (0.44% as compared to the NEHS average of 0.73%) and Stamp Duty and Registration proceeds (0.08% as compared to the NEHS average of 0.18%) are comparatively low.
- ▲ Assam may be losing excise from liquor due to its porous borders with seven States.
- ▲ The State's subdued Stamp and Registration fees is due to a low urbanisation rate (14%) along with poor land records.

High Committed Liabilities

- ▲ Committed liabilities (including GIA Salary) of Assam at 67.8% of TRE in 2018–19 while at par with NEHS (67.6%) compares poorly with the All States average of 50.6%.
- ▲ State Government needs to rationalise and restructure its expenditure.
- ▲ Measures should be taken to reduce burden of salaries so that resources are freed up for other development expenditure.

Low Spending by State Government

- ▲ Assam's per capita revenue expenditure, capital expenditure, and total expenditure is very low compared to NEHS and all States. Its expenditure (as percentage of GSDP) is also low as compared to NEHS.

Spending by State			
2018–19	Assam	NEHS	All States
Revenue Expenditure			
As % of GSDP	18.0	22.4	14.1
Per capita (Rs)	16,668	29,220	19,842
Capital Expenditure			
As % of GSDP	3.6	4.3	2.6
Per capita (Rs)	3,328	5,610	3,677
Total Expenditure			
As % of GSDP	21.6	26.7	16.7
Per capita (Rs)	19,996	34,830	23,519

- ▲ Assam has lowest per capita spending across all NEHS. Per capita revenue expenditure of Uttarakhand (second lowest in NEHS) is 1.7 times that of Assam.
- ▲ Poor budget marksmanship along with prolonged monsoon and limited working months in a year are main reasons for low spending.

Pending Utilisation Certificates

- ▲ The report of the Accountant General dated March 2018, stated that the ‘State Government’s compliance with various rules, procedures and directives was unsatisfactory as 9,370 Utilisation Certificates (UCs) in respect of grants aggregating Rs 17,935.10 crore paid to 53 departments of the State Government during the period from 2001–02 to 2016–17 were in arrears. Non-submission of Utilisation Certificates is fraught with the risk of misappropriation.’
- ▲ The State needs to utilise its fiscal space to increase expenditure on economic and social services.

Slow Economic Growth with Poor Per Capita Income

- ▲ Prone to natural calamities, the State suffers from lack of basic infrastructure, has a poor banking network with low credit availability and lacks significant private investment in any sector.
- ▲ Assam’s per capita GSDP (Rs 92,533 in 2018–19) is very low as compared to the all States’ average (Rs 1,40,422) and also substantially lower than the NEHS average (Rs 1,30,427).
- ▲ 31.98% of the population lives below the poverty line as against the India average of 21% (Tendulkar poverty estimates).
- ▲ The rank of Assam has been second lowest after Manipur since 2011–12 in terms of per capita GSDP among NEHS.
- ▲ The State has low industrial and manufacturing base and FDI has remained elusive in spite of a good natural resource base. The State’s GSDP share from secondary sector is a mere 22% against Uttarakhand’s 44% and Himachal Pradesh’s 41%.
- ▲ The World Bank Report on the Ease of Doing Business dated September 2015 ranked Assam 22nd in India. The State Government should expedite the work of digitalizing transaction processes through a single centralized web based application.
- ▲ The growth rate needs massive boost with accelerated investment in the social and economic sectors.

Excessive Rains and Flooding

- ▲ Due to prolonged monsoon Assam receives a very high average annual rainfall of 2,297.4 mm and floods are a perennial problem for the State.

- ▲ Rivers Brahmaputra, Barak, and their tributaries cause massive erosion during high floods as well as in the receding stages.
- ▲ Approximately 8,000 hectare of land has been eroded every year since 1954.
- ▲ Assam has lost more than 4.27 lakh hectares of land to erosion since then, constituting about 7.4% of its geographical area affecting 9 lakh people and displacing more than 1.25 lakh families.¹

High Cost of Capital Assets

- ▲ Restoring functionality of areas damaged by extended monsoon and flooding for the brief working season of 6 months is expensive.
- ▲ Assets deteriorate prematurely and need to be replaced frequently. This imposes heavy capital costs on the State.
- ▲ The norms for maintenance of capital assets need to be strengthened.

Local Bodies

- ▲ The State Government should immediately devolve the remaining functions to local bodies.
- ▲ PRIs and ULBs have meagre resources of their own. Local bodies need to increase own revenues by through parking fees, revision of property tax, market fee, etc.
- ▲ According to CAG report, 2018, Utilisation Certificates (UCs) for Rs 533.24 crore were pending from 2011–2017 in 20 Zilla Parishads (ZPs) which indicated lack of financial discipline and monitoring by RLBs.
- ▲ Non-submission of UCs deprived the ZPs of subsequent release of funds. Local bodies need to ensure that UCs are submitted in timely manner.

Power Sector

- ▲ The State needs to address its AT&C losses (currently, higher than the prescribed UDAY targets).

Inadequate Banking Activities

- ▲ During 2016–17, the Credit–Deposit ratio of all scheduled commercial banks in Assam was 39.9% (compared to national average of 73.7%).
- ▲ There is a need to broaden the banking network as the average population covered per bank branch in Assam is 13,710 as on March 2017 compared to All India average of 8,800 during the same period.²

Poor Social and Human Development Indicators

- ▲ Assam ranks 23rd among All States in SDG ranking by NITI Aayog (2019).
- ▲ Its human development indicators like IMR, proportion of literacy rate, institutional deliveries are worse than national average (see AS-2.D).
- ▲ Its per annum per capita revenue expenditure on health (Rs 1,245) and education (Rs 4,516) is lower than NEHS average (Rs 1,987 and Rs 5,970 respectively).
- ▲ The State needs to focus on improving its human development indicators.

Social, Cultural, and Ethnic Diversity

- ▲ Assam is uniquely diverse in its demography, with 26 Scheduled Tribes, accounting for 12.44% of the population and 22 categories of Scheduled Castes accounting for 7.15% of the population.

- ▲ It is also home to a substantial population of religious minorities—118 development blocks spread across 17 of 33 districts, have been categorised as minority blocks.
- ▲ Demographic diversities give rise to myriad social-cultural conditions posing development challenges of various forms.

Public Sector Undertakings³

- ▲ As on 30 September 2018, of the 30 working PSUs, 26 had arrears in 183 accounts with the extent of arrears ranging up to 25 years.
- ▲ Further, of the 16 non-working PSUs, 15 had arrears ranging up to 35 years.
- ▲ The Assam Government needs to expedite the liquidation of the non-working PSUs.
- ▲ The non-auditing of accounts could pose serious downside risks given the substantial budgetary support.

Reform Signposts

- ▲ In spite of being rich in natural resources, the State has relatively low base of secondary sector as compared to States like Himachal Pradesh and Uttarakhand.
- ▲ The State's OTR–GSDP ratio is slightly better than NEHS average. However, its collections from excise, stamp and registration are relatively low. **The State needs to tighten its revenue administration, increase the base of secondary sector, and find innovative ways to enhance revenue earning.**
- ▲ As seen earlier, the State has high committed expenditure as a proportion of GSDP. **State Government needs to rationalise and restructure its expenditure. Measures should be taken to reduce burden of committed expenditure so that resources are freed up for development expenditure.**
- ▲ The State has very low per capita expenditure as compared to NEHS. This is in spite of having revenue surplus. **The State needs to utilise its fiscal space to increase expenditure on economic and social services.**

Notes

- 1 Government of Assam memorandum.
- 2 Ibid.
- 3 CAG (2018), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings*, Report No. 1 of 2018, Government of Assam.

BH-1.A: Overview



POPULATION
104.1 million
8.7%
Of population across all States



AREA
94,163 sq km
2.9%
Of area across all States



FOREST COVER
7,306 sq km
7.8%
Of the State's own area is under forest
0.1%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 44,652
Rs 1,40,422

Average across all States



TAX TO GSDP
5.5%
6.3%

Average across all States



CHILDREN PER WOMAN
3.4
2.2

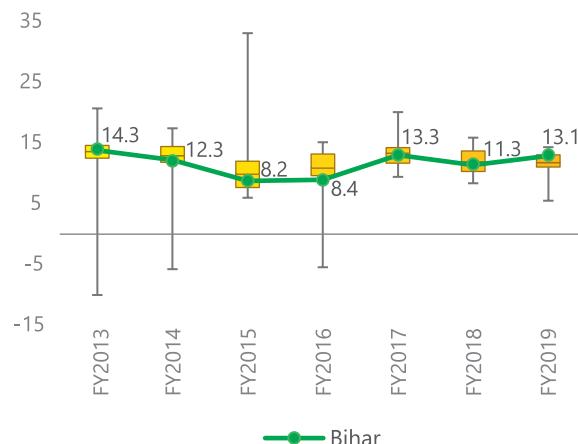
Average across all States



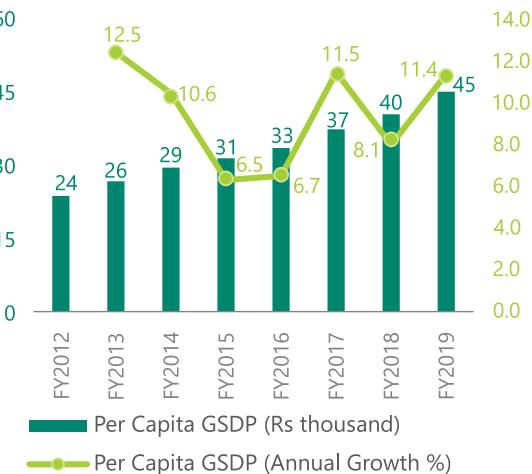
URBANISATION RATE
11.3%
31.1%

All India average

BH-1.B: Growth rate of GSDP (at current prices, %)



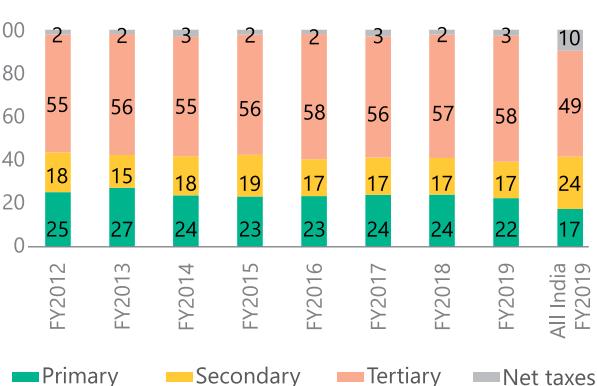
BH-1.C: Per capita GSDP (at current prices)



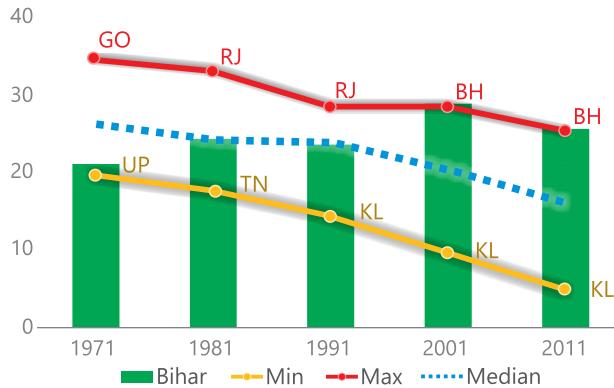
BH-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	2,47,144	77,44,945	3.2
2012–13	2,82,368	88,27,195	3.2
2013–14	3,17,101	1,00,07,392	3.2
2014–15	3,42,951	1,09,93,257	3.1
2015–16	3,71,602	1,21,91,256	3.0
2016–17	4,21,052	1,37,80,737	3.1
2017–18	4,68,746	1,54,20,126	3.0
2018–19	5,30,363	1,72,83,813	3.1

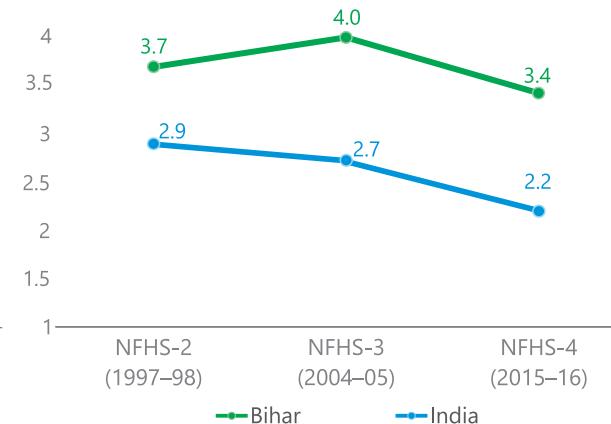
BH-1.E: Sectoral Contribution to GSDP (at current prices, %)



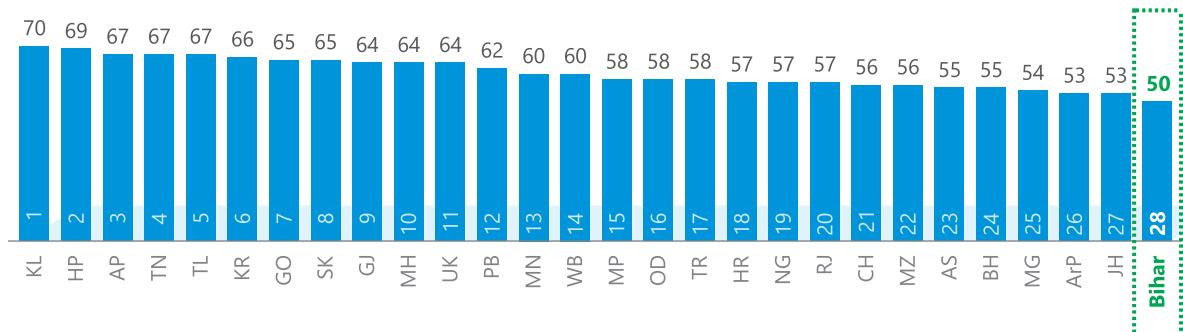
BH-2.A: Decadal Growth in Population (%)



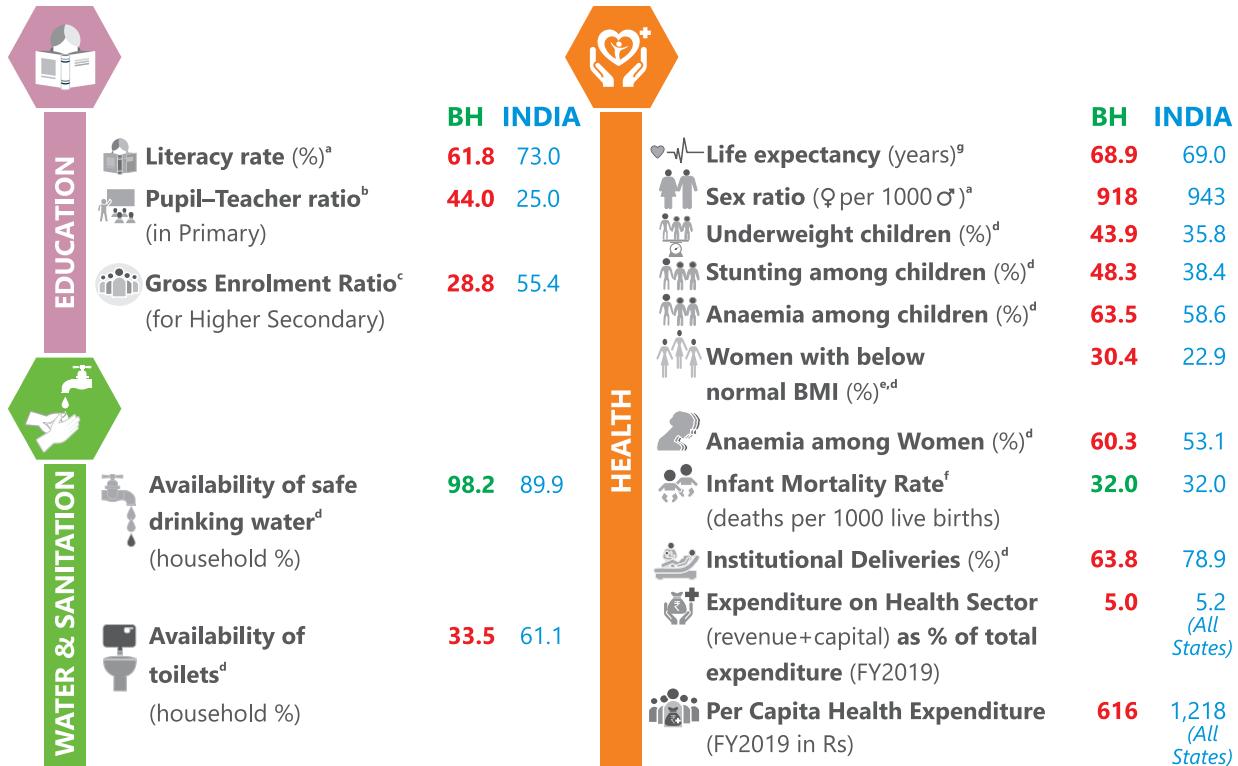
BH-2.B: Total Fertility Rate (children per woman)



BH-2.C: SDG Index of NITI Aayog (2019)



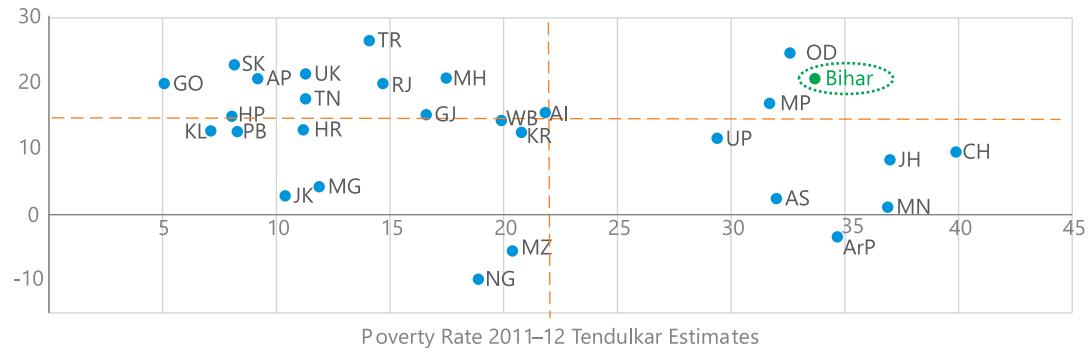
BH-2.D: Key Social Indicators



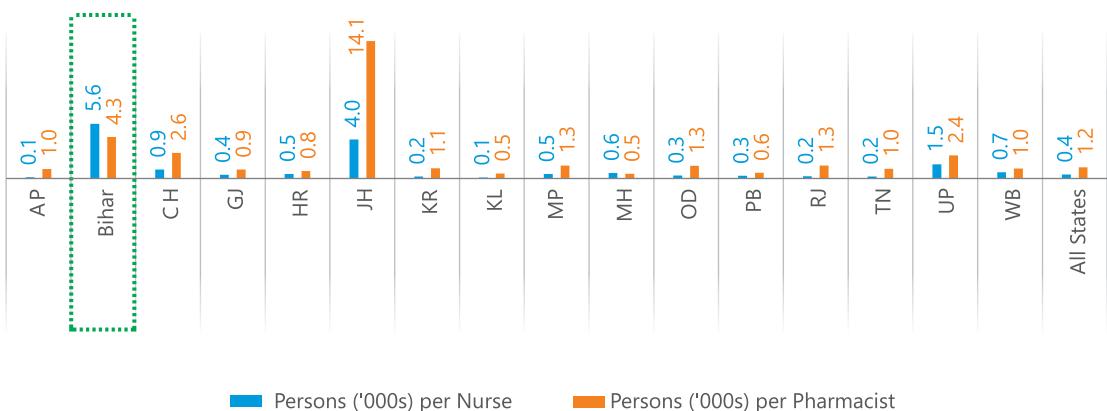
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

BH-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012

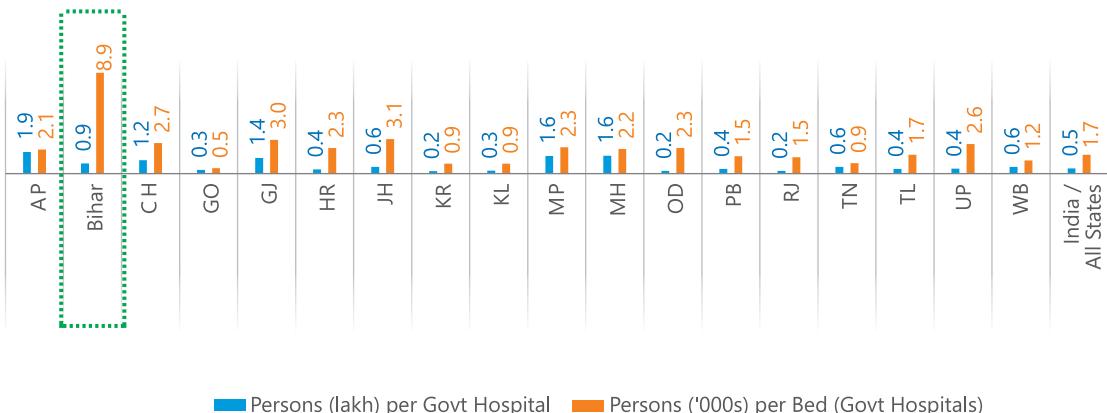


BH-3.C: Persons ('000s) per Nurse/ Pharmacist



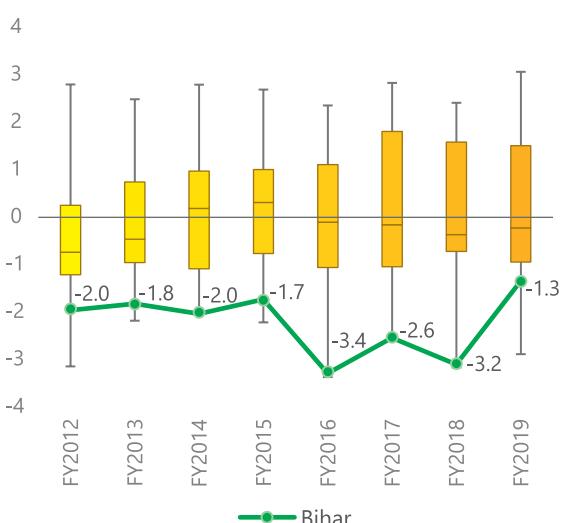
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

BH-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

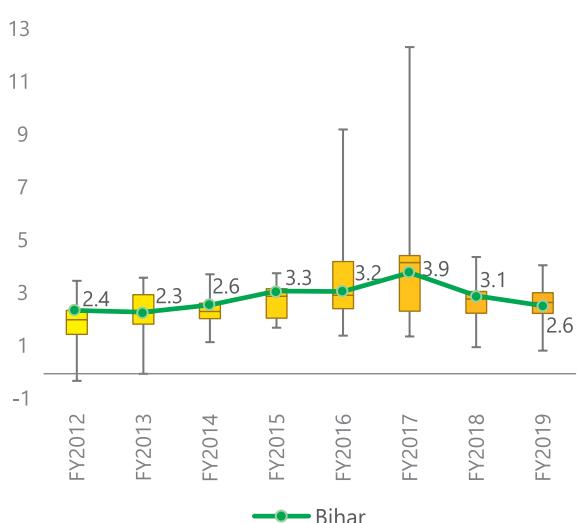


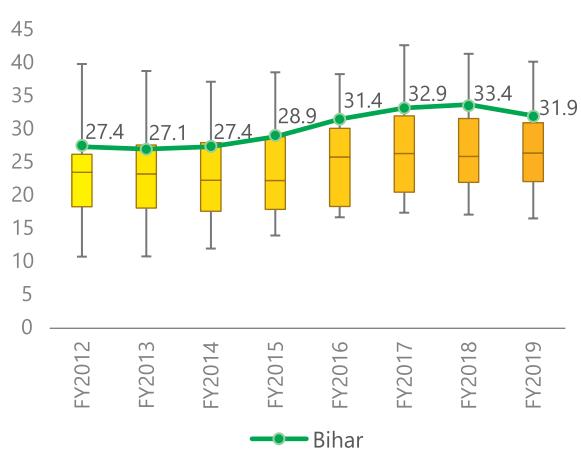
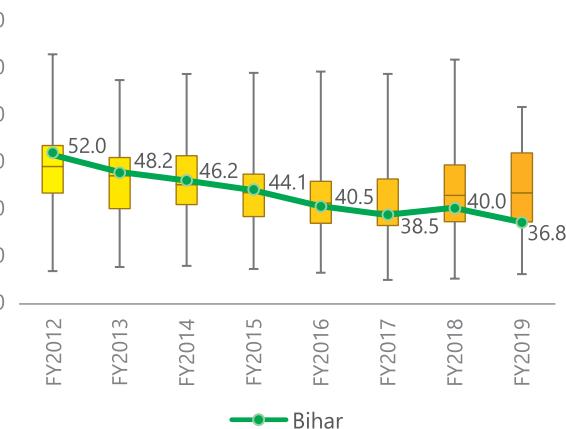
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

BH-4.A: Revenue Deficit as % of GSDP

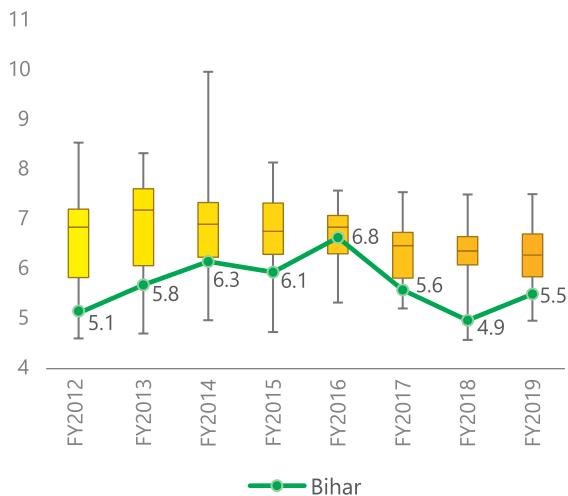
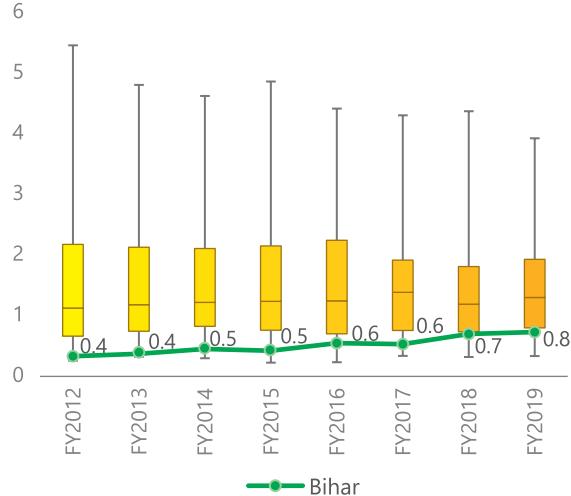
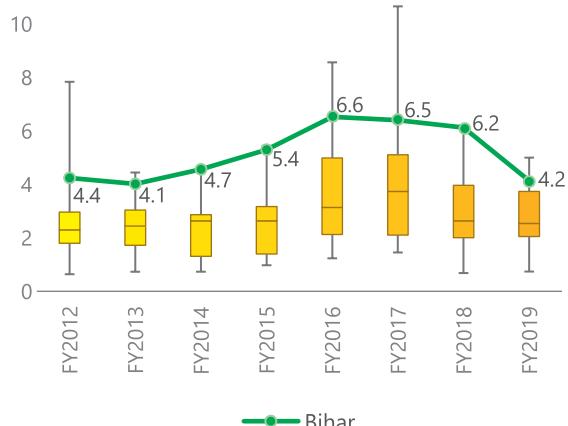


BH-4.B: Fiscal Deficit as % of GSDP



BH-4.C: Outstanding Debt as % of GSDP**BH-4.D: Committed Expenditure as % of Revenue Expenditure**

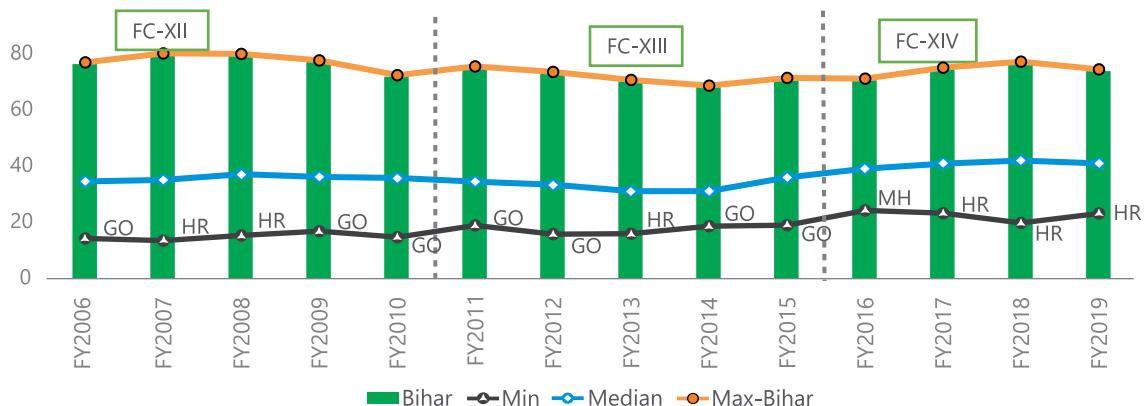
Note: Committed expenditure includes salaries, interest payments, and pensions

BH-4.E: OTR as % of GSDP**BH-4.F: NTR as % of GSDP****BH-4.G: Capital Expenditure to GSDP Ratio****BH-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	44,652	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	24.8	13.4
OTR	5.5	6.4
NTR	0.8	1.1
TE	27.8	16.1
ES	5.3	3.1
SS	11.1	5.4
GS	7.2	4.7
Committed Expenditure	8.7	5.8
Capital Expenditure	4.2	2.5
FD	2.6	2.5
RD	-1.3	0.2
OD	31.9	25.0

BH-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Bihar	14.6	14.6	11.7
GS average	13.6	13.1	10.3

BH-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- Only 17 of the 29 functions of the Eleventh Schedule of the Constitution were devolved to PRIs.
- However, 17 of 18 functions of the Twelfth Schedule of the Constitution (barring Fire Services) were devolved to ULBs.

Auditing Status

- Accounts of both PRIs and ULBs were audited till 2017–18.

Property Tax Board

- The State has set up the PTB recommended by the FC-XIII.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
15	15	16	20

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2015–16 to 2019–20)

- According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, Bihar has constituted its Sixth SFC.
- Key recommendations of Fifth SFC under implementation are as follows:
 - Divisible pool be 8.5% of State's net OTR for the period 2015–16 to 2019–20.
 - The rural–urban ratio of local body grants be 70:30.
 - PRIs to spend on water supply, sanitation, Smart Panchayat, e-governance, and Panchayat Sarkar Bhawan.

Debt and Losses

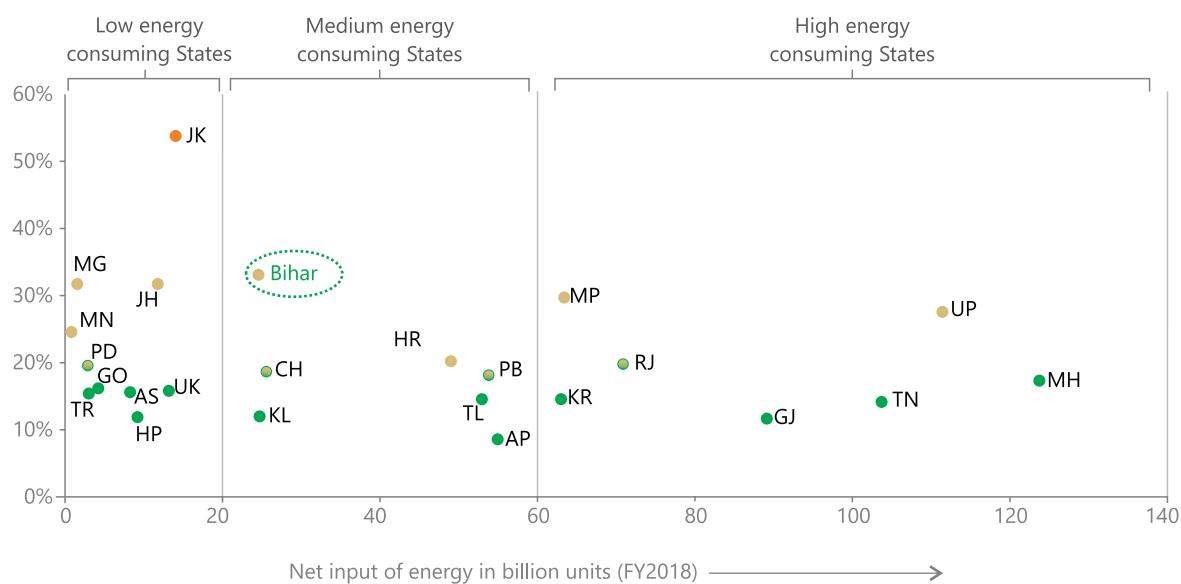
- ▲ The State has taken over outstanding DISCOM debt under UDAY to the tune of Rs 2,331.79 crore during 2016–17.
- ▲ As on 31 March 2019, the total borrowings by DISCOMs at Rs 5,052 crore (amounting to 1.1% of the total DISCOM borrowing of all States) include borrowing of Rs 386 crore from the State Government.
- ▲ While the State achieved its target for ACS–ARR gap, the target for AT&C losses was not achieved in 2018–19.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	30.94	21.0
ACS–ARR Gap (Rs per unit)	0.39	0.41

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

BH-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Bihar recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Income Distance as equalisation criterion	50.0
ii)	Population (2011)	17.5
iii)	Deprived households according to the Index of Household Deprivation computed from the Socio-Economic Caste Census (SECC)	10.0
iv)	Population density (as a measure of the stress on social and physical infrastructure.)	10.0
v)	Incremental green cover	7.5
vi)	Fiscal efficiency based on 'comprehensive' index of efficiency	5.0

Fiscal Indicators

- ▲ Bihar has been a revenue surplus State with enough fiscal space for capital expenditure.
- ▲ Though capital expenditure by Bihar has improved in recent years both as a percentage of total expenditure as well as GSDP, these ratios have deteriorated in 2018–19.
- ▲ However, it has recently exhibited a rise in the Debt–GSDP ratio from 27.1% in 2012–13 to 31.9% in 2018–19.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2006, and amended it in 2009, 2010, and 2016.
- ▲ It has not set FRBM targets since 2015–16.
- ▲ It deviated from the FD–GSDP target in 2015–16 and 2016–17, but returned to it in 2017–18.
- ▲ According to the debt path prescribed by the FC-XV, the State has to reach a reasonable Debt–GSDP target by 2025–26 aligned with the national target.
- ▲ Hence, the State needs a credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	46.4	44.6	43	41.6	Not Set	Not Set	Not Set
Actually achieved	27.4	27.1	27.4	28.9	31.4	32.9	33.4
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	2.4	2.3	2.6	3.2	3.2	3.9	3.0

Source: Government of Bihar

Education of the Girl Child

- According to the State Government Memorandum, Bihar has pioneered the provisioning of free bicycles to girls who continue secondary education.
- It has opened more secondary schools at the Panchayat level.
- Secondary school enrolment of girls has increased by 30% through this initiative.
- Between 2005–06 and 2015–16, the proportion of women to have completed at least 10 years of schooling also increased from 13.2% as per NHFS-3 to 22.8% in NFHS-4.

Reservation for Women

- The Bihar Panchayati Raj Act, 2006, provides for reservation of 50% of Gram Panchayat seats for women and backward communities.
- In 2016, the State also reserved 35% seats for women in government jobs.

Tourism

- Attracting 3.5% of all foreign tourist visits to various Indian States in 2019, Bihar ranked 9th among States, according to *India Tourism Statistics at a Glance 2020*.¹
- Bihar has pilgrimages of all major religions of India—Hinduism, Buddhism, Jainism, Sikhism, and Islam.
- The rich cultural heritage of Bihar is evident from the innumerable ancient monuments dotting the State.
- The State needs to protect, conserve, restore, and develop these centres of artistic excellence for boosting tourism.

Improving Quality of Expenditure to Save Resources

- According to the State's AG, Bihar needs to arrest wasteful expenditure and losses by improving the performance of critical sectors like power.
- This combined with less than satisfactory performance in the key barometers of UDAY presents cause of concern.
- If the State can do better with regard to spends on power, it may gainfully deploy the resources freed up in critical social sectors and capital assets.

Parameters	Target period as per MoU	Target		Achievement (2017–18)	
		NBPDCL ^a	SBPDCL ^b	NBPDCL	SBPDCL
Financial					
Reduction of Aggregate Transmission & Commercial Loss (%)	2016–17	<34	<38	32.9 (achieved)	42.8 (not achieved)
	2017–18	<28	<30	34.3 (not achieved)	38.4 (not achieved)
Billing Efficiency (%)	2016–17	>72	>66	70.7 (not achieved)	60.4 (not achieved)
	2017–18	>76	>70	76.0 (not achieved)	71.6 (achieved)
Collection Efficiency (%)	2016–17	>92	>94	95.4 (achieved)	88.9 (not achieved)
	2017–18	>95	100	86.5 (not achieved)	86.1 (not achieved)

Parameters	Target period as per MoU	Target		Achievement (2017–18)	
		NBPDCL ^a	SBPDCL ^b	NBPDCL	SBPDCL
Operational					
Feeder Metering (Rural) (nos.)	30 June 2016	650	240	310 (not achieved)	332 (achieved)
Electricity Access to Un-connected Households (nos.)	2019–20	46.66 lakh	39.14 lakh	23.8 lakh (not achieved)	28.1 lakh (not achieved)

^a North Bihar Power Distribution Company Limited | ^b South Bihar Power Distribution Company Limited.

Source: AG, Bihar, Presentation to FC-XV.

Social Indicators

- ▲ All health and education indicators are adverse as compared to national average (see BH-2.D).
- ▲ Bihar's per capita spending on education and health is below that of the class average of States with comparable per capita incomes (see table below).
- ▲ There is a definite need to channelise more funds into these sectors.

Per Capita Revenue Expenditure in 2018–19 (Rs)

State	Health	Education
Bihar	520	2,267
Jharkhand	840	2,093
Madhya Pradesh	798	3,161
Odisha	1,166	3,624
Uttar Pradesh	707	2,113

Health Infrastructure

- ▲ The State needs to improve basic health capacities.
- ▲ Availability of doctors, nurses, pharmacists, health centres, and hospital beds are all below average (see BH-3.A to 3.D).

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 50 (as compared to the national average of 60) and ranks 28th (lowest) among the Indian States.
- ▲ However, it has shown good progress in SDG–10 (Reduced Inequality) and needs to keep up its momentum.
- ▲ It needs to focus on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Well Being, SDG–4 Quality Education, SDG–5 Gender Equality, SDG–12 Sustainable Consumption and Production, and SDG–13 Climate Action.
- ▲ It is required to re-orient its investments and closely monitor the outcomes.

Public Sector Undertakings²

- ▲ It is disturbing to note that 65 out of 74 SPSUs had arrears in accounts, some from as far back as 1977–78.
- ▲ This issue needs priority attention with a definite time bound plan to audit them all.

- ▲ As on 31 March 2017, the State Government provided capital and long-term loans of Rs 53,892 crore for 74 SPSUs.
- ▲ Of this, Rs 39,492 crore was invested in power SPSUs during the last five years (after the State Electricity Board was unbundled into five companies in 2012).
- ▲ Bihar has not completed the division of assets and liabilities of seven SPSUs between Bihar and Jharkhand even after two decades since the reorganisation of the States.
- ▲ Given the outstanding liabilities, substantial budgetary support to SPSUs, and huge arrears in accounts, the State needs to be cautious about contingent liabilities, which could impose additional fiscal burden.
- ▲ A time bound programme of restructuring the SPSUs should be adopted to tackle the major hurdles in their performance.

Digitisation of Land Records

- ▲ According to information available from Digital India Land Records Modernisation Programme, Bihar is yet to accomplish the completion and integration of land records with property registration, updation of Record of Rights (RoR) and its integration with cadastral maps.
- ▲ Without digitisation of land records, the State cannot attract private investment.

Local Bodies

- ▲ According to the State Government Memorandum, the total funds devolved and transferred to RLBs during 2011–2016, Rs 8,175 crore (38%) remained unutilised.
- ▲ Of the total funds devolved and transferred to ULBs during 2011–2016, Rs 4,637 crore (38.6%) remained unutilised.
- ▲ The 28 ULBs in Bihar utilised less than 40% of the available funds in the recent years. This indicates the weak administrative capacity of local bodies in resource utilisation.³
- ▲ This indicates the weak administrative capacity of the local bodies. The State, therefore, needs to focus on easing capacity constraints and meeting human resource requirements of local bodies in the next five years.
- ▲ The State needs to effectively devolve taxation powers like professional tax, land holdings, levy tolls, and user fees to local bodies for their effective empowerment. As per Bihar Panchayati Raj Act 2006, the PRIs may impose taxes on holdings, professions and levy tolls and fees. However, it appears that PRIs are not yet authorised to raise these revenues nor has the State government notified any rates of taxes, fees, etc.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Strengthening Administrative Machinery

- ▲ While the Government of Bihar did not share the number of employees on its rolls with the FC-XV, the Labour Bureau's Annual Report on Employment and Unemployment Survey (2015) indicated that the Government of Bihar employs less staff members per lakh population than States like Kerala and Tamil Nadu.
- ▲ There is a need to strengthen administrative systems and effective service delivery.

Reform Cohort of the State

- For the purpose of analysis, the States have been grouped on the basis of per capita income. Bihar is part of the group which includes UP, Jharkhand, MP, and Odisha.

Reform Signposts

- TGR of TRE of Bihar was 14.6% from 2011 to 2019 against an ORR TGR of 11.7% for the same period. This is unsustainable for the State fiscally.
- Bihar has not been successful in mobilising other sources of revenue (barring excise) like electricity duty. Odisha on the other hand, sources 10.7% of its OTR (in 2018–19) through a special electricity duty on captive power plants in exchange for a commitment to spend the revenue so generated as capital investment in the power sector. Such streams of revenue should be explored by all such mineral producing States, including Bihar.
- A snapshot of various components of ORR of Bihar vis-à-vis other States in its class is presented below:

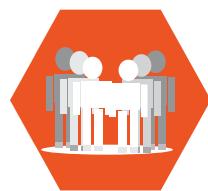
States	As percentage of GSDP (2018–19)					As percentage of OTR (2018–19)				
	VAT/ GST	Stamp Duty	Excise	Electricity Duty	Others	VAT/ GST	Stamp Duty	Excise	Electricity Duty	Others
Bihar	4.1	0.8	0.0	0.1	0.6	74.4	14.2	0.0	0.9	10.5
Jharkhand	3.9	0.2	0.4	0.1	0.4	79.1	3.1	7.3	1.4	9.0
Madhya Pradesh	3.5	0.7	1.2	0.3	0.6	55.9	10.4	18.7	5.1	9.9
Odisha	3.9	0.3	0.8	0.7	0.5	63.5	4.1	12.9	10.7	8.7
Uttar Pradesh	4.2	0.9	1.4	0.2	0.5	58.2	13.1	19.9	2.5	6.3
Average	3.9	0.7	1.0	0.2	0.5	61.6	10.9	15.7	3.8	8.0
All States	4.1	0.7	0.8	0.2	0.5	65.8	10.4	12.4	3.5	7.7

- With 74.6% of Bihar's TRR in 2018–19 coming from the Government of India, the obligation of the State to reform its resource base and improve its ORR several-fold is high.
- Bihar lags behind in social indicators not only vis-à-vis national performance but also when compared to other States in its class.
- It needs to spend more on social sector and with greater efficiency to ensure best outcomes in the shortest possible time.**
- Accordingly, the State may prepare a roadmap with annual targets and earmarked financial allocations during the five-year award period of FC-XV.**
- Thus, FC-XV recommends that Bihar comprehensively consider these issues along with fiscal reforms to ensure sustainable streams of improved resources.
- Investments in durable capital infrastructure should be suitably matched with investments in critical social sectors to bring Bihar's social and economic indicators close to the national average in the next five years.
- Bihar needs to arrest wasteful expenditure and losses by improving the performance of critical sectors like power.**

Notes

- 1 CAG (2018), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2017*, Report No.1 of the year 2018, Government of Bihar.
- 2 GOI (2020), *India Tourism Statistics at a Glance - 2020*, Ministry of Tourism, Government of India.
- 3 CAG (2017), *Report of the Comptroller and Auditor General of India on Local Bodies for the year ended 31 March 2016*, Report No.4 2017, Government of Bihar.

CH-1.A: Overview



POPULATION
25.6 million
2.2%
Of population across all States



AREA
1,35,192 sq km
4.1%
Of area across all States



FOREST COVER
55,611 sq km
41.1%
Of the State's own area is under forest



0.1%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,05,424
Rs 1,40,422

Average across all States



TAX TO GSDP
7.1%
6.3%

Average across all States



CHILDREN PER WOMAN
2.2
2.2

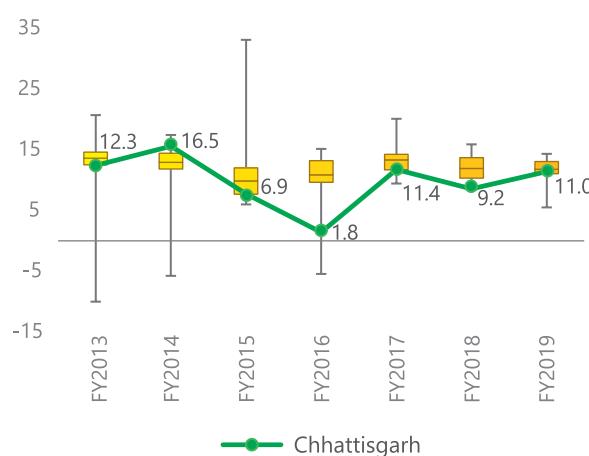
Average across all States



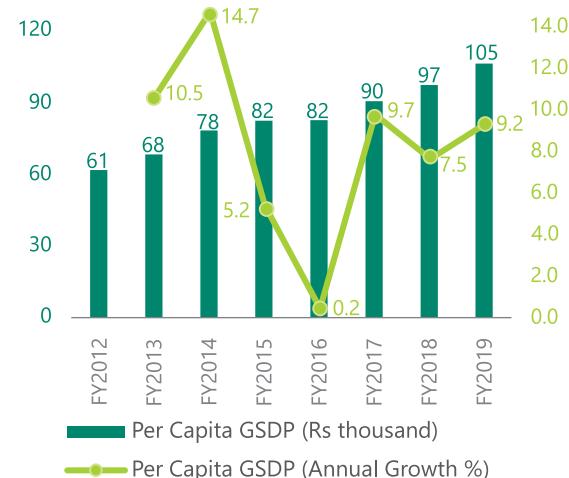
URBANISATION RATE
23.2%
31.1%

All India average

CH-1.B: Growth rate of GSDP (at current prices, %)



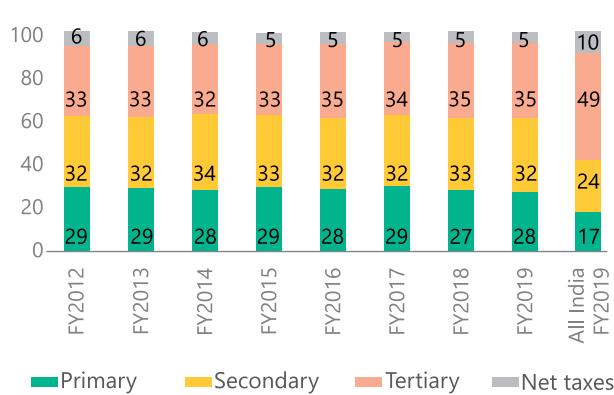
CH-1.C: Per capita GSDP (at current prices)



CH-1.D: GSDP Current, 2011–12 series (Rs crore)

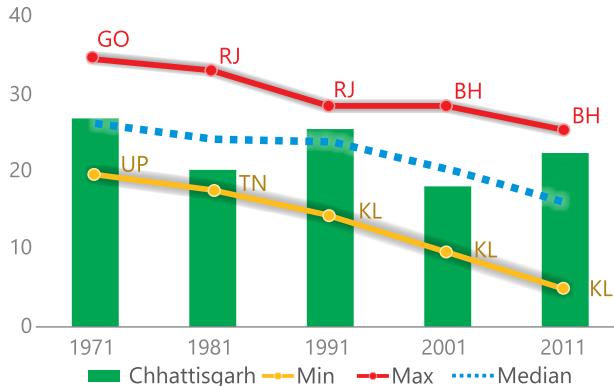
	State	All GS	Share (%) of State in GS
2011–12	1,58,074	77,44,945	2.0
2012–13	1,77,511	88,27,195	2.0
2013–14	2,06,833	1,00,07,392	2.1
2014–15	2,21,118	1,09,93,257	2.0
2015–16	2,25,163	1,21,91,256	1.9
2016–17	2,50,882	1,37,80,737	1.8
2017–18	2,74,042	1,54,20,126	1.8
2018–19	3,04,063	1,72,83,813	1.8

CH-1.E: Sectoral Contribution to GSDP (at current prices, %)

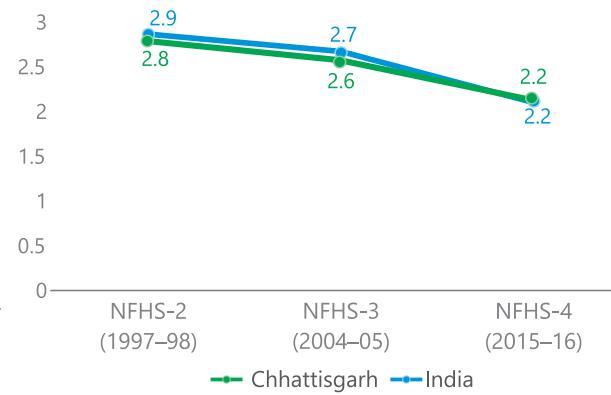


FC-XV VOLUME IV, THE STATES

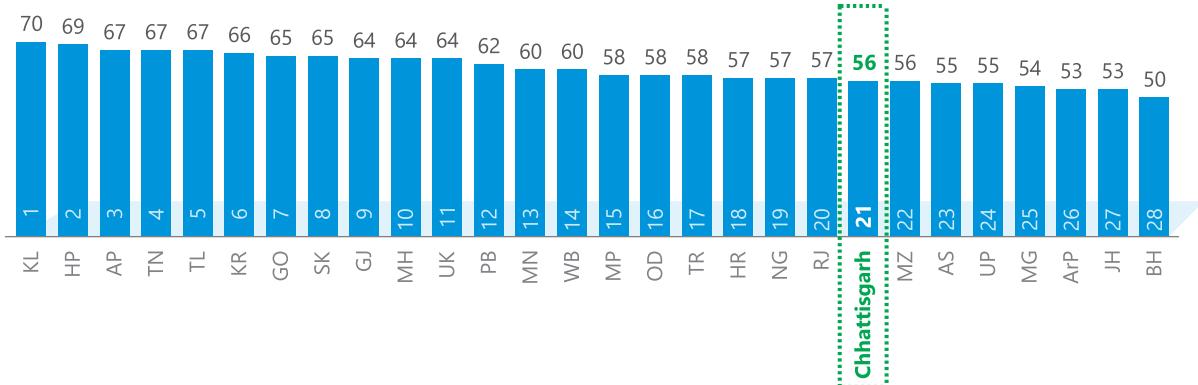
CH-2.A: Decadal Growth in Population (%)



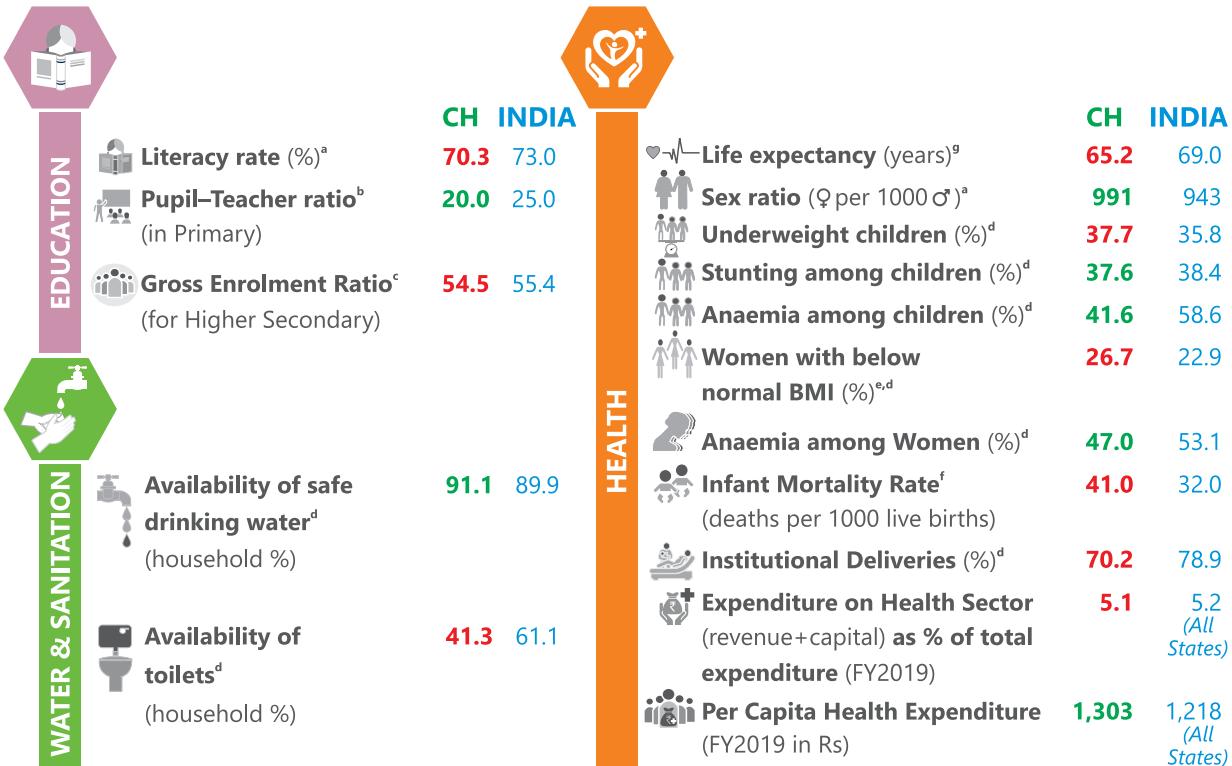
CH-2.B: Total Fertility Rate (children per woman)



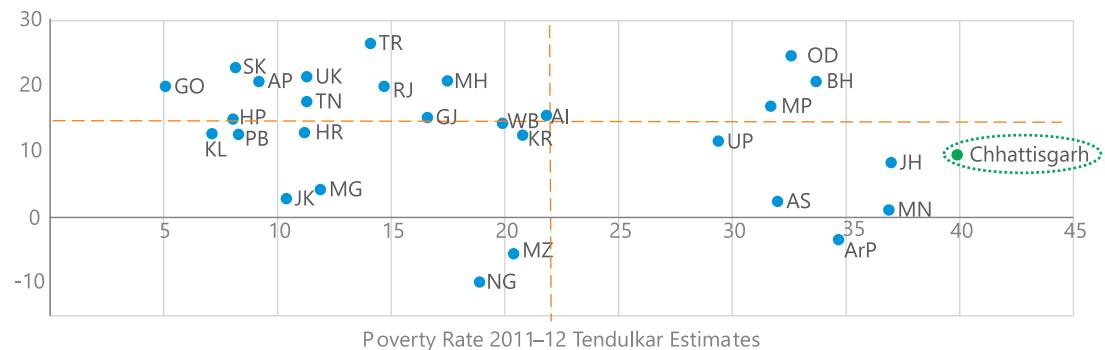
CH-2.C: SDG Index of NITI Aayog (2019)



CH-2.D: Key Social Indicators

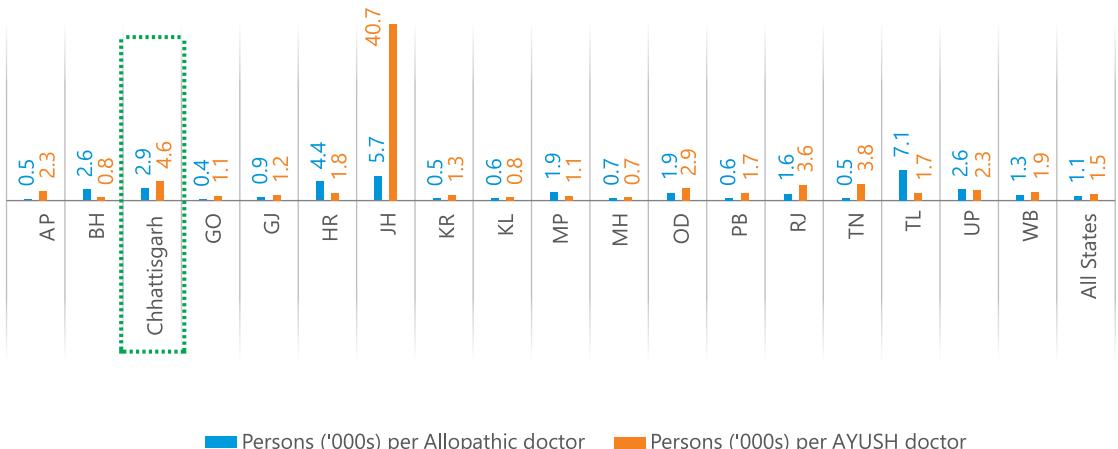
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

CH-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

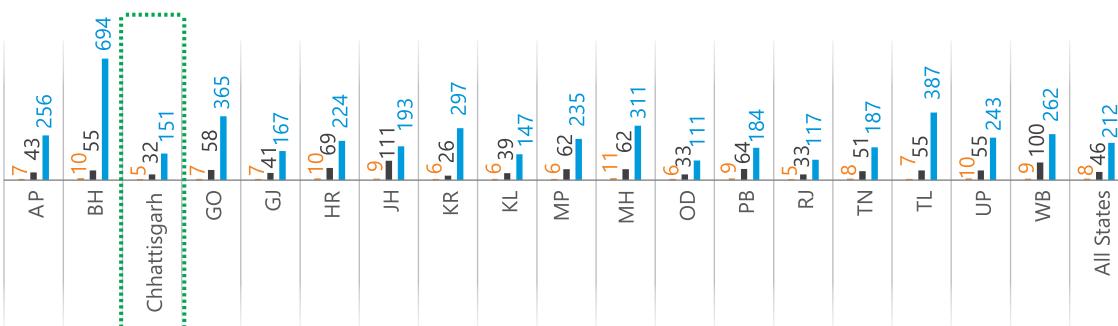
CH-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

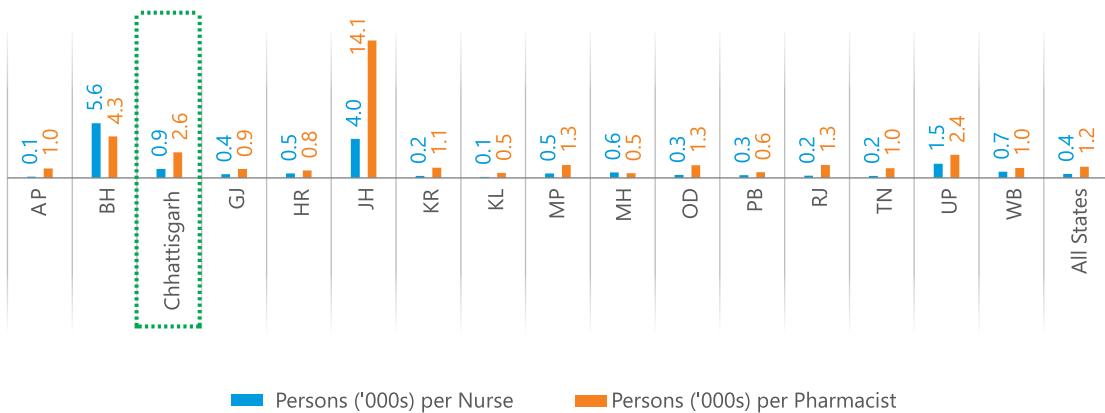
CH-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

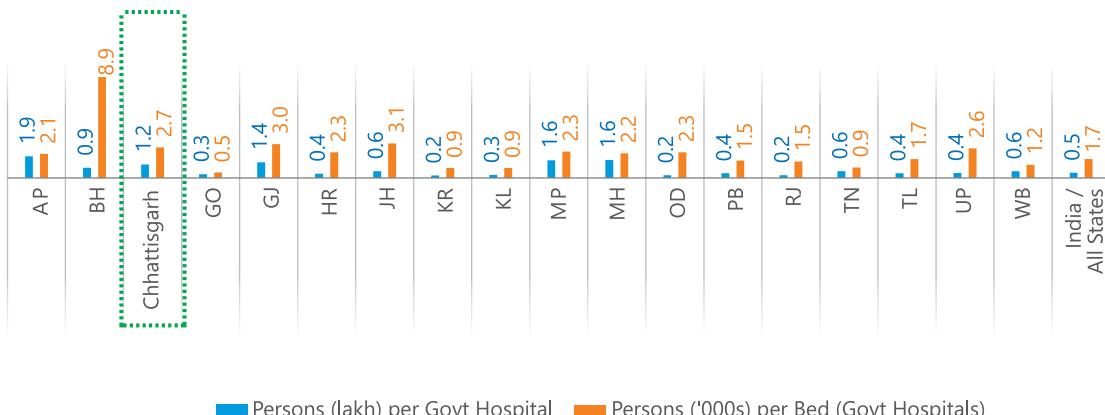
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

CH-3.C: Persons ('000s) per Nurse/ Pharmacist



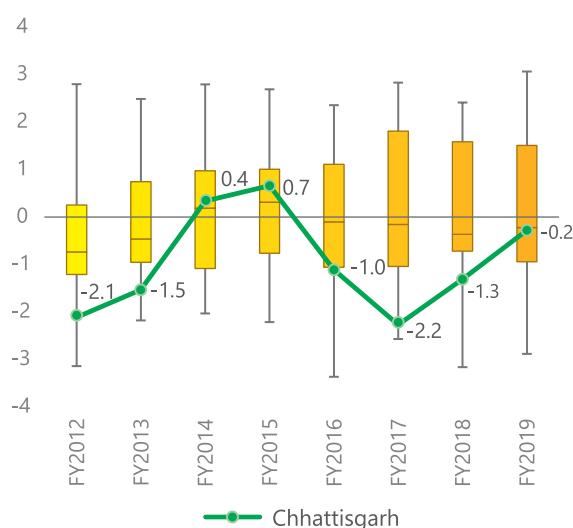
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

CH-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

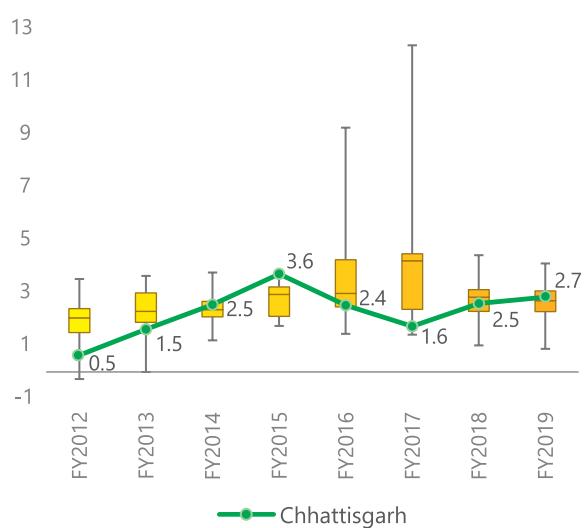


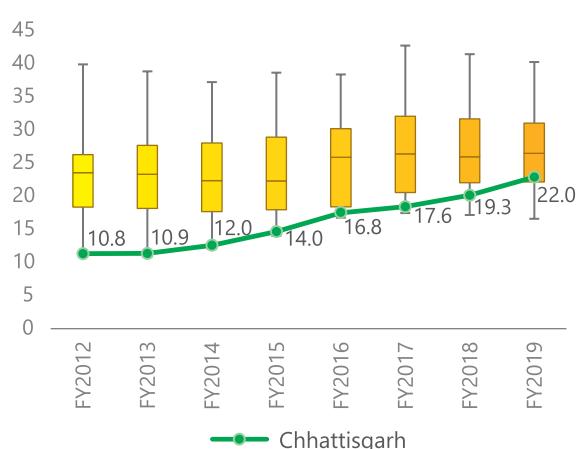
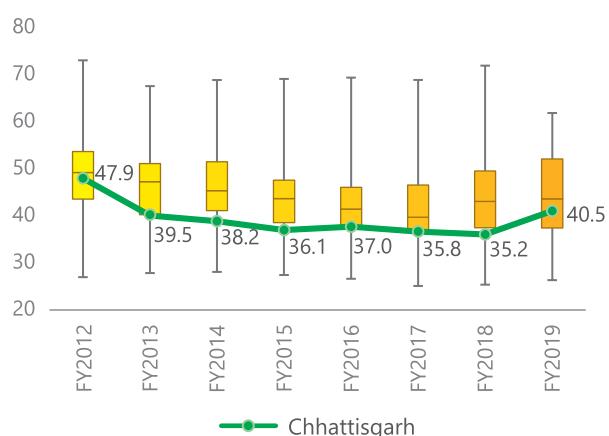
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

CH-4.A: Revenue Deficit as % of GSDP

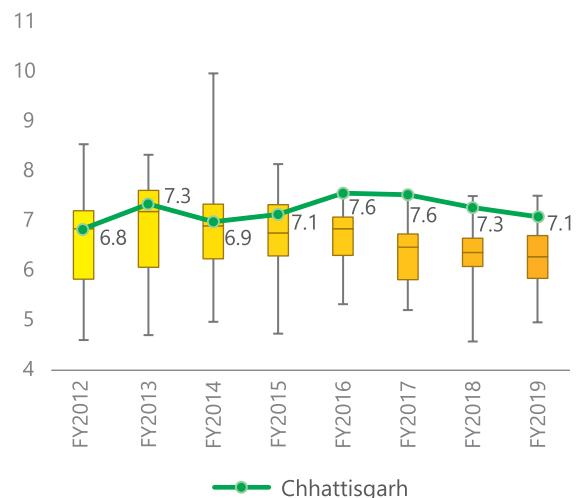
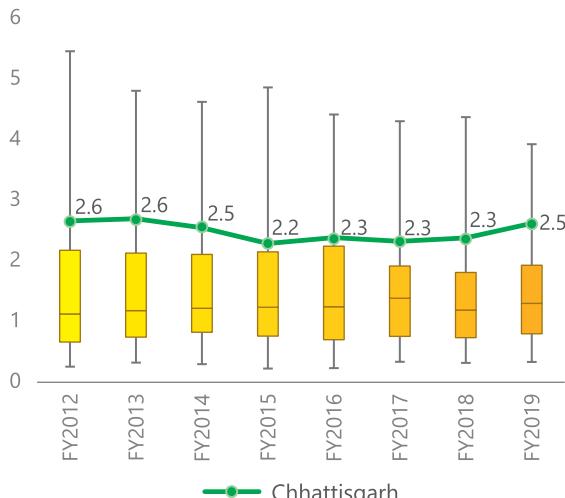
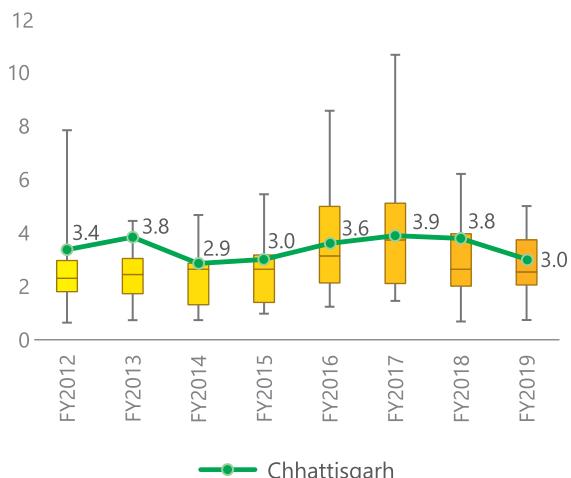


CH-4.B: Fiscal Deficit as % of GSDP



CH-4.C: Outstanding Debt as % of GSDP**CH-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

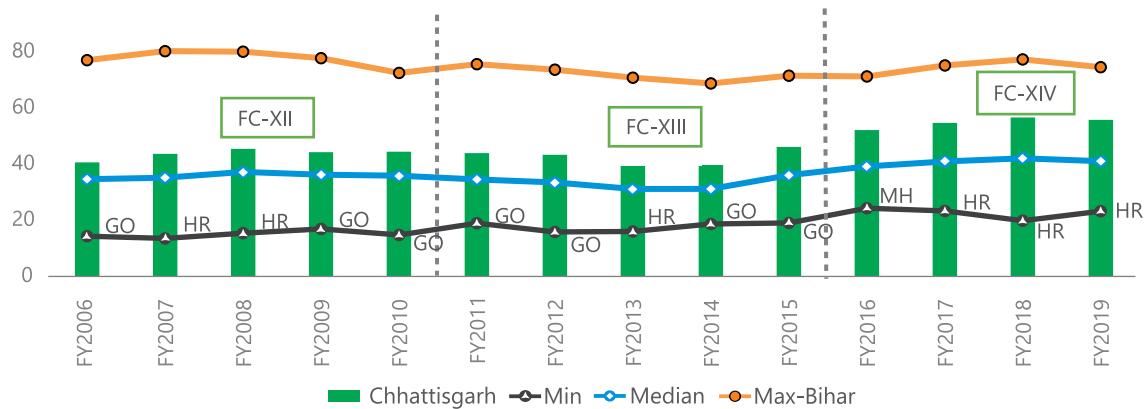
CH-4.E: OTR as % of GSDP**CH-4.F: NTR as % of GSDP****CH-4.G: Capital Expenditure to GSDP Ratio****CH-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,05,424	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	21.4	13.4
OTR	7.1	6.4
NTR	2.5	1.1
TE	24.2	16.1
ES	8.2	3.1
SS	7.9	5.4
GS	4.9	4.7
Committed Expenditure	8.6	5.8
Capital Expenditure	3.0	2.5
FD	2.7	2.5
RD	-0.2	0.2
OD	22.0	25.0

CH-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Chhattisgarh	15.7	15.0	9.4
GS average	13.6	13.1	10.3

CH-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All 29 functions envisaged in the Eleventh Schedule of the Constitution have been devolved to RLBs.
- ▲ Of 18 functions envisaged in the Twelfth Schedule of the Constitution, 15 have been devolved to ULBs.

Auditing Status

- ▲ Accounts of RLBs and ULBs have been audited up to 2016–17.

Property Tax Board

- ▲ The State Government is yet to set up PTB despite the recommendation from FC-XIII.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	8	16	16

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Second SFC (2012–2017)

- ▲ Second SFC recommended that 8% of net tax revenues of the State be devolved to local bodies.
- ▲ The share of RLBs in the divisible pool was recommended to be 6.2% and that of ULBs 1.9%.
- ▲ The State Government accepted the recommendations related to devolution.

Third SFC (2017–2022)

- ▲ Third SFC constituted in 2016 submitted its report in September 2018. However, the ATR is yet to be presented in the Assembly.
- ▲ The State Government did not share information on the norms of resource devolution being followed currently.
- ▲ The State Government is not strictly complying with the relevant constitutional provisions regarding SFCs and the timely implementation of recommendations.

Debt and Losses

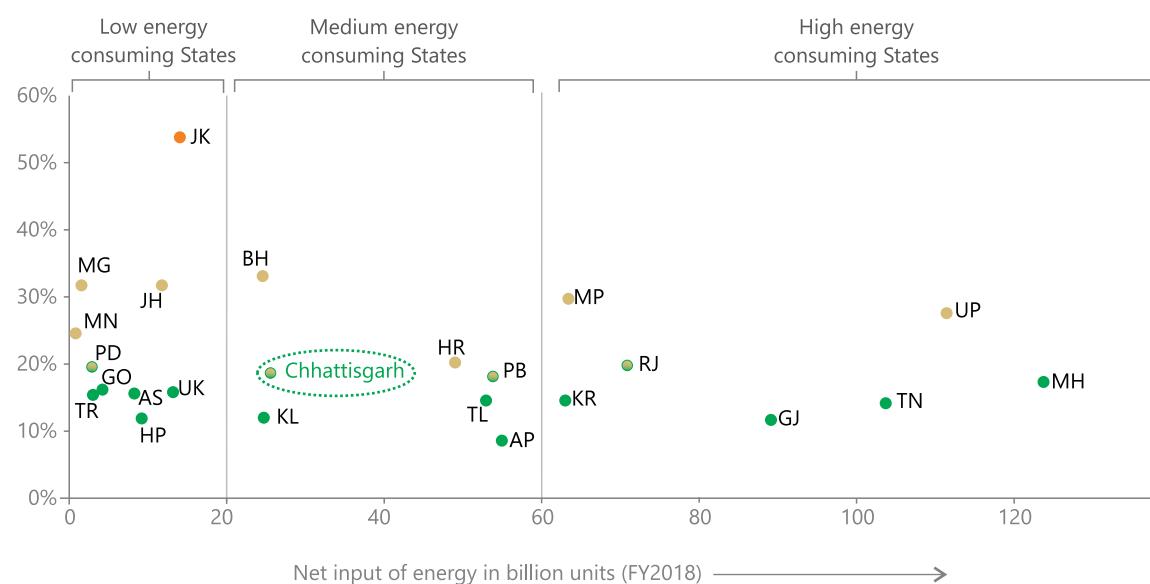
- ▲ Total borrowings of DISCOMs as on 31 March 2019 are Rs 4,167 crore of which State Government borrowing is Rs 86 crore.
- ▲ Robust systemic reforms are required to ensure that the power subsidy reaches the intended beneficiary without leakage.
- ▲ The State needs to improve performance on UDAY barometers to avoid fiscal risk.
- ▲ The State could not achieve the UDAY targets of either AT&C losses or ACS–ARR gap in 2018–19.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	27.3	15.0
ACS–ARR Gap (Rs per unit)	0.4	–0.5

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

CH-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- Chhattisgarh proposed that the State share in the divisible pool be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Weights (%)
i)	Income Distance	35
ii)	Deprived Households (as per SECC 2011)	15
iii)	Area	15
iv)	Population	15
v)	Forest Cover	10
vi)	Contribution of Mining to National GSVA	10

Fiscal Discipline

- Fiscal discipline pursued by the Government of Chhattisgarh led to a decline in FD–GSDP ratio from 3.6% in 2014–15 to 2.7% in 2018–19.
- Chhattisgarh achieved lowest Debt–GSDP ratio (across all States) at 16.8% in 2015–16, rising to 22.0% in 2018–19.

FRBM Compliance

- The State enacted the FRBM Act in 2005 and amended it in 2011 and 2016.
- The State, more or less, adhered to all FRBM targets between 2011–12 and 2014–15 barring FD–GSDP ratio in 2014–15.
- However, during the period 2015–16 to 2017–18, the Debt–GSDP ratio was above the target.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	22.5	23	23.5	23.9	13.7(*)	15.5(*)	17.1(*)
Actually achieved	10.8	10.9	12.0	14.0	16.8	17.6	22.0
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.5(*)	3.5(*)	3.5(*)
Actually achieved	0.5	1.5	2.4	3.6	2.4	1.6	2.5

* Based on the recommendations of FC-XIV as mentioned in the State's FRBM Amendment Act, 2016. The State Government did not provide targets fixed under the FRBM Act.

Source: Government of Chhattisgarh

Public Distribution System

- Chhattisgarh is hailed for a model PDS.
- It has made optimal use of information and communication technology to plug the leakages

and inefficiency in the distribution of ration to the public.

- ▲ The State should continue to undertake measures to strengthen the gains achieved in the functioning of the PDS.

District Mineral Foundation

- ▲ Government of Chhattisgarh received Rs 4,246.62 crore under DMF across all 27 districts (status as on June 2019).
- ▲ These funds should be utilised for the prescribed purposes within the fiscal year of disbursement.
- ▲ If they lie idle in fixed deposits it indicates that substantial fiscal space, though indirectly available, is underutilised.
- ▲ The State Government should put a mechanism in place to ensure their expeditious utilisation within the fiscal year.

Forests and Tourism

- ▲ Around 41% of Chhattisgarh is under forests.
- ▲ The State needs to devise strategies to promote eco-tourism, thereby generating greater resources from this sector.

Minimum Support Price Scheme for Minor Forest Produce

- ▲ The Ministry of Tribal Affairs, Government of India had introduced an MSP scheme for MFP in 2013–14 to support Scheduled Tribes and other forest dwellers.
- ▲ However, the scheme remained a non-starter, due to an ineffective procurement mechanism.
- ▲ Therefore, the State Government should use electronic platforms and other existing programmes such as e-NAM to create a robust procurement mechanism and implement the scheme.

Building Up of Fiscal Pressure

- ▲ Although the Debt–GSDP ratio at 16.8% in 2015–16 was lowest among all States, it was still an increase from 10.8% in 2011–12, indicating a gradual building up of pressure.
- ▲ In 2018–19, the State resorted to additional borrowings of 0.49% over the 3% limit on FD–GSDP ratio under Article 293(3) of the Constitution.¹

Low Agricultural Productivity

- ▲ Despite being counted among “the rice bowls of India”, the yield of paddy in Chhattisgarh was only 31.88 quintal per hectare (ha) in 2015–16 (compared to the national average of 37.90 quintal per ha).²
- ▲ Government of Chhattisgarh offered a bonus of Rs 750 to paddy farmers over and above the MSP of Rs 1,750 per quintal (2018–19) to incentivise farmers. It should back this up with facilitation of modern agricultural technology to raise paddy productivity sustainably in the long term.
- ▲ Further, the State needs to make concerted effort to raise the area under irrigation.

Education

- ▲ Literacy rate in Chhattisgarh in Census 2011 was 70.3% against all India literacy of 73%.
- ▲ According to ASER 2018, the percentage of children in Grade III who could at least do subtractions in the State was 19.3% (compared to 28.2%, all India) across government and private schools.³
- ▲ Hence, the State needs to take effective measures to improve its educational outcomes.

Health

- ▲ The State needs robust initiatives to improve key health indicators, which are inferior to the national average, such as maternal mortality of 173 per 100,000 live births (2016) as opposed to 130 all-India (for others, see CH-2.D).
- ▲ Chhattisgarh has been facing severe shortage of healthcare professionals with:⁴
 - » 595 vacancies (91.2%) of specialists in CHCs against the sanctioned strength of 652,
 - » 434 vacancies (54.7%) of doctors in PHCs against the sanctioned strength of 793.
- ▲ To tackle the situation, the State may explore Maharashtra's model of recognising diplomas from the College of Physicians and Surgeons to convert MBBS doctors into specialists, in order to meet the demand in remote and tribal areas.
- ▲ Besides, telemedicine could be used to fill the gap in the availability of health services in such areas.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranks 21st among the Indian States.
- ▲ The State is a front-runner in SDG-5 Gender Equality, SDG-6 Clean Water and Sanitation, SDG-11 Sustainable Cities and Communities, and SDG-15 Life on Land.
- ▲ The State needs to improve on SDG-1 No Poverty, SDG-2 Zero Hunger, SDG-3 Good Health and Well-being, SDG-7 Affordable and Clean Energy, SDG-8 Decent Work and Economic Growth.

Backwardness

- ▲ Of the 27 districts of Chhattisgarh, 10 are recognised as aspirational.
- ▲ Further, the State had the highest poverty rate (39.9%) amongst all States in 2011–12 (as per Tendulkar methodology).
- ▲ The State Government needs to formulate a holistic strategy to come out of the low-income trap and improve social outcomes.
- ▲ In addition, the State may like to target the development of the bottom 20% blocks as aspirational blocks, on the lines of aspirational districts monitored by NITI Aayog.

Left Wing Extremism

- ▲ Of the 27 districts of the State, 14 are LWE affected.⁵
- ▲ Moreover, 8 of the 10 aspirational districts feature among the worst 35 LWE-affected districts of the country, creating serious obstacles in their development path.
- ▲ A concerted and coordinated approach involving the Central Government and neighbouring States is very critical for resolving the situation.

Piped Water Supply

- ▲ Only 9% of rural households in Chhattisgarh have PWS connections (less than half the national average of 18.3%).
- ▲ The State needs to invest resources into cost-effective and innovative approaches such as rain water harvesting and end-to-end value chain management of drinking water.

Large Vulnerable Population

- ▲ Scheduled Tribes (STs) have poorer socioeconomic indicators than not just the general population of India but also many other vulnerable population groups.

- ▲ STs constitute more than 30% of the population of Chhattisgarh (highest among GS), indicating large developmental gaps that the State Government is tasked with bridging.

Power Sector

- ▲ The DISCOM has not been able to achieve targeted reduction in AT&C losses between 2016 and 2019. Hence, effective measures are needed to reduce AT&C losses on priority basis.
- ▲ The DISCOM needs to substantially improve performance on UDAY barometers such as DT Metering (Urban) (5% progress), DT Metering (Rural) (7% progress), feeder segregation (13% progress), smart metering (0% progress), and ACS-ARR gap (0% progress).⁶

Local Bodies

- ▲ Measures need to be taken to devolve the remaining 3 of the 18 functions to ULBs.
- ▲ The Third SFC constituted in 2016 submitted its Report in September, 2018. However, the ATR is yet to be laid in the Legislative Assembly.
- ▲ The State is yet to set up the PTB despite the recommendations of FC-XIII.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings⁷

- ▲ As on 31 December 2018, nine working PSUs in the State had arrears across 15 accounts ranging from 1 to 4 years. Additionally, an account of a non-working PSU was also in arrears.
- ▲ The State Government provided Rs 2,597.3 crore (Rs 302.4 crore as grant and Rs 2,294.9 crore as subsidy) for five of the 10 State PSUs, whose books of accounts were yet to be finalised as on 31 December 2018.
- ▲ The profit of Rs 120.8 crore in the year 2015–16 from 13 functional PSUs decreased to Rs 93.9 crore in 2017–18. Ten of these earned an aggregate profit of Rs 94.3 crore while three PSUs incurred losses. Eight of them enjoying monopolistic advantage, assured income from budgetary support, centage, commission, interest on bank deposits, etc., were responsible for 97.4% profit (Rs 91.8 crore).

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Chhattisgarh is part of the group which includes Andhra Pradesh, West Bengal, Rajasthan, and Punjab.

Reform Signposts

- ▲ The State seems to have taken significant steps in the last few years to boost revenues, particularly through reforms in Stamp Duty and Registration, Excise, and compliance. The State Government should strive to maintain the pace of reform and revenue generation even during the award period of the FC-XV.
- ▲ Chhattisgarh has been consistently investing in roads, irrigation, and water supply and sanitation besides power. This trend is healthy and would augur well in the long run.
- ▲ **Among States in the class, Chhattisgarh (minerals) and Rajasthan (oil) received the**

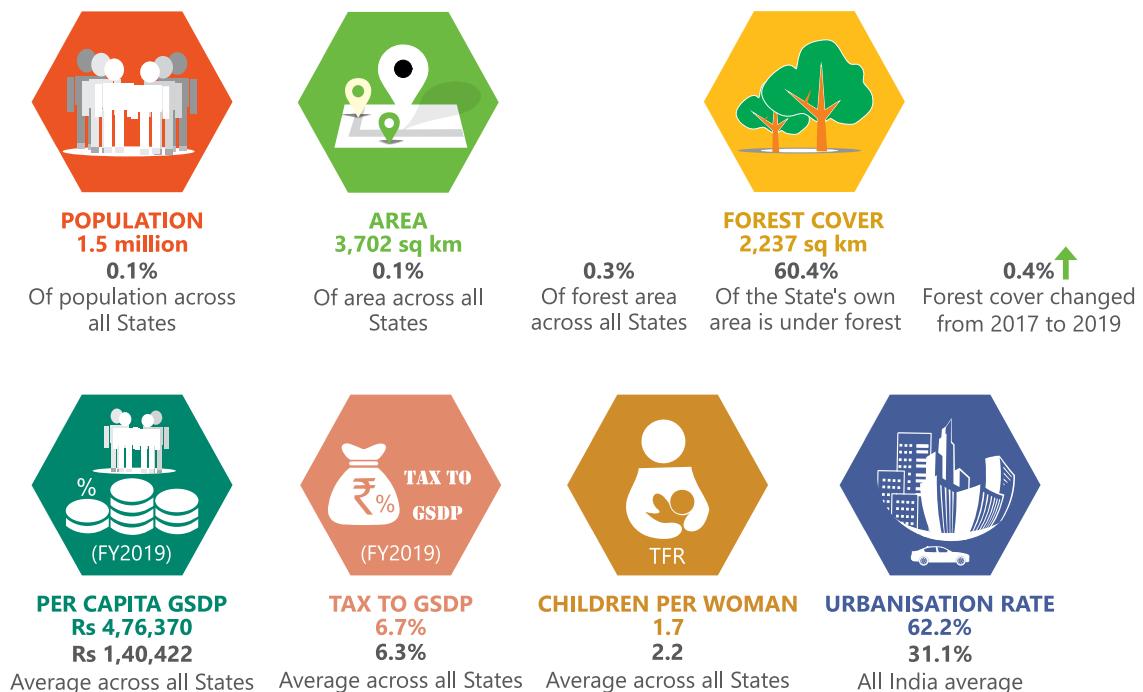
maximum income from royalties. The States should maintain the pace of progress in the future too.

- ▲ **Hailed as the State with a model PDS, the State should continue to consolidate the gains achieved in PDS.**
- ▲ **The State Government also needs to focus on making modern agricultural technology available to farmers in order to raise paddy productivity on a sustainable basis over the long term.**
- ▲ **Further, the State needs to make concerted efforts to raise its area under irrigation from 31.2% to at least the national average of 48.6%.**

Notes

- 1 Ministry of Finance, Government of India.
- 2 GOI (2018), *Agricultural Statistics, 2018*, Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India.
- 3 ASER (2018), *Annual Survey of Education Report 2018*, ASER Centre.
- 4 GOI (2018), *Rural Health Statistics 2018*, Ministry of Health and Family Welfare, Government of India.
- 5 As shared by the Ministry of Home Affairs in February 2019.
- 6 Status as on 31 March 2019 as displayed on the UDAY website.
- 7 CAG (2020), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2018*, Report No. 01 of the year 2020, Government of Chhattisgarh.

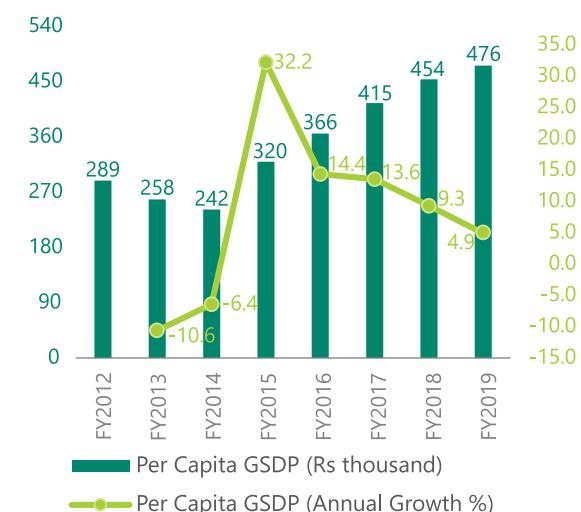
GO-1.A: Overview



GO-1.B: Growth rate of GSDP (at current prices, %)



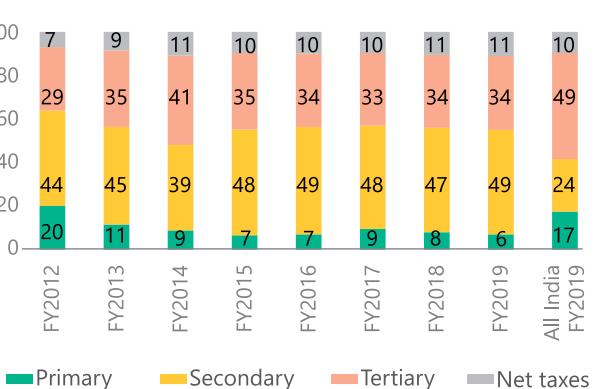
GO-1.C: Per capita GSDP (at current prices)



GO-1.D: GSDP Current, 2011–12 series (Rs crore)

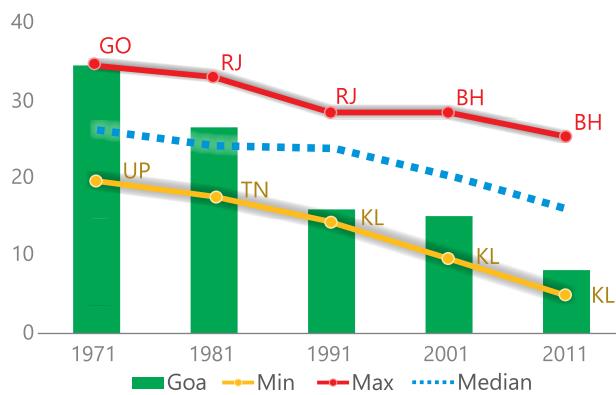
	State	All GS	Share (%) of State in GS
2011–12	42,367	77,44,945	0.6
2012–13	38,120	88,27,195	0.4
2013–14	35,921	1,00,07,392	0.4
2014–15	47,814	1,09,93,257	0.4
2015–16	55,054	1,21,91,256	0.5
2016–17	62,976	1,37,80,737	0.5
2017–18	69,352	1,54,20,126	0.5
2018–19	73,170	1,72,83,813	0.4

GO-1.E: Sectoral Contribution to GSDP (at current prices, %)

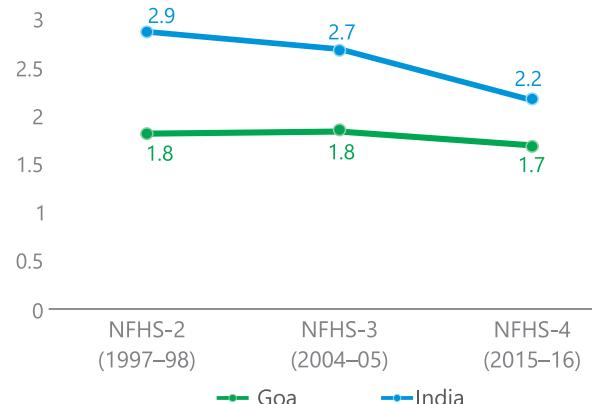


FC-XV VOLUME IV, THE STATES

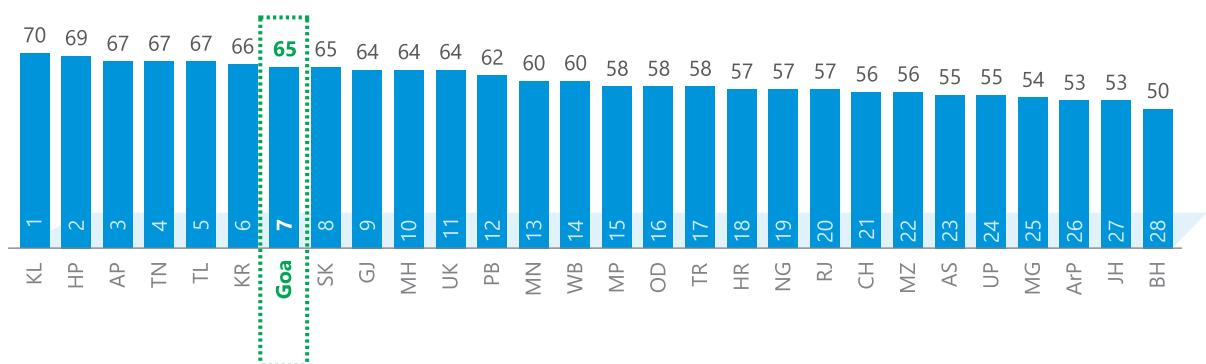
GO-2.A: Decadal Growth in Population (%)



GO-2.B: Total Fertility Rate (children per woman)



GO-2.C: SDG Index of NITI Aayog (2019)



GO-2.D: Key Social Indicators

EDUCATION	GO		INDIA		GO	INDIA	
	Literacy rate (%) ^a	88.7	Pupil-Teacher ratio ^b	19.0		Sex ratio ^a	973
	Gross Enrolment Ratio ^c	78.7	(in Primary)	25.0 <th data-kind="ghost"></th> <th>(females per 1000 males)</th> <td>943</td>		(females per 1000 males)	943
WATER & SANITATION	Availability of safe drinking water ^d	96.3	Availability of toilets ^d	89.1	Underweight children (%) ^d	23.8	35.8
	(household %)	89.9	(household %)	61.1 <th>Stunting among children (%)^d</th> <td>20.1</td> <td>38.4</td>	Stunting among children (%) ^d	20.1	38.4
				Anaemia among children (%) ^d	48.3	58.6	
				Women with below normal BMI (%) ^{e,d}	14.7	22.9	
				Anaemia among Women (%) ^d	31.3	53.1	
				Infant Mortality Rate ^f	7.0	32.0	
				Institutional Deliveries (%) ^d	96.9	78.9	
				Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)	7.2	5.2 (All States)	
				Per Capita Health Expenditure (FY2019 in Rs)	6,207	1,218 (All States)	

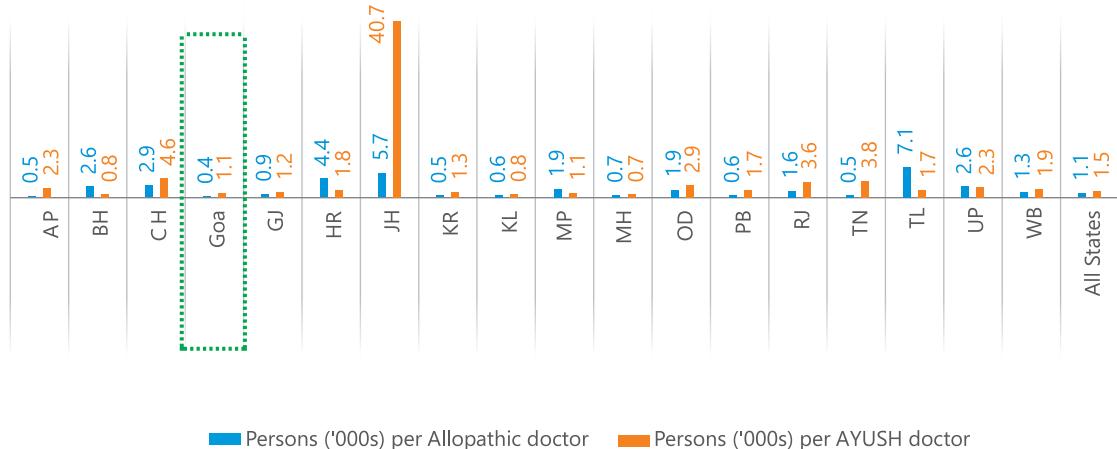
Sources: ^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 | ^e Body Mass Index | ^f SRS, 2018

GO-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

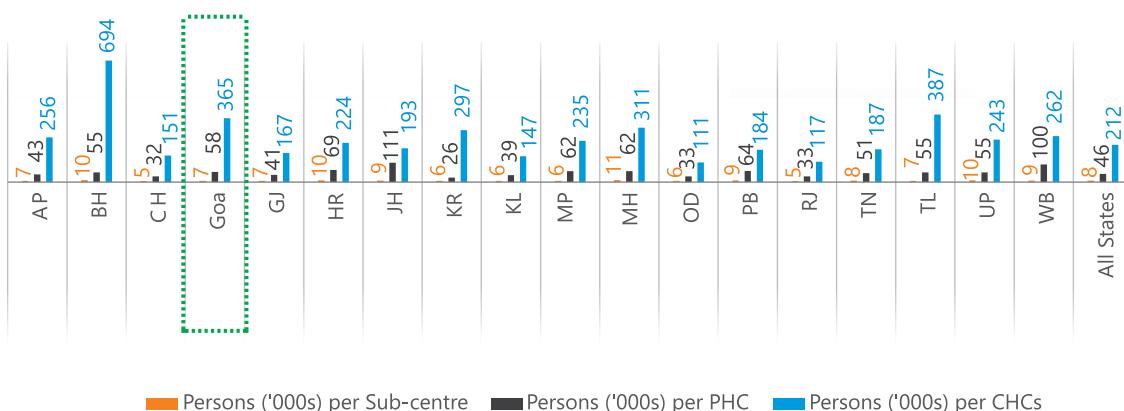
GO-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

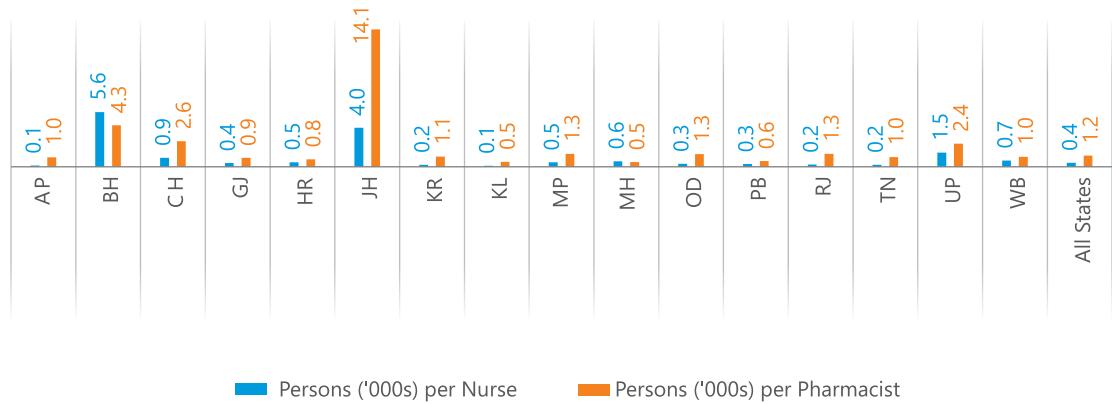
GO-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

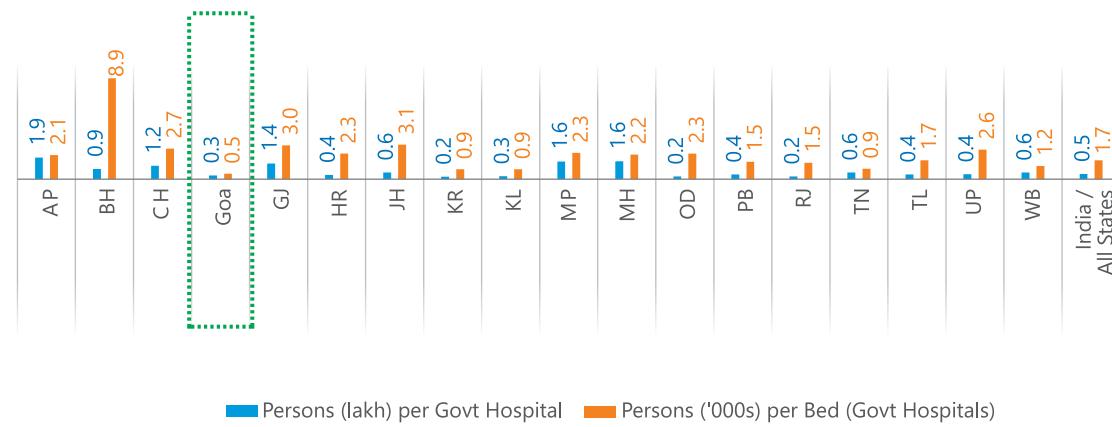
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GO-3.C: Persons ('000s) per Nurse/ Pharmacist (Information not available for Goa)



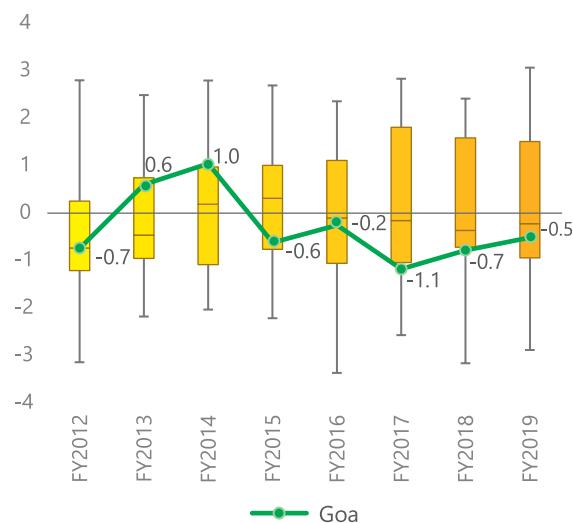
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GO-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

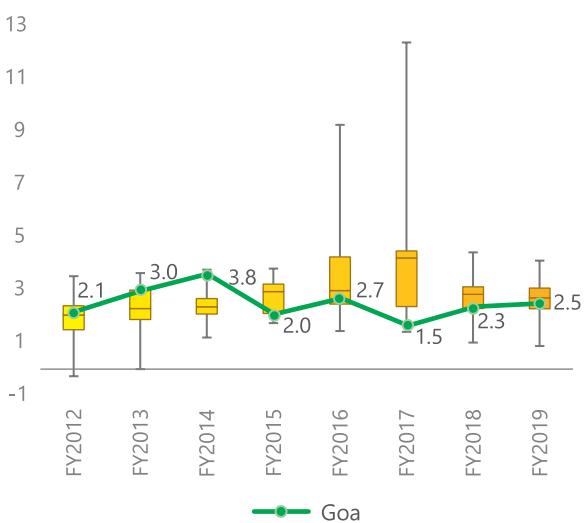


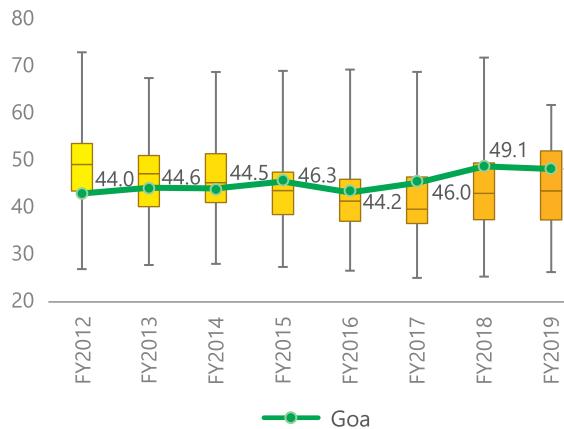
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GO-4.A: Revenue Deficit as % of GSDP

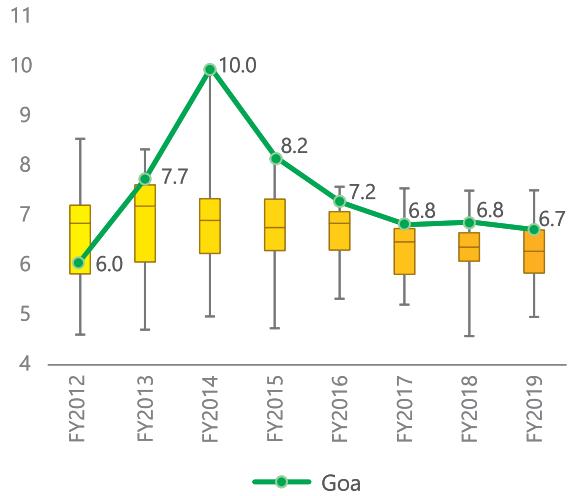
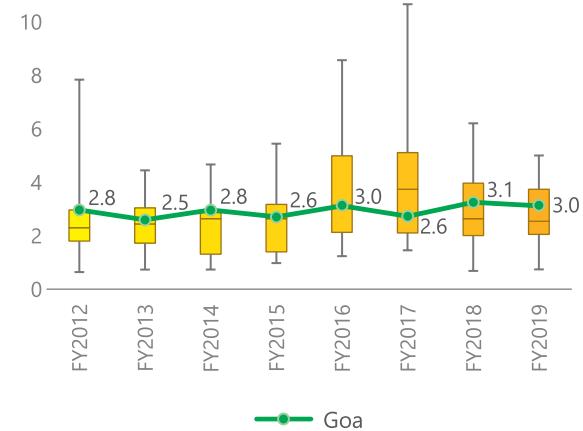


GO-4.B: Fiscal Deficit as % of GSDP



GO-4.C: Outstanding Debt as % of GSDP**GO-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

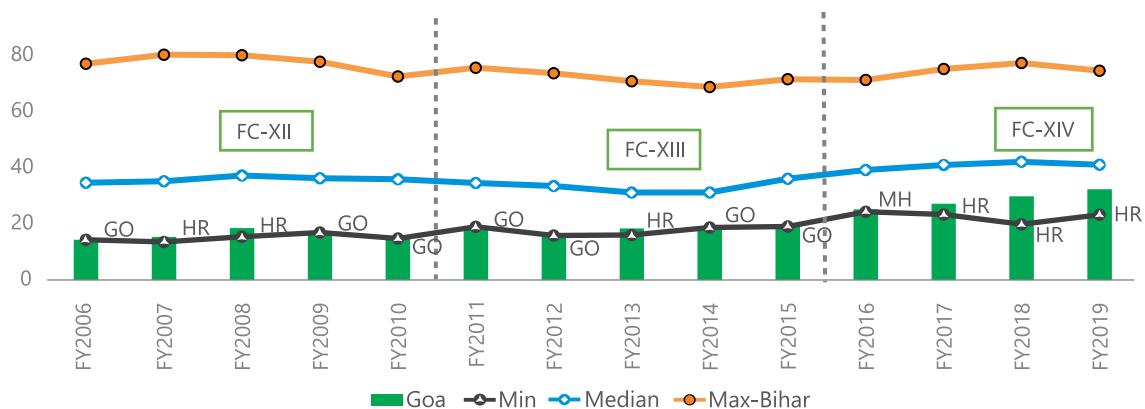
GO-4.E: OTR as % of GSDP**GO-4.F: NTR as % of GSDP****GO-4.G: Capital Expenditure to GSDP Ratio****GO-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	4,76,370	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	15.6	13.4
OTR	6.7	6.4
NTR	3.9	1.1
TE	18.1	16.1
ES	4.2	3.1
SS	5.9	5.4
GS	5.0	4.7
Committed Expenditure	7.4	5.8
Capital Expenditure	3.0	2.5
FD	2.5	2.5
RD	-0.5	0.2
OD	27.9	25.0

GO-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Goa	10.8	11.6	8.1
GS average	13.6	13.1	10.3

GO-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



The Third Tier

- According to the State Government, Goa has only one tier of PRIs in the form of 191 Village Panchayats. This is because the Constitution vide Article 243B(2) provides that Panchayats at the intermediate level need not be constituted if the State is below 20 lakh and Goa population was 14.59 lakh in 2011.
- The FC-XV however recommends that District Panchayats be constituted in Goa for better governance even though it is not a constitutional imperative.

Functions Devolved

- Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 8 have been devolved completely and 2 partially to ULBs.
- The State Government did not provide the information on functions devolved to RLBs.

Auditing Status

- Audit of accounts of ULBs have been completed till 2017–18 and RLBs till 2016–17.

Property Tax Board

- The PTB recommended by FC-XIII is yet to be set up in Goa.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	12	16	17

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

First SFC

- First SFC was constituted in April 1999 and ATR submitted in November 2001.

Second SFC

- The Second SFC was constituted in August 2005 and the report submitted in December 2007.

Assignment of tax revenue to ULBs shall mainly be a percentage of land revenue and royalties of mines and minerals.

- For PRIs, the assigned devolution shall be 2% of own revenues of the State.
- The ATR of Second SFC is yet to be laid in the Legislative Assembly.

Third SFC

- Third SFC was constituted in January 2017. However, its report has not been submitted till date. Ideally, Fifth SFC should have been set up by now.

Other Observations

- According to the memorandum of the Government of Goa to FC-XV, the Directorate of Panchayats, Government of Goa has sought to constitute a committee to study the detailed report of the Second SFC and submit the Third SFC report accordingly. The State Government did not provide the information on the norms being followed currently to devolve resources to local bodies.
- The State Government is not strictly complying with the relevant constitutional provisions in constituting the SFC and implementing recommendations.

Debt and Losses

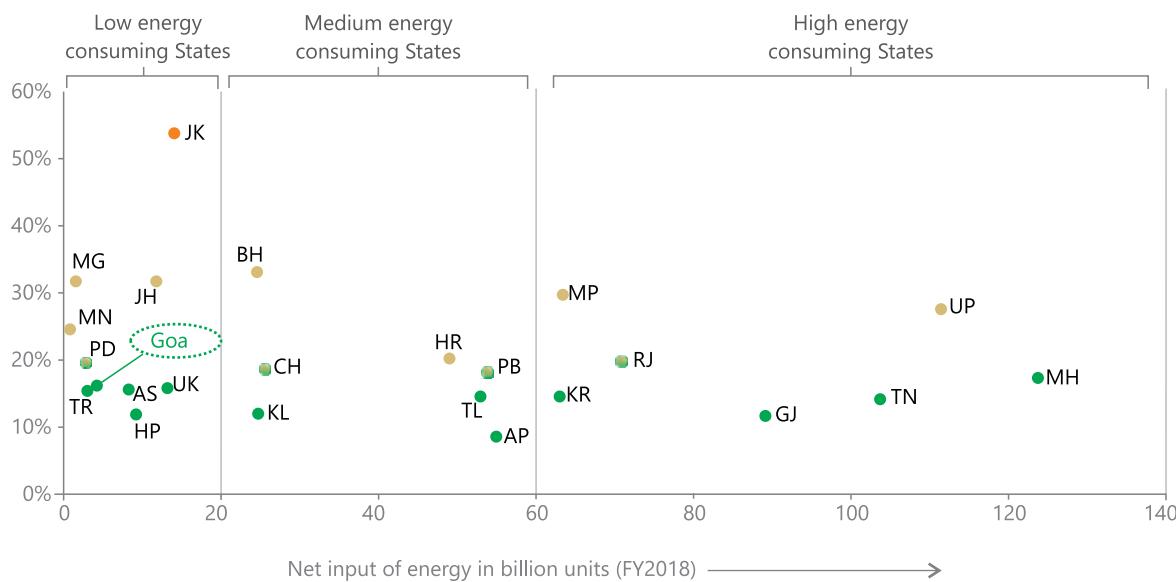
- The State could not achieve UDAY target of ACS-ARR gap in 2018-19. AT&C losses % came close to the target but could not be achieved either.

Key UDAY barometers (2018-19)	Achievement	Target
AT&C Losses (%)	15.7	15.0
ACS-ARR Gap (Rs per unit)	0.4	-0.2

Note: (–) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

GO-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- Goa proposed that the share of States in divisible pool be increased to 50%.

Formula for Horizontal Devolution

S. no.	Criteria	Weights (%)
i)	Population (2011) and Demographic Change (subject to 1971)	25.0
ii)	Income Distance	45.0
iii)	Fiscal Discipline	5.0
iv)	Measurable Performance	10.0
v)	Area	7.5
vi)	Forest Cover	7.5

Low Dependence on Central Transfers

- In 2018–19, the central transfers constituted less than 33% of Goa’s TRR (GS average 44%).
- The State achieved highest non-tax revenue to GSDP ratio amongst all States consistently from 2011–12 to 2016–17.
- This indicates greater reliance on State’s own resources, a trend that the State should continue to sustain.

Highest Per Capita GSDP

- Goa has been able to achieve highest per capita GSDP across all States consistently from 2011–12 to 2018–19. The State should continue to implement policies which sustain this trend.

Ranking on the SDG Index of NITI Aayog (2019)

- The State ranked 7th among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog.
- Further, the State had achieved lowest poverty rate of 5.1% amongst all States in 2011–12, compared to all India poverty rate of 21.9% in the same year (Tendulkar methodology).
- The State is a front-runner on SDG–2 Zero Hunger, SDG–8 Decent Work and Economic Growth, SDG–11 Sustainable Cities and Communities, SDG–15 Life on Land, and SDG–16 Peace, Justice and Strong Institutions.
- The State should continue to implement policy action that leads to such enhanced social outcomes.

Composite Water Management Index

- As per the Composite Water Management Index, 2019 released by NITI Aayog, Goa ranked 4th among 17 Non-Himalayan States in 2017–18.
- The State has substantially improved its rank from 11 in 2016–17.
- Hence, it is important that the State continues its efficient water management practices.

Piped Water Supply

- Goa has performed remarkably well on this parameter as it has third highest percentage of rural households with PWS connections at 78%, as against the all India coverage of only 18.3%.

Promotion of Tourism

- ▲ Goa is recognised as one of the most popular tourism destinations in the country.
- ▲ However, enhanced efforts to promote the State as an international tourist destination, would increase the footfall of high-end tourists and lead to generation of greater income and employment.

Fiscal Discipline

- ▲ The Debt–GSDP ratio of Goa is currently at an unsustainable level despite declining from 35.3% in 2013–14 to 27.9% in 2018–19.

FRBM Compliance

- ▲ The State enacted the FRBM Act in 2006 and amended it in 2014.
- ▲ Goa deviated from FRBM targets of Debt–GSDP ratio in 2013–14 and 2015–16, and FD–GSDP ratio in 2013–14.
- ▲ Further, the Debt–GSDP ratio was only marginally below the FRBM targets during the years 2016–17 and 2017–18.

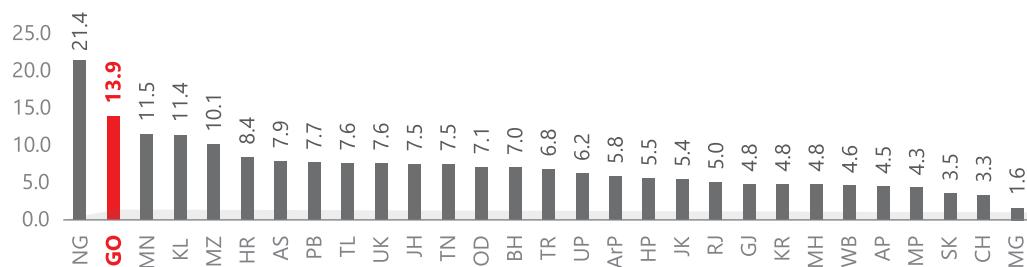
Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	30.0	30.0	30.0	30.0	27.0	27.0	27.0
Actually achieved	22.6	29.5	35.3	29.0	28.3	26.7	26.8
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	2.1	3.0	3.8	2.0	2.7	1.5	2.3

Source: Government of Goa

Unemployment Rate

- ▲ Goa had second highest unemployment rate among all States for persons 15 years and above, according to the usual status (principal and subsidiary), in 2017–18.¹
- ▲ Thus, labour intensive sectors in the State need to be developed in order to generate higher employment.

GO-5.B: Unemployment rate in major States in India, Usual Principal Status Approach, in %



Source: GOI (2018), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.

Power Sector

- ▲ The State Government has not unbundled the electricity department till date. Appropriate measures need to be taken in this regard.
- ▲ Though the State achieved targeted AT&C losses in 2016–17 and 2017–18, the gains made till then seem to have reversed as AT&C losses rose to 15.7% in 2018–19 (against the target of 15% in the same year).
- ▲ The State needs to substantially improve its performance on vital UDAY barometers to avoid future fiscal risk.

Local Bodies

- ▲ Measures need to be taken to devolve remaining functions to local bodies.
- ▲ SFCs are not constituted regularly. The recommendations of Second SFC constituted in 2005 are still under consideration by the State Government. The Third SFC constituted in 2016 has not submitted its report till date.
- ▲ The State has yet to set up its PTB even though the recommendations of FC-XIII should have been implemented by 2014–15.
- ▲ As per Article 280(3) (bb) and (c) of the Constitution, the Finance Commission recommends grants for local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings²

- ▲ Of the 15 working PSUs of Goa, 13 had arrears across 46 accounts (as on 31 October 2017) with the extent of arrears ranging from 1 to 11 years.
- ▲ The State Government had provided budgetary support of Rs 441.90 crore to 15 PSUs during the years for which accounts have not been finalised.
- ▲ Non-auditing of accounts could adversely impact the exchequer and encourage non-achievement of objectives for which the financial support has been extended.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Goa is part of the group which includes Gujarat, Tamil Nadu, Telangana, Maharashtra, Kerala, Karnataka, and Haryana.

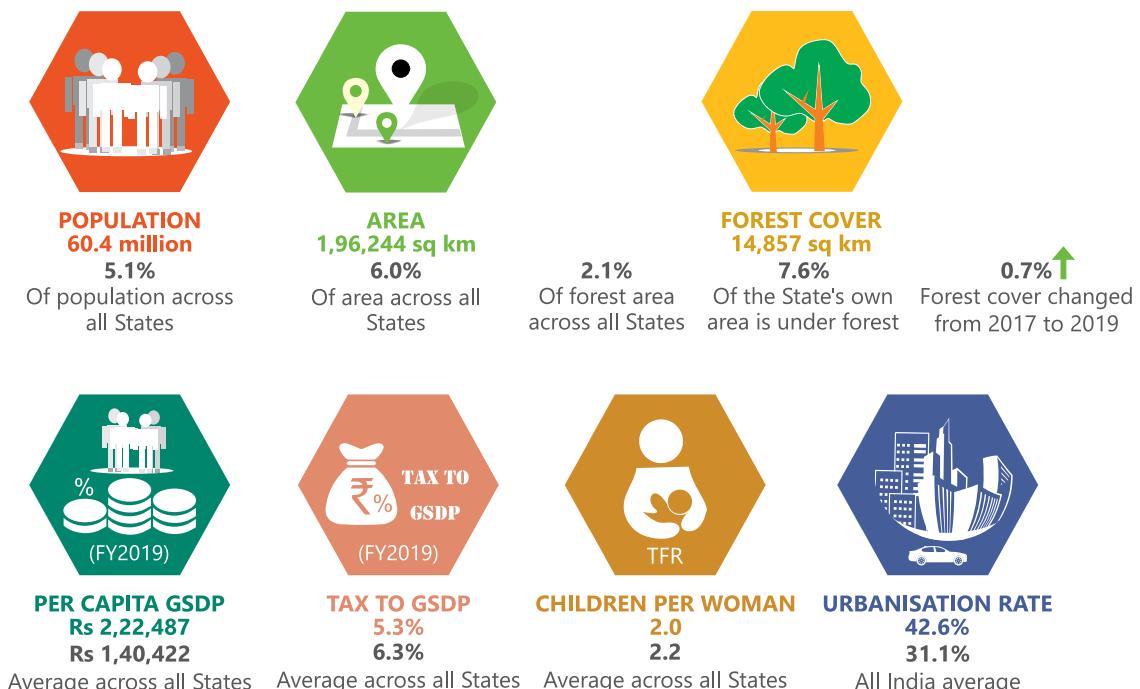
Reform Signposts

- ▲ Goa's TRE TGR between 2011 and 2019 at 10.8% outpaces ORR TGR at 8.1% creating a situation which is fiscally untenable in the long run. **The State, therefore, needs to improve its ORR substantially.**
- ▲ **Goa has a great scope to improve its revenue as percentage of OTR, particularly in Excise, Registration and Stamp Duties, and Electricity Duty.**
- ▲ **The State needs to look for alternate sources of revenue if mining is ecologically unsustainable.**

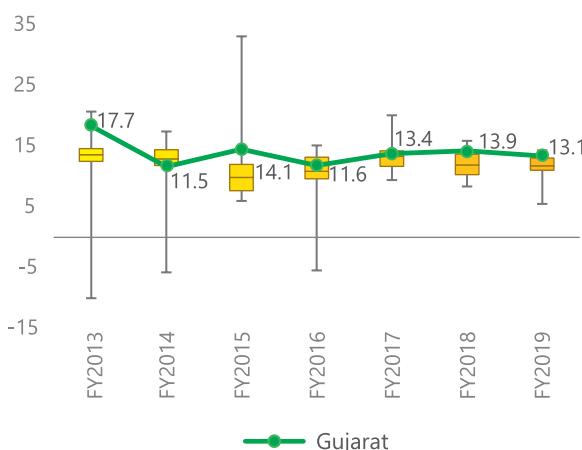
Notes

- 1 GOI (2018), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.
- 2 CAG (2016), ‘Chapter-III PSUs and Government Commercial & Trading Activities’, *Audit Report for the year ended 31 March 2016*, report by the Comptroller and Auditor General of India, published by the Government of Goa.

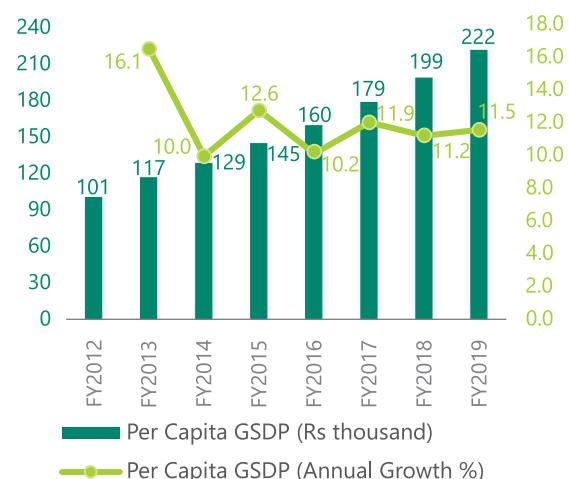
GJ-1.A: Overview



GJ-1.B: Growth rate of GSDP (at current prices, %)



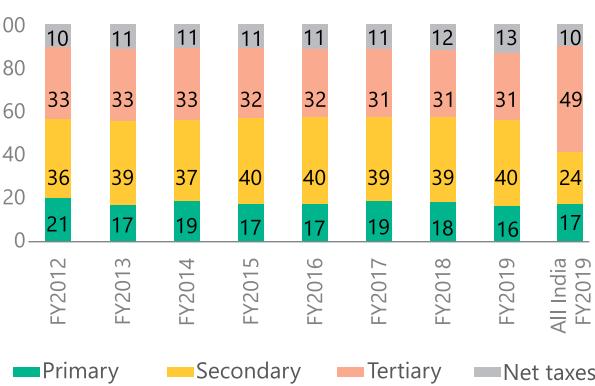
GJ-1.C: Per capita GSDP (at current prices)



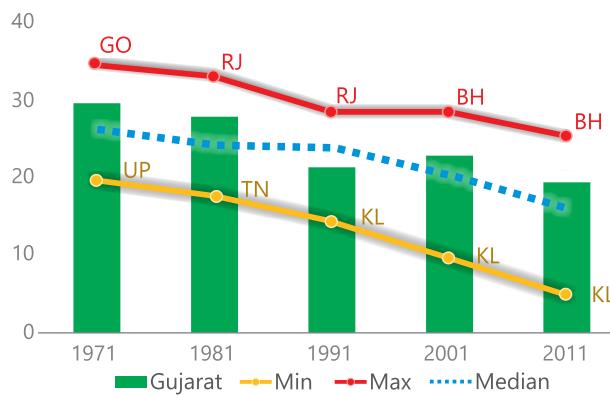
GJ-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	6,15,606	77,44,945	8.0
2012–13	7,24,495	88,27,195	8.2
2013–14	8,07,623	1,00,07,392	8.1
2014–15	9,21,773	1,09,93,257	8.4
2015–16	10,29,010	1,21,91,256	8.4
2016–17	11,67,156	1,37,80,737	8.5
2017–18	13,29,095	1,54,20,126	8.6
2018–19	15,02,899	1,72,83,813	8.7

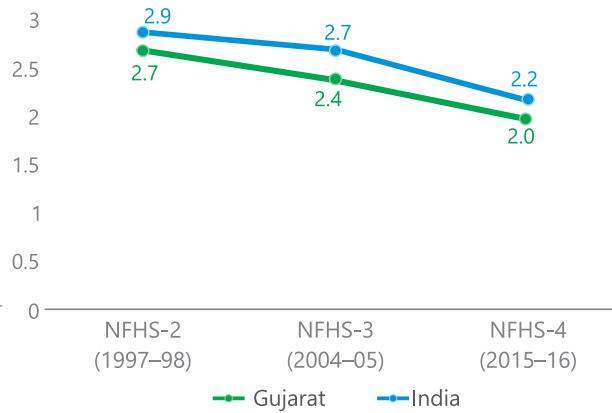
GJ-1.E: Sectoral Contribution to GSDP (at current prices, %)



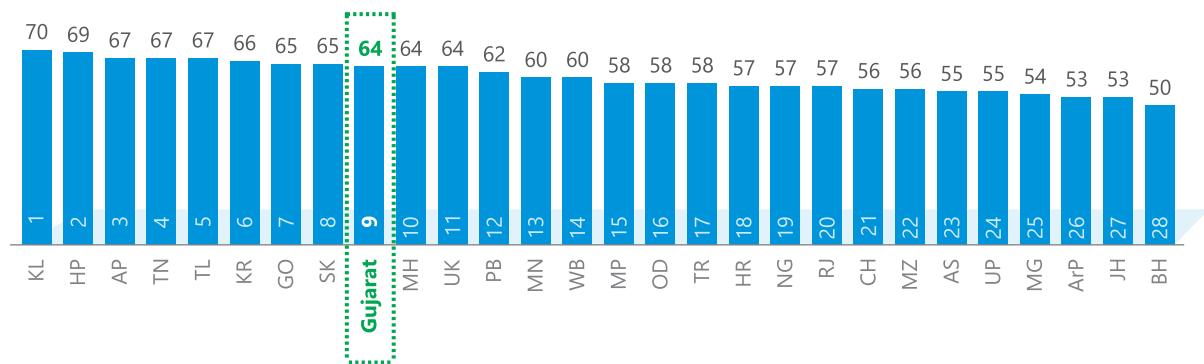
GJ-2.A: Decadal Growth in Population (%)



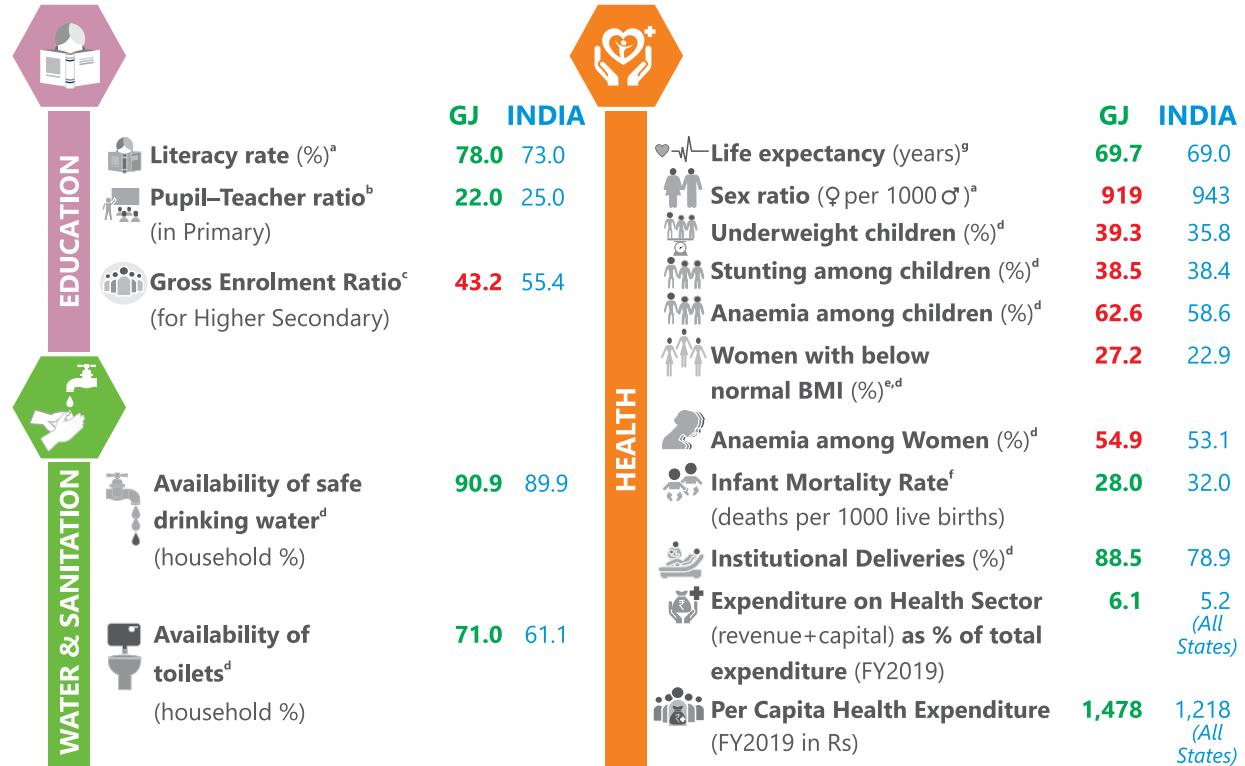
GJ-2.B: Total Fertility Rate (children per woman)



GJ-2.C: SDG Index of NITI Aayog (2019)



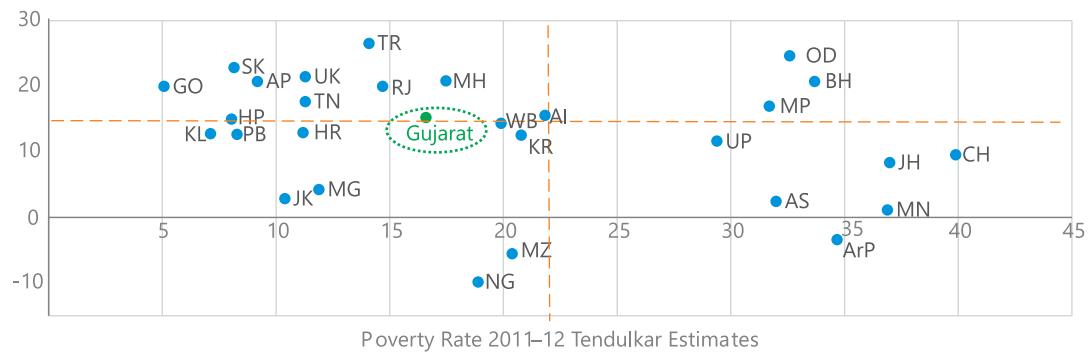
GJ-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

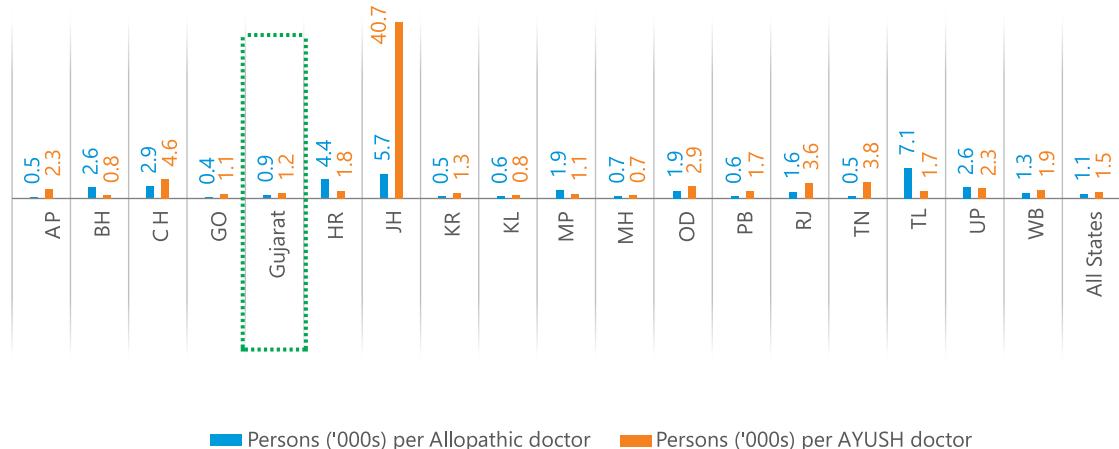
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

GJ-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

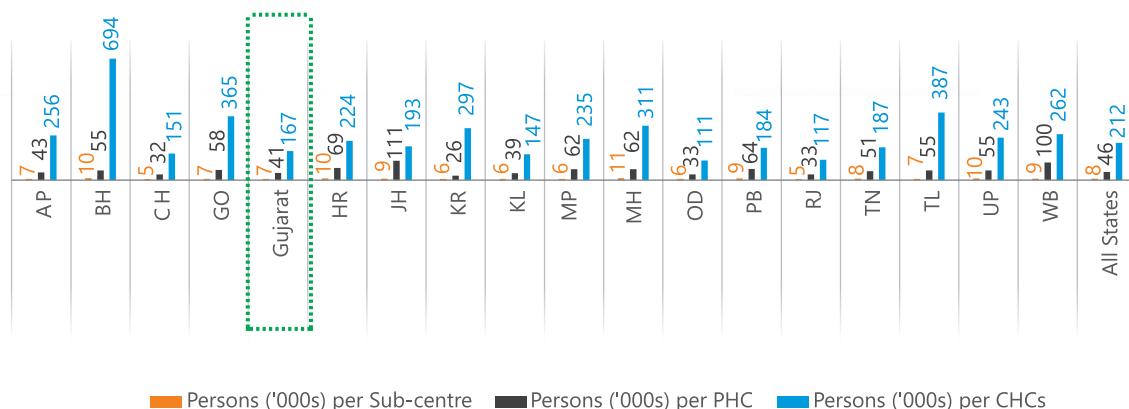
GJ-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

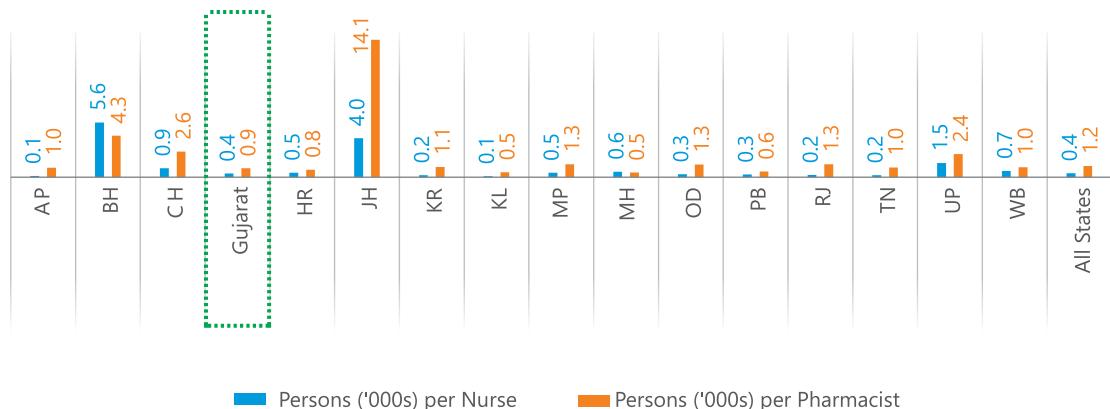
GJ-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

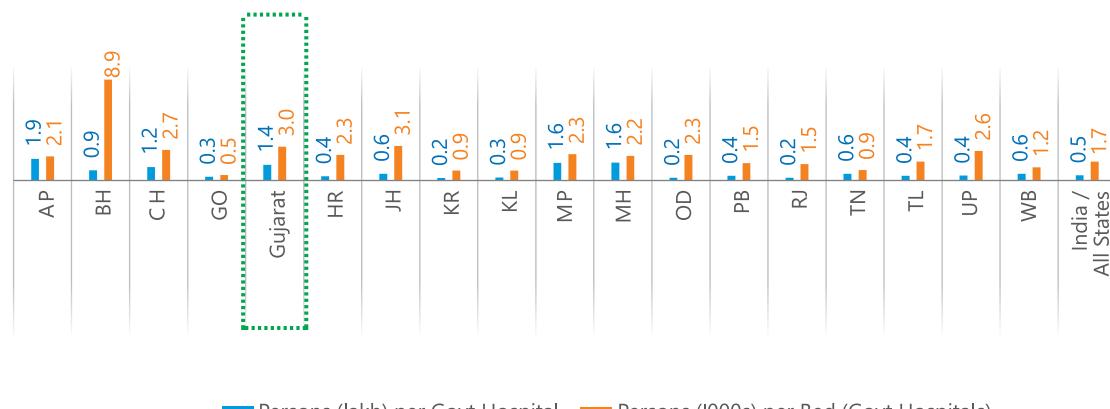
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GJ-3.C: Persons ('000s) per Nurse/ Pharmacist



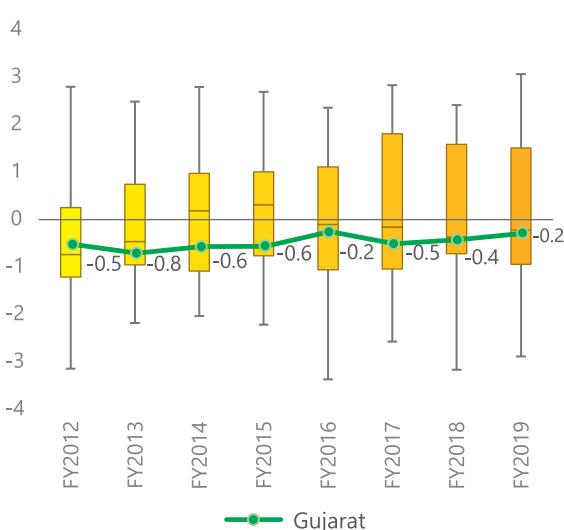
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GJ-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

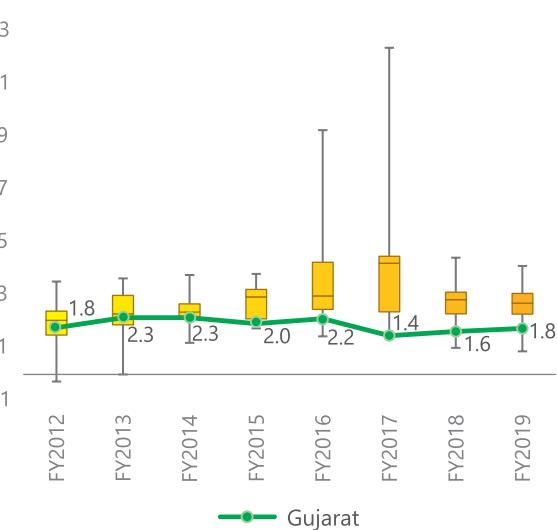


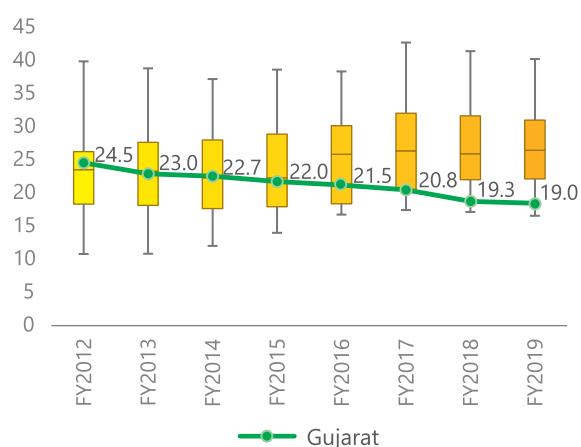
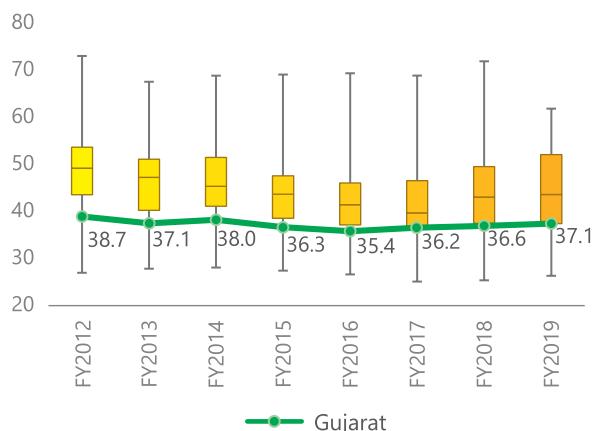
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

GJ-4.A: Revenue Deficit as % of GSDP

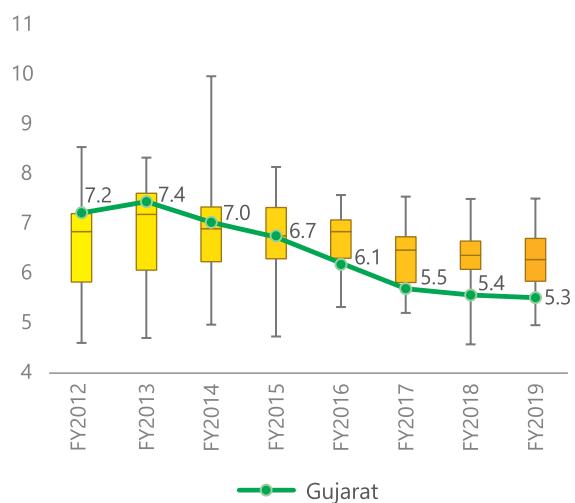
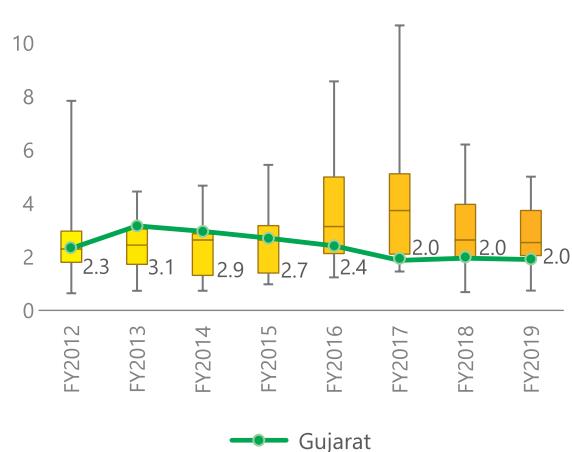


GJ-4.B: Fiscal Deficit as % of GSDP



GJ-4.C: Outstanding Debt as % of GSDP**GJ-4.D: Committed Expenditure as a % of Revenue Expenditure**

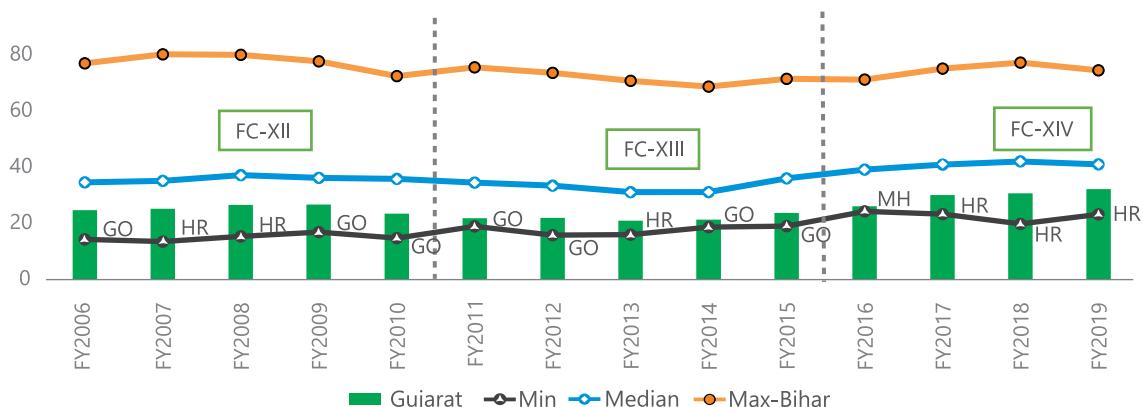
Note: Committed expenditure includes salaries, interest payments, and pensions

GJ-4.E: OTR as % of GSDP**GJ-4.F: NTR as % of GSDP****GJ-4.G: Capital Expenditure to GSDP Ratio****GJ-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
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<i>Indicators as a percentage of GSDP</i>		
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OTR	5.3	6.4
NTR	0.9	1.1
TE	10.8	16.1
ES	2.1	3.1
SS	3.6	5.4
GS	3.1	4.7
Committed Expenditure	3.3	5.8
Capital Expenditure	2.0	2.5
FD	1.8	2.5
RD	-0.2	0.2
OD	19.0	25.0

GJ-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Gujarat	11.7	11.1	8.6
GS average	13.6	13.1	10.3

GJ-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- ▲ Out of 29 functions envisaged in Eleventh Schedule of the Constitution, the State devolved 19 functions to RLBs.
- ▲ All 18 functions envisaged in Twelfth Schedule of the Constitution were devolved to ULBs.

Auditing Status

- ▲ Audit of accounts of Municipal Corporations was completed up to 2013–14 and Municipalities up to 2016–17.
- ▲ Accounts of District Panchayats and Taluka Panchayats were audited up to 2016–17 and Village Panchayats up to 2015–16.

Property Tax Board

- ▲ In keeping with the recommendations of the FC-XIII, the State Government assigned the functions of PTB to the Gujarat Municipal Finance Board (GMFB), Gandhinagar in 2011.
- ▲ The Board has been carrying out the assigned functions as required.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
4	8	12	10

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Second SFC (2005–06 to 2009–10)

- ▲ As per the CAG report (2016–17), of the 41 recommendations of the Second SFC related to RLBs/PRIs, 20 (49%) were accepted by the State Government and finally, only 7 (17%) were implemented.
- ▲ Out of 42 recommendations of the Second SFC related to ULBs, 20 (48%) were accepted by the State Government and finally, only 14 (33%) were implemented.

Third SFC (2013–14 to 2019–20)

- Though the Third SFC submitted its report in December, 2015, the ATR is yet to be tabled in the Assembly.

Debt and Losses

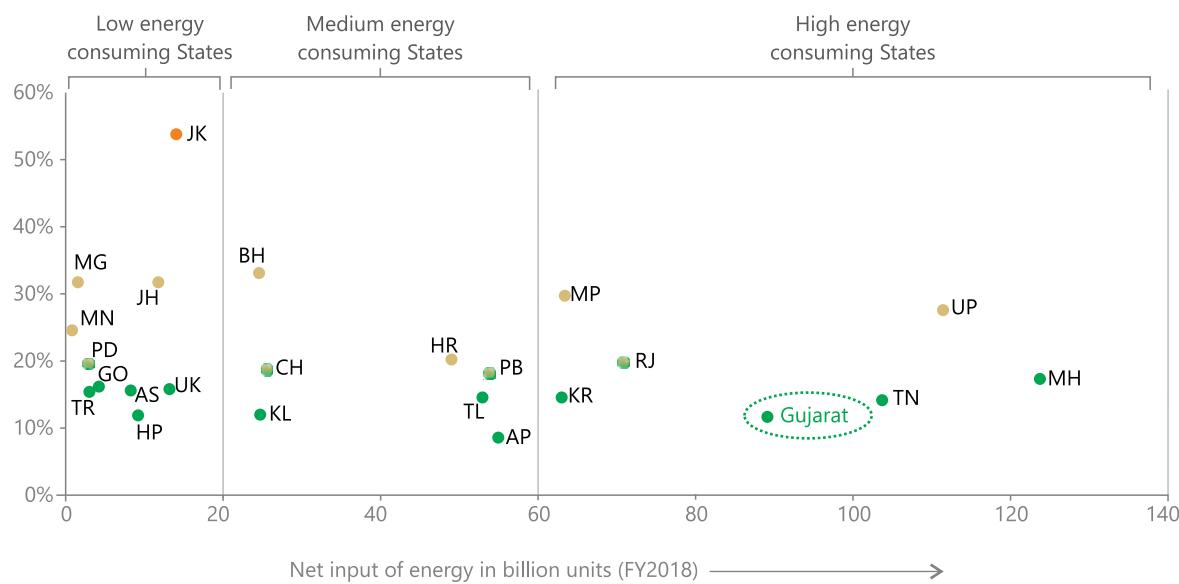
- Total equity and liabilities of DISCOMs as on 31 March 2019 stand at Rs 673 crore of which State Government borrowing is Rs 187 crore.
- Gujarat has very nearly achieved the target AT&C losses and the ACS–ARR target gap under UDAY in 2018–2019.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	14.0	13.0
ACS–ARR Gap (Rs per unit)	–0.02	–0.06

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

GJ-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Gujarat proposed that the share of States be increased to 50% of the divisible pool.

Formula for Horizontal Devolution

S. no.	Criteria	Weights (%)
i)	Population (2011)	25.0
ii)	Urbanisation	5.0
iii)	Area	15.0
iv)	Income Distance	35.0
v)	Social Depreivation	12.5
vi)	Fiscal Discipline	7.5

Fiscal Discipline

- ▲ The adherence to the path of fiscal discipline by Gujarat over the years led to decline in its FD–GSDP ratio from 2.3% in 2012–13 to 1.8% in 2018–19.
- ▲ The State has, therefore, not resorted to additional borrowings under Article 293(3) of the Constitution.
- ▲ The Debt–GSDP ratio of the State had also reduced from 23% to 19.0% during this period.
- ▲ While these trends indicate expanding fiscal space, capital expenditure–GSDP ratio is seen to be declining from 3.1% to 2.0% during this period.
- ▲ It would be prudent for the State to gainfully deploy available resources in the capital expenditure, to create streams of future revenue.

FRBM Compliance

- ▲ The State enacted the FRBM Act in 2005 and amended it in 2011.
- ▲ It adhered to FRBM targets of FD–GSDP ratio in the period between 2011–12 and 2017–18.
- ▲ However, the adherence Debt–GSDP ratio targets could not be ascertained as the State's FRBM Act provides for only Public Debt–GSDP ratio targets, thereby excluding the liabilities in the Public Account.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	25.3	22.0	20.6	19.8	18.2	18.2	18.0
Actually achieved	24.5	23.0	22.7	21.9	21.5	20.8	19.3
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	2.8	2.8	2.5	2.5	2.5
Actually achieved	1.8	2.3	2.3	2.0	2.2	1.4	1.6

Note: The State's FRBM Act provides for only Public Debt–GSDP ratio targets. Thus, the liabilities in the Public Account are not captured as targets in the State's FRBM Act.

Source: Government of Gujarat

High Reliance on Own Funds

- ▲ The OTR for Gujarat was 85.7% of ORR in 2018-19 and 58.9% of TRR compared to 84.3% and 45.2% respectively in case of all States (average) during the same period.

High Share of Non-Primary Sector in GSVA

- ▲ In 2015–16 and 2018–19, the share of primary sector was 17.6% and 16.4% respectively in GSVP, indicating healthy demand for skilled workers in secondary and tertiary sectors—comprising 80% of the State’s economy.
- ▲ Many workers migrate to Gujarat from other States in search of remunerative work opportunities.

Port-Led Economy

- ▲ The State needs to continue its focus on the development and upgrading of ports in order to sustain its pace of economic development.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranked 9th among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog.
- ▲ The State has done well on SDG–6 Clean Water and Sanitation, SDG–7 Affordable and Clean Energy, SDG–8 Decent Work and Economic Growth, and SDG–9 Industry, Innovation and Infrastructure.
- ▲ However, the State needs to improve its performance on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Wellbeing, SDG–5 Gender Equality, SDG–10 Reduced Inequalities, SDG–11 Sustainable Cities and Communities, and SDG–15 Life on Land.
- ▲ Gujarat should focus more on policies and actions that would lead to enhanced social outcomes.

Power Sector

- ▲ DISCOMs have done extremely well on targeted reduction of AT&C losses in 2016–17, 2017–18 and 2018–19 mainly on account of continuous efficiency improvement measures.
- ▲ All four DISCOMs of the State have consistently been making profits since 2010–11.
- ▲ The State is a lead performer on almost all the targets of the UDAY barometers (except smart metering) as on 31 March 2019.
- ▲ Robust systemic reforms are required to ensure that the power subsidy reaches intended beneficiaries without leakage.

Aspirational Districts

- ▲ Narmada and Dahod figure in the list of aspirational districts identified by the NITI Aayog for development focus and monitoring.

Piped Water Supply

- ▲ Gujarat has performed exceedingly well on this parameter, despite being water-scarce.
- ▲ It has the second highest percentage of rural households with PWS connections (79%) in the country against the all India coverage of only 18.3%.

Policy of Prohibition

- ▲ Government of Gujarat has reported that the annual revenue loss of about Rs 10,000 crore due to its policy of prohibition is far outweighed by the positive externalities of low crime rates, safety and security of women, etc., creating a thriving and healthy socioeconomic environment in the State.

Buoyancy of OTR

- ▲ Buoyancy of OTR at 0.53 when measured for the period 2011–2017 declines to 0.20 when measured for 2014–2017 (pre-GST era). This decline reflects the poorly on the ability of the State to generate tax resources for its growing economy.

Declining ORR

- ▲ Gujarat's ORR/TRR at 68.8% in 2018–19 is way behind Haryana (76.7%) though their per capita incomes levels are comparable.

Interest Payments

- ▲ Between 2011–12 and 2016–17, interest payments by Gujarat have consistently ranged at 17%–18% of RE.
- ▲ Gujarat ranks among the top three States of India in terms of interest costs.
- ▲ The State needs to take firm steps to reduce interest payments to free up resources for capital and social sector investment.

Transport Sector

- ▲ The Gujarat State Road Transport Corporation (GSRTC) has been consistently making losses since 2011–12, burdening the State Government.
- ▲ The accumulated losses of GSRTC are Rs 2,722 crore (2014–15).
- ▲ Its net worth has been negative in three years between 2012–13 and 2014–15.¹

Health

- ▲ Gujarat lags behind the national average on some of the key health indicators (see GJ-2.D).
 - » For example, according to NFHS–4 (2015–16), more than 26.4% of children in Gujarat are wasted as compared to the national average of 21% respectively, a figure that is expected to be far worse for children belonging to Scheduled Tribes.
 - » Though the immunisation coverage in the State has improved to 50.4% in 2015–16 (national average 62%) from 45.2% as per NFHS–3 (2005–06), Gujarat still ranks 26 among 28 States.
- ▲ In 2016–17, the expenditure on health as a percentage of GSDP 0.7% against GS average of 0.8%.

Education

- ▲ Gujarat's needs to improve its performance on number of educational parameters:
 - » In 2016–17, secondary Net Enrolment Ratio (NER) was 47.9% (national average 51.8%) and higher secondary NER was 27.1% (national average 31.0%) (as per U-DISE 2016–17).
 - » As per U-DISE, 2016–17, the Gross Enrolment Ratio (GER) of girls to boys (captured by Gender Parity Index) was lower Gujarat than the national average for all levels of education.

Level	Gender Parity Index, Gujarat	Gender Parity Index, India
Elementary	1.0	1.1
Secondary	0.9	1.0
Higher secondary	0.9	1.0

Source: U-DISE, 2016–17

- » In 2016–17, the percentage dropout at upper primary in Gujarat was 6.5 (against national average of 5.7). The same for secondary level was 24.1 (against national average of 19.9) and higher secondary level was 6.56 (against national average of 6.0).
- » The percentage of children in Grade III in the State who can at least do subtraction was 25.7 in 2018 compared to 28.2 all-India.²
- ▲ The State needs to make efforts to reduce the gap between education indicators of Gujarat and India.
- ▲ In 2016–17, the expenditure on education as a percentage of Gujarat GSDP was 1.7 against GS average of 2.6.

Local Bodies

- ▲ Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 10 are yet to be devolved to PRIs. Measures should be taken to complete the devolution.
- ▲ Gujarat has not been regular in constituting the SFC after every five years.
- ▲ The Third SFC submitted its report in 2015, four years after its constitution. The ATR is yet to be tabled in the Legislative Assembly.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings³

- ▲ During 2018–19 (as per latest finalised financial statements) out of 61 active SPSUs, 44 earned profit of Rs 2,487.28 crore and 15 incurred loss of Rs 2,569.64 crore. Of the 61 active SPSUs, 39 had 67 financial statements in arrears, which ranged between 1 and 4 years.
- ▲ As on 31 March 2019, investment in 10 SPSUs was Rs 1,06,844.09 crore. Government of Gujarat provided budgetary assistance to three power sector SPSUs ranging between Rs 6,144.63 crore in 2014–15 and Rs 10,223.10 crore in 2018–19. No funds were infused in the remaining seven SPSUs.
- ▲ During 2018–19, budgetary assistance of Rs 10,223.10 crore to power sector PSUs included Rs 2,813.37 crore as equity and Rs. 7,409.73 crore as grants/ subsidy.

High Pollution (PM10) as Monitored under NAMP

- ▲ There are four Million-plus cities in Gujarat—Ahmedabad, Surat, Vadodara, and Rajkot, which are engines of growth. However, their rising air pollution (as monitored under NAMP) unless tackled proactively, could impede their growth in future.

PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Ahmedabad	108	120	236	154.7
Rajkot	92	106	203	133.7
Surat	92	106	176	124.7
Vadodara	92	108	188	129.3

Note: NAMP has set a PM₁₀ limit of 90 micro grams per cubic metre.

Reform Cohort of the State

- For the purpose of analysis, the States have been grouped on the basis of per capita income. Gujarat is part of the group which includes Goa, Tamil Nadu, Telangana, Maharashtra, Kerala, Karnataka, and Haryana.
- Critical fiscal parameters of Gujarat have been compared to others in its class (barring Goa, which is too small).

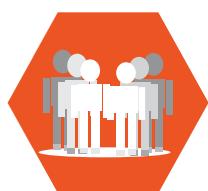
Reform Signposts

- Though Gujarat is known as the manufacturing hub of India, its per capita income is the lowest in its class.
- Its OTR buoyancy of 0.55 (2011–12 to 2018–19) is the lowest in the class (which Maharashtra leads at 0.99).
- The OTR TGR at 7% (2011–12 to 2018–19) compares poorly to the class average of 11.5%.
- **Hence, the State should analyse its OTR in depth and devise strategies to increase its buoyancy to at least the class average of 0.83 within the award period of FC-XV.**
- While the State's TRE has been growing at 11.7% (2011–12 to 2018–19), the ORR TGR is only 8.6% during that period creating a situation that is fiscally untenable.
- The share of VAT/GST, Stamp Duty and Registration, and Excise in TRR has been decreasing between 2014 and 2018. The revenue from VAT on petroleum remained significant at around 25% of OTR while the growth rate in VAT collection on petroleum went down (unlike Maharashtra, Karnataka, and Kerala in its class that reported significant improvements). **Government of Gujarat may like to review these revenue streams to improve overall buoyancy.**
- While Gujarat has been reporting low committed expenditure, issues in its budgeting and accounting system have emerged. For instance, salaries reported in 2018–19 were only Rs 11,650 crore while grants-in-aid (GIA) during the same period stood at whopping Rs 58,000 crore. **Though GIA may contain both salary and non-salary components, this is part of TRE and should be accounted for.**
- Gujarat is revenue surplus and its RD–FD ratio is healthy. Nevertheless, its capital expenditure has declined over the years from 3.1% (2012–13) to 2% (2018–19). **This requires immediate attention so as to secure future stream of revenue sustainably.**
- Expenditure on social services in Gujarat is 3.6% of GSDP against the class average of 4.2%, 4.9% in Kerala, and the all State average of 5.5%. **There is a need to focus in this area especially in the backward districts.**

Notes

- 1 CAG (2017), *Report No 1 of 2017 - Public Sector Undertakings Gujarat*, report by the Comptroller and Auditor General of India, published by Government of Gujarat.
- 2 ASER (2018), *Annual Survey of Education Report 2018*, ASER Centre.
- 3 CAG (2020), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2019*. Report No 4 of 2020, Government of Goa.

HR-1.A: Overview



POPULATION
25.4 million
2.1%
Of population across all States



AREA
44,212 sq km
1.4%
Of area across all States



FOREST COVER
1,602 sq km
0.2%
Of forest area across all States
3.6%
Of the State's own area is under forest
0.9%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,60,286
Rs 1,40,422

Average across all States



TAX TO GSDP
5.8%
6.3%

Average across all States



CHILDREN PER WOMAN

2.1
2.2

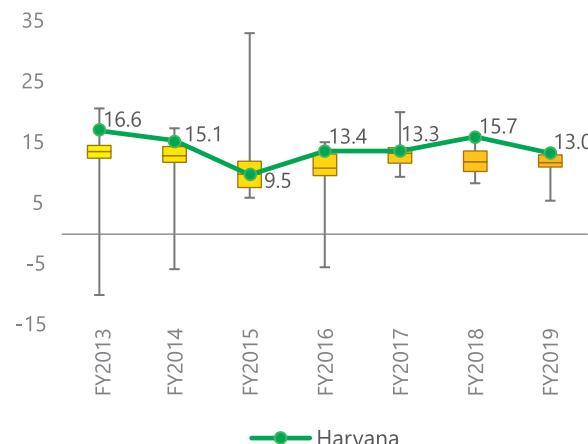
Average across all States



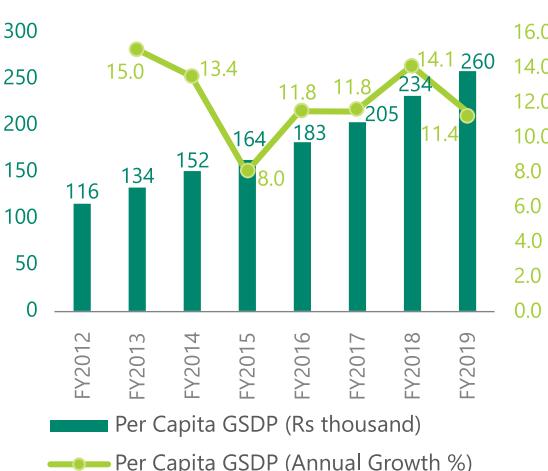
URBANISATION RATE
34.8%
31.1%

All India average

HR-1.B: Growth rate of GSDP (at current prices, %)



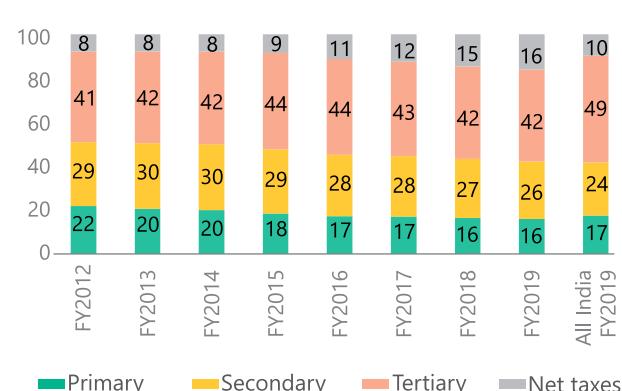
HR-1.C: Per capita GSDP (at current prices)



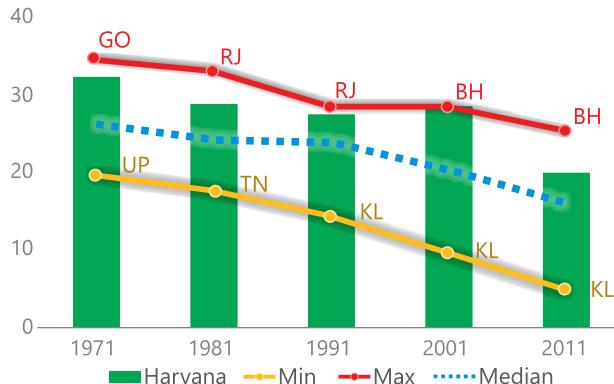
HR-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	2,97,539	77,44,945	3.8
2012–13	3,47,032	88,27,195	3.9
2013–14	3,99,268	1,00,07,392	4.0
2014–15	4,37,145	1,09,93,257	4.0
2015–16	4,95,504	1,21,91,256	4.1
2016–17	5,61,610	1,37,80,737	4.1
2017–18	6,49,592	1,54,20,126	4.2
2018–19	7,34,163	1,72,83,813	4.2

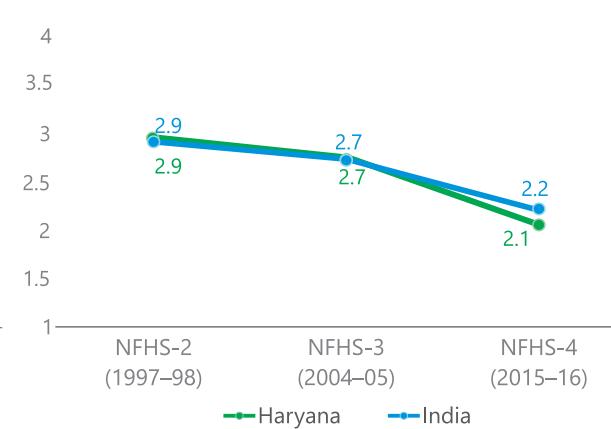
HR-1.E: Sectoral Contribution to GSDP (at current prices, %)



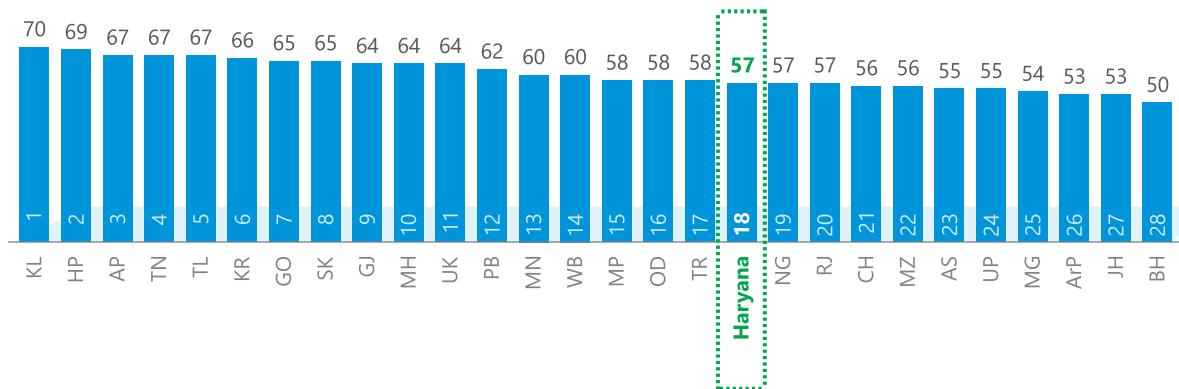
HR-2.A: Decadal Growth in Population (%)



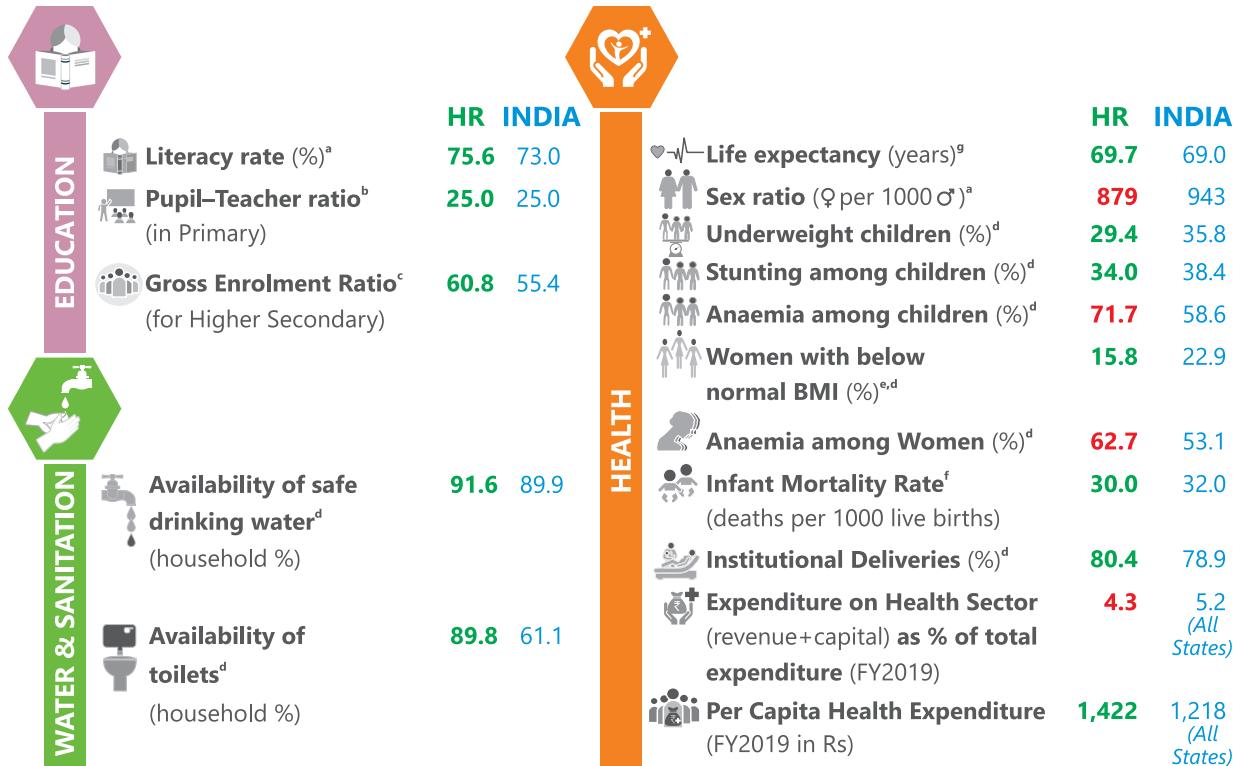
HR-2.B: Total Fertility Rate (children per woman)



HR-2.C: SDG Index of NITI Aayog (2019)



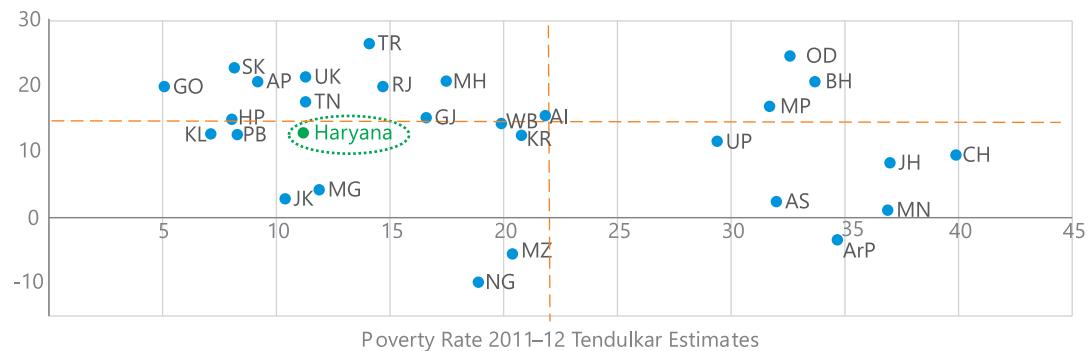
HR-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

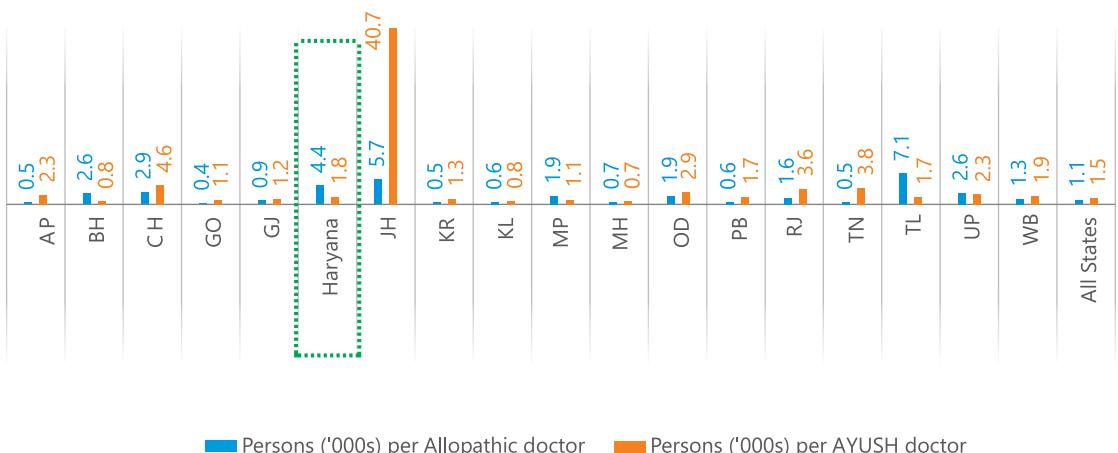
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

HR-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

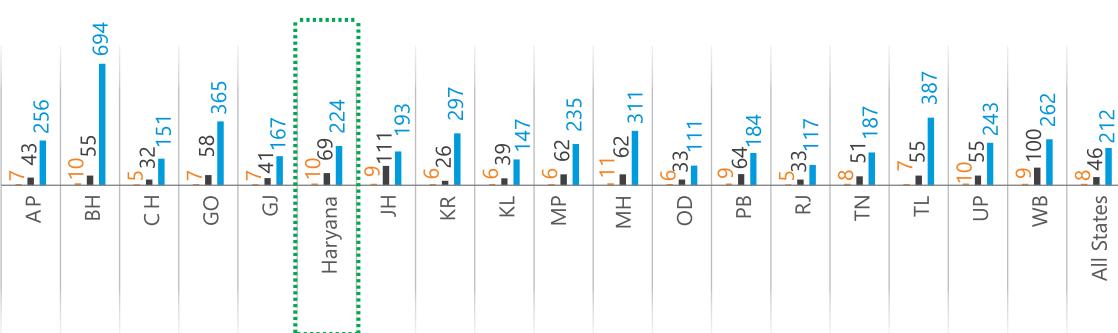
HR-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

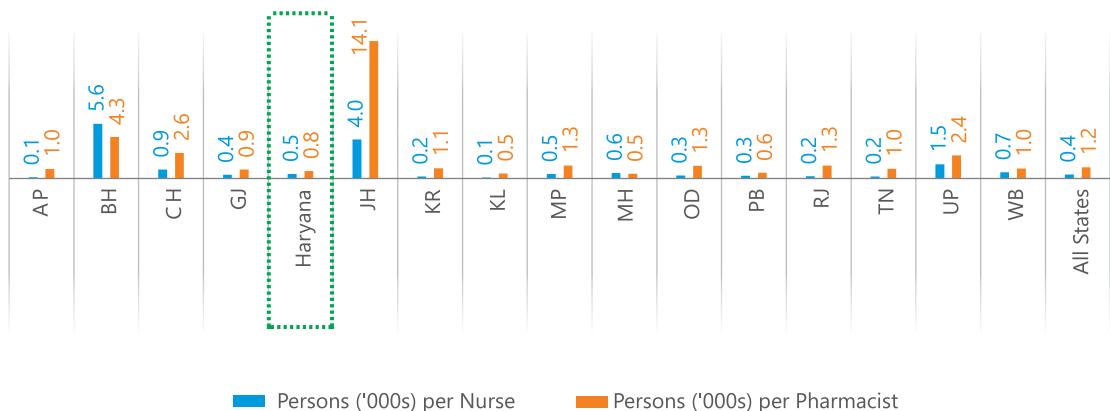
HR-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

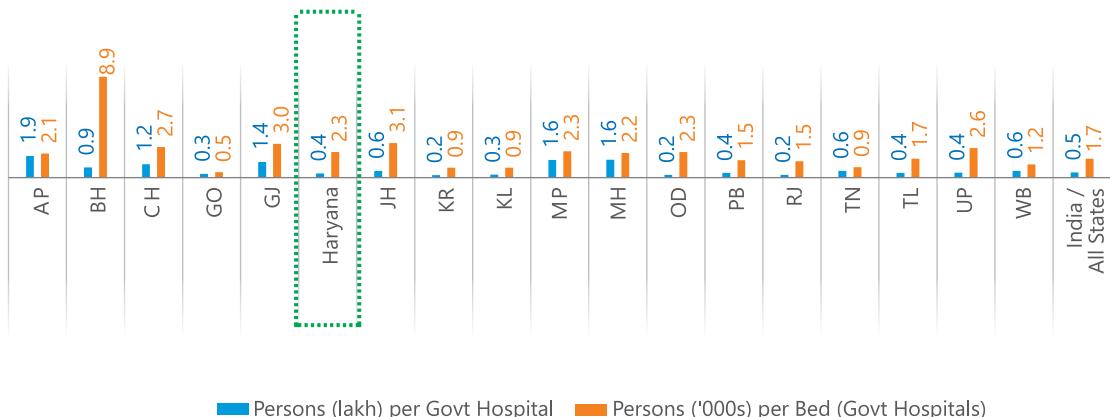
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HR-3.C: Persons ('000s) per Nurse/ Pharmacist



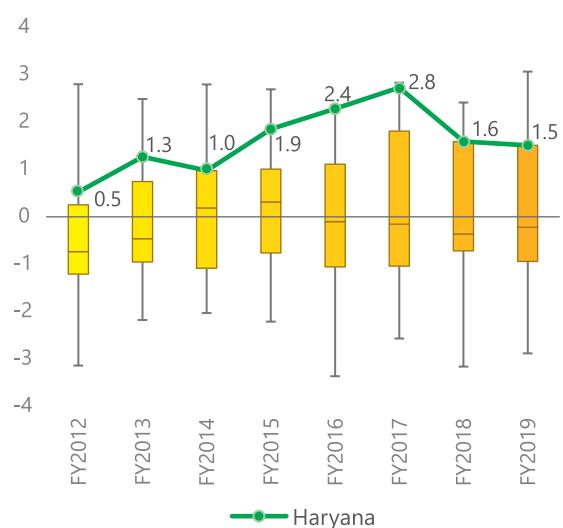
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HR-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

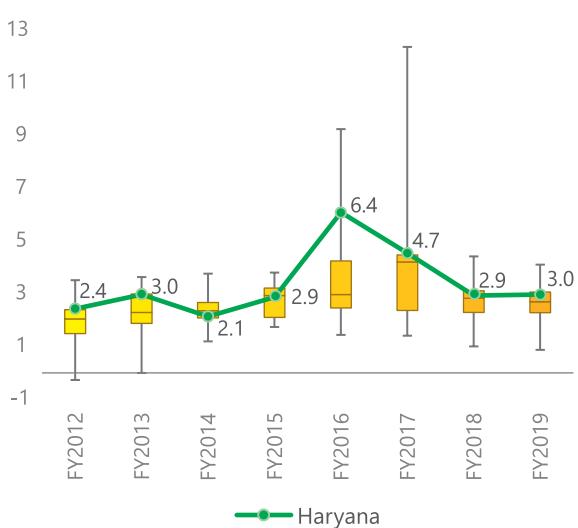


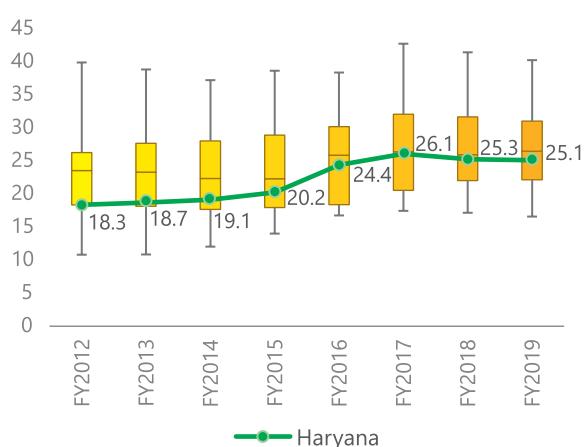
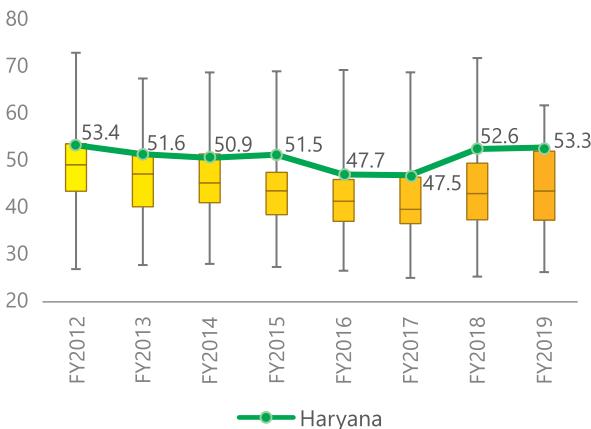
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HR-4.A: Revenue Deficit as % of GSDP

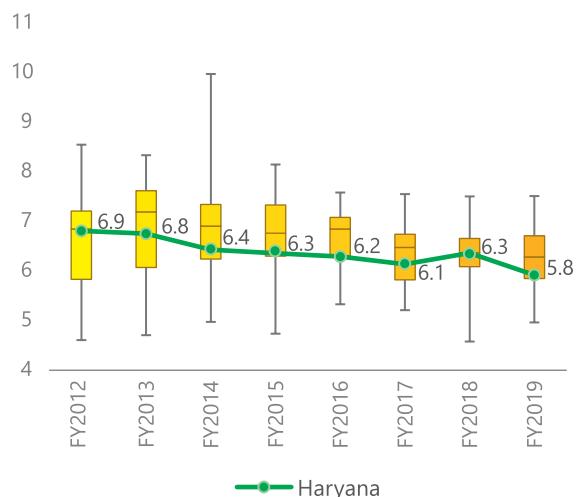
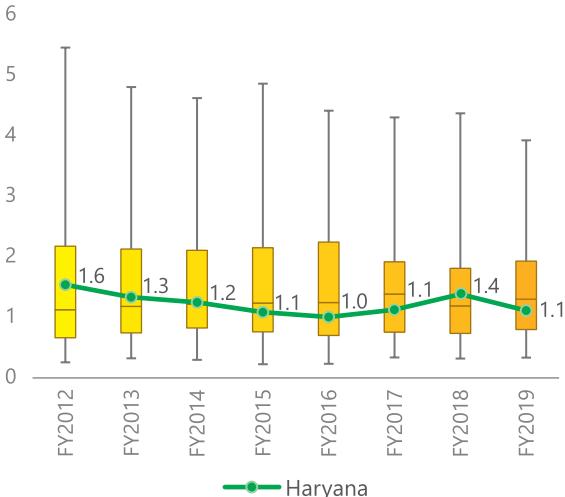
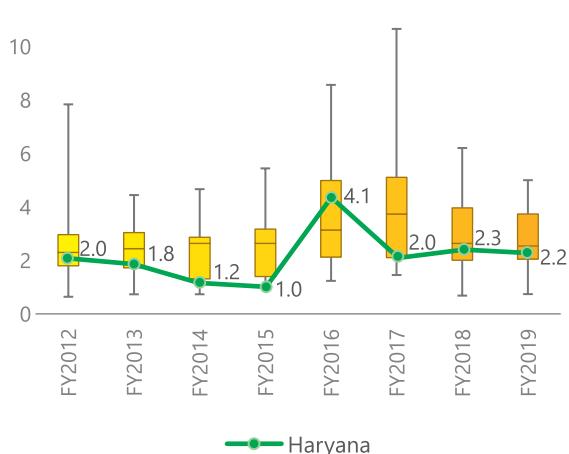


HR-4.B: Fiscal Deficit as % of GSDP



HR-4.C: Outstanding Debt as % of GSDP**HR-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

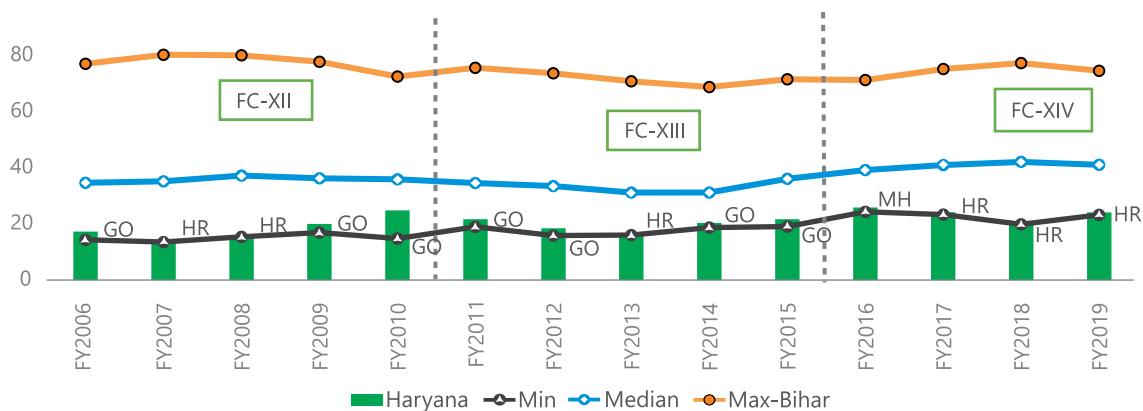
HR-4.E: OTR as % of GSDP**HR-4.F: NTR as % of GSDP****HR-4.G: Capital Expenditure to GSDP Ratio****HR-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	2,60,286	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	9.0	13.4
OTR	5.8	6.4
NTR	1.1	1.1
TE	12.7	16.1
ES	2.6	3.1
SS	4.1	5.4
GS	3.8	4.7
Committed Expenditure	5.6	5.8
Capital Expenditure	2.2	2.5
FD	3.0	2.5
RD	1.5	0.2
OD	25.1	25.0

HR-4.I: TRE and ORR Gap

TGR % 2011–2019	TRE	TRR	ORR
Haryana	14.1	12.1	10.9
GS average	13.6	13.1	10.3

HR-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR

Functions Devolved¹

- ▲ All the 29 functions envisaged in the Eleventh Schedule of the Constitution have been devolved to PRIs.
- ▲ All 18 functions envisaged in the Twelfth Schedule of the Constitution have been devolved to ULBs.

Auditing Status

- ▲ The Director, Local Audit, Haryana is responsible for conducting the audit of RLBs and ULBs.
- ▲ Accounts for PRIs and ULBs were audited up to 2016–17.

Property Tax Board

- ▲ As recommended by FC-XIII, the Government of Haryana set up its PTB in September 2012.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
13	18	11	11

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fifth SFC (2016–17 to 2020–21)

According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, recommendations of the Fifth SFC have been accepted by the Government of Haryana and are currently under implementation. These are:

- ▲ Of Haryana's OTR, 7% (1.5% collection cost) and net of VAT, and 2% of Stamp Duty and Registration Fees be collected on behalf of ULBs.
- ▲ Distribution between PRIs and ULBs be set at 55:45.
- ▲ Specific grants be provided for the establishment of State Level Urban Shared Service Centre (Rs 250 crore) and Swarna Jayanti Haryana Institute for Fiscal Management (SJHIFM) (Rs 70 crore).
- ▲ Given the absence of a robust database, a repository of the data and information about ULBs and RLBs be established at the SJHIFM.

Debt and Losses

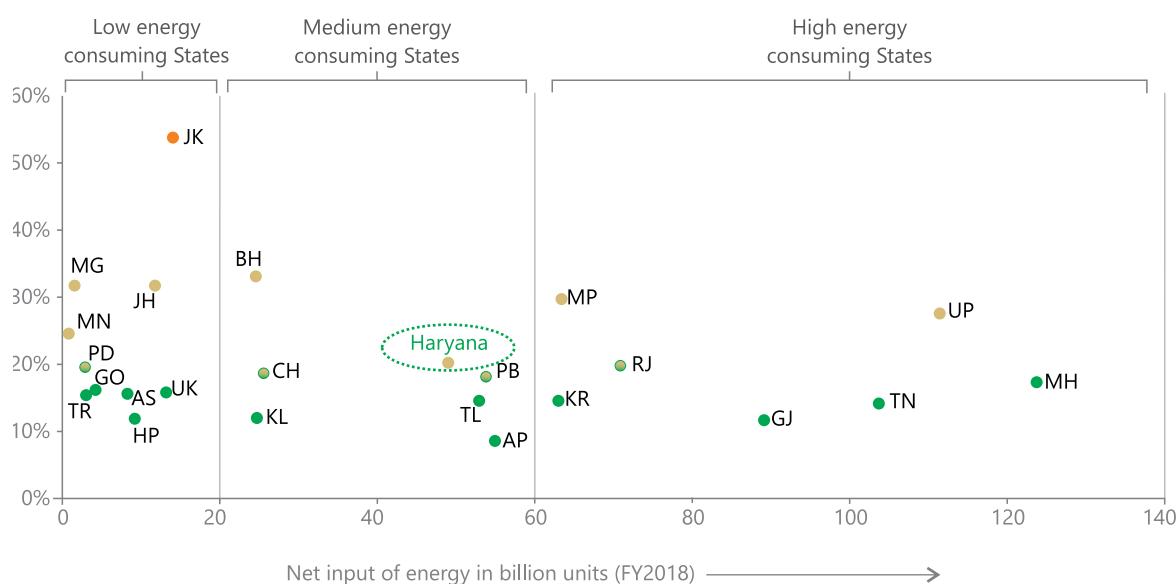
- ▲ The State has taken over of DISCOM debt under UDAY to the tune of Rs 25,950 crore during 2015–16 and 2016–17.
- ▲ As on 31st March 2019, the total borrowings by the DISCOMS (including borrowings from the State Government of Rs 3,294 crore) are Rs 13,020 crore, amounting to 2.7% of the total DISCOM borrowing of all States.
- ▲ The State achieved its ACS–ARR gap target but not the AT&C losses target 2018–19.
- ▲ The State needs to substantially improve its performance on UDAY barometers to avoid fiscal risk.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	18.08	15.0
ACS–ARR Gap (Rs per unit)	–0.05	0.12

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

HR-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- HR has recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Growth, equally divided between: <ul style="list-style-type: none"> Income Distance (after per capita income of high income districts is deflated to double of average per capita income of rest of the State) Capital Expenditure 	20.0
ii)	Fiscal Efficiency and Discipline, equally divided between: <ul style="list-style-type: none"> Resource Mobilisation Adoption of Public Financial Management System (PFMS) and Direct Benefit Transfer (DBT) 	20.0
iii)	Population, equally divided across: <ul style="list-style-type: none"> Rural–urban ratio Improvement in sex ratio Younger demographic profile 	17.5
iv)	Area, equally divided across: <ul style="list-style-type: none"> Forest cover Cropped area Irrigated area 	15.0
v)	Contribution to National Priorities, equally divided across: <ul style="list-style-type: none"> Contribution to central pool of food grains Armed Forces Sports 	27.5

FRBM Compliance

- The State implemented its FRBM Act in 2005, and revised it in 2006, 2009, 2010, and 2011.
- The State has been adhering to its FRBM limit in the recent years.
- However, it has been deviating from its FD–GSDP target in the recent years.
- Hence, it needs a credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	22.6	22.7	22.8	22.9	25.0	25.0	25.0
Actually achieved	18.3	18.7	19.1	20.2	24.4	26.1	25.3
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	2.4	3.0	2.1	2.9	6.4	4.7	2.9

Source: Government of Haryana

Foreign Direct Investment

- ▲ Delhi, along with parts of UP and Haryana (constituting the National Capital Region or NCR) currently attracts 20% of the total FDI in India.¹
- ▲ The State was placed third in the Ease of Doing Business (EoDB) ranking released by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India in 2017.
- ▲ The State has, however, slipped to 16th rank in 2019 indicating the need to devise a mechanism for restoring its past performance and attracting investment.

Other Areas

- ▲ The State made a tremendous progress in SDG-1, reducing poverty from 24.1% in 2004–05 to 11.2% in 2011–12.
- ▲ The State has the second highest per capita income amongst the GS (following Goa).
- ▲ Initiatives like e-auctions in House Allotments, Teacher Transfer Policy, Kerosene Free State, and significant improvements in tax monitoring and collection are encouraging to note.
- ▲ An Asset Management Cell has been created to identify government land/properties both within and outside the State to facilitate their development or monetisation.
- ▲ The Government of Haryana has also made considerable progress in Treasury Management by implementing Integrated Financial Management System (IFMS) and PFMS for real-time online monitoring of flow of funds from the government to the end-user.

Fiscal Indicators

- ▲ Interest payments are a huge liability for Haryana.
- ▲ Between 2011–12 and 2018–19, interest as a percentage of TRE has been in the range of 12.5% to 17.6% (among the highest in India).

Public Sector Undertakings²

- ▲ The State of Haryana had 28 working PSUs (26 companies and two Statutory corporations) and 4 inactive companies.
- ▲ As on 31 March 2018, the Government investment (paid-up, long-term loans and grant/subsidy under Ujwal DISCOM Assurance Yojana) in 32 PSUs was Rs 30,683 crore.
- ▲ The State Government contributed Rs 16,255 crore towards equity, loans and grants/subsidies in 14 PSUs during 2017–18.
- ▲ Of the 28 working PSUs, accounts of 21 PSUs are in arrears.
- ▲ Given the outstanding liabilities, substantial budgetary support to SPSUs, and huge arrears in accounts, the State needs to be cautious about contingent liabilities, which could impose additional fiscal burden.
- ▲ A time-bound programme of restructuring the SPSUs should be adopted to tackle the major hurdles in their performance.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 57 (as compared to the national average 60) and ranks 18th among the Indian States.
- ▲ The State is a front-runner in SDG-3 Good Health and Well-being, SDG-4 Quality Education, SDG-6 Clean Water and Sanitation, SDG-7 Affordable and Clean Energy, SDG-8 Decent

Work and Economic Growth, SDG–9 Industry, Innovation and Infrastructure, and SDG–16 Peace, Justice and Strong Institutions.

- ▲ The State needs to improve on SDG–2 Zero Hunger, SDG–5 Gender Equality, SDG–11 Sustainable Cities and Communities, SDG–12 Sustainable Consumption and Production, SDG–13 Climate Action, and SDG–15 Life on Land.

Gender Equality

- ▲ Sex Ratio (females per 1,000 males) in Haryana (ranging between 861 in Census 2001 and 879 in Census 2011) has been consistently below the national average (ranging between 933 in Census 2001 and 943 in Census 2011) over the past decades. The State needs to devise definite action plan to address this issue.
- ▲ As per *SDG India Index and Dashboard 2019–20* of the NITI Aayog, the State reports a female to male ratio of labour force participation rate (LFPR) of only 0.21 as compared to 0.32 all India.

Infrastructure

- ▲ Heavy commercial interstate traffic diverted from Delhi inflicts significant damage on Haryana's roads and environment.
- ▲ Haryana, being landlocked, incurs huge per unit transportation cost for imports and exports.
- ▲ Although Gurugram is a centre for excellence for information technology and enabled services, critical areas like power management, human resource development, and regulatory hurdles continue to be significant for the district as well as the rest of Haryana.

Local Bodies

- ▲ According to AG, Haryana, PRIs are not maintaining accounts in PRIAssoft properly. There are many incomplete entries.
- ▲ There is no system for the consolidation of PRIs accounts from village to block to district, and finally to the State level.
- ▲ The lack of an internal audit mechanism and professional municipal cadre is severely hampering the capacity of ULBs to deliver.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Power Sector

- ▲ The State has still not achieved its AT&C targets and needs to improve its performance on key UDAY barometers.
- ▲ Robust systemic reforms are required to ensure that power subsidies reach intended beneficiaries without leakage to improve the health of the power sector.

Aspirational Districts

- ▲ Improving the socioeconomic development indicators of the aspirational district of Nuh should be a policy imperative.

Reform Cohort of State

- For the purpose of analysis, the States have been grouped on the basis of per capita income. Haryana is part of the group which includes Gujarat, Tamil Nadu, Telangana, Maharashtra, Kerala, Karnataka, and Goa.

Reform Signposts

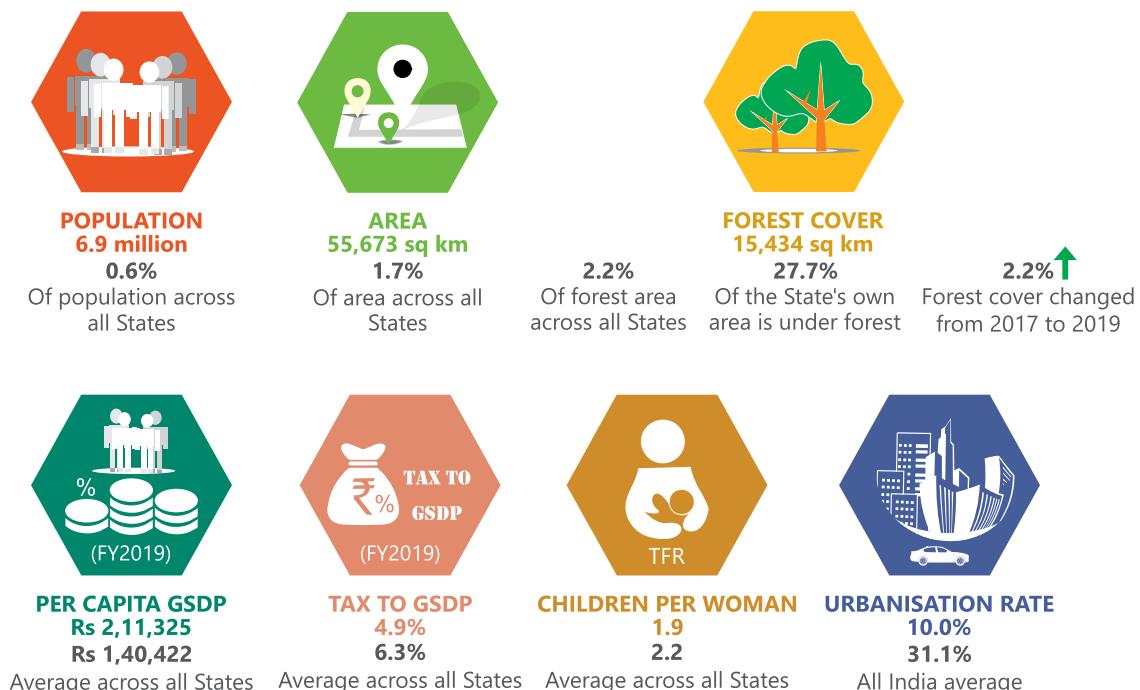
- Haryana is a small State with 1.35% of India's total area and a population of 2.53 crore persons.
- With only 0.2% of the forest cover of all States, Haryana has the least area (as a percentage of State area) under forest cover.
- The State has experienced transformational (though lopsided) shift in the economic structure with the contribution of primary sector to the GSDP reducing from 60% (1960–1980) to 20% (currently).
- This is owed to the advent of Gurugram district as a global hub of Business Process Management services (a major source of FDI flows).
- Furthermore, Haryana produces 66% of passenger cars, 50% tractors, and 60% of the motorcycles manufactured in the country.
- More than half the State (57%) Haryana falls in the NCR presenting both an opportunity and a challenge.
- Intra-state disparity between the most advanced district of Gurugram (part of NCR) and most backward Nuh district is staggering. Without Gurugram in the equation, Haryana's GSDP and per capita income would reduce drastically.
- A revenue surplus State till 2008–09, Haryana has consistently been in deficit since. Now it appears to be fiscally worst off in its class with very high TGR of expenditures (especially interest payments and salaries) and a huge debt burden (primarily due to the power sector).
 - » UDAY has taken over Rs 25,950 crore of DISCOM debt during 2015–2017 in the form of grants (Rs 7,785 crore), loan (Rs 15,570 crore), and equity (Rs 2,595 crore). Further, the loan was converted into equity in 2017–18 and 2018–19.
 - » Outstanding Debt has been increasing at a TGR of 20.2% between 2011–12 and 2018–19.
 - » The debt–GSDP ratio also increased from 18.33% (2011–12) to 25.09% (2018–19).
 - » The State's RD–FD ratio has been increasing over time and is currently 51.4% (2018–19) indicating that most of the State's borrowings have gone for financing its RD.
 - » Subsidy constitutes around 12% of the TRE (of which power subsidy comprises 87%).
 - » Social security and welfare constitutes about 10% of TRE with a significant part going to over 25 lakh pensioners under various flagship schemes for the elderly, widows, persons with disabilities, etc.
- Despite high per capita income, the State has a consistently adverse sex ratio and high incidence of anaemia. Yet, health expenditure is only 4.8% of TRE.
- The pandemic apart, availability of health infrastructure and healthcare professionals in the State is hardly enough to meet its regular needs.
- Hence, Haryana needs to:**
 - » **prioritise health investments,**
 - » **reduce outstanding debt,**

- » devise a mechanism to recover the cost of investments in power in order to meet the corresponding interest burden,
- » focus on critical capital expenditures (besides power) with cost-recovery principles, and
- » focus on aspirational districts to reduce intra-state disparities.

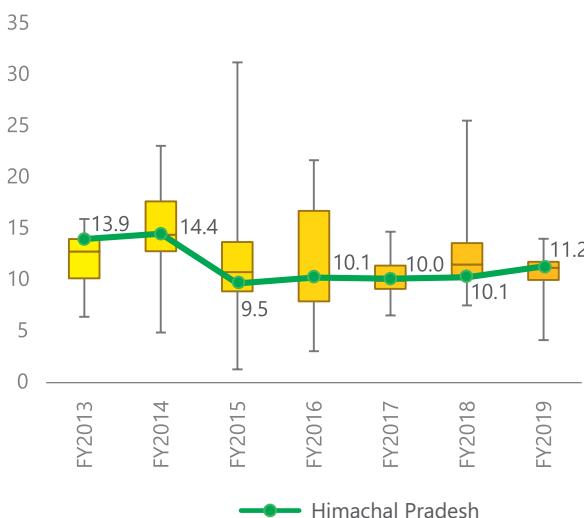
Notes

- 1 GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.
- 2 GOI (2019), *Fact Sheet on Foreign Direct Investment (April 2000 to March 2019)*, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
- 3 CAG (2019), *Report No.2 of 2019 – Public Sector Undertakings, for the year ended 31 March 2018*. Report of the Comptroller and Auditor General of India published by the Government of Haryana.

HP-1.A: Overview

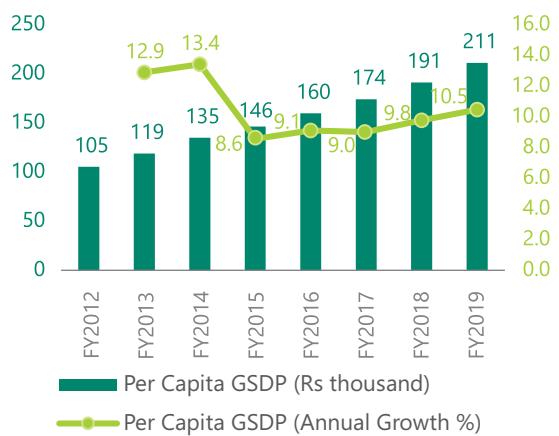


HP-1.B: Growth rate of GSDP (at current prices, %)



HP-1.C: Per capita GSDP (at current prices)

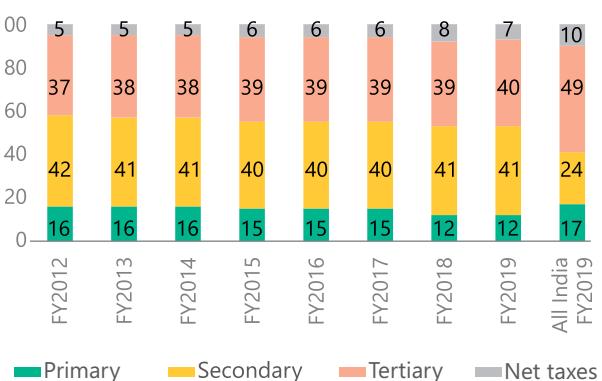
HP-1.C: Per capita GSDP (at current prices)



HP-1.D: GSDP Current, 2011–12 series (Rs crore)

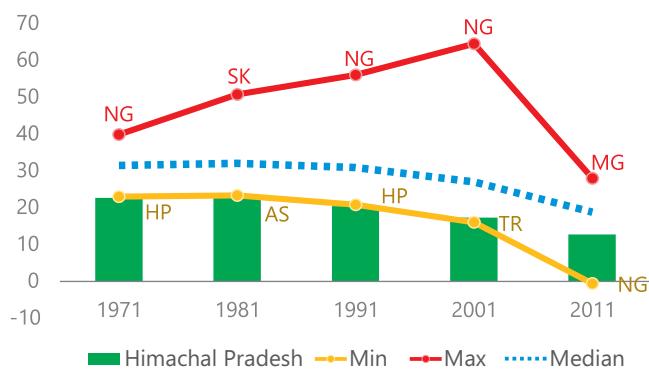
	State	All NEHS	Share (%) of State in NEHS
2011–12	72,720	5,03,182	14.5
2012–13	82,820	5,63,081	14.7
2013–14	94,764	6,37,264	14.9
2014–15	1,03,772	6,95,474	14.9
2015–16	1,14,239	7,88,321	14.5
2016–17	1,25,634	8,67,648	14.5
2017–18	1,38,351	9,74,240	14.2
2018–19	1,53,845	10,82,901	14.2

HP-1.E: Sectoral Contribution to GSDP (at current prices, %)

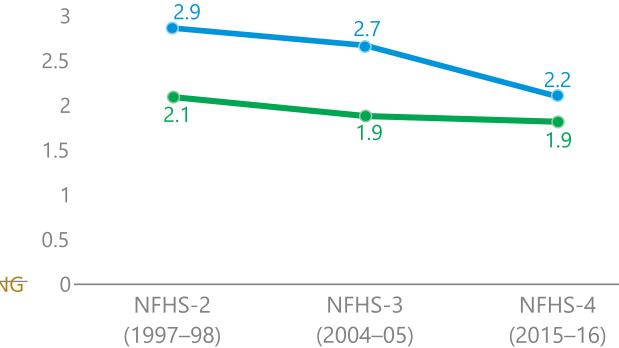


FC-XV VOLUME IV, THE STATES

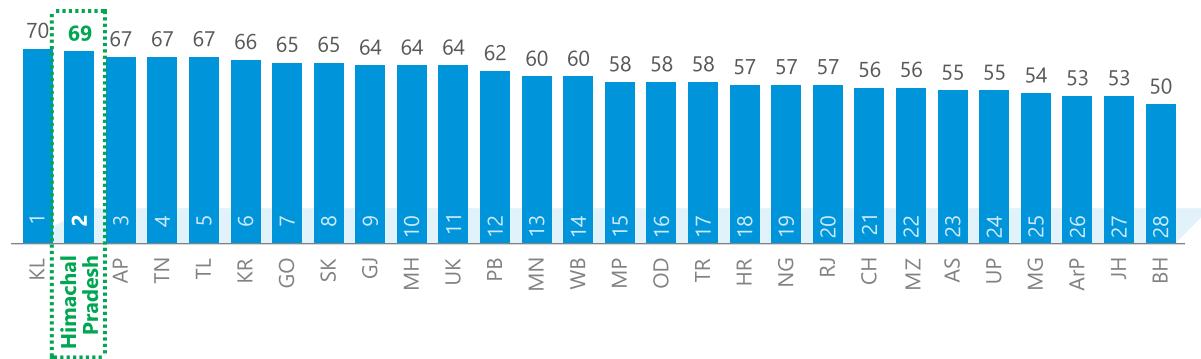
HP-2.A: Decadal Growth in Population (%)



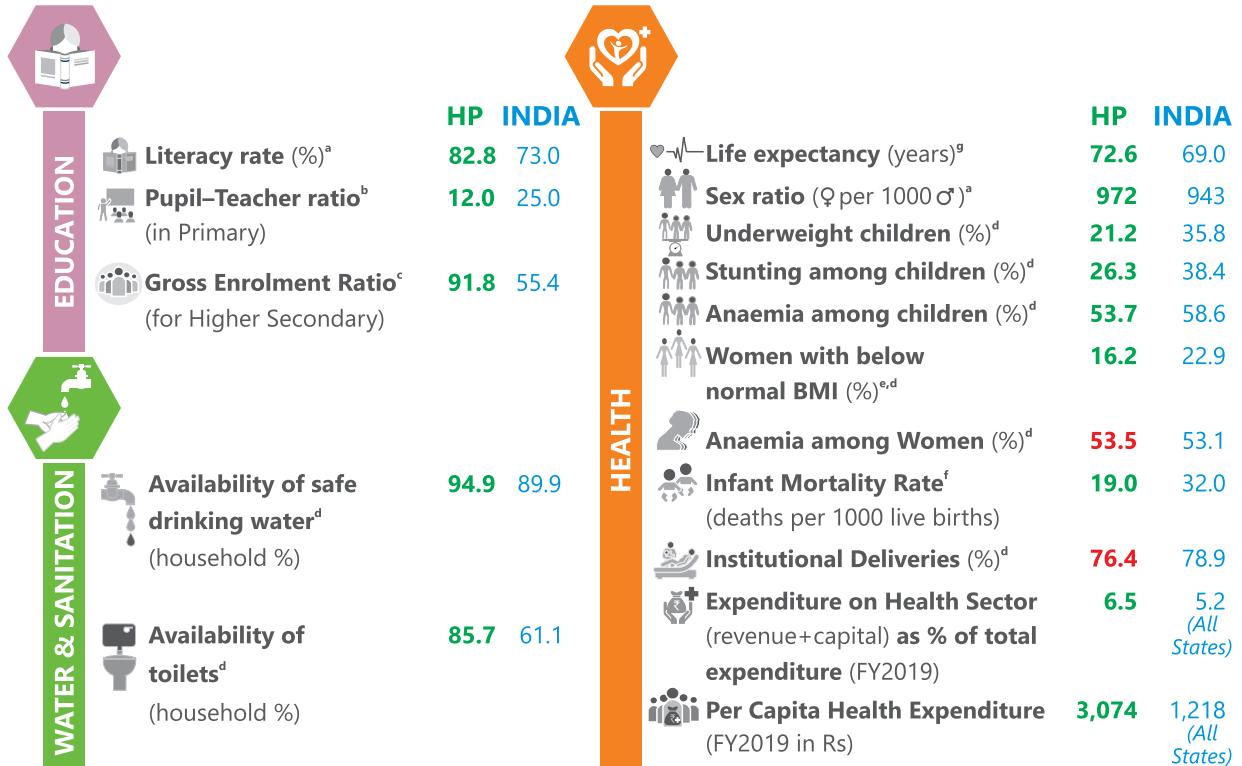
HP-2.B: Total Fertility Rate (children per woman)



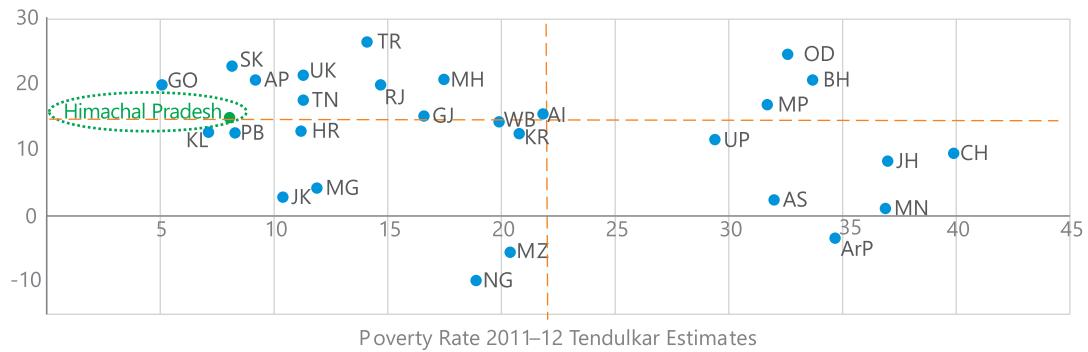
HP-2.C: SDG Index of NITI Aayog (2019)



HP-2.D: Key Social Indicators

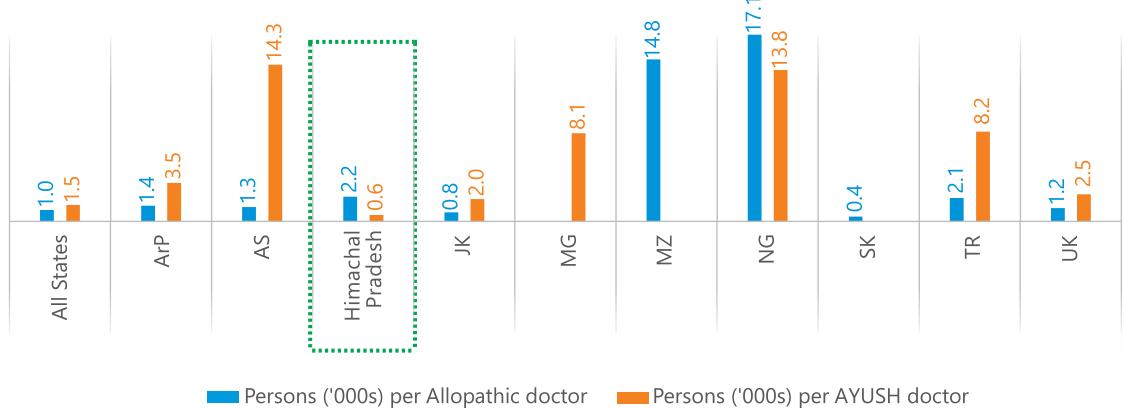
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

HP-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

HP-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



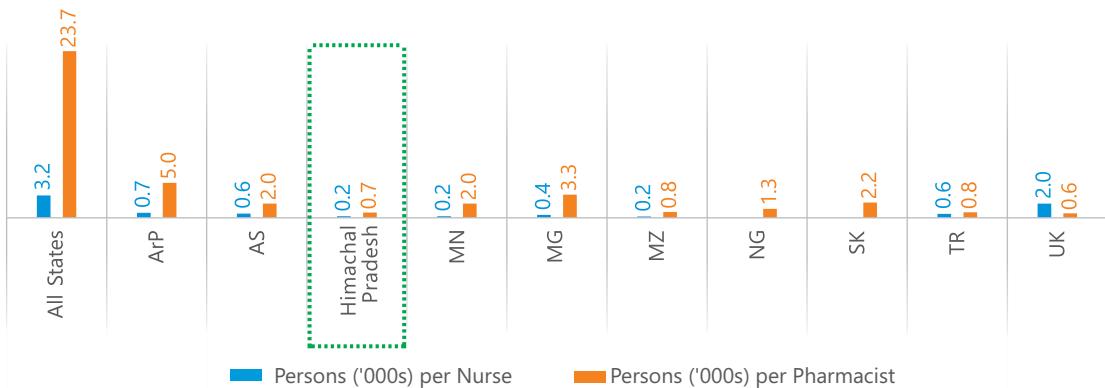
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HP-3.B: Persons ('000s) per Sub-centre/PHC/CHC



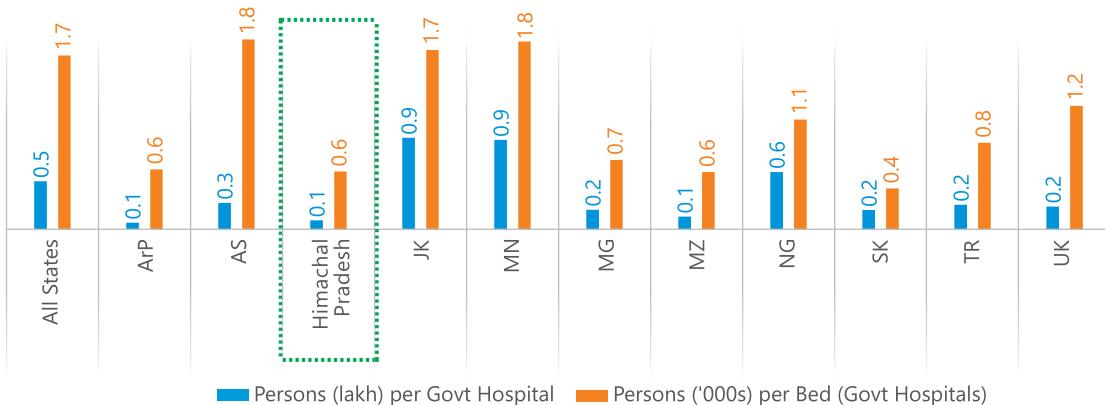
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HP-3.C: Persons ('000s) per Nurse/ Pharmacist



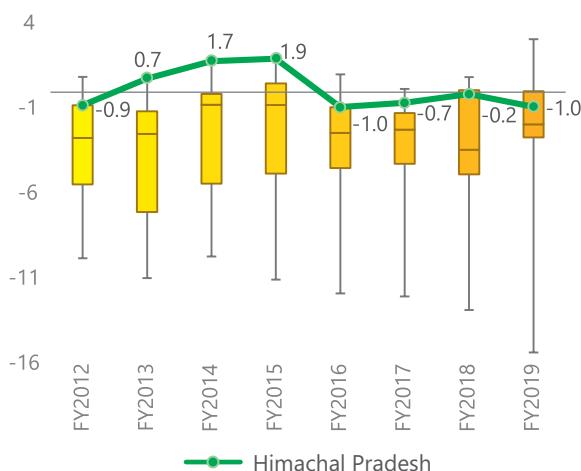
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

HP-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

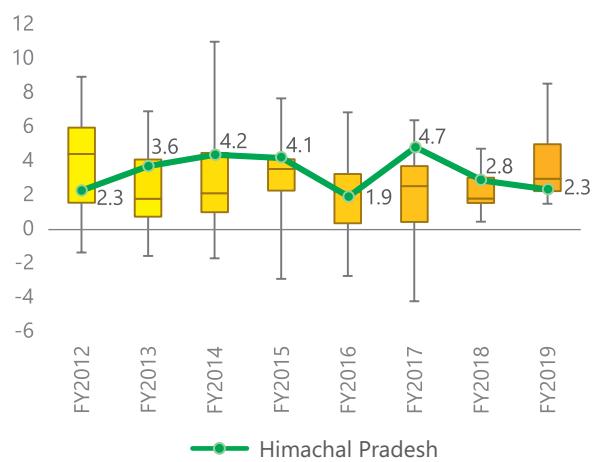


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

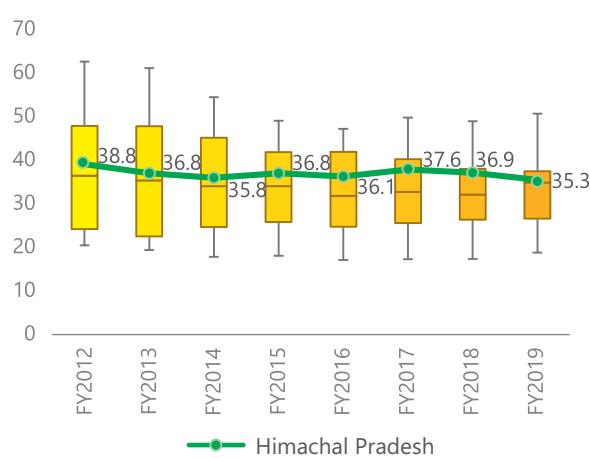
HP-4.A: Revenue Deficit as % of GSDP



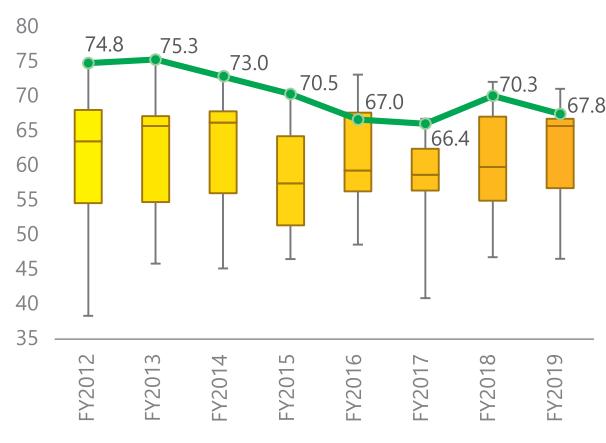
HP-4.B: Fiscal Deficit as % of GSDP



HP-4.C: Outstanding Debt as % of GSDP

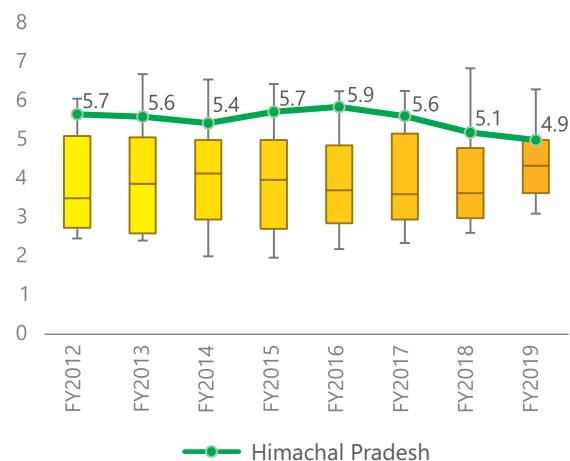


HP-4.D: Committed Expenditure as a % of Revenue Expenditure

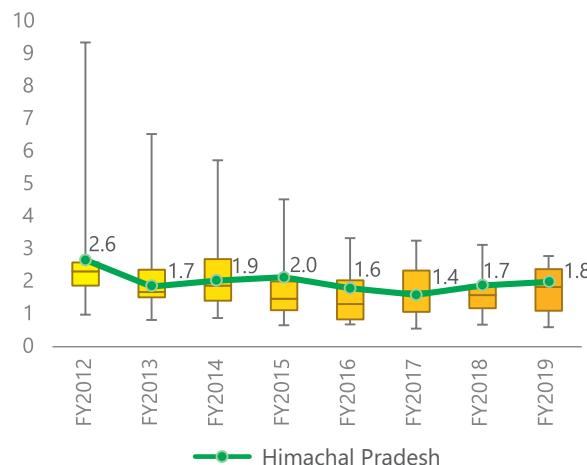


Note: Committed expenditure includes salaries, interest payments, and pensions

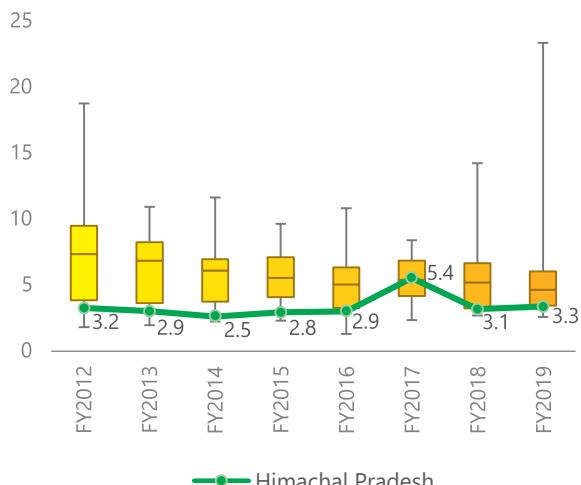
HP-4.E: OTR as % of GSDP



HP-4.F: NTR as % of GSDP



HP-4.G: Capital Expenditure to GSDP Ratio



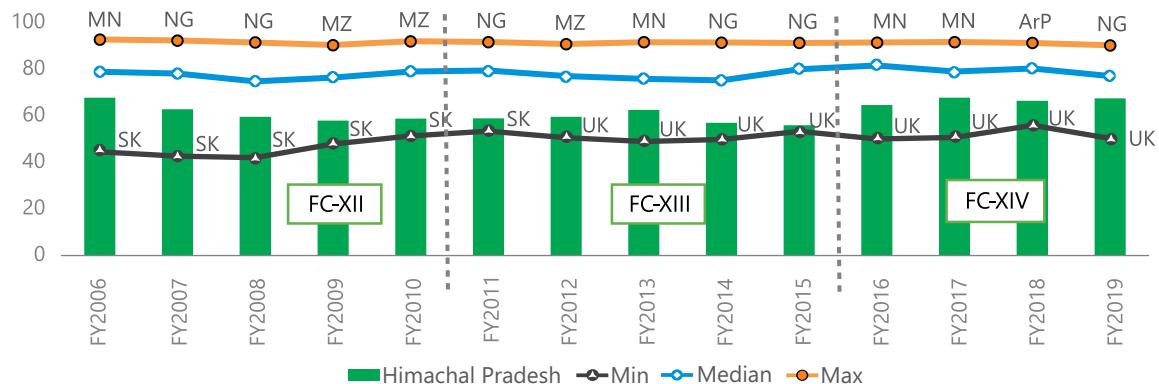
HP-4.H: Key Fiscal Indicators—State vs NEHS

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	2,11,325	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	20.1	23.3
OTR	4.9	5.0
NTR	1.8	2.0
TE	22.4	26.7
ES	4.2	5.0
SS	7.6	8.7
GS	7.3	8.5
Committed Expenditure	13.0	14.4
Capital Expenditure	3.3	4.3
FD	2.3	3.4
RD	-1.0	-0.9
OD	35.3	29.6

HP-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Himachal Pradesh	11.4	12.5	8.5
NEHS	12.6	12.1	10.7

HP-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 26 have been devolved to RLBs.
- Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 17 have been devolved to ULBs.

Auditing Status

- Auditing of accounts of RLBs and ULBs completed till 2017–18.

Property Tax Board

- As recommended by FC-XIII, the State set up its PTB in 2011.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	4	14	15

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fifth SFC (2017–18 to 2021–22)

- The Fifth SFC report was submitted on 19 January 2018 and the ATR tabled on 23 Aug 2018.
- The Fifth SFC adopted a gap filling approach for devolution, including salaries of staff, honorarium of members, office expenses, travel allowance and daily allowance, etc., in its calculations.
- It recommended Rs 1,705.84 crore for devolution over five years.
- In 2016–17, the total amount devolved to local bodies by the State was 2.7% of its ORR.

Debt and Losses

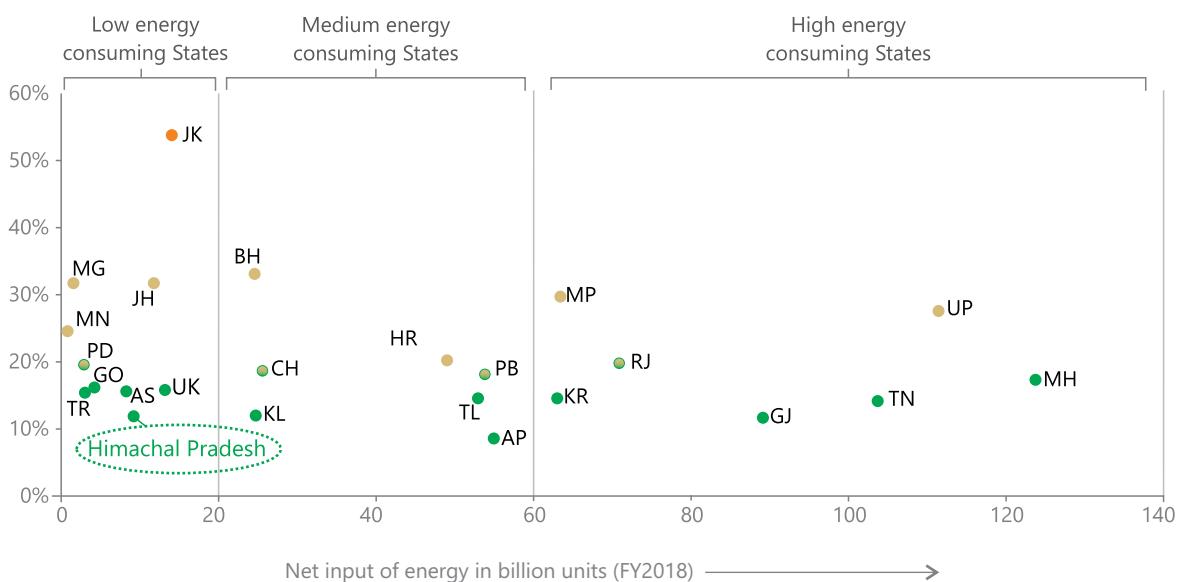
- ▲ The State took over DISCOM debt amounting to Rs 2,891 crore under UDAY in 2016–17.
- ▲ The State was able to achieve the targets of 2018–19 of AT&C losses and ACS–ARR gap.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	11.39	13.0
ACS–ARR Gap (Rs per unit)	–0.07	–0.05

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

HP-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ HP has recommended that the States' share in overall divisible pool of taxes remain constant at 42%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Fiscal Capacity Distance (as calculated by FC-XIII)	47.5
ii)	Area (with floor ceiling of 2% area)	15.0
iii)	Population and its composition as per 2011 Census (15% on Census 2011 population and 5% on the basis of SC/ST population ratio)	20.0
iv)	Forest area	10.0
v)	State Performance on National Priorities / Indicators as per TOR	7.5

Declining Committed Expenditure

- ▲ Committed expenditure (including GIA Salary) of the State came down from 80% of TRE in 2012–13 to 72.7% in 2018–19.
- ▲ TGR of committed expenditure in HP from 2011–12 to 2018–19 is 9.9% (compared to 12.1% for NEHS).
- ▲ Similarly, TGR of salaries is 9.1% in HP from 2011–12 to 2018–19 (compared to 11.5% in NEHS).
- ▲ This is mainly because HP is reducing the burden of salaries by moving away from regular employees towards contractual staff.
- ▲ In 2001, about 4.5% of the population of HP was employed by the State Government. This reduced to 3.7% in 2017.¹
- ▲ Although its committed expenditure has declined over last few years, further restructuring to reduce interest burden is recommended.

Tourism

- ▲ The State may enhance GSDP and revenue earnings by boosting tourism through the measures listed below.
 - » Air connectivity and road network should be improved to reduce the cost of travel. Airports like Gaggal and Kullu need to be expanded and a green field airport in Mandi fit for landing wide bodied aircraft may be constructed.
 - » As the popular hill-stations like Shimla and Manali have become saturated, new offbeat hill-stations like Chamba and Lahaul-Spiti should be developed in terms of infrastructure and services.
 - » Heli-taxi services to remote hill-stations may be started on PPP mode.
 - » Eco-tourism and adventure sports may be encouraged through incentives or PPP mode.
 - » Homestays, individual as well as community based, may be promoted as viable alternate source of income for local people. Since homestays are primarily run by women, they are also instrumental in their economic empowerment. The State Government may take active measures to link homestays with e-commerce players.

Power Sector

- ▲ HP is blessed with a potential of about 27 GW of hydel power, out of which 10.5 GW has already been harnessed.
- ▲ Projects with the capacity of about 22 GW have already been allocated.
- ▲ The State should speed up the execution of the ongoing hydel projects so as to exploit the potential and increase revenue earnings.

Human Development and Social Indicators

- ▲ Indicators relating to education, health, and water and sanitation are better for HP than national averages.
- ▲ Himachal Pradesh is the second State in the country to be declared Open Defecation Free.
- ▲ It is placed Number 2 in the SDG ranking done by NITI Aayog, 2019.
- ▲ Only 8% of the State's population lives below the poverty line (among the lowest in the country). The State's annual per capita revenue expenditure on health (Rs 2,599) and education (Rs 7,901) is much higher than the NEHS averages (Rs 1,987 and Rs 5,970, respectively).

Declining OTR/GSDP and Low Collections from GST

- ▲ OTR–GSDP ratio in the State declined from 5.6% in 2012–13 to 4.9% in 2018–19.
- ▲ HP's ORR buoyancy was 0.8 during the period 2011–12 to 2018–19 (0.9 for NEHS).
- ▲ Collections from GST/VAT at 2.94% of GSDP are very low as compared to NEHS average of 3.47% in 2018–19.
- ▲ Collections from GST/VAT declined from 3.5% of GSDP in 2016–17 to 3.2% in 2017–18 with the introduction of GST.
- ▲ HP received a GST compensation of Rs 2,037 crore in year 2018–19 (highest across NEHS).
- ▲ The State is receiving only 59.8% of its OTR from GST while the NEHS average is 70%.

FRBM Compliance

- ▲ The State debt of HP is very high at 35.3% of GSDP in 2018–19.
- ▲ The State implemented its FRBM Act in 2005 and amended it subsequently in 2005 and 2011.
- ▲ The State has not been able to adhere to its FRBM limit in the recent years.
- ▲ The State has to reach a Debt to GSDP target prescribed by the FC-XV and the new FRBM Act.
- ▲ Government guaranteed borrowings to PSUs should be restrained.
- ▲ Measures should be taken to reduce burden of salaries so that more fiscal space is left for development expenditure.

Ratios in %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	43.7	40.1	38.0	37.6	33.8	32.8	32.9
Actually achieved	38.8	36.8	35.8	36.8	36.1	37.6	36.9
FD–GSDP							
As prescribed by the State FRBM	2.7	2.9	2.9	5.7	2.9	3.2	3.5
Actually achieved	2.3	3.6	4.2	4.1	1.9	4.7	2.8

Source: Government of Himachal Pradesh

- ▲ HP has very high committed expenditure (including GIA Salary) of 72.7% of TRE, in spite of its efforts to reduce the burden of salaries and pensions.
- ▲ Interest payment in HP is 2.6% of GSDP against average of 2% for NEHS. High debt of the State contributes to high interest rates. Interest payment is 13.7% of TRE which is higher than the NEHS average of 9%.
- ▲ Pension constitutes 16.9% of TRE (14.3% for NEHS).
- ▲ The State needs to take further measures to restructure and rationalise its expenditure by reducing the burden of committed expenditure.

Road Network

- ▲ HP has lower road density than the national average.
- ▲ Since the scope for railways and inland water transport is negligible in a hill State, roads are its only lifeline. Inadequate road network leads to heavy head-load cost of providing public services.
- ▲ HP still needs to connect 7,628 Census Villages located in difficult terrain.

- ▲ Maintenance of roads may also be further improved.
- ▲ Deep breasting of roads is recommended.

Low Credit–Deposit Ratio

- ▲ HP's Credit–Deposit ratio is just 30.9, compared to neighbouring Haryana at 59.4 and Punjab at 63.17.

Agriculture

- ▲ According to the State Government Memorandum, per capita agriculture GSDP in HP is only Rs 49,000 per cultivator, the third lowest in the country.
- ▲ Production of high value crops like spices, essential herbs, horticulture and floriculture should be promoted in the State.
- ▲ Incentives may also be provided for establishing cold storages.

Local Bodies

- ▲ Local bodies have low own revenue. In 2017–18, own revenue (Tax + Non-tax) of Gram Panchayats was only 11.37% of their total expenditure.
- ▲ Measures like upward revision of property tax rates and user charges may be introduced.
- ▲ Remaining functions should be immediately devolved to RLBs and ULBs.

Public Sector Undertakings²

- ▲ The number of accounts in arrears has increased from 20 in 2012–13 to 27 in 2016–17 (as on 30 September 2017) with arrears of accounts ranging from 1 to 4 years.
- ▲ Out of 23 PSUs, accounts of nine have not been audited for one or more years. The State Government needs to chalk out an action plan to audit the accounts of these nine PSUs in a regular and time bound manner.
- ▲ The State Government had extended budgetary support of Rs 12,657.73 crore to PSUs in 2016–17 (as on 31 March 2017). The non-auditing of accounts could pose serious downside risks given the substantial budgetary support.

Reform Signposts

- ▲ The State has a very high debt to GSDP ratio. This needs to be consolidated in line with the new FRBM Act and FC-XV's recommendations.
- ▲ The State has not done well in terms of GST collections. It needs to find innovative ways to increase both its OTR and ONTR. The State should speed up the execution of the ongoing hydel projects and improve infrastructure for tourism to increase scope for greater revenue earnings.
- ▲ The State needs to take measures to restructure and rationalise its spends by reducing the burden of committed expenditure.

Notes

- 1 Government of Himachal Pradesh Memorandum.
2. CAG (2018), *Report No 1 of 2018 - Public Sector Undertakings Himachal Pradesh*, report by the Comptroller and Auditor General of India, published by the Government of Himachal Pradesh.

JH-1.A: Overview



POPULATION
33.0 million
2.8%
Of population across all States



AREA
79,716 sq km
2.4%
Of area across all States



FOREST COVER
23,611 sq km
29.6%
Of the State's own area is under forest
0.3%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 79,936
Rs 1,40,422

Average across all States



TAX TO GSDP
5.0%
6.3%

Average across all States



CHILDREN PER WOMAN
2.6
2.2

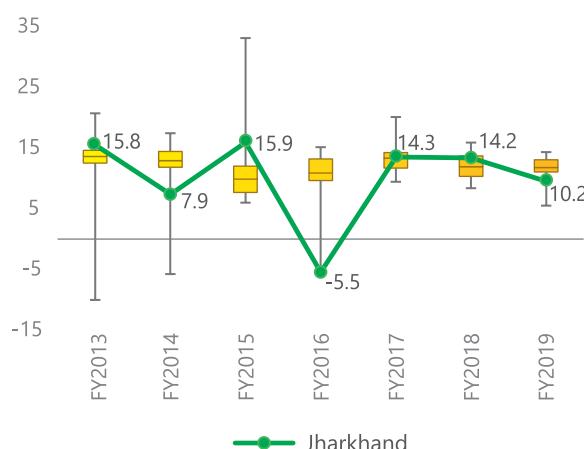
Average across all States



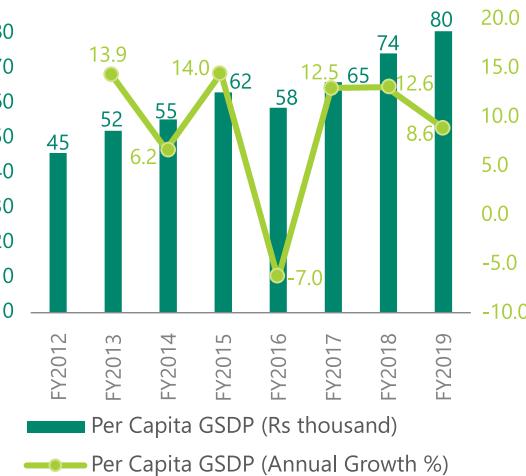
URBANISATION RATE
24.1%
31.1%

All India average

JH-1.B: Growth rate of GSDP (at current prices, %)



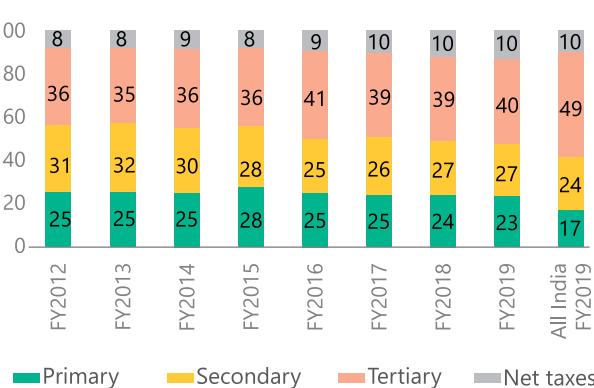
JH-1.C: Per capita GSDP (at current prices)



JH-1.D: GSDP Current, 2011–12 series (Rs crore)

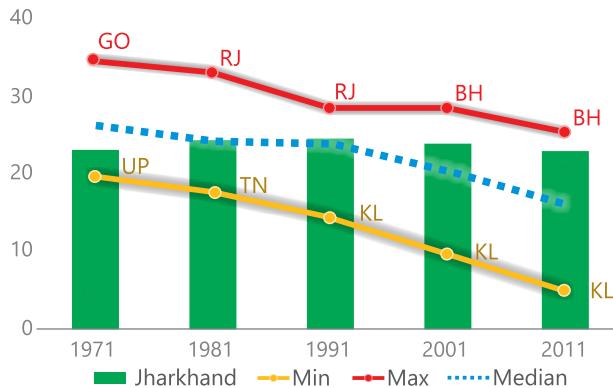
	State	All GS	Share (%) of State in GS
2011–12	1,50,918	77,44,945	2.0
2012–13	1,74,724	88,27,195	2.0
2013–14	1,88,567	1,00,07,392	1.9
2014–15	2,18,525	1,09,93,257	2.0
2015–16	2,06,613	1,21,91,256	1.7
2016–17	2,36,250	1,37,80,737	1.7
2017–18	2,69,816	1,54,20,126	1.8
2018–19	2,97,204	1,72,83,813	1.7

JH-1.E: Sectoral Contribution to GSDP (at current prices, %)

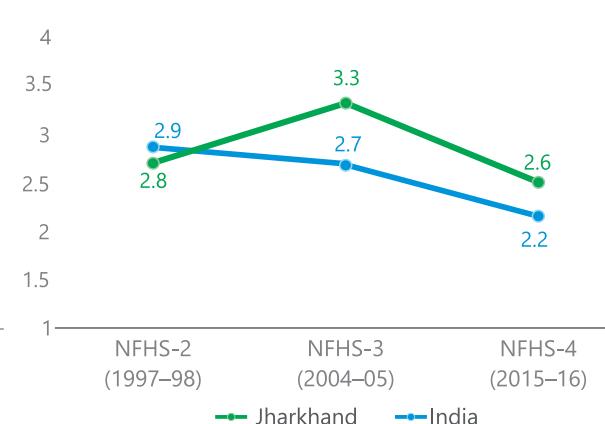


FC-XV VOLUME IV, THE STATES

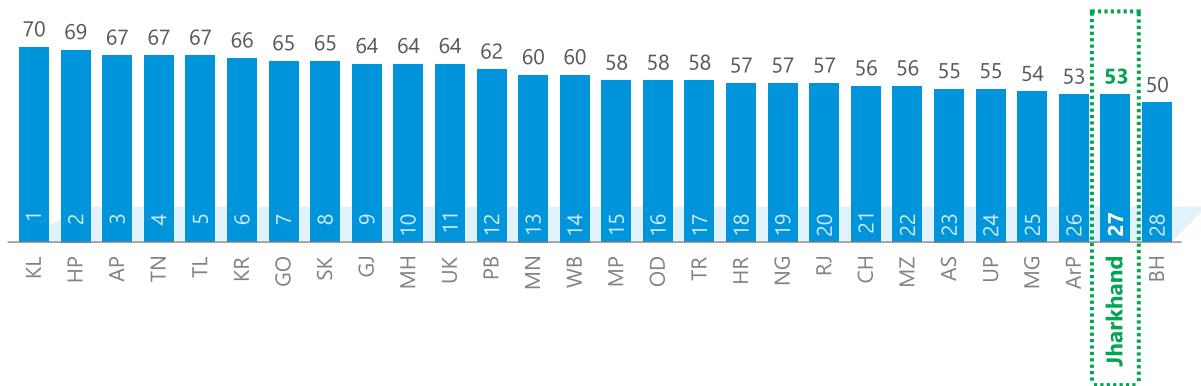
JH-2.A: Decadal Growth in Population (%)



JH-2.B: Total Fertility Rate (children per woman)



JH-2.C: SDG Index of NITI Aayog (2019)

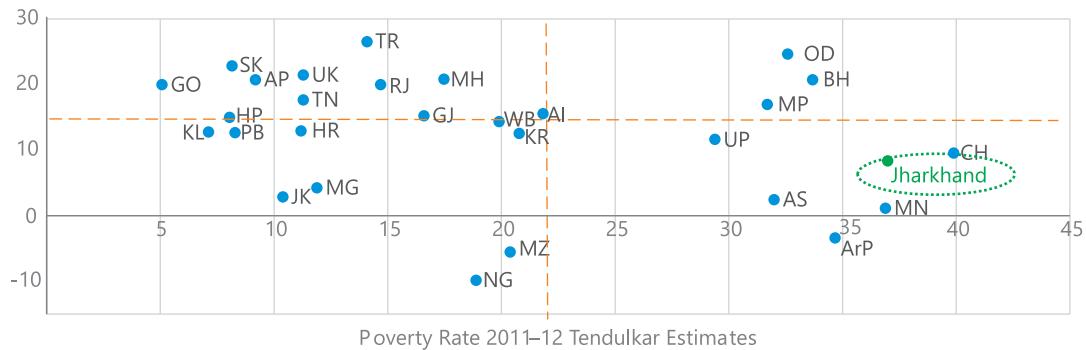


JH-2.D: Key Social Indicators

EDUCATION	JH		INDIA		JH	INDIA		
	Life expectancy (years) ^g		Sex ratio (♀ per 1000 ♂) ^a			Life expectancy (years) ^g		
	Literacy rate (%) ^a	Pupil-Teacher ratio ^b (in Primary)	Underweight children (%) ^d	Stunting among children (%) ^d		68.6	69.0	
WATER & SANITATION	Gross Enrolment Ratio ^c (for Higher Secondary)		JH	INDIA		949	943	
	37.1	55.4	47.8	35.8		45.3	38.4	
	Availability of safe drinking water ^d (household %)		77.7	89.9		69.9	58.6	
	Availability of toilets ^d (household %)		30.0	61.1		31.5	22.9	
HEALTH	Anaemia among Women (%) ^d		Infant Mortality Rate ^f (deaths per 1000 live births)			65.2	53.1	
	66.4	73.0	30.0	32.0		61.9	78.9	
	Institutional Deliveries (%) ^d		Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)			5.4	5.2 (All States)	
	Per Capita Health Expenditure (FY2019 in Rs)		Per Capita Health Expenditure (FY2019 in Rs)			913	1,218 (All States)	

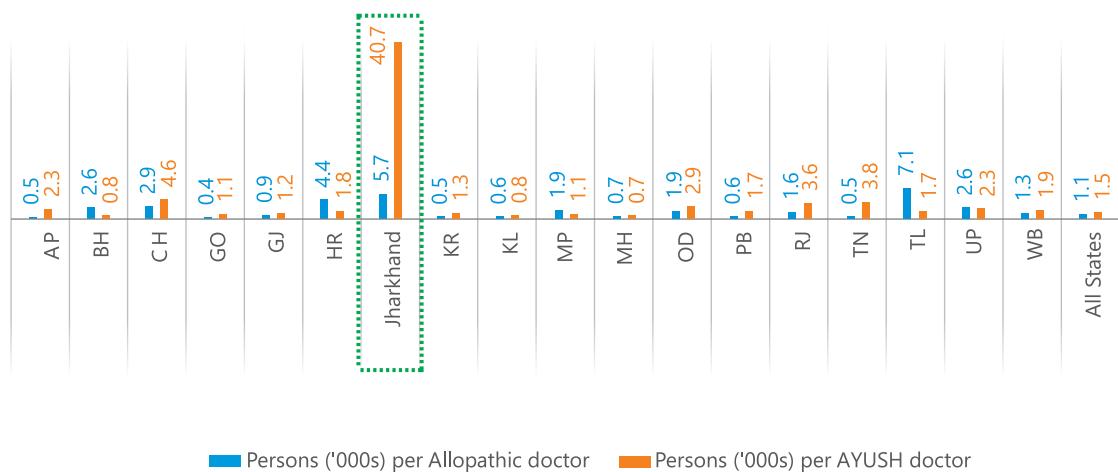
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

JH-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denotes reduction in poverty in FY2012 over FY2005

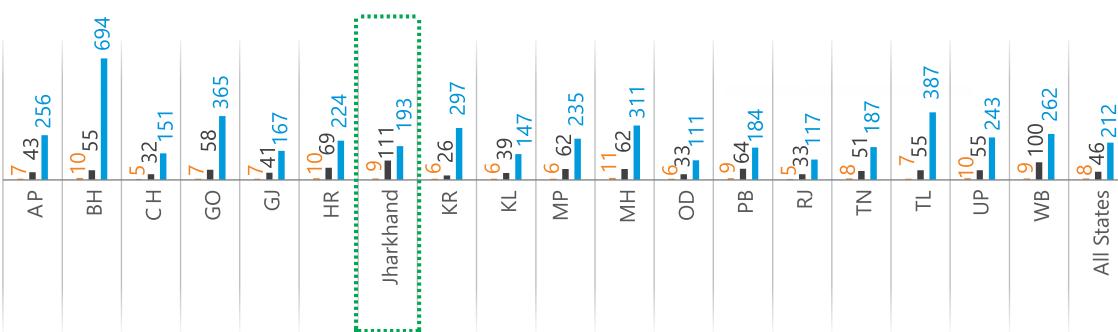
JH-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

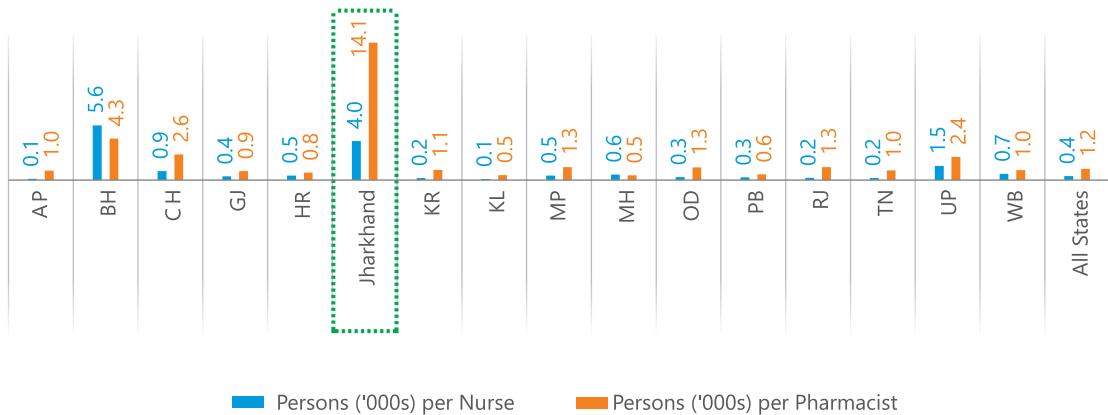
JH-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

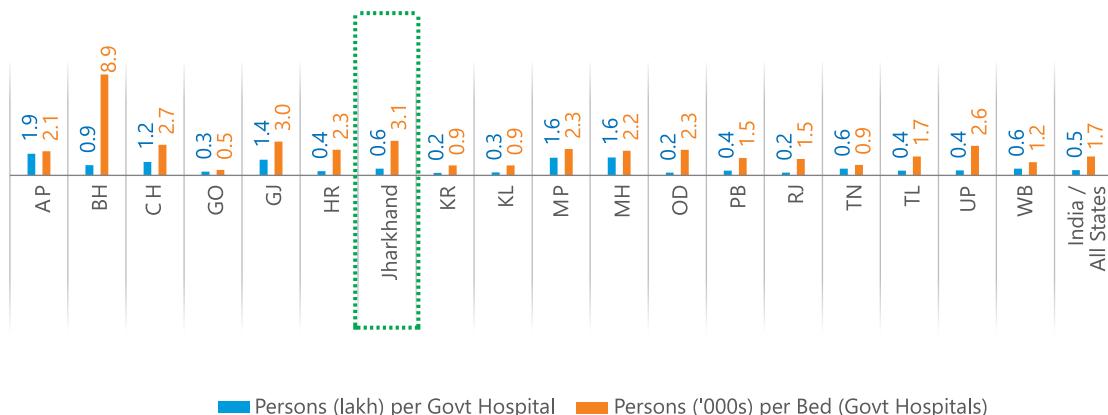
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

JH-3.C: Persons ('000s) per Nurse/ Pharmacist



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

JH-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

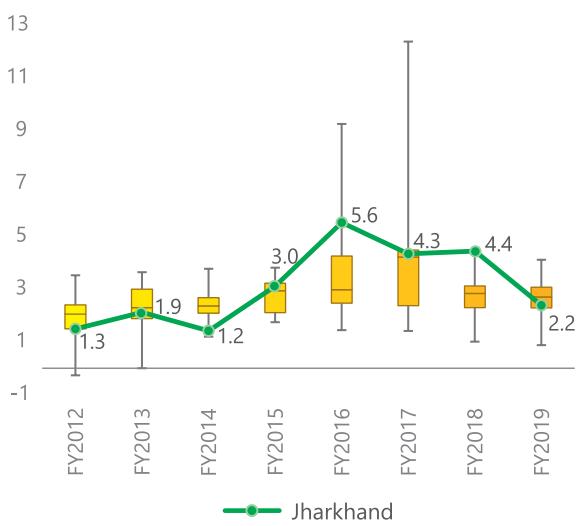


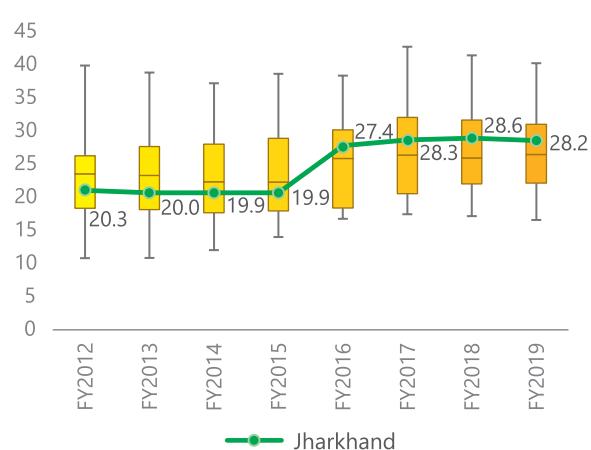
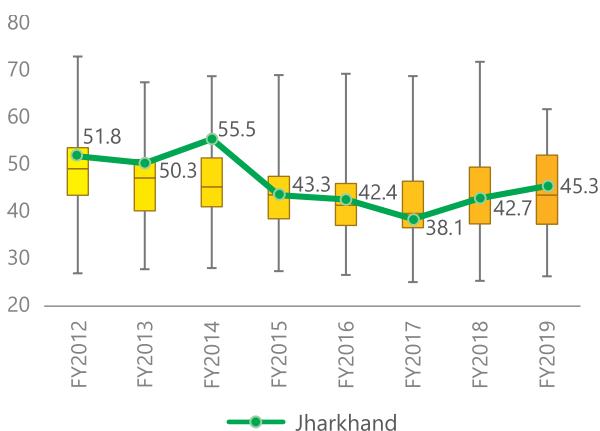
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

JH-4.A: Revenue Deficit as % of GSDP

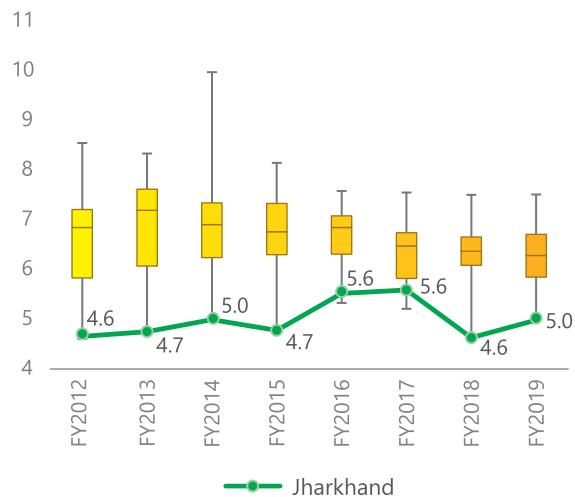
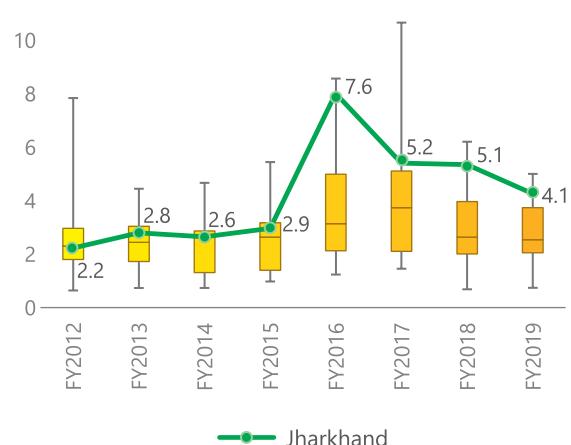


JH-4.B: Fiscal Deficit as % of GSDP



JH-4.C: Outstanding Debt as % of GSDP**JH-4.D: Committed Expenditure as a % of Revenue Expenditure**

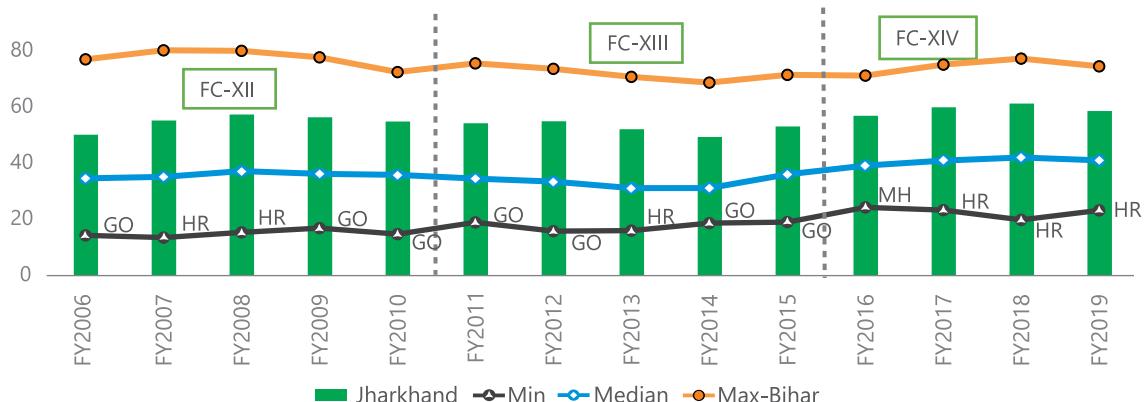
Note: Committed expenditure includes salaries, interest payments, and pensions

JH-4.E: OTR as % of GSDP**JH-4.F: NTR as % of GSDP****JH-4.G: Capital Expenditure to GSDP Ratio****JH-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	79,936	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	18.9	13.4
OTR	5.0	6.4
NTR	2.8	1.1
TE	21.1	16.1
ES	4.8	3.1
SS	6.4	5.4
GS	5.9	4.7
Committed Expenditure	7.7	5.8
Capital Expenditure	4.1	2.5
FD	2.2	2.5
RD	-1.9	0.2
OD	28.2	25.0

JH-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Jharkhand	15.6	15.7	12.3
GS average	13.6	13.1	10.3

JH-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- ▲ Of the 29 functions envisaged in Eleventh Schedule of the Constitution, 18 have been devolved to RLBs.
- ▲ Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 16 have been devolved to ULBs.

Auditing Status

- ▲ ULB accounts have been audited up to 2015–16 and RLB accounts till 2016–17.

Property Tax Board

- ▲ Government of Jharkhand has not yet set up its PTB, even though recommendations of FC-XIII were made as far back as 2011.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
14	14	16	17

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

First SFC (2003–04 to 2008–09)

- ▲ First SFC made recommendations pertaining to ULBs only.
- ▲ In pursuance of the recommendations Jharkhand Government:
 - » enacted the Jharkhand Municipal Act, 2011;
 - » created a suitable Municipal Cadre; and
 - » constituted an Urban Development Department to streamline administration.

Second SFC (2009–10 to 2013–14)

- ▲ Second SFC constituted in 2009 did not submit its Report.

Third SFC (2014–15 to 2019–20)

- ▲ Third SFC constituted in 2014 has not submitted the Report till date.
- ▲ The Fourth SFC is already due.
- ▲ Jharkhand Government is currently not following the recommendations of any SFC for allocating resources to local bodies.
- ▲ Jharkhand Government is not strictly complying with the relevant constitutional provisions of constituting SFCs and implementation recommendations efficiently.

Debt and Losses

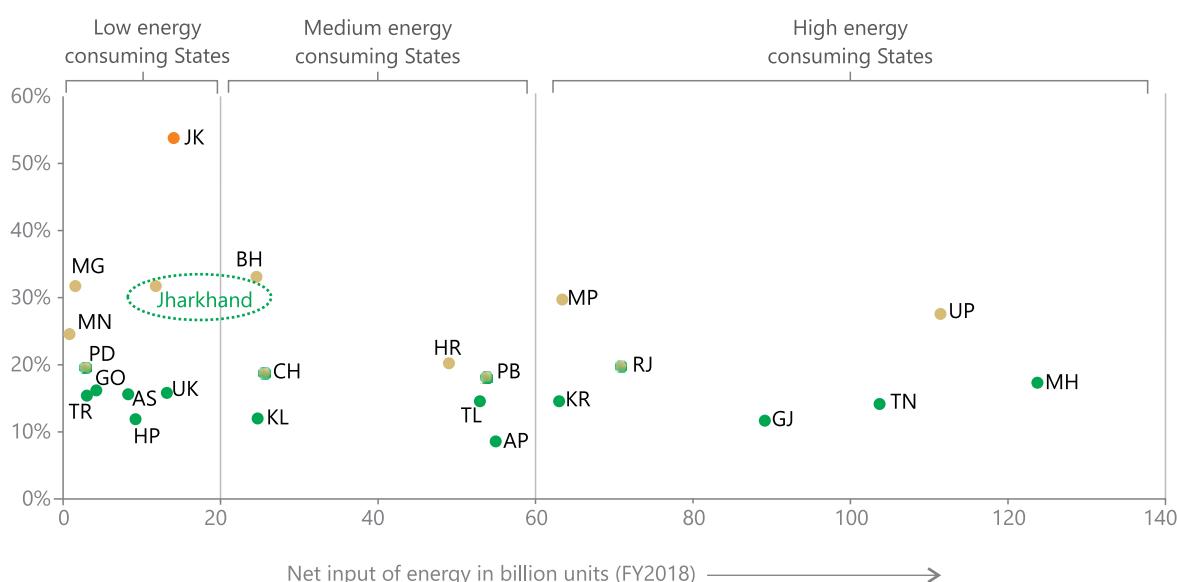
- ▲ Total equity and liabilities of DISCOMs as on 31 March 2019 is Rs 10,149 crore of which, State Government borrowing is Rs 9,863 crore.
- ▲ Jharkhand needs to substantially improve its performance on the UDAY barometers to avoid future fiscal risk.
- ▲ Both AT&C losses and ACS–ARR gap of Jharkhand were way above the targets set by UDAY for 2018–19.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	28.6	15.0
ACS–ARR Gap (Rs per unit)	0.6	0.0

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

JH-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Jharkhand proposed that the share of States in the divisible pool be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Weights (%)
i)	Income distance	10
ii)	Population, 2011	50
iii)	Share in forest area (all types of forest)	10
iv)	Population weighted by share in ST population	10
v)	Modified Census area	10
vi)	Share in Mining GSVA	10

District Mineral Foundation

- ▲ According to the Union Ministry of Mines, the Government of Jharkhand received Rs 4,330.05 crore under DMF across 24 districts up to June, 2019.
- ▲ These funds need to be utilised for the prescribed purposes within the fiscal that they are received.
- ▲ If they idle as fixed deposits, substantial fiscal space for Jharkhand, though indirectly available, remains under-utilised.
- ▲ Jharkhand Government should put a mechanism in place to ensure their expeditious utilisation within the fiscal year.

Forests and Tourism

- ▲ Since almost 30% of Jharkhand is under forests, it needs to devise strategies to promote eco-tourism as a revenue generating sector.
- ▲ An MSP scheme for MFP was introduced by the Ministry of Tribal Affairs during 2013–14 to support STs and other forest dwellers.
- ▲ It is understood that the scheme has remained a non-starter, inter-alia, due to an ineffective procurement mechanism.
- ▲ Therefore, a robust procurement mechanism should be created by Jharkhand Government through its agencies by using electronic platforms and other existing programmes such as e-NAM.

Fiscal Discipline

- ▲ There has been a substantial jump in Debt–GSDP ratio of Jharkhand from 19.9% in 2013–14 to more than 28% in the past three years—28.3% (2016–17), 28.6% (2017–18), and 28.2% (2018–19).
- ▲ FD–GSDP ratio of Jharkhand increased from 1.2% in 2013–14 to the high levels of 5.6% in 2015–16 and 4.3% in 2016–17 and 4.4% in 2017–18 to soften to 2.2% in 2018–19.
- ▲ In 2017–18 and 2018–19, Jharkhand had resorted to 0.25% of additional borrowings under Article 293(3) of the Constitution.
- ▲ In view of the above, Jharkhand needs to bring down its deficit and debt from the current unsustainable levels.

- ▲ More so, in view of the FRBM Act (amended in 2018 by the Government of India), Jharkhand needs to work more seriously on fiscal consolidation.

FRBM Compliance

- ▲ Jharkhand enacted the FRBM Act in 2007 and amended it in 2010, 2011, 2012, and 2015.
- ▲ From 2015–16 to 2017–18, the Debt–GSDP ratio and FD–GSDP ratio of Jharkhand were way above the FRBM targets. The State, however, adhered to FRBM targets during the period 2011–12 to 2014–15.

Ration as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	28.5	27.8	27.3	26.9	24.2	25.2	25.8
Actually achieved	20.3	20.0	19.9	19.9	27.4	28.3	28.6
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.5	3.5	3.3
Actually achieved	1.3	1.9	1.2	3.0	5.6	4.3	4.4

Source: Targets under FRBM Act provided by Jharkhand Government. Further, State Government mentioned that Debt–GSDP targets from 2015–16 to 2017–18 were set according to the recommendations of FC-XIV.

GSDP

- ▲ The economy of Jharkhand is so heavily dependent on the primary sector that a drought in 2015–16, reduced its growth rate (at current prices) to (–) 5.5%.
- ▲ Given the rich mineral endowments of the State, it should focus on diversifying its economic base and strengthening other sectors.

Health

- ▲ Jharkhand lags behind national averages on several key health indicators (see JH-2.D).
- ▲ Some of the worst indicators are reported from tribal communities which constitute more than 26% of the population of Jharkhand (second highest among GS after Chhattisgarh).
- ▲ The State is facing severe shortage of healthcare professionals in tribal areas.
- ▲ For a sustainable solution, it may explore Maharashtra's model of recognising diplomas from the College of Physicians and Surgeons as adequate for converting MBBS doctors to specialists who may then serve in remote and tribal areas.
- ▲ Besides, telemedicine could be promoted to fill the need gap in such areas.

Education

- ▲ Jharkhand needs to improve its performance on a number of educational parameters (see JH-2.D). A couple of instances are listed below:
 - » *Transition Rate:* Against the national transition rate from secondary to higher secondary stage of 66%, Jharkhand reported only 47% in 2016–17 (as per U-DISE, 2016–17). Furthermore, this transition rate is lower for girls at 45% (against national average of 67%) than boys at 49% (against national average of 66%), indicating widening gender disparity at higher levels of schooling.

- » *Learning Outcomes:* As per ASER Report, 2018, only 19% children in Grade III could read Grade II text (against national average of 27%) and 23% children in Grade III in Jharkhand could at least do subtraction (against the national average of 28%).¹

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranked 27th among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog.
- ▲ Jharkhand needs to improve its performance on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Wellbeing, SDG–4 Quality Education, SDG–5 Gender Equality, SDG–6 Clean Water and Sanitation, SDG–7 Affordable and Clean Energy, SDG–8 Decent Work and Economic Growth, SDG–10 Reduced Inequality, and SDG–16 Peace, Justice and Strong Institutions.

Backwardness

- ▲ Of the 24 districts of Jharkhand, 19 including Ranchi (capital city), are recognised as aspirational districts (by NITI Aayog).
- ▲ Further, Jharkhand had the second highest poverty rate (37%) after Chhattisgarh in 2011–12 (as per Tendulkar methodology).
- ▲ Jharkhand Government needs to take decisive steps to come out of the low-income trap, while targeting the development of bottom 20% blocks as aspirational blocks (like aspirational districts monitored by the NITI Aayog).

Left Wing Extremism

- ▲ Of the 19 aspirational districts in Jharkhand, 16 figure in the list of 35 worst Left Wing Extremism (LWE) affected districts of the country, creating serious challenges in their development.
- ▲ A concerted and coordinated approach involving the Central Government and neighbouring States is critical.

Piped Water Supply

- ▲ Only 6% of rural households have PWS connections in Jharkhand, which is less than one-third the national coverage of 18.3%.
- ▲ Jharkhand needs to invest its resources in cost-effective and innovative approaches such as rain water harvesting and end-to-end value chain management of drinking water.

Power Sector

- ▲ AT&C losses in Jharkhand State remained high between 2016 (34.7%) and 2019 (28.6%), far behind the targeted reduction for these years.
- ▲ Unless the State DISCOM substantially improves on UDAY barometers—feeder segregation (12% progress), smart metering (0% progress), RPOs (13% progress) as on 31 March 2019—future fiscal risk is imminent.
- ▲ Robust systemic reforms are required to ensure that power subsidy reaches intended beneficiaries without leakage.

Local Bodies

- ▲ Measures should be taken to devolve the remaining functions to RLBs and ULBs.
- ▲ Jharkhand needs to set up the PTB at the soonest.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs.

The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings²

- ▲ Of the 21 working PSUs of Jharkhand, only two finalised their accounts for 2016–17.
- ▲ 19 PSUs had arrears of 54 accounts (as of 31 December 2017) with the extent of arrears ranging from 1 to 8 years.
- ▲ Jharkhand had provided budgetary support of Rs 2,659.56 crore to 12 working PSUs during the period for which accounts were in arrears.
- ▲ The non-auditing of accounts could pose serious downside risks since the State Government is extending substantial budgetary support.

High Pollution (PM10) as Monitored under NAMP

- ▲ There are three cities with a million-plus population in Jharkhand—Dhanbad, Jamshedpur and Ranchi—which are engines of growth. However, their rising air pollution (as monitored under NAMP) unless tackled proactively, could impede their growth in future.

PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Dhanbad	226	238	264	242.7
Jamshedpur	136	131	128	131.7
Ranchi	196	142	122	153.3

Note: NAMP has set a PM10 limit of 90 micrograms per cubic metre.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Jharkhand is part of the group which includes Bihar, Uttar Pradesh, Madhya Pradesh, and Odisha.
- ▲ Critical fiscal parameters of Jharkhand have been compared with these five States.

Reform Signposts

- ▲ Though Jharkhand is a mineral rich State, in terms of per capita income, it is placed third among the five States in its class.
- ▲ Also, according to NFHS 2015–16, Jharkhand performed poorly on key social indicators like incidence of underweight children, stunting among children, anaemia, women whose BMI is below normal, and households without access to safe drinking water and toilet facility.
- ▲ Jharkhand has high poverty rate (37%) with districts such as Sahibganj, Dumka, Pakur, and West Singhbhum reporting poverty rates that are even higher than 45%.
- ▲ Given that Jharkhand is a revenue surplus State, the excess of revenue can be used for meeting the essential social sector expenditures.
- ▲ Jharkhand has been comparatively less successful in mobilising revenue from power sector (1.4%). Odisha on the other hand, sources 10.7% of its OTR through a special electricity duty

on captive power plants in exchange for a commitment to spend the revenue so generated as capital investment in the power sector. Such streams of revenue should be explored by all mineral producing States, including Jharkhand.

- ▲ A snapshot of various components of ORR of Jharkhand vis-à-vis other States in its class is presented below:

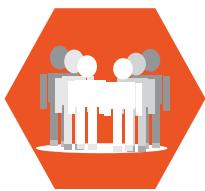
States of Cohort	As % of GSDP					As % of OTR				
	VAT/ GST	Stamp Duty	Excise	Elec. Duty	Others	VAT/ GST	Stamp Duty	Excise	Elec. Duty	Others
Bihar	4.1	0.8	0	0	0.6	74.4	14.2	0	0.9	10.5
Jharkhand	3.9	0.1	0.4	0.1	0.4	79.1	3.1	7.3	1.4	9.0
Madhya Pradesh	3.5	0.7	1.2	0.3	0.6	55.9	10.4	18.7	5.1	9.9
Odisha	3.9	0.3	0.8	0.7	0.5	63.5	4.1	12.9	10.7	8.7
Uttar Pradesh	4.2	0.9	1.4	0.2	0.5	58.2	13.1	19.9	2.5	6.3
Cohort Average	4.0	0.7	1.0	0.2	0.5	61.6	10.9	15.7	3.8	8.0
All States	4.2	0.7	0.8	0.2	0.5	66.0	10.4	12.4	3.5	8.0

- ▲ Also, the ORR/TRR for the class is 41.1% (national average 53.4%) implying that these States are hugely dependent on Central Government transfers for their finances. Jharkhand has the second highest Central Transfer/ TRR in the class. Hence, intervention of the State in this direction is pertinent.
- ▲ Jharkhand's ORR TGR (12.3%) and buoyancy (1.31) for 2011–2019 are better than class averages of 11.2 and 0.9, respectively.
- ▲ However, the vast difference between revenue receipt (OTR and ORR) TGR and TRE TGR implies potential fiscal instability. **Hence, strengthening of OTR and ORR and streamlining the procedures play an important role for Jharkhand.** It is worth mentioning that OTR/ ORR for 2018–19 is 64.1 for Jharkhand (compared to class average of 77.8).
- ▲ Jharkhand performed very well under the VAT regime as the TGR was 12.81 between 2011 and 2016 (highest in its class). This could be attributed to tax on coal which reduced significantly under GST regime. Further a time series trend analysis on SGST can give a better picture of TGR across states.
- ▲ Jharkhand State DISCOM's outstanding to power transmission and generation companies is highest in the class at 4.01% (as of June 2020). **The State must address the rising AT&C losses and widening ACS–ARR gap and improve the performance on UDAY barometers.**
- ▲ **Besides, capital expenditure needs to be enhanced to drive a structural shift in the economy towards the tertiary and secondary sectors in the long run.**
- ▲ The revenues from Excise are very poor, an issue that the State needs to urgently address.
- ▲ **There is a need for strengthening the administrative systems and effective service delivery as Jharkhand is grappling with issues like lack of salaried jobs, inadequate technically trained and skilled workers and persisting poverty.**
- ▲ **Comprehensive re-prioritisation of expenditure and a focused approach on aspirational district/blocks is needed for social parameters to improve.**

Notes

- 1 ASER (2018), *Annual Survey of Education Report 2018*, ASER Centre.
- 2 CAG (2017), *Report No.2 of 2017, Public Sector Undertakings, Government of Jharkhand*, report of the Comptroller and Auditor General of India, published by Government of Jharkhand.

KR-1.A: Overview



POPULATION
61.1 million
5.1%
Of population across all States



AREA
1,91,791 sq km
5.9%
Of area across all States



FOREST COVER
38,575 sq km
20.1%
Of the State's own area is under forest
2.7%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,32,874
Rs 1,40,422

Average across all States



TAX TO GSDP
6.3%
6.3%

Average across all States



CHILDREN PER WOMAN

1.8
2.2

Average across all States



URBANISATION RATE
38.6%
31.1%

All India average

KR-1.B: Growth rate of GSDP (at current prices, %)



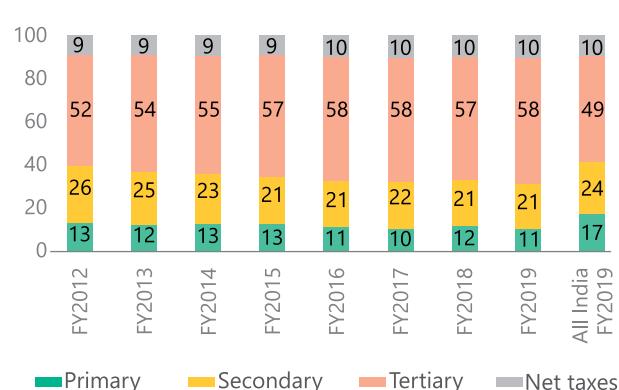
KR-1.C: Per capita GSDP (at current prices)



KR-1.D: GSDP Current, 2011–12 series (Rs crore)

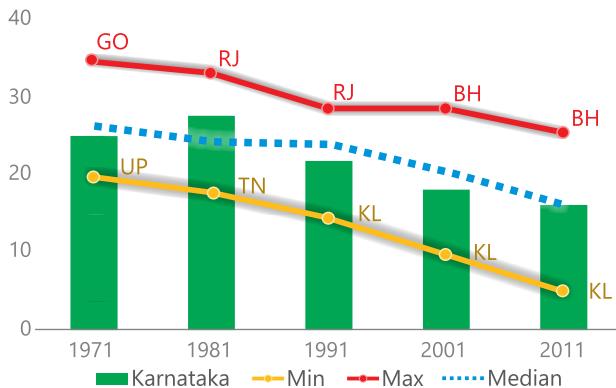
	State	All GS	Share (%) of State in GS
2011–12	6,06,010	77,44,945	7.8
2012–13	6,95,413	88,27,195	7.9
2013–14	8,16,666	1,00,07,392	8.2
2014–15	9,13,923	1,09,93,257	8.3
2015–16	10,45,168	1,21,91,256	8.6
2016–17	12,09,136	1,37,80,737	8.8
2017–18	13,57,579	1,54,20,126	8.8
2018–19	15,44,399	1,72,83,813	8.9

KR-1.E: Sectoral Contribution to GSDP (at current prices, %)

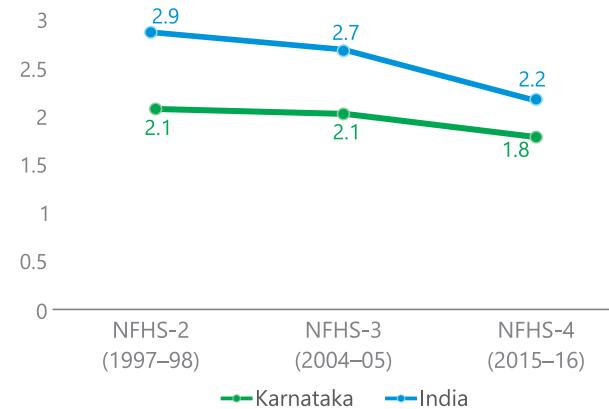


FC-XV VOLUME IV, THE STATES

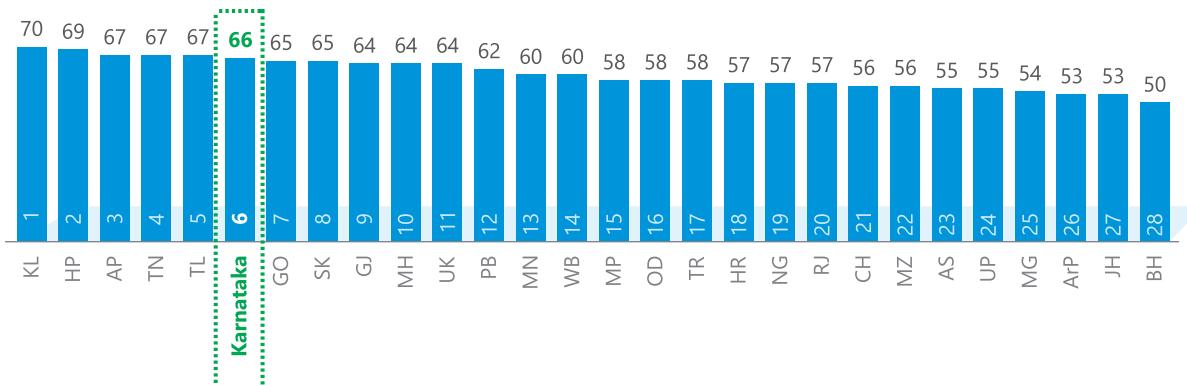
KR-2.A: Decadal Growth in Population (%)



KR-2.B: Total Fertility Rate (children per woman)



KR-2.C: SDG Index of NITI Aayog (2019)



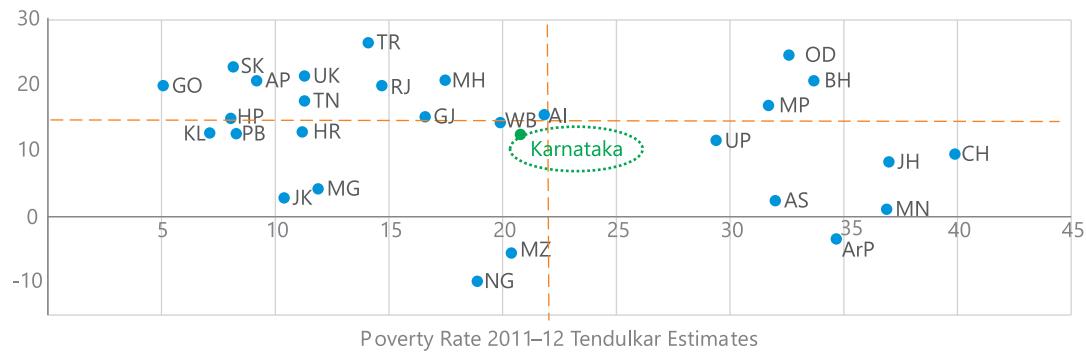
KR-2.D: Key Social Indicators

EDUCATION	KR		INDIA		KR	INDIA	
	KR		INDIA			KR	
	Literacy rate (%) ^a	75.4	73.0	Life expectancy (years) ^g	69.2	69.0	
	Pupil–Teacher ratio ^b (in Primary)	16.0	25.0	Sex ratio (♀ per 1000 ♂) ^b	973	943	
	Gross Enrolment Ratio ^c (for Higher Secondary)	41.9	55.4	Underweight children (%) ^d	35.2	35.8	
WATER & SANITATION	Availability of safe drinking water ^d (household %)	89.3	89.9	Stunting among children (%) ^d	36.2	38.4	
	Availability of toilets ^d (household %)	65.8	61.1	Anaemia among children (%) ^d	60.9	58.6	
				Women with below normal BMI (%) ^{e,d}	20.7	22.9	
HEALTH	Anaemia among Women (%) ^d	44.8	53.1				
	Infant Mortality Rate ^f (deaths per 1000 live births)	23.0	32.0				
	Institutional Deliveries (%) ^d	94.0	78.9				
	Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)	4.7	5.2 (All States)				
	Per Capita Health Expenditure (FY2019 in Rs)	1,429	1,218 (All States)				

^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

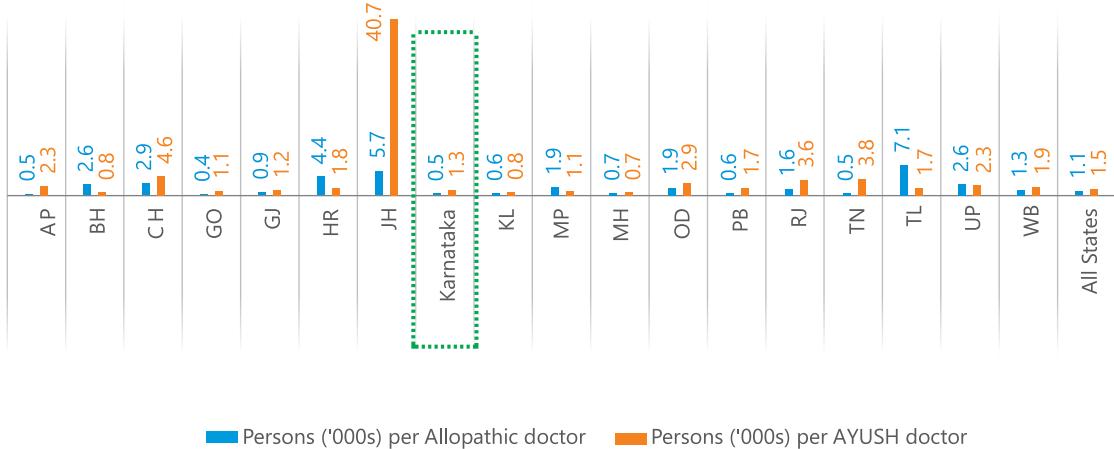
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

KR-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

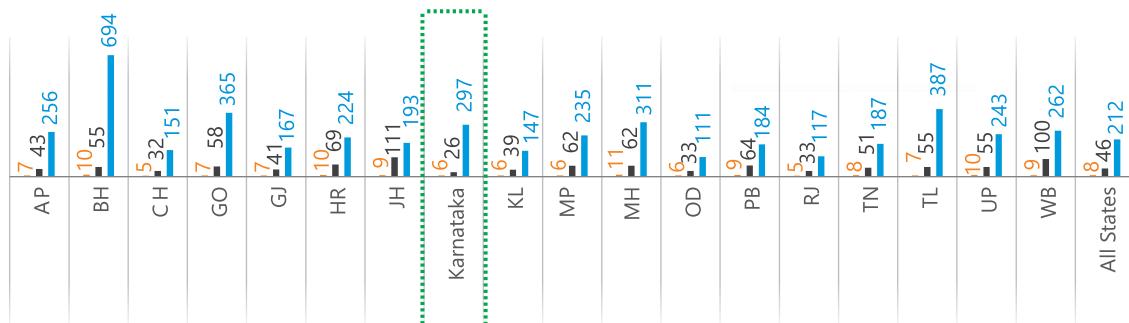
KR-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

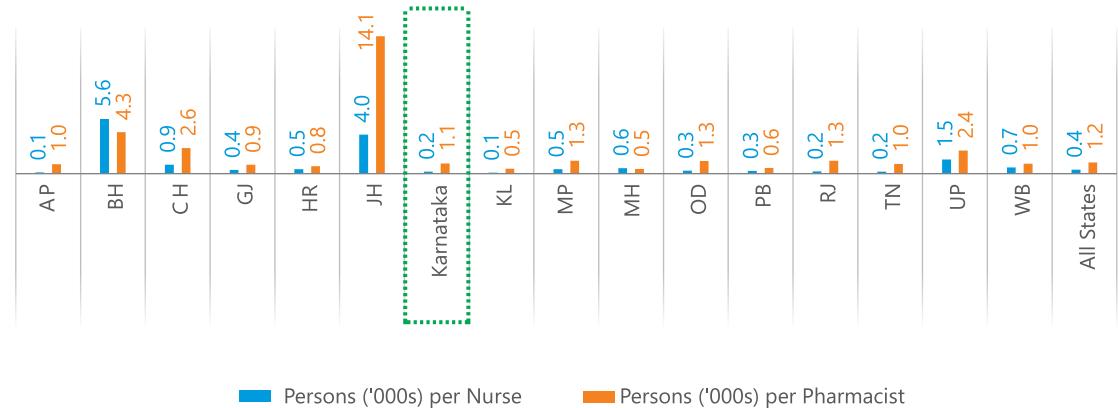
KR-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

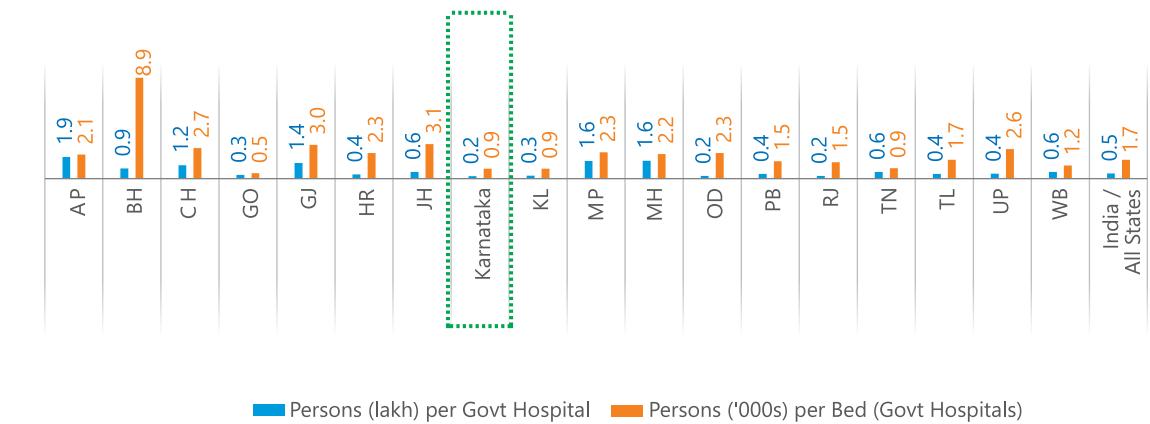
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KR-3.C: Persons ('000s) per Nurse/ Pharmacist



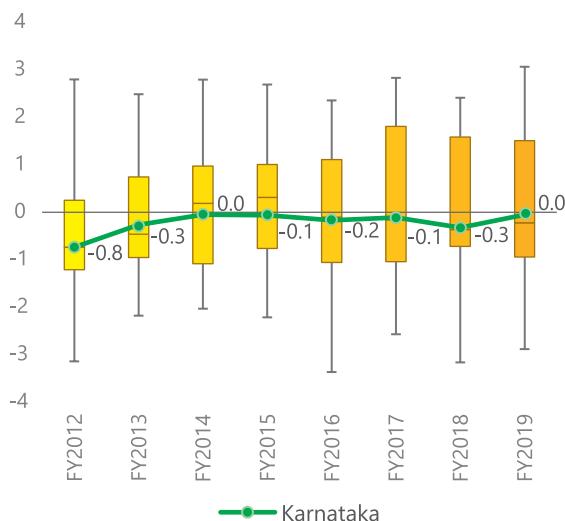
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KR-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

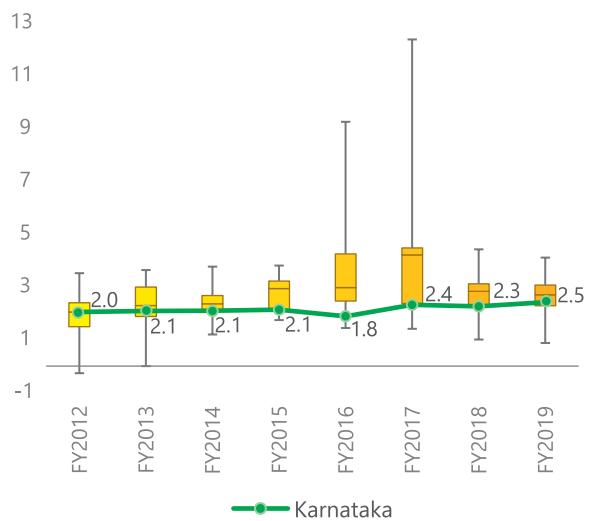


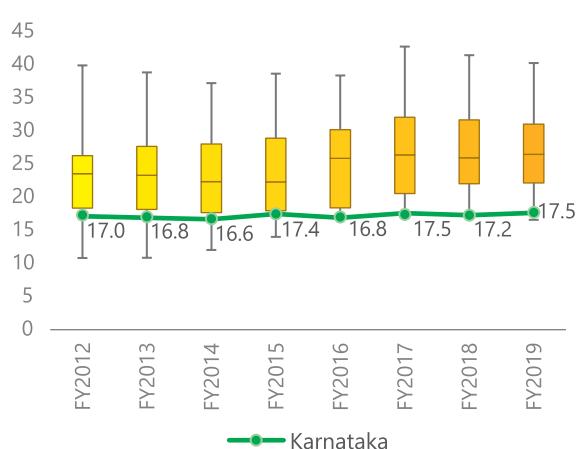
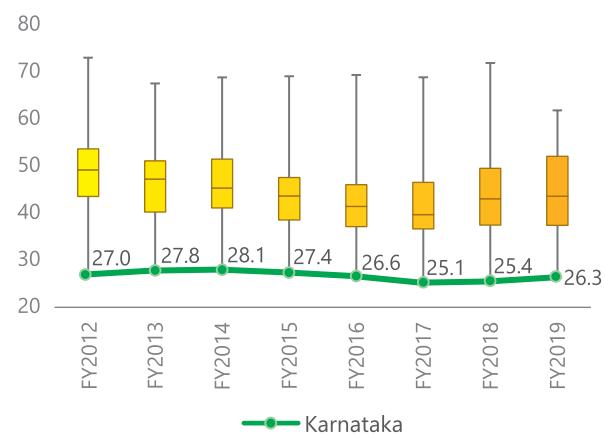
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KR-4.A: Revenue Deficit as % of GSDP

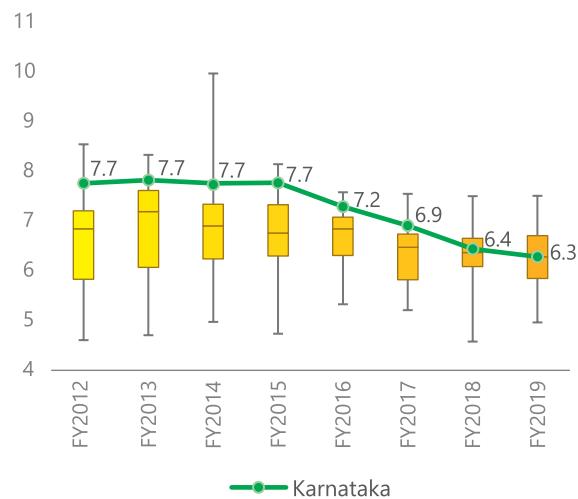
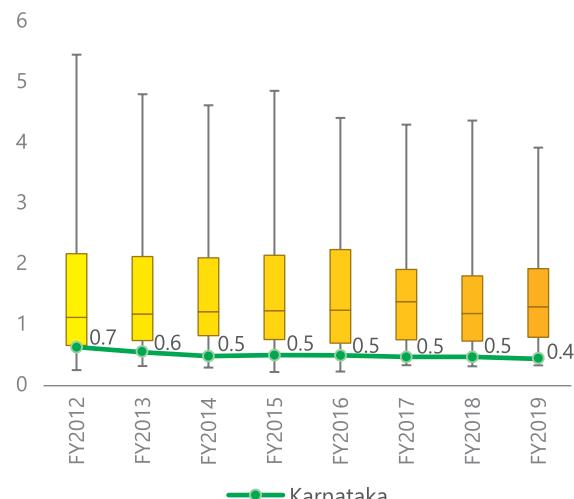
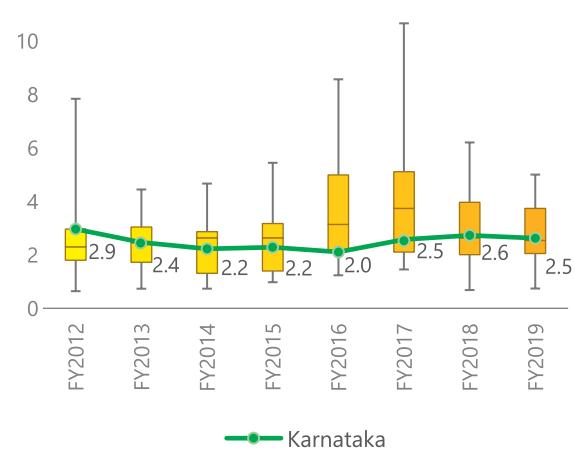


KR-4.B: Fiscal Deficit as % of GSDP



KR-4.C: Outstanding Debt as % of GSDP**KR-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

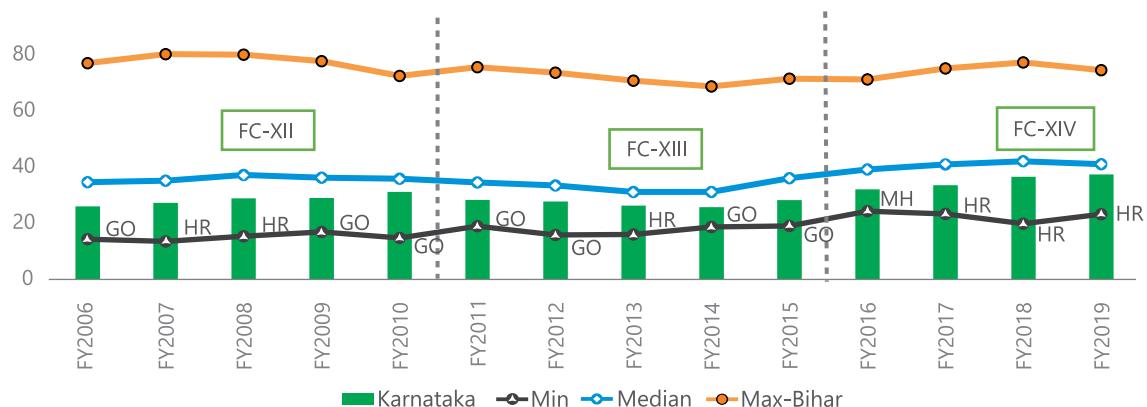
KR-4.E: OTR as % of GSDP**KR-4.F: NTR as % of GSDP****KR-4.G: Capital Expenditure to GSDP Ratio****KR-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	2,32,874	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	10.7	13.4
OTR	6.3	6.4
NTR	0.4	1.1
TE	13.2	16.1
ES	3.1	3.1
SS	4.5	5.4
GS	2.7	4.7
Committed Expenditure	2.8	5.8
Capital Expenditure	2.5	2.5
FD	2.5	2.5
RD	-0.04	0.2
OD/GSDP	17.5	25.0

KR-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Karnataka	13.9	13.3	10.5
GS average	13.6	13.1	10.3

KR-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All 29 functions envisaged in Eleventh Schedule of the Constitution have been devolved to RLBs.
- ▲ Of 18 functions envisaged in Twelfth Schedule of the Constitution, 17 have been devolved to ULBs. ‘Fire Services’ have been devolved only to the Greater Bengaluru Municipal Corporation or the Bruhat Bengaluru Mahanagara Palike.

Auditing Status

- ▲ Audit of accounts of RLBs and ULBs have been completed only till 2015–16.

Property Tax Board

- ▲ The Government of Karnataka has not set up the PTB (recommended by FC-XIII).

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
1	9	2	2

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2018–19 to 2022–23)

- ▲ The State Government is currently following the recommendations of the Fourth SFC.
- ▲ The Fourth SFC recommended that 48% of the State’s non-loan net own revenue receipts (NLNORR) be devolved to local bodies.
- ▲ The State Government has decided to implement the recommendations in a phased manner, gradually raising devolution to 48% by 2022–23.

Debt and Losses

- ▲ Total borrowings of DISCOMs as on 31 March 2019 are Rs 18,021 crore of which State Government borrowing is Rs 552 crore.
- ▲ The State achieved the target ACS–ARR gap but not the target AT&C losses under UDAY in 2018–19.

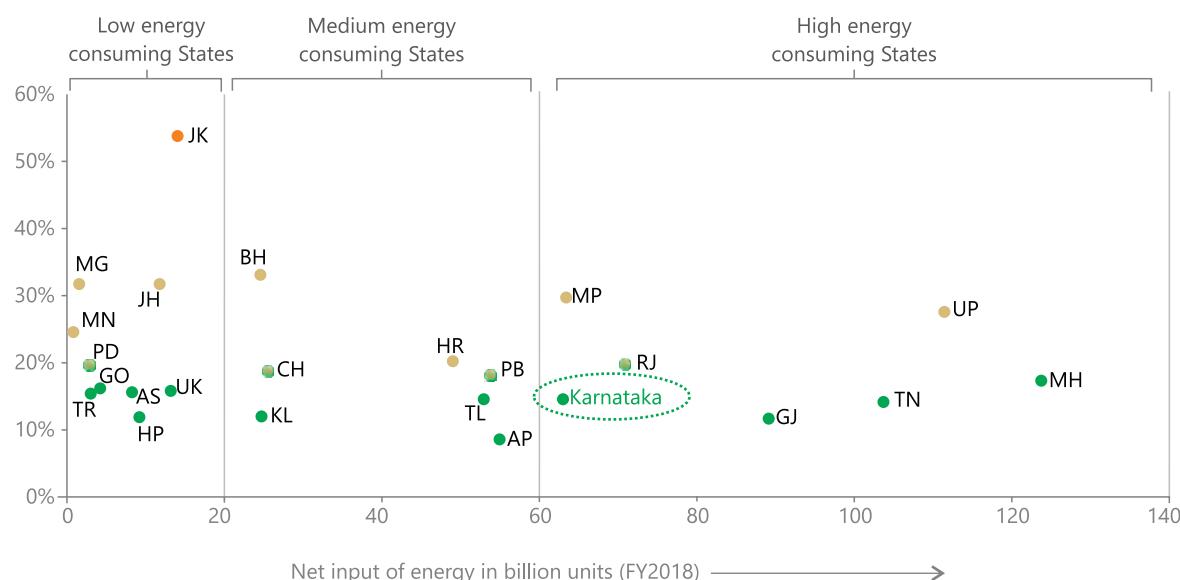
- ▲ The State should aim to improve its performance on these UDAY barometers to avoid future fiscal risk.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	19.8	14.0
ACS–ARR Gap (Rs per unit)	–0.7	0.0

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

KR-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Under the vertical devolution, the FC-XV has recommended that 41% of the net proceeds of Union Taxes (divisible pool) be devolved to the States in the year 2020–21.
- ▲ The State contends that it is more or less same as the share proposed by the FC-XIV adjusted for the share of erstwhile Jammu & Kashmir.

Formula for Horizontal Devolution

S. no.	Criteria	Weights (%)
i)	Population	15
ii)	Area	15
iii)	Forest Cover	10
iv)	Income Distance	30
v)	Demographic Change	15
vi)	Tax Effort	10
vii)	GSDP	5

Suggestions by Government of Karnataka

- i. Reduce weights assigned to the criteria of equity (Income Distance) to 30% from current 45% and allocate that weight to other parameters, preferably the parameters of performance, either tax effort or demographic changes.
- ii. Use inverse of per capita income in place of distance.
- iii. Income distance be moderated by raising it by 0.25 standard deviation.

Fiscal Discipline

- ▲ The adherence to the path of fiscal discipline has enabled the State to remain consistently revenue surplus since 2004–05.
- ▲ Its FD–GSDP ratio has been maintained below 3% since 2011–12 and the State has not resorted to additional borrowings under Article 293(3) of the Constitution.
- ▲ Further, the Debt–GSDP ratio has been maintained at less than 20% since 2011–12.
- ▲ Karnataka is setting an example for other States by including its ‘off-budget borrowings’ in the definition of the term ‘total liabilities’, through the Karnataka Fiscal Responsibility (Amendment) Act, 2014.

FRBM Compliance

- ▲ The State enacted the FRBM Act in 2002 and amended it in 2009, 2011, and 2014.
- ▲ The State adhered to FRBM targets during the period between 2011–12 and 2017–18.

Ratio as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	26.0	25.7	25.4	25.2	25.0	25.0	25.0
Actually achieved	17.0	16.8	16.6	17.3	16.8	17.5	17.2
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	2.0	2.1	2.1	2.1	1.8	2.4	2.3

Source: Government of Karnataka

Lowest Committed Expenditure

- ▲ Karnataka has been prudent in keeping its committed expenditure (interest payments, salaries, and pensions) at the lowest level amongst all 29 States from 2011–12 to 2018–19.
- ▲ However, it appears that there are some accounting issues as grants-in-aid (Salary) is not fully reflected in the salary thus the committed expenditure appears under-reported.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranked 6th among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog.
- ▲ The State is a front-runner on SDG–3 Good Health and Wellbeing, SDG–4 Quality Education, SDG–5 Gender Equality, SDG–7 Affordable & Clean Energy, and SDG–9 Industry, Innovation and Infrastructure.

- ▲ However, the State needs to improve its performance on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–6 Clean Water and Sanitation, SDG–10 Reduced Inequality, SDG–11 Sustainable Cities and Communities.
- ▲ The State should continue to undertake innovative policies and focused action, which would lead the State to improve its economic and social indicators.

Port-Led Economy

- ▲ Being a coastal State, Karnataka needs to focus on the development and upgradation of ports in order to sustain its economic development.

Forests and Tourism

- ▲ Given that almost one-fifth of Karnataka is forested, the State needs to devise strategies to promote eco-tourism in order to create employment and growth.

Power Sector

- ▲ In line with the UDAY MoU, the DISCOMs were able to reach close to the targeted reduction in AT&C losses in 2016–17, 2017–18, and 2018–19.
- ▲ Further, the State has been able to achieve almost all the major UDAY barometer targets as on 31 March 2019.
- ▲ Two out of five DISCOMs incurred losses in 2016–17. The State should strive to make all the five DISCOMs profitable in the next 2–3 years.
- ▲ Robust systemic reforms are required to ensure that the power subsidy reaches intended beneficiaries without leakage.

Local Bodies

- ▲ The State ranks second (after Kerala) in aggregate devolution in policy to RLBs, across all States.¹
- ▲ The State has implemented Project Aasthi for GIS-based property tax system and changed the property tax valuation from annual rental value assessment to a capital value method.
- ▲ Further, the Karnataka Municipal Data Society (KMDS) rolls out municipal IT applications for citizen services and municipal administration, manages websites of ULBs, and is a repository of municipal data.

Drought Mitigation and Irrigation

- ▲ While annual rainfall in Karnataka is close to the national average, several parts of the State experience annual droughts.
- ▲ Droughts of varied intensity in 13 years out of the past 15 years have caused devastating losses to the State.
- ▲ It should continue to invest heavily on drought mitigation measures. Further, mitigation measures and resources earmarked by FC-XV should be gainfully deployed by the State Government.
- ▲ A dependable irrigation system could go a long way in enhancing productivity of cultivable land in drought prone areas.
- ▲ Keeping this in mind, the State should try to raise the percentage of gross cropped area under irrigation from the current 34.2% to at least 48.6% (the national average in 2014–15).²

- ▲ Coverage of modern micro-irrigation techniques through drip and sprinkler systems could also be increased.

Health

- ▲ Though health indicators of Karnataka related to underweight children, stunting among children, anaemia among women, percentage of institutional deliveries, IMR, and MMR are by and large better than the national average, there are huge intra-State disparities that need to be bridged.
- ▲ Expenditure on health as a percentage of GSDP should be increased from 0.6% (2016–17) to at least 0.8% (GS average) in order to sustain and improve the health outcomes, with special focus on backward districts.

Education

- ▲ Though the State performs far better than the national average on learning outcomes,³ districts that are worse off than the State average need greater focus.
- ▲ Hence, expenditure on education (1.6% of GSDP in 2016–17 against GS average of 2.5%) should be increased to sustain and improve the educational outcomes in backward districts.

Aspirational Districts

- ▲ Yadgir and Raichur districts of Karnataka figure in the list of aspirational districts identified by the NITI Aayog for special focus and monitoring of development.

Local Bodies

- ▲ The State has not yet set up the PTB though the recommendations of FC-XIII.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings⁴

- ▲ The number of accounts in arrears have increased from 44 in 2013–14 to 79 in 2017–18, with the extent of arrears ranging from 1 to 5 years.
- ▲ During the years for which accounts were not finalised, the State Government invested Rs 1,931.33 crore crore in one of two power sector PSUs and Rs 9,857.73 crore in 25 out of 60 PSUs (other than power).

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Karnataka is part of the group which includes Gujarat, Tamil Nadu, Telangana, Maharashtra, Kerala, Haryana, and Goa.
- ▲ Critical fiscal parameters of Karnataka have been compared to others in its class (barring Goa which is too small).

Reform Signposts

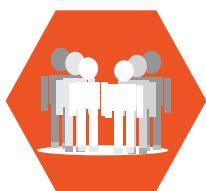
- ▲ Karnataka is one of the most progressive States of India contributing substantially to the national GDP and reporting social indicators that are far better than the national average.

- ▲ However, its fiscal performance from 2012–13 (latest year of analysis used for FC-XIII projections) to 2018–19 (latest year available for FC-XIV) shows a downslide compared to other States in its class.
- ▲ For instance, though Karnataka's GSDP TGR from 2011–12 to 2018–19 was 14.18% against class average of 14%, it reported lower OTR buoyancy (0.75) than the class average (0.83) in 2018–19, far behind Maharashtra (in leading position with an OTR buoyancy of 0.99).
- ▲ Similarly, the TGR of OTR was 10.6% (class average 11.5%) and ORR/TRE was (63.1%) as compared to class average (67.4%) and Telangana (leading at 76.9%).
- ▲ TRE TGR at 13.9% between 2011–12 and 2018–19 is greater than ORR TGR by 3.4 percentage points for the same time period creating a recipe for fiscal unsustainability.
- ▲ Unless the ORR TGR outpaces TRE TGR during the award period of FC-XV, the State will not be able to increase critical social sector investments or build revenue generating capital assets.
- ▲ Karnataka allocates as much as 2.5% of GSDP to capital expenditure and its RD–FD ratio was 1.77% (2018–19). **It should continue to perform at this level for sustained fiscal consolidation.**
- ▲ Karnataka received the highest amount of GST Compensation among all these states amounting to 40% of the total compensation paid to the eight States in its class in 2017–18. However this dropped to 31% in 2018–19 indicating that the State's tax revenue (post-GST) has not improved as much as the States in its class and post 2022, this could pose a challenge for Karnataka.
- ▲ Though Karnataka reported the lowest percentage of committed expenditure in its class (30.1%), salary paid under grants-in-aid was not fully reflected.
- ▲ Expenditure on education (as a percentage of TRE) by Karnataka is the second lowest in its class (13.9%) after Telangana (11.6%). The class average is 16.4% with Maharashtra leading at 18.8%. **If the State improves in revenue position, it can increase its investments in education.**
- ▲ Though Karnataka's spending on health, drinking water and sanitation is ahead of the class average, it is lagging behind in expenditure on nutrition.

Notes

- 1 GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.
- 2 GOI (2019), *Agricultural Statistics 2018*, Department of Agriculture, Cooperation, and Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India.
- 3 As indicated by results of the National Achievement Survey (NAS) conducted throughout India on 13 November 2017 for Grades III, V, and VIII, in government and government aided schools by the National Council of Educational Research and Training.
- 4 CAG (2019), *Report No.4 of 2019 – Public Sector Undertakings of Karnataka*, report of the Comptroller and Auditor General of India, published by the Government of Karnataka.

KL-1.A: Overview



POPULATION
33.4 million
2.8%
Of population across all States



AREA
38,852 sq km
1.2%
Of area across all States



FOREST COVER
21,144 sq km
54.4%
Of the State's own area is under forest
4.0%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,25,484
Rs 1,40,422

Average across all States



TAX TO GSDP
6.5%
6.3%

Average across all States



CHILDREN PER WOMAN
1.6
2.2

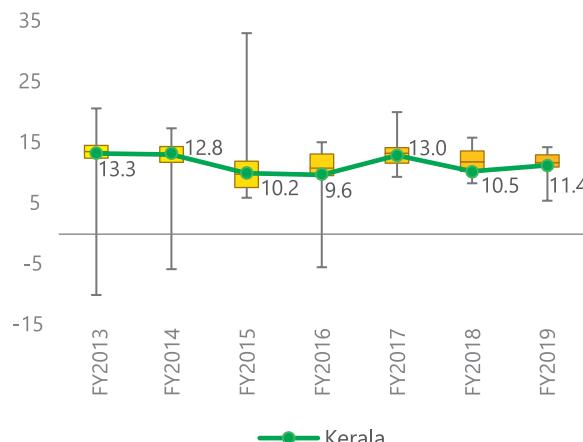
Average across all States



URBANISATION RATE
47.7%
31.1%

All India average

KL-1.B: Growth rate of GSDP (at current prices, %)



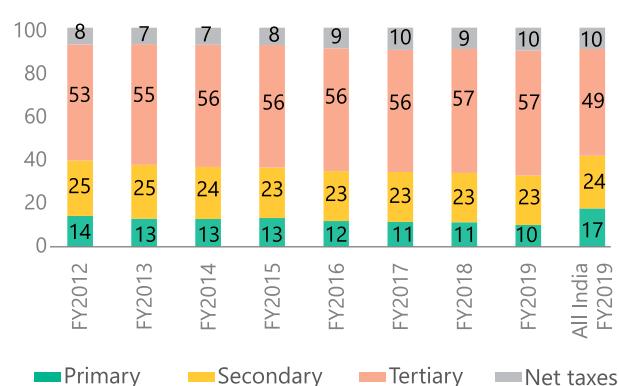
KL-1.C: Per capita GSDP (at current prices)



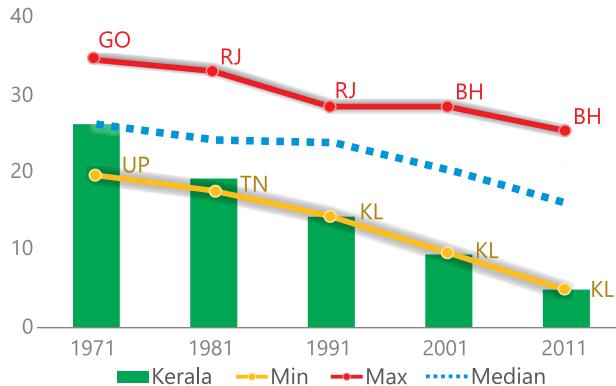
KL-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	3,64,048	77,44,945	4.7
2012–13	4,12,313	88,27,195	4.7
2013–14	4,65,041	1,00,07,392	4.6
2014–15	5,12,564	1,09,93,257	4.7
2015–16	5,61,994	1,21,91,256	4.6
2016–17	6,34,886	1,37,80,737	4.6
2017–18	7,01,577	1,54,20,126	4.5
2018–19	7,81,653	1,72,83,813	4.5

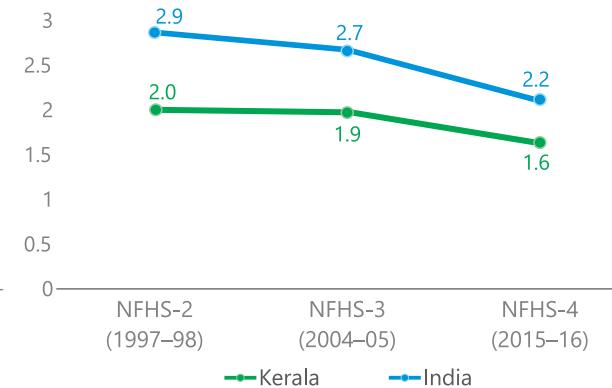
KL-1.E: Sectoral Contribution to GSDP (at current prices, %)



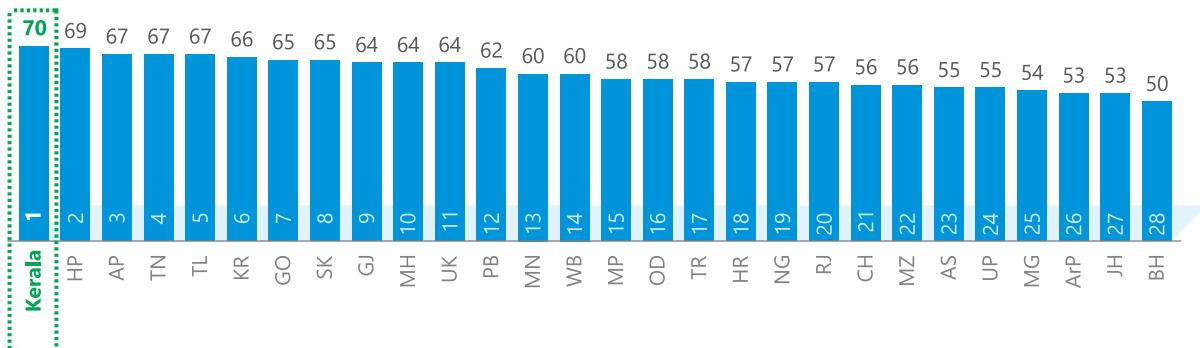
KL-2.A: Decadal Growth in Population (%)



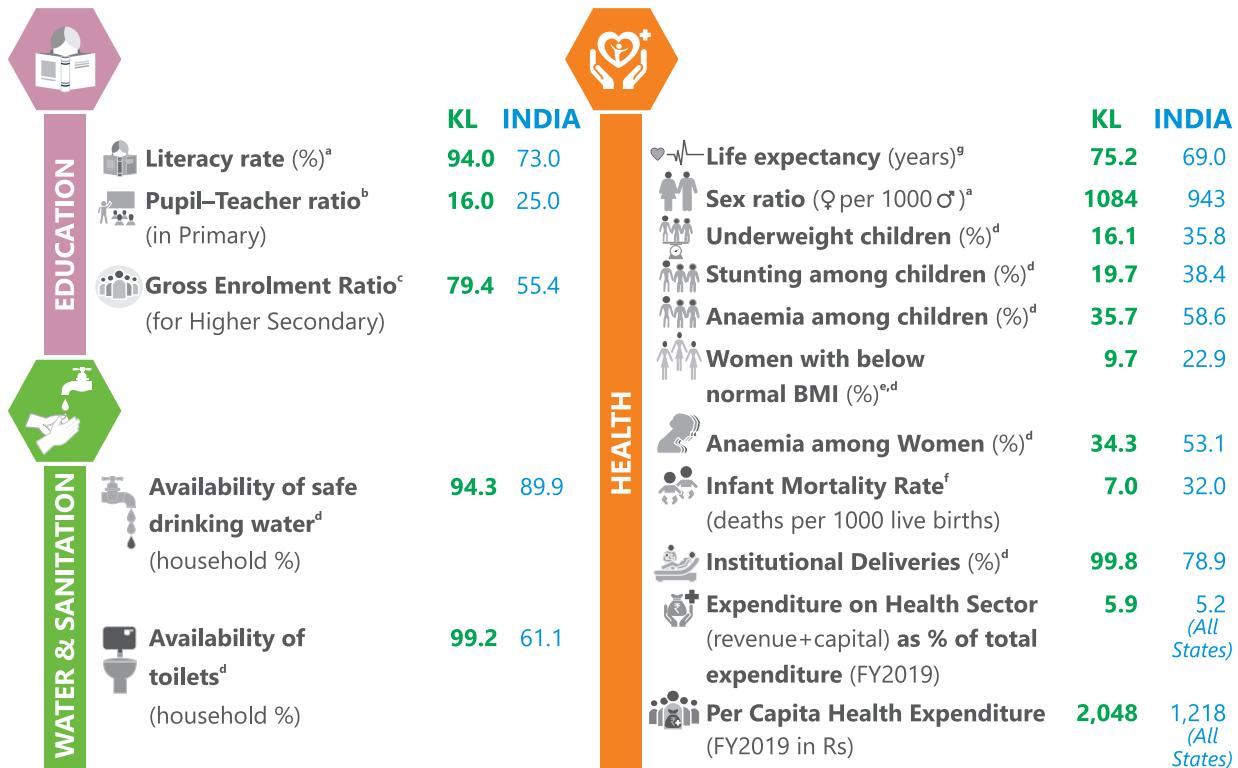
KL-2.B: Total Fertility Rate (children per woman)



KL-2.C: SDG Index of NITI Aayog (2019)



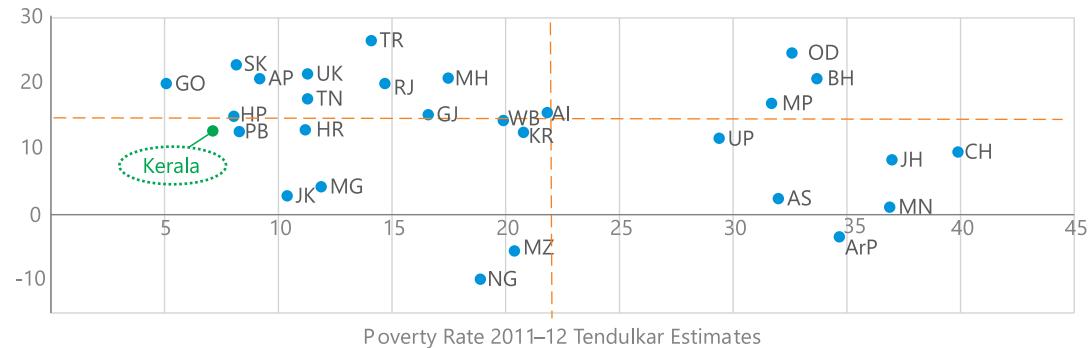
KL-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

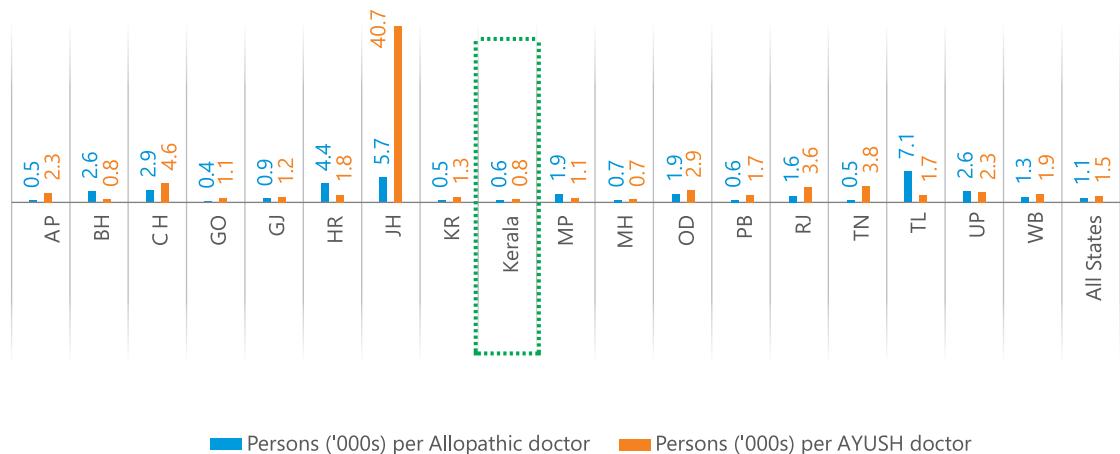
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

KL-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

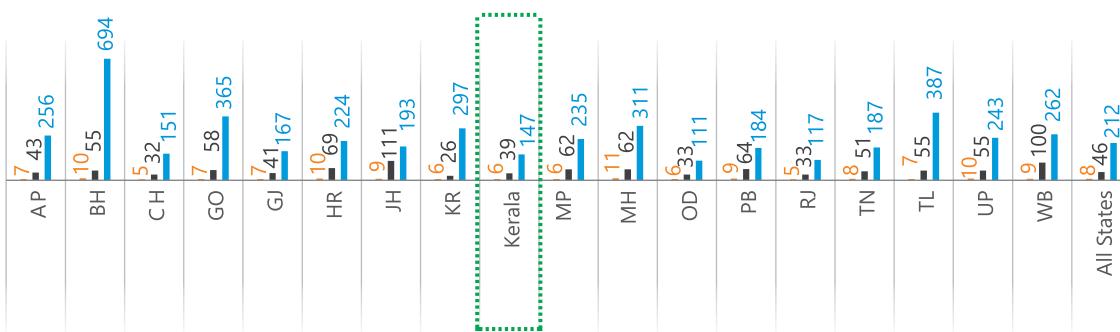
KL-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

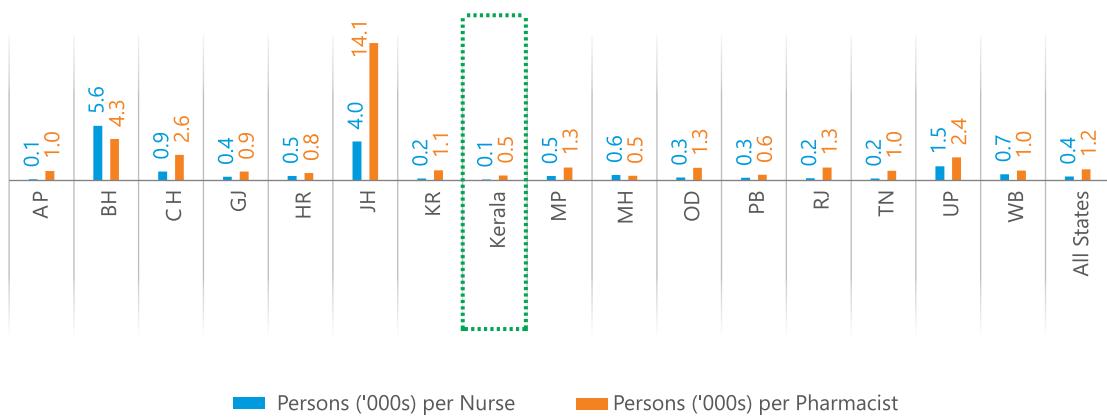
KL-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

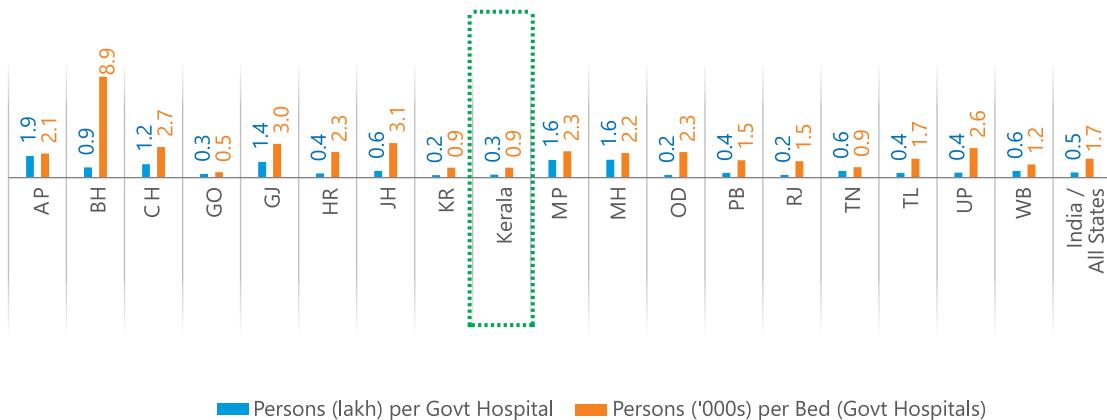
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KL-3.C: Persons ('000s) per Nurse/ Pharmacist



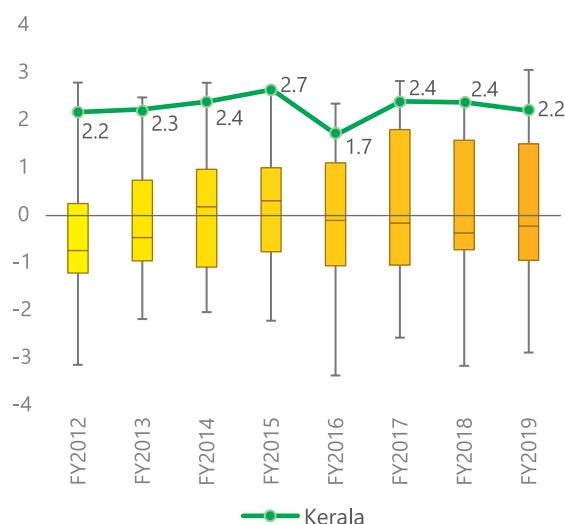
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KL-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

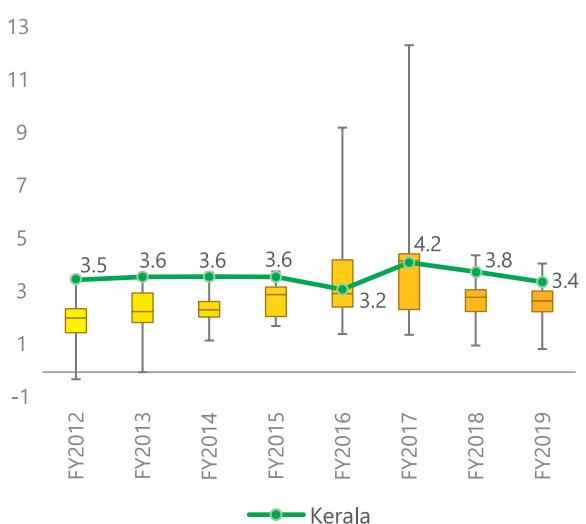


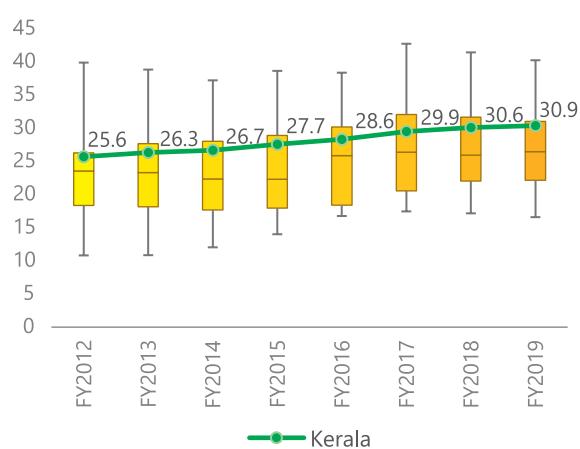
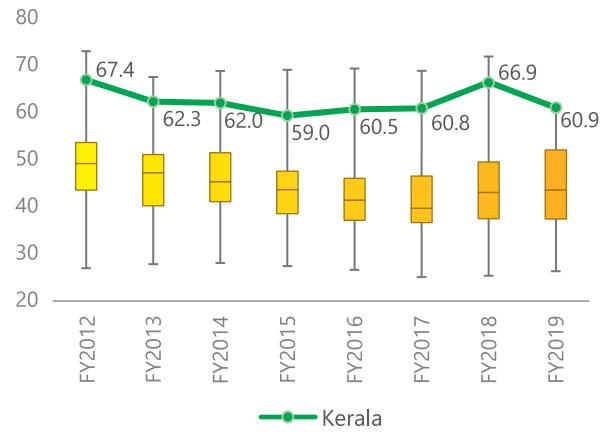
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

KL-4.A: Revenue Deficit as % of GSDP

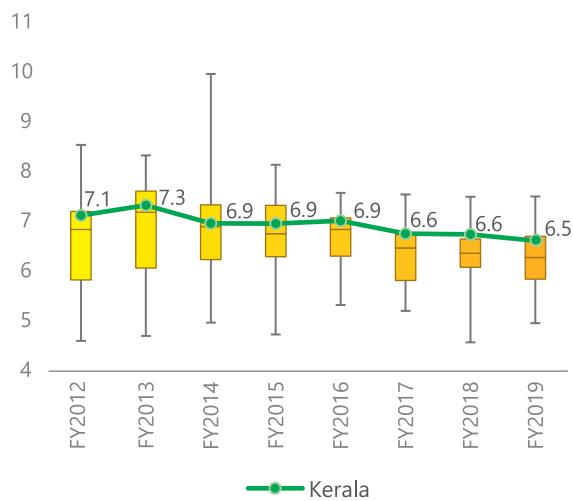
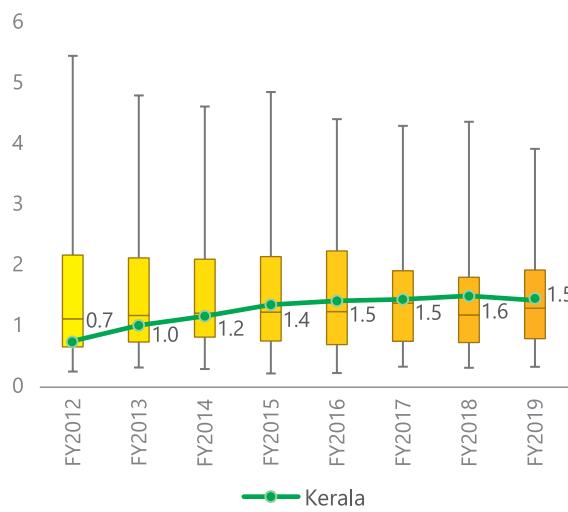
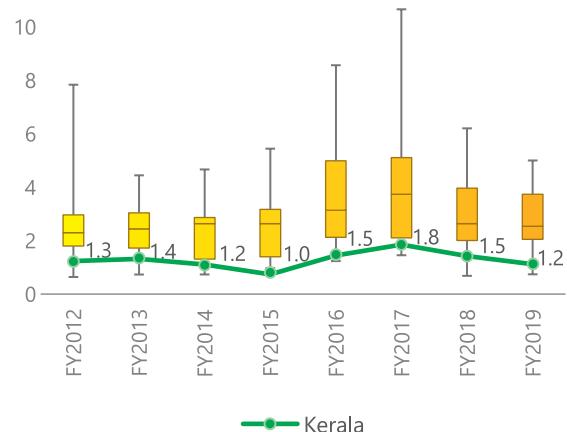


KL-4.B: Fiscal Deficit as % of GSDP



KL-4.C: Outstanding Debt as % of GSDP**KL-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

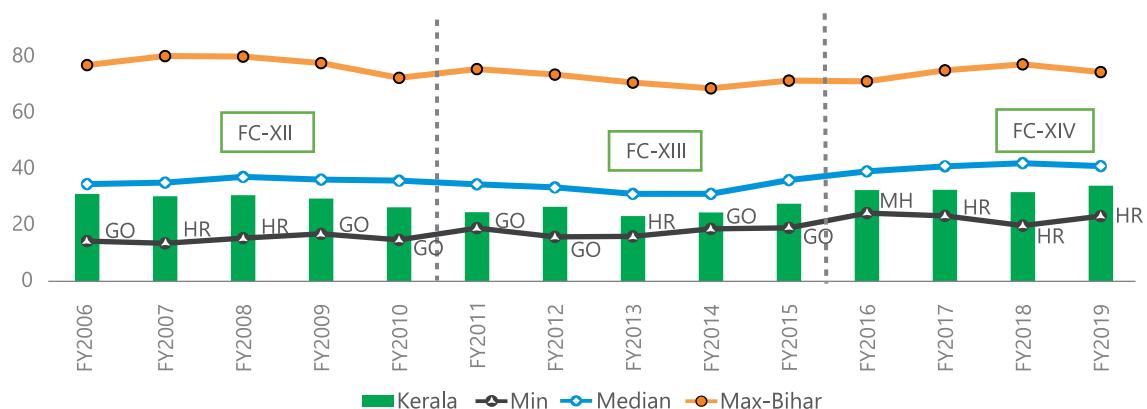
KL-4.E: OTR as % of GSDP**KL-4.F: NTR as % of GSDP****KL-4.G: Capital Expenditure to GSDP Ratio****KL-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	2,25,484	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	11.9	13.4
OTR	6.5	6.4
NTR	1.5	1.1
TE	15.4	16.1
ES	1.6	3.1
SS	4.9	5.4
GS	6.5	4.7
Committed Expenditure	8.6	5.8
Capital Expenditure	1.2	2.5
FD	3.4	2.5
RD	2.2	0.2
OD	30.9	25.0

KL-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Kerala	13.4	13.8	11.6
GS average	13.6	13.1	10.3

KL-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All the 29 functions enshrined in the Eleventh Schedule of the Constitution have been devolved to PRIs.
- ▲ Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 17 have been devolved to ULBs.
- ▲ During 2016–17, State grants constituted 71% of the funds available with local self-government institutions (LSGIs). Government of India grants constituted 22% and own funds including loans constituted 7%.
- ▲ Kerala is the first State in the country to have an Ombudsman exclusively for LSGIs since year 2000.

Auditing Status

- ▲ The computer-based accrual accounting system (Saankhya software) has been implemented in all the LSGIs.
- ▲ The National Municipal Accounts Manual for ULBs is also being implemented.
- ▲ Accounts of RLBs and ULBs have been audited till 2017–18.

Property Tax Board

- ▲ The State set up its PTB as recommended by the FC-XIII. It is a functional body, which regularly prepares work plans for all ULBs.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
2	1	1	1

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2016–17 to 2020–21)

- According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, the Government of Kerala did not accept all the recommendations of the Fifth SFC, which suggested that 20% of the net proceeds of the annual State OTR be devolved to local governments as development fund, maintenance fund, and general purpose fund.
- Kerala is currently implementing the recommendations of the Fourth SFC.

Debt and Losses

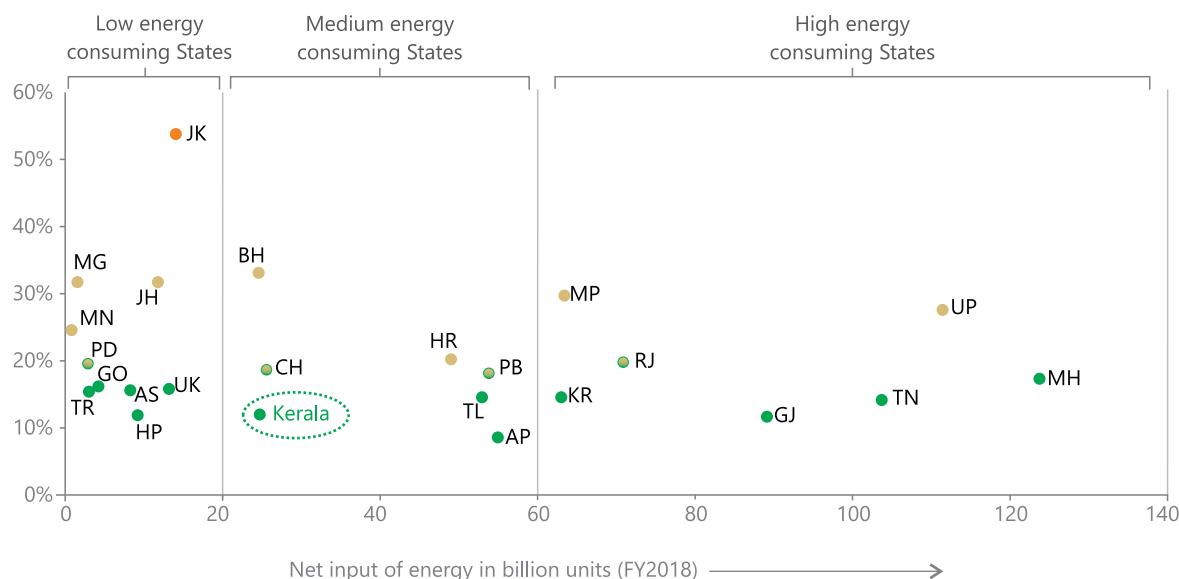
- As on 31 March 2019, the total borrowings by the DISCOMs were Rs 18,354 crore (3.8% of the total borrowings by DISCOMs across all States).
- Government of Kerala has taken no financial obligation under UDAY. It is committed to improving the operational efficiency of Kerala State Electricity Board Ltd (KSEBL) to make it sustainable.
- State achieved its AT&C loss (%) target but not the ACS–ARR gap target in 2018–19.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	9.1	11.0
ACS–ARR Gap (Rs per unit)	0.11	–0.06

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

KL-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Kerala recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population (2011)	30
ii)	Demographic achievement (proxied by 1971 population)	30
iii)	Income distance	20
iv)	Area	10
v)	Forest cover	10

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ Kerala has Rank 1 according to the *SDG India Index and Dashboard 2019–20* of the NITI Aayog.
- ▲ The State has an SDG Index value of 70 (as compared to the national average 60).
- ▲ The State is a front-runner in SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Well Being, SDG–4 Quality Education, SDG–6 Clean Water and Sanitation, SDG–7 Affordable and Clean Energy, SDG–9 Industry, Innovation, and Infrastructure, SDG–10 Reduced Inequality, SDG–15 Life on Land, and SDG–16 Peace, Justice, and Strong Institutions.

Social Indicators

- ▲ Kerala's achievements on human development parameters are acknowledged both nationally and globally.
- ▲ Kerala has the highest levels of literacy, school enrolment, and retention in India.

Democratic Decentralisation and the Third Tier

- ▲ The State has been the best performer in devolving funds, functions, functionaries and in empowering LSGs.¹
- ▲ Decentralisation in Kerala was undertaken in mission mode through the Peoples' Plan Campaign.

GST Compensation Initiatives for Local Bodies

- ▲ As per the State Government, Kerala has put in place alternative mechanisms of resource generation to compensate the local bodies for revenue lost due to the implementation of the Central Goods and Services Tax Act, 2017.
- ▲ It provided Rs 133 crore in the budget of 2018–19 as compensation for loss of the entertainment tax during 2017–18. This amount was to be apportioned among local governments in proportion to the entertainment tax collected by each local government during 2015–16.

Tourism Potential

- ▲ Kerala offers vast and unexploited potential for both domestic and foreign tourism.
- ▲ Tourism contributes 10% of Kerala's GSDP and is a major employment generator.
- ▲ Kerala is the 7th most popular destination for foreign tourists to India attracting 3.8% of all such visits made across States and UTs in 2019.²
- ▲ However, it still does not feature in the list of top 10 destination States for domestic tourist visits and needs to do more to attract Indian tourists.

FRBM Compliance

- ▲ The Kerala FRBM Act was passed in 2003 and amended in 2011 and 2018.
- ▲ The State has not been adhering to its FRBM limit in the recent years.
- ▲ Hence, the State needs a credible debt path and careful calibration of expenditure for generating future streams of income.

<i>Ratios as %</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>
Debt–GSDP							
As prescribed by the State FRBM	32.3	31.7	30.7	29.8	25.4	26.8	30.4
Actually achieved	25.6	26.3	26.7	27.7	28.6	29.9	30.6
FD–GSDP							
As prescribed by the State FRBM	3.5	3.5	3.0	3.0	3.1	3.5	3.0
Actually achieved	3.5	3.6	3.6	3.6	3.2	4.2	3.8

Notes:

- As the FRBM Act was not amended in line with FC-XIV targets for the years 2015–16 and 2016–17, the targets in the Medium-term Fiscal Policy Statement for the said years have been used here.
- The FRBM (Amendment) Act 2018 incorporating the targets set by FC-XIV came into force on 1 April 2017.

Source: Government of Kerala

Large Elderly Population

- ▲ As per the State Government Memorandum, as a result of its health, school education, and direct demographic interventions, Kerala achieved replacement levels of fertility as early as 1988.
- ▲ Kerala has the highest life expectancy at birth in India: 71.8 years for males and 77.8 years for females.
- ▲ There has thus been a sharp rise in the proportion of elderly in the State.
- ▲ The old age dependency ratio of India was 12.2 at the Census of 1991 and 14.2 at the Census of 2011. The corresponding ratios for Kerala are 14.4 and 19.6, the highest among Indian States.
- ▲ Kerala is ageing faster than the rest of the country.
- ▲ Therefore, the State needs to focus on systemic provisioning for welfare of the elderly.

High Committed Expenditure

- ▲ Across all States, Kerala had the highest ratio of Pension to TRE of 17.2% in 2018–19.
- ▲ The State also had high committed expenditure as a percentage of TRE as compared to GS average.

<i>Committed expenditure as a percentage of TRE</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>
Median of GS	47	45	44	41	40	43	44
Kerala	62	62	59	61	61	67	61

Public Sector Undertakings³

- The State has 118 working PSUs of which 281 accounts in respect of 107 working PSUs are in arrears as on 30 September 2018. The extent of arrears ranged 1–11 years.
- The Return on Capital Employed (ROCE) of the State PSUs ranged between 3.03% and 6.8% during the period between 2013–14 and 2017–18.
- The ROCE increased by over 1% in 2017–18 mainly due to increase in earnings before interest and taxes (EBIT) (Rs 310 crore) of the Kerala State Financial Enterprises Ltd.
- The ROCE of the power sector undertakings ranged between 0.67% and 9.6% during the period between 2013–14 and 2017–18.
- The substantial decrease of ROCE in 2017–18 compared to 2016–17 was due to increase in borrowing (Rs 11,668 crore) and loss (Rs 366 crore) of Kerala State Electricity Board Ltd.

Migration

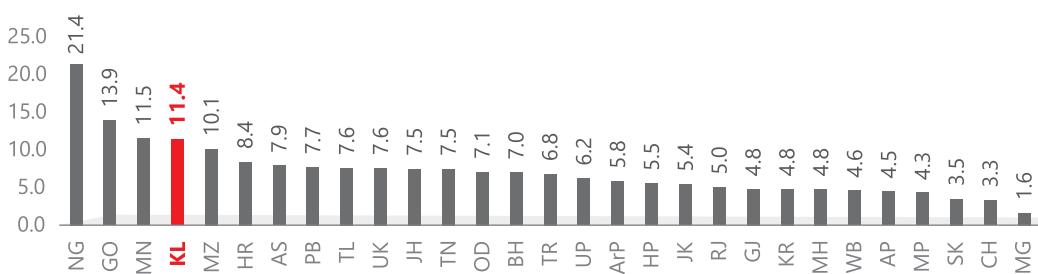
- According to the Development and Migration Brief (2017) published by the World Bank, inward remittances to India dropped by 9% from \$68.2 billion in 2015 to \$62.7 billion in 2016.
- While State-wise break up of remittances is not available, Kerala would no doubt have felt the impact of this fall.
- While people migrate from Kerala to many countries across the globe, a large share heads for the Gulf.
- Kerala has felt the repeated blowback of fall in crude oil prices and the consequent slowdown of Gulf economies.
- This, coupled with the fall in the prices of rubber and other cash crops of Kerala has reduced consumption expenditure leading to shrinking of revenue and fiscal stress.
- In-migration brings new skills to the economy. Kerala may devise a strategy to utilise these skills through appropriate intervention in the services sector.

Unemployment

- Among major Indian States, Kerala has the highest rates of unemployment 11.4% (as against the all India level of 6%).⁴
- Kerala has a substantial youth population (23%) in need of productive employment opportunities.
- Towards this goal, the ongoing programmes for skill development and employment generation should be more effectively implemented.

KL-5B: Unemployment (%) by State (Usual Principal Status Approach), 2017–18

Local Bodies



- As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Kerala is part of the group which includes Gujarat, Tamil Nadu, Telangana, Maharashtra, Karnataka, Haryana, and Goa.

Reform Signposts

- ▲ Kerala is one of the most progressive States of India reporting the finest social indicators of the country.
- ▲ Kerala has some unique fiscal features:
 - » **Remittances:** According to the RBI, Kerala received 19% of India's remittances, i.e., Rs 85,092 crore in 2017. Of this amount, 60% was spent on family maintenance, 20% held as bank deposits, 8.3% in investments, and 12.6% for others. This explains the basic character of Kerala's consumption-based economy, partly contributing to its high tax buoyancy.
 - » **Local Government:** Kerala is the only State in India in which the State Legislative Assembly passes budget for local bodies annually and has transferred all 3 Fs (functions, functionaries, and funds) to the local bodies. The grants for LSGI constitute 70–75% of the State grants-in-aid (GIA). The total GIA in the State budget is about 17% of its TRE. As this GIA to LSGI forms part of the committed expenditure, its proportion in the TRE remains the highest in Kerala among States in its class.
 - » **Masala Bonds:** In 2019, Kerala Infrastructure Investment Fund Board (KIIFB) the first ever sub-sovereign entity in India, accessed the offshore debt market by closing the issue of Masala Bonds of Rs 2,150 crore at 9.7% per annum. This in turn helped KIIFB mobilise term loans from other financial institutions. Such sub-sovereign borrowings, being below-line for the outstanding debt, have long-term fiscal implications for the State.
 - » **State Lotteries:** Kerala is the only State with substantial revenues from State lotteries in its NTR. The receipts from lotteries were Rs 9,625 crore in 2018–19 (about 1% of the GSDP). This artificially increased the TRR and NTR when compared to other States, as they do not have such resource. For example for 2018–19:
 - * TRR–GSDP ratio for Kerala without lottery was 10.7% but 11.9% including lottery;
 - * Lottery receipts were Rs 9,625 crore (out of TRR of Rs 92,854 crore) and lottery expenditure was Rs 7,819 crore (out of TRE of Rs 1,10,316 crore).
 - » **State Treasury Savings Bank (STSB):** State departments, State PSUs, and autonomous entities of Kerala have been transferring credit of unspent funds from consolidated fund of the State to the STSB accounts at the end of each financial year. Such funds are held in the STSB accounts over extended periods.
 - * This has increased the outstanding amount in public account of the State thereby increasing the total liabilities of the Government of Kerala.
 - * In 2017–18, the State Government ordered the resumption of such funds parked in STSB amounting to Rs 24,748 crore.
 - * The parking of funds in the STSB results in distortion in expenditure figures when the TGR is calculated.
 - * For instance in 2016–17, salary, pension, and interest payments expenditure increased by 22.9% but overpayment to the tune of Rs 7,812 crore was recovered in 2017–18.
- ▲ The State faces a few structural challenges including:
 - » land scarcity and high density of population,

- » eco-sensitivity with highest forest area,
- » debt-stress with high committed expenditure with salary, interest, pension and GIA for LSGIs constituting 80% to 85% of TRE,
- » persistent liquidity mismatches and adverse ways and means position, and
- » highest unemployment rate in India among GS.
- ▲ On revenue side, the State has exhibited encouraging trends.
 - » Ratio of TRR to GSDP is 11.9% (2018–19).
 - » OTR–GSDP ratio at 6.5% (2018–19) is the third highest in its class.
- ▲ Good revenue trends were possibly owed to:
 - » increased tax devolution by FC-XIV,
 - » enhanced GIA (Revenue Deficit Grants of Rs 9,519 crore during 2015–2018),
 - » rationalisation of CSS (accounting practice change leading to notional increase),
 - » high foreign remittance to help the buoyancy in its economy, and
 - » shift in the sectoral composition of the economy from agriculture to services (with share of tertiary sector in GSVA rising from 57.5% in 2011–12 to 63.7% in 2018–19).
- ▲ The State is fiscally stressed.
 - » It has high committed expenditure of 61.9% of TRE in 2018–19, the highest in its class.
 - » Salaries constituted 29.4% of TRE, second highest in its class.
 - » Salary TGR at 11.5% was the highest in its class.
 - » TGR of interest payments was 15.1% (compared to the lowest rate reported by Gujarat (9.3% in its class).
 - » The interest payments to TRE ratio remained in the range of 13%–15% between 2011–12 and 2018–19, among the highest in the class.
 - » Pensions TGR was 13.9% and the ratio of pensions to TRE was 17.2% in 2018–19, as compared to the class average of 11.7%.
- ▲ Kerala is highly debt stressed.
 - » It reported the highest FD–GSDP ratio of 3.4% in 2018–19 in its class.
 - » It also reported RD–GSDP of 2.2% in 2018–19.
 - » Its OD–GSDP ratio was 30.9% in 2018–19.
 - » The State has been breaching its FRBM targets with unhealthy levels of RD–FD ratio (65% in 2018–19). This implicitly explains why the State has resorted to borrowing to finance its RD.
- ▲ Capital expenditure by Kerala is very low compared to its class both as a percentage of TE as well as GSDP.
- ▲ However, the State reports the best social indicators in health and education.
 - » Per capita revenue expenditure in these two sectors is way above the group average.
 - » The State has the highest ratio of medical colleges per district and highest ratio of blood banks per district in the country.
 - » The State not only has the highest per capita government expenditure on health but also the highest per capita out of pocket expenditure (OOPE) indicating heavy dependence on private healthcare services despite the presence of a large number of public hospitals and medical colleges.

» Of late, the State has been spending less per capita on water supply and sanitation than others in its class.

Notes

- 1 GOI (2016), *Devolution Report 2015–16: Where Local Democracy and Devolution in India are Heading Towards*, Ministry of Panchayati Raj, Government of India.
- 2 GOI (2020), *Tourism Statistics at a Glance 2020*, Ministry of Tourism, Government of India.
- 3 CAG (2020), *Report No.1 of 2020: Public Sector Undertakings, for the year ended 31 March 2018*. Report of the Comptroller and Auditor General of India published by the Government of Kerala.
- 4 GOI (2018), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.

MP-1.A: Overview



POPULATION
72.6 million
6.1%
Of population across all States



AREA
3,08,252 sq km
9.4%
Of area across all States



FOREST COVER
77,482 sq km
25.1%
Of the State's own area is under forest
0.1%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 99,025
Rs 1,40,422
Average across all States



TAX TO GSDP
6.3%
6.3%
Average across all States

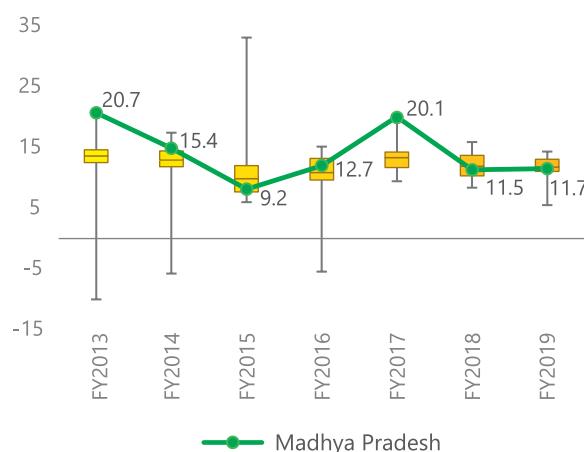


CHILDREN PER WOMAN
2.3
2.2
Average across all States

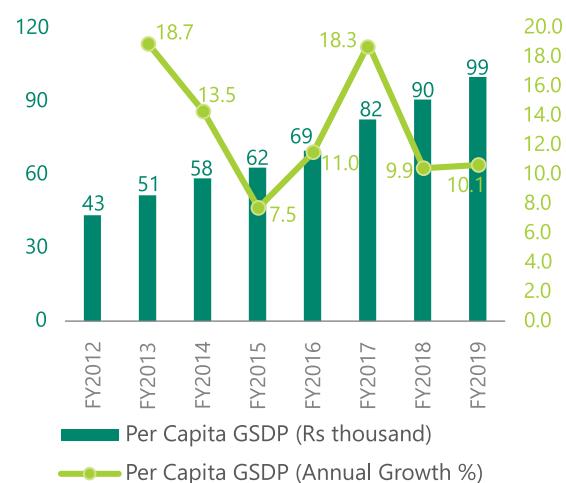


URBANISATION RATE
27.6%
31.1%
All India average

MP-1.B: Growth rate of GSDP (at current prices, %)



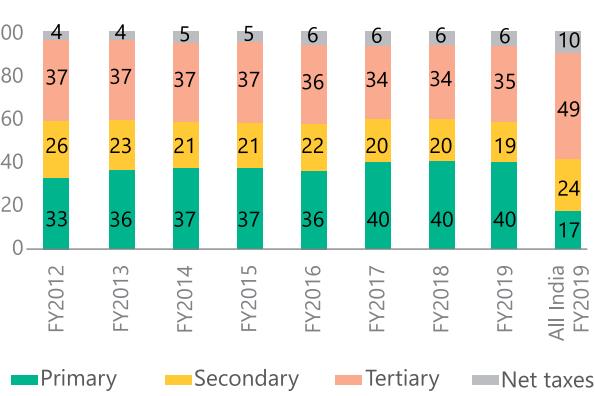
MP-1.C: Per capita GSDP (at current prices)



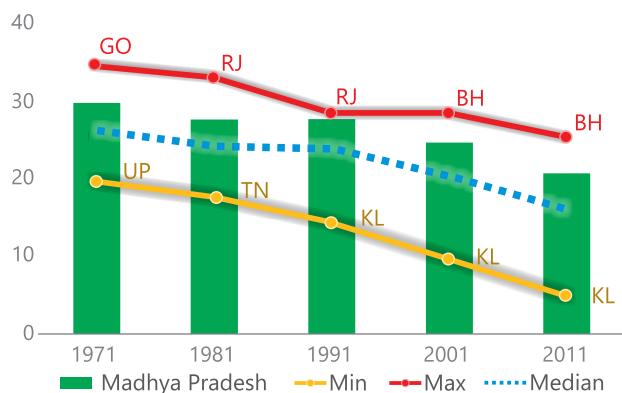
MP-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	3,15,562	77,44,945	4.1
2012–13	3,80,925	88,27,195	4.3
2013–14	4,39,483	1,00,07,392	4.4
2014–15	4,79,939	1,09,93,257	4.4
2015–16	5,41,068	1,21,91,256	4.4
2016–17	6,49,823	1,37,80,737	4.7
2017–18	7,24,729	1,54,20,126	4.7
2018–19	8,09,592	1,72,83,813	4.7

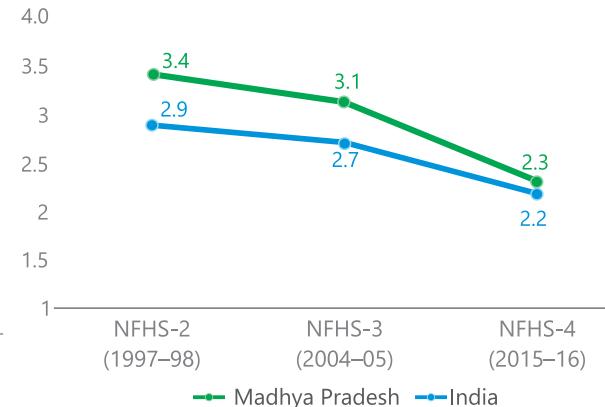
MP-1.E: Sectoral Contribution to GSDP (at current prices, %)



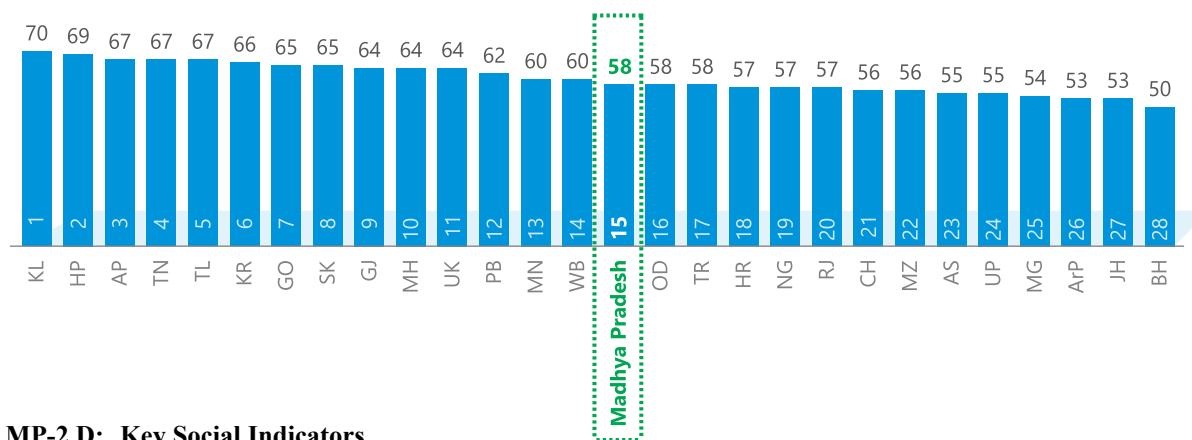
MP-2.A: Decadal Growth in Population (%)



MP-2.B: Total Fertility Rate (children per woman)



MP-2.C: SDG Index of NITI Aayog (2019)

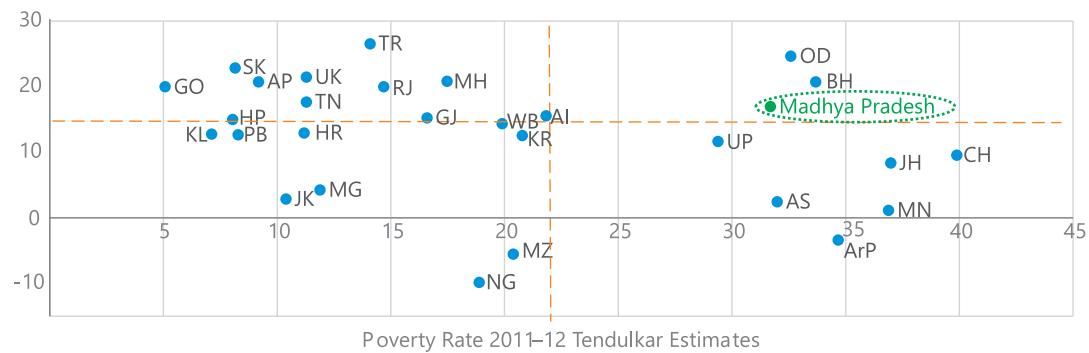


MP-2.D: Key Social Indicators

EDUCATION	MP		INDIA		MP	INDIA	
	Literacy rate (%) ^a	69.3	Pupil-Teacher ratio ^b	73.0		Life expectancy (years) ^g	66.0
	(in Primary)	22.0	(for Higher Secondary)	25.0 <th data-kind="ghost"></th> <th>Sex ratio (♀ per 1000 ♂)^a</th> <td>931</td>		Sex ratio (♀ per 1000 ♂) ^a	931
WATER & SANITATION	Availability of safe drinking water ^d	84.7	89.9	Health	Underweight children (%) ^d	42.8	35.8
	(household %)				Stunting among children (%) ^d	42.0	38.4
	Availability of toilets ^d	42.8	61.1		Anaemia among children (%) ^d	68.9	58.6
	(household %)				Women with below normal BMI (%) ^{e,d}	28.4	22.9
					Anaemia among Women (%) ^d	52.5	53.1
					Infant Mortality Rate ^f (deaths per 1000 live births)	48.0	32.0
					Institutional Deliveries (%) ^d	80.8	78.9
					Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)	4.5	5.2 (All States)
					Per Capita Health Expenditure (FY2019 in Rs)	947	1,218 (All States)

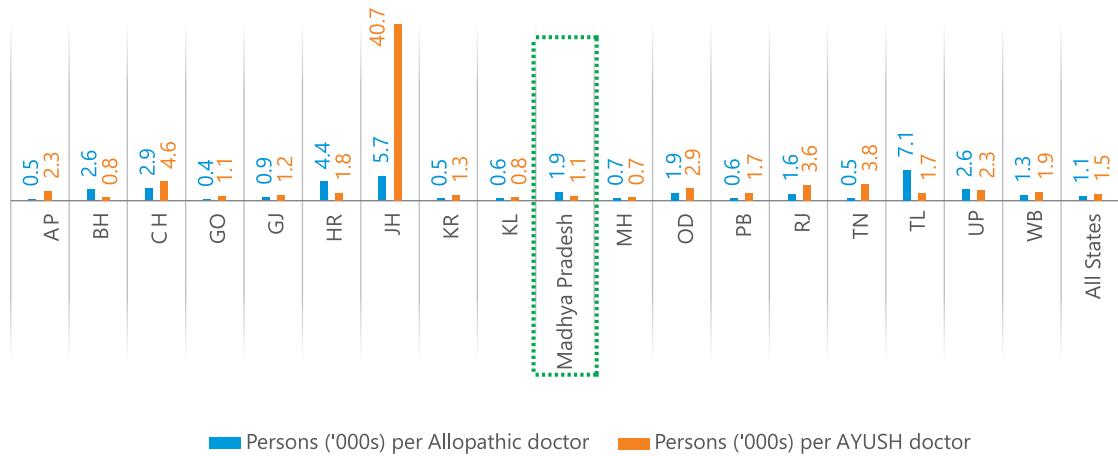
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

MP-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

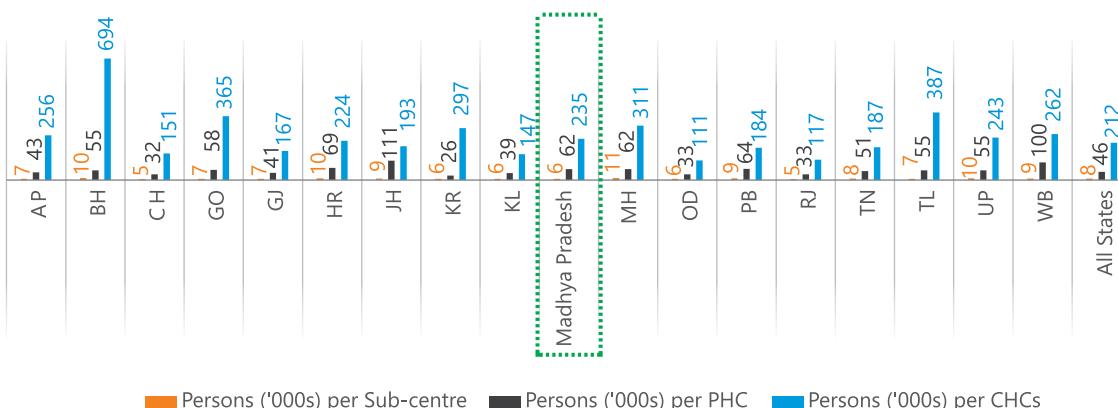
MP-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

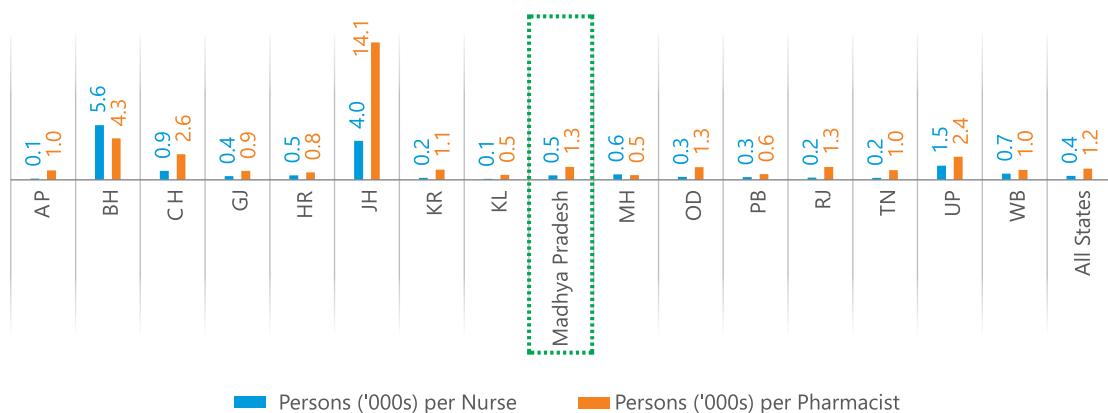
MP-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MP-3.C: Persons ('000s) per Nurse/ Pharmacist



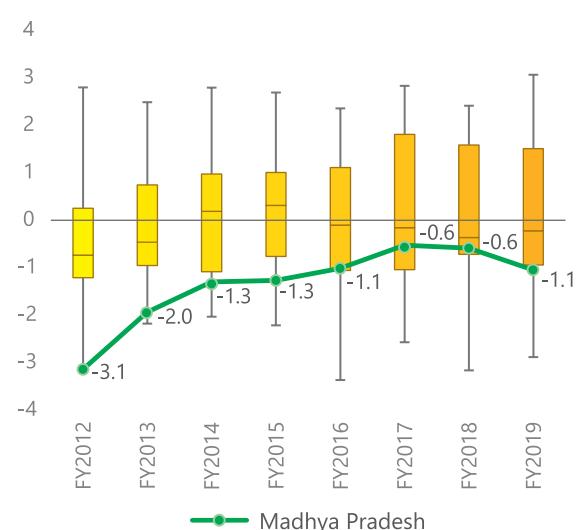
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MP-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

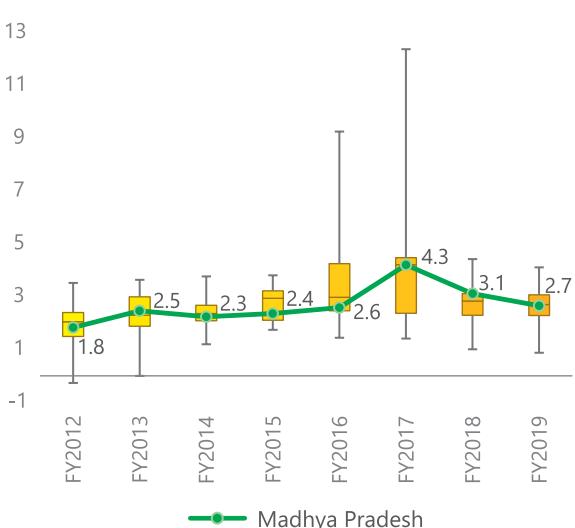


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MP-4.A: Revenue Deficit as % of GSDP

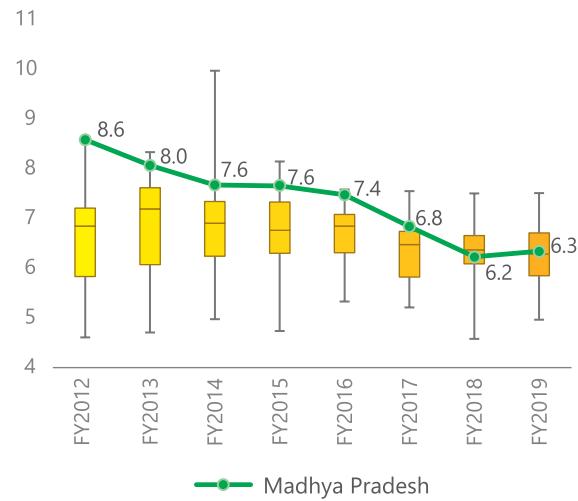
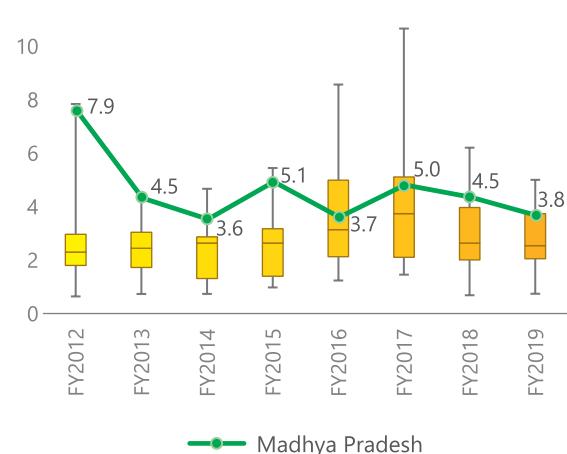


MP-4.B: Fiscal Deficit as % of GSDP



MP-4.C: Outstanding Debt as % of GSDP**MP-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

MP-4.E: OTR as % of GSDP**MP-4.F: NTR as % of GSDP****MP-4.G: Capital Expenditure to GSDP Ratio****MP-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	99,025	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	18.6	13.4
OTR	6.3	6.4
NTR	1.6	1.1
TE	21.3	16.1
ES	4.7	3.1
SS	7.3	5.4
GS	4.6	4.7
Committed Expenditure	6.2	5.8
Capital Expenditure	3.8	2.5
FD	2.7	2.5
RD	-1.1	0.2
OD	23.9	25.0

MP-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Madhya Pradesh	15.9	14.0	8.7
GS average	13.6	13.1	10.3

MP-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All 29 functions devolved to RLBs as envisaged in Eleventh Schedule of the Constitution.
- ▲ All 18 functions devolved to ULBs as envisaged in Twelfth Schedule of the Constitution.

Auditing Status

- ▲ Audit of accounts of RLBs and ULBs completed till 2016–17.

Property Tax Board

- ▲ As recommended by the FC-XIII, Government of Madhya Pradesh set up its PTB in 2011, which has been dispensing its assigned functions since.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
13	3	12	12

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2015–16 to 2019–20)

- ▲ The Fourth SFC recommended that 7.5% of the Net OTR of the State be devolved to the local bodies—5.5% to RLBs and 2% to ULBs.
- ▲ The State Government did not accept the recommendations of Fourth SFC because the extent of devolution in the State was already higher than the proposed milestones.
- ▲ It is currently following the recommendations of the Third SFC for allocating resources to local bodies.

Fifth SFC (2020–21 to 2024–25)

- ▲ Fifth SFC constituted in March 2017 submitted its report on 30 April 2019. However, ATR of the report is yet to be laid before the Legislative Assembly.

Debt and Losses

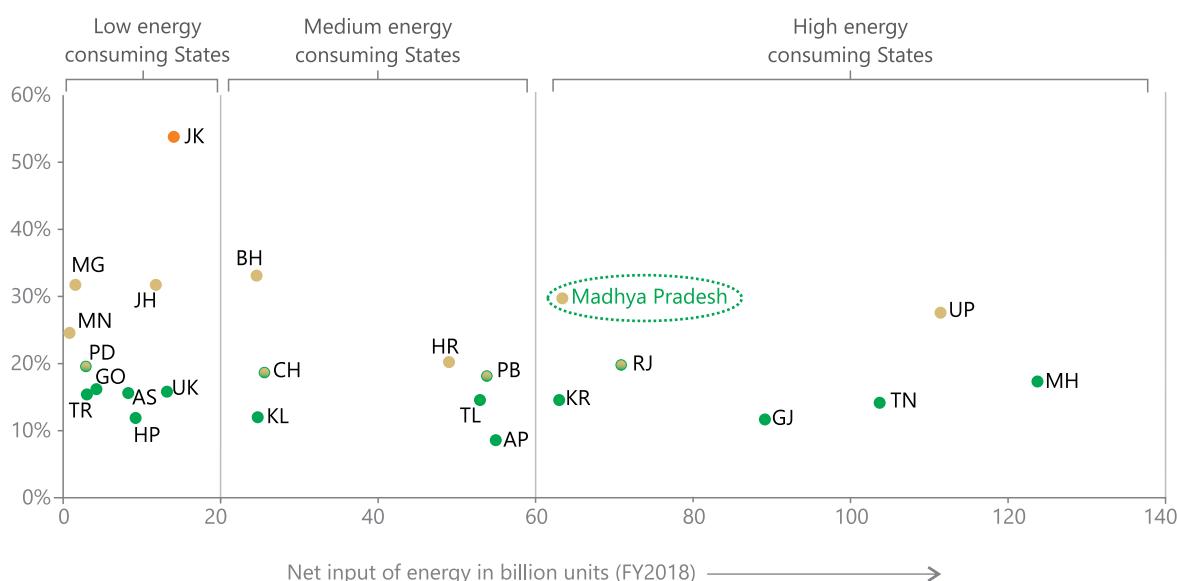
- ▲ Total equity and liabilities of DISCOMs as on 31 March 2019 is Rs 46,052 crore of which State Government borrowing is Rs 31,857 crore.
- ▲ The State Government is in the process of taking over DISCOM debt worth Rs 26,055 crore from 2016–17 to 2020–21 under UDAY.
- ▲ To this end, bonds worth Rs 7,360 crore were issued by the State Government in 2016–17 to take over outstanding loans pertaining to banks and other financial institutions.
- ▲ The balance comprises the State Government's own loans to DISCOMs for which no borrowing is required.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	36.0	17.0
ACS–ARR Gap (Rs per unit)	1.4	0.03

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

MP-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Madhya Pradesh proposed that the share of States in the divisible pool be increased to 50%.

Formula for Horizontal Devolution

S. no.	Criteria	Weights (%)
i)	Composite population index (A+B)	25.0
	a. Share in 2011 population	12.5
	b. Share in SC / ST population	12.5
ii)	Per capita income distance	50.0
iii)	Area	15.0
iv)	Forest area	10.0

Low Committed Expenditure

- ▲ The State has been judicious in keeping its committed expenditure (interest payments, salaries and pensions) as percentage of RE relatively low (35.7% in 2018–19 compared to 44.7% for all States).

District Mineral Foundation

- ▲ According to data shared by the Union Ministry of Mines, the Government of Madhya Pradesh received Rs 2,428.83 crore under DMF in all 51 districts of the State up to June 2019.¹
- ▲ These funds need to be utilised for the prescribed purposes within the fiscal year in which the amount was collected.
- ▲ If these funds remain idle as fixed deposits, substantial fiscal space for the State, though indirectly available, remains underutilised.
- ▲ The State Government shall put a mechanism in place to ensure their utilisation expeditiously within the fiscal year.

Forests and Tourism

- ▲ One-fourth of the State's geographical area is under forests.
- ▲ The State needs to devise strategies to promote eco-tourism, thereby generating greater resources from this sector.
- ▲ A MSP scheme for MFP was introduced by the Ministry of Tribal Affairs during 2013–14 to support STs and other forest dwellers, dependent on collection and selling of MFP. The scheme remained a non-starter due to its poor procurement mechanism.
- ▲ The Government of Madhya Pradesh should revive and implement the scheme, using electronic platforms and other existing programmes such as e-NAM to build a robust procurement mechanism.

Fiscal Discipline

- ▲ The FD–GSDP ratio of the State increased from 2.3% in 2013–14 to 4.3% in 2016–17 and thereafter declined to 2.7% in 2018–19.
- ▲ Further, the Debt–GSDP ratio moved up from 22% in 2013–14 to around 23.7 in 2016–17 and has further increased to 23.9% in 2018–19.
- ▲ The State Government resorted to additional borrowings over 3% of FD–GSDP ratio under Article 293(3) of the Constitution in 2016–17 (0.49%), 2017–18 (0.21%), and 2018–19 (0.05%).
- ▲ In view of the above, the State needs to bring down its deficits and debt level substantially.

FRBM Compliance

- ▲ The State enacted the FRBM Act in 2005 and amended it in 2012, 2015 and 2017.
- ▲ The State did not adhere to FRBM target of FD–GSDP ratio in 2016–17.
- ▲ Debt–GSDP ratio was only marginally below the targets from 2015–16 to 2017–18.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	37.6	36.8	36.0	35.3	25.0	25.0	25.0
Actually achieved	25.9	23.6	22.0	22.7	23.5	23.7	23.8
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.5	3.5	3.5
Actually achieved	1.8	2.5	2.2	2.4	2.6	4.3	3.1

Source: Government of Madhya Pradesh

High and Rising Dependence on Agriculture and Allied Sectors

- ▲ Contrary to expectations from the development trajectory of an economy, the share of agriculture, forestry, and fishing sectors in GSVA (at current prices) has increased from 33% in 2011–12 to 40% in 2018–19.
- ▲ The State needs to diversify its economic base and strengthen other sectors, which would also lead to generation of more skilled jobs.

Incomplete Projects

- ▲ As on 31 March 2017, the State had 242 incomplete projects valued at Rs 9,557.16 crore across the Water Resources Department, Public Works Department, and Narmada Valley Development Authority, with cost over-run of Rs 4,800.14 crore in 24 projects.
- ▲ The State Government shall ensure expeditious completion of such projects for gainful utilisation of deployed resources and cost control.

Health

- ▲ Madhya Pradesh has been facing severe shortage of healthcare professionals with:²
 - » 988 vacancies (80% shortfall) of specialists in CHCs against the sanctioned strength of 1,236; and
 - » 659 vacancies (37% shortfall) of doctors in PHCs against the sanctioned strength of 1,771.
- ▲ For a sustainable solution, the State may explore Maharashtra's model of recognising diplomas from the College of Physicians and Surgeons as adequate for converting MBBS doctors to specialists who may then serve in remote and tribal areas.
- ▲ Besides, telemedicine could be promoted to fill the need gap in such areas.
- ▲ The State needs robust initiatives to improve key health indicators, which are inferior to the national average, such as maternal mortality of 173 per 100,000 live births (2016) as opposed to 130 all-India (for others, see MP-2.D).
- ▲ It is suggested that the annual per capita expenditure on health in Madhya Pradesh be brought at par with other states in its cohort and the national average.³

Education

- ▲ The State should make adequate effort to improve educational outcomes, which are currently below national average.

	% Children in Grade III who can read Grade II text		% Children in Grade III who can at least do subtraction	
	2016	2018	2016	2018
Madhya Pradesh	16.6	17.6	13.8	13.9
India	25.2	27.3	27.7	28.2

Sources: ASER (2018), *Annual Survey of Education Report, 2018*, ASER Centre; Census, 2011.

- ▲ Towards this end, annual per capita expenditure on education in Madhya Pradesh should be increased from Rs 2,616 (2016–17) to at least GS average of Rs 2,876.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranks 15th among the Indian States according to the *SDG India Index and Dashboard, 2019–20* of the NITI Aayog..
- ▲ The State needs to improve on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Wellbeing, SDG–4 Quality Education, SDG–5 Gender Equality, SDG–6 Clean Water and Sanitation, SDG–7 Affordable and Clean Energy, SDG–8 Decent Work and Economic Growth, SDG–9 Industry, Innovation and Infrastructure, SDG–10 Reduced Inequality, and SDG–16 Peace, Justice and Strong Institutions.

Backwardness

- ▲ Of the 52 districts of the State, eight are recognised as aspirational districts.
- ▲ Further, the State had poverty rate of 31.65% in 2011–12 (Tendulkar methodology) (compared to the national average of 21.92%). However, between 2004–05 and 2011–12, the poverty rate in MP has been declining fast.
- ▲ Accordingly, the State Government needs to take decisive steps to break the low-income trap and improve social outcomes.
- ▲ Further, the State may like to target the development of bottom 20% blocks as ‘aspirational’ blocks, on the lines of aspirational districts being monitored by NITI Aayog.

Piped Water Supply

- ▲ Only 11% of rural households have PWS connections in the State, which is less than two-third of all India coverage of 18.3%.
- ▲ The State needs to invest in cost-effective and innovative approaches such as rain-water harvesting and end-to-end value chain management of drinking water.

Power Sector

- ▲ The DISCOMs have not been able to achieve targeted reduction in AT&C losses across 2016–17, 2017–18 and 2018–19.
- ▲ Instead, AT&C losses have actually increased from 25.7% in 2016–17 to 36.01% in 2018–19.
- ▲ The gap between ACS and ARR of DISCOMs has increased from Rs 0.81 per unit in 2016–17 to Rs 1.41 per unit in 2018–19.
- ▲ To avoid fiscal risk, the State needs to substantially improve its performance on UDAY barometers.
- ▲ Robust systemic reforms are also required to ensure that power subsidy reaches intended beneficiaries without leakage.

Local Bodies

- As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings⁴

- Out of 63 PSUs, 28 submitted their accounts for the year 2017–18 for audit by CAG on or before 31 December 2018 whereas accounts of 35 PSUs were in arrears.
- The State Government provided Rs 1,431.94 crore (Equity: Rs 10.03 crore, Loan: Rs 53.08 crore, Grant: Rs 375.81 crore, and Subsidy: Rs 993.02 crore) to 11 of the 27 working State PSUs, accounts of which had not been finalised by 31 December 2018.
- The State Government may take appropriate decisions regarding the winding up of the 12 PSUs (excluding four PSUs under liquidation) which have been non-functional for the last 6 to 28 years.
- The profit of Rs 280.85 crore earned in 2015–16 by the 38 working SPSUs (other than power sector PSUs) covered in this report, increased to Rs 330.40 crore in 2017–18. According to latest finalised accounts of these SPSUs, 18 earned profit of Rs 380.01 crore and 8 incurred losses of Rs 49.61 crore.
- Of the 18 PSUs in profit, 16 earned 98.3% of the profit (Rs 373.67 crore) either due to monopolistic advantage or to assured income from budgetary support, centage, commission, interest on bank deposits etc. Thus, from the point of view of audit, these PSUs are strongly dependent on the State Government for their sustainability.

High Pollution (PM 10) as Monitored under NAMP

- Cities with a million-plus population in the State have far exceeded the NAMP threshold for PM 10 (of less than 90 micrograms per cubic metre).
- The State needs to chalk out a plan to improve the ease of breathing in such cities while they emerge as economic centres and investment hubs.

PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Bhopal	89	93	135	105.7
Gwalior	96	110	134	113.3
Indore	95	80	88	87.7
Jabalpur	71	74	119	88.0

Reform Cohort of the State

- For the purpose of analysis, the States are grouped on the basis of per capita income. Madhya Pradesh is part of the group which includes Bihar, Uttar Pradesh, Jharkhand and Odisha.

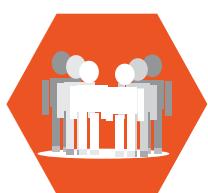
Reform Signposts

- Given its revenue surplus, prioritising essential social sector expenditures may allow MP to overcome its limitations and join the States in its cohort.**
- Continued fiscal laxity is visible in terms of the OTR TGR (9.1%) and buoyancy (0.64) of MP which is lower than the OTR TGR of the cohort (10.9%) and buoyancy (1.12). The OTR/ TRR of the State (33.9%) is second best in its class (cohort average 32%). Also the OTR/ORR (79.3%) of MP is above the class average of 77.8%.
- The gap between TRE TGR and the TGR of OTR and ORR may lead to fiscal instability. **Hence, strengthening OTR and ORR and streamlining procedures is the right way forward for MP.**
- The share of agriculture, forestry, and fishing sectors in GSVA (at current prices) has increased from 33% in 2011–12 to 40% in 2018–19. **The State needs to diversify its economic base and strengthen other sectors, which would also lead to generation of more skilled jobs.**
- There is a need to strengthen the administrative system and effective service delivery. Comprehensive re-prioritisation of expenditure and more focused approach on the ‘aspirational’ blocks and districts of the State is needed for social parameters to improve.**
- Madhya Pradesh has been facing severe shortage of healthcare professionals. For a sustainable solution, the State may explore Maharashtra’s model of recognising diplomas from the College of Physicians and Surgeons as adequate for converting MBBS doctors to specialists who may then serve in remote and tribal areas. Besides, telemedicine could be promoted to fill the need gap in such areas.**

Notes

- 1 The 52nd district, Niwari, was carved out of Tikamgarh district in 2018.
- 2 GOI (2018), *Rural Health Statistics 2018*, Ministry of Health and Family Welfare, Government of India.
- 3 FC-XV classified all States into cohorts based on fiscal, social, and general parameters of States with similar characteristics.
- 4 CAG (2019), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31 March 2018*, Government of Madhya Pradesh.

MH-1.A: Overview



POPULATION
112.4 million
9.4%
Of population across all States



AREA
3,07,713 sq km
9.4%
Of area across all States



FOREST COVER
50,778 sq km
16.5%
Of the State's own area is under forest
0.2%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,16,376
Rs 1,40,422



TAX TO GSDP
7.1%
6.3%
Average across all States

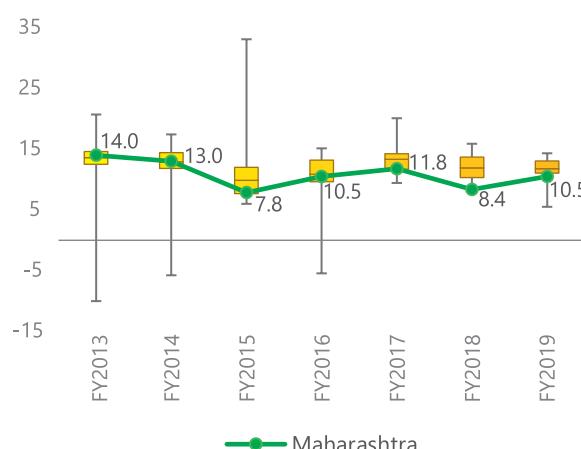


CHILDREN PER WOMAN
1.9
2.2
Average across all States

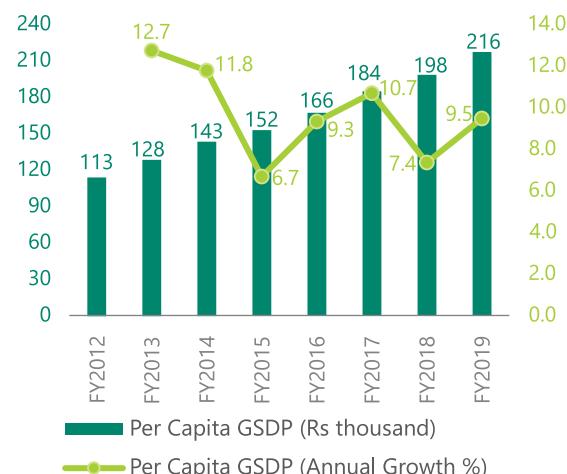


URBANISATION RATE
45.2%
31.1%
All India average

MH-1.B: Growth rate of GSDP (at current prices, %)



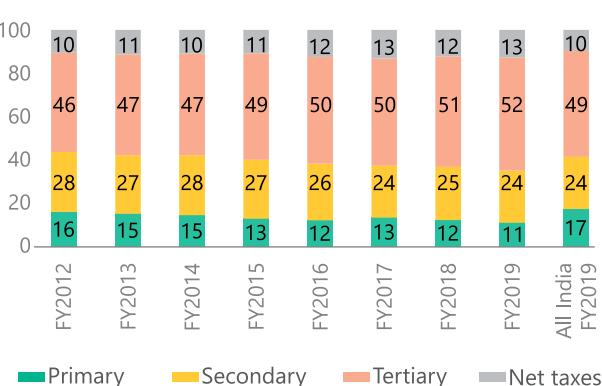
MH-1.C: Per capita GSDP (at current prices)



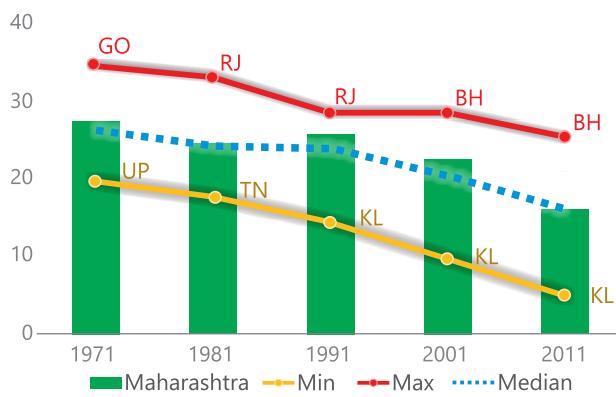
MH-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	12,80,369	77,44,945	16.5
2012–13	14,59,629	88,27,195	16.5
2013–14	16,49,647	1,00,07,392	16.5
2014–15	17,79,138	1,09,93,257	16.2
2015–16	19,66,225	1,21,91,256	16.1
2016–17	21,98,324	1,37,80,737	16.0
2017–18	23,82,570	1,54,20,126	15.5
2018–19	26,32,792	1,72,83,813	15.2

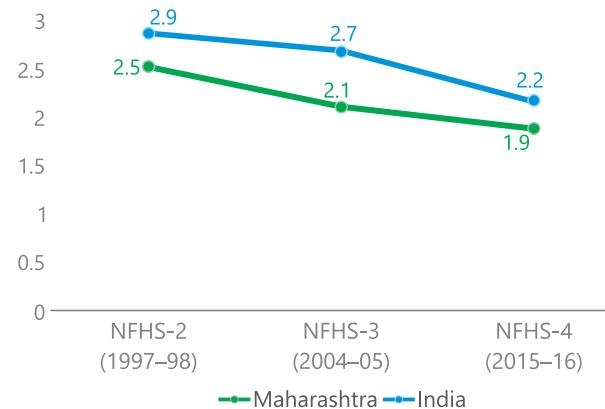
MH-1.E: Sectoral Contribution to GSDP (at current prices, %)



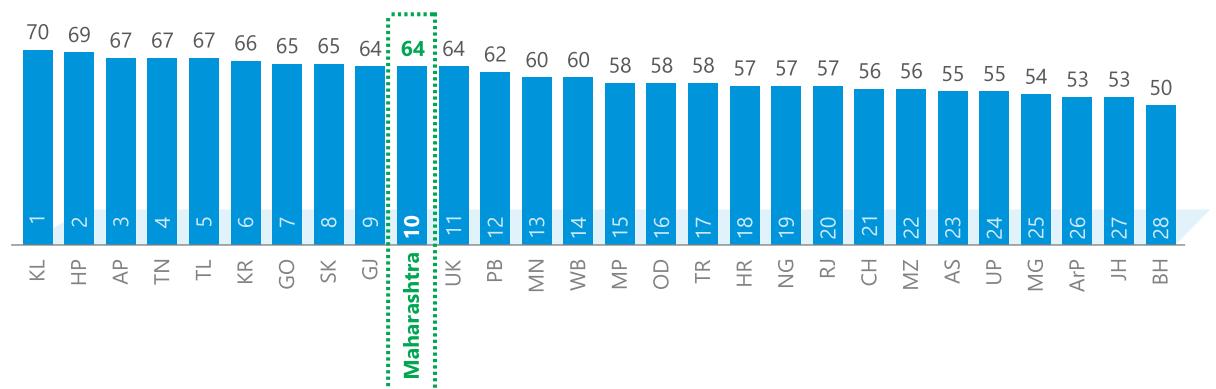
MH-2.A: Decadal Growth in Population (%)



MH-2.B: Total Fertility Rate (children per woman)



MH-2.C: SDG Index of NITI Aayog (2019)

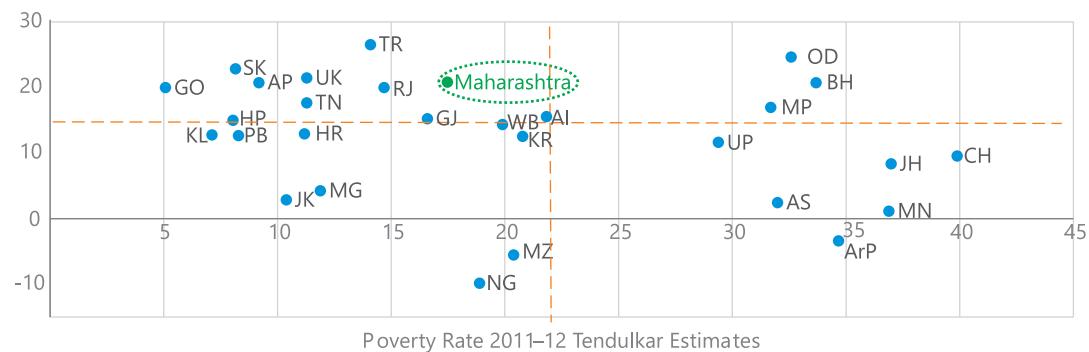


MH-2.D: Key Social Indicators

EDUCATION	MH INDIA		MH INDIA	
	MH INDIA		MH INDIA	
	Literacy rate (%) ^a	73.0	Life expectancy (years) ^g	69.0
Pupil–Teacher ratio ^b (in Primary)		24.0	Sex ratio (♀ per 1000 ♂) ^a	943
Gross Enrolment Ratio ^c (for Higher Secondary)		55.4	Underweight children (%) ^d	35.8
WATER & SANITATION	MH INDIA		MH INDIA	
	91.5	89.9	Stunting among children (%) ^d	
	71.2	61.1	Anaemia among children (%) ^d	

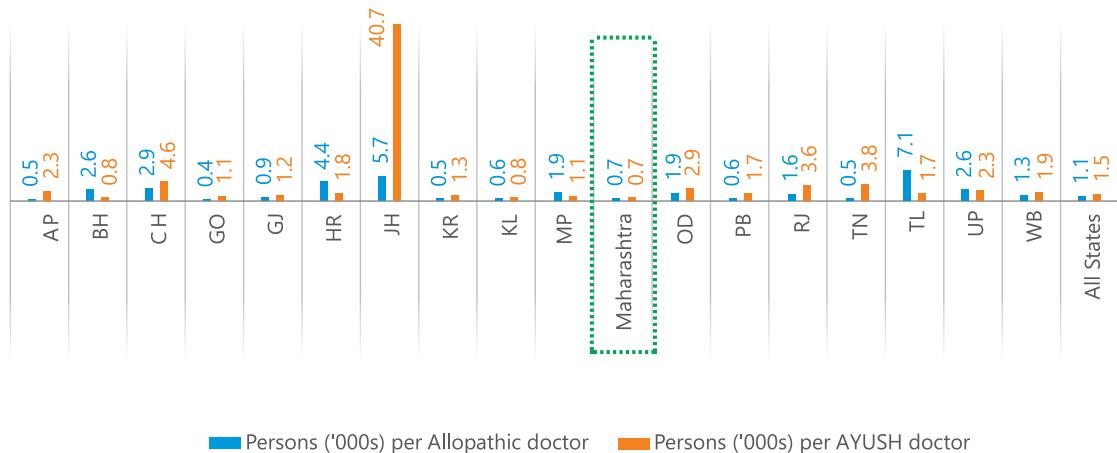
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

MH-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



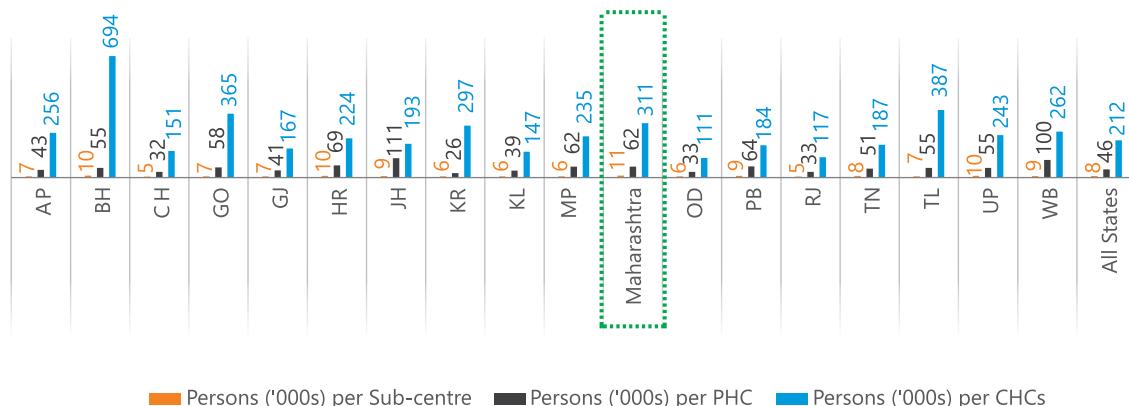
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

MH-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

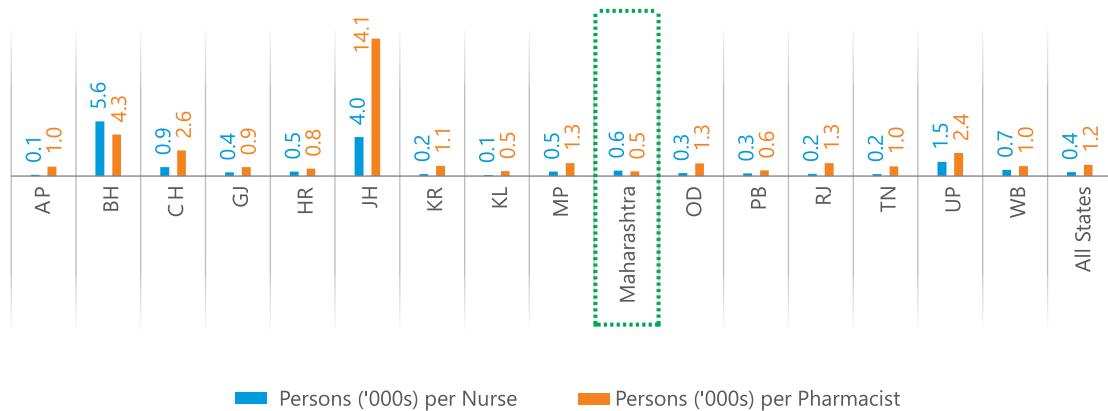
MH-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

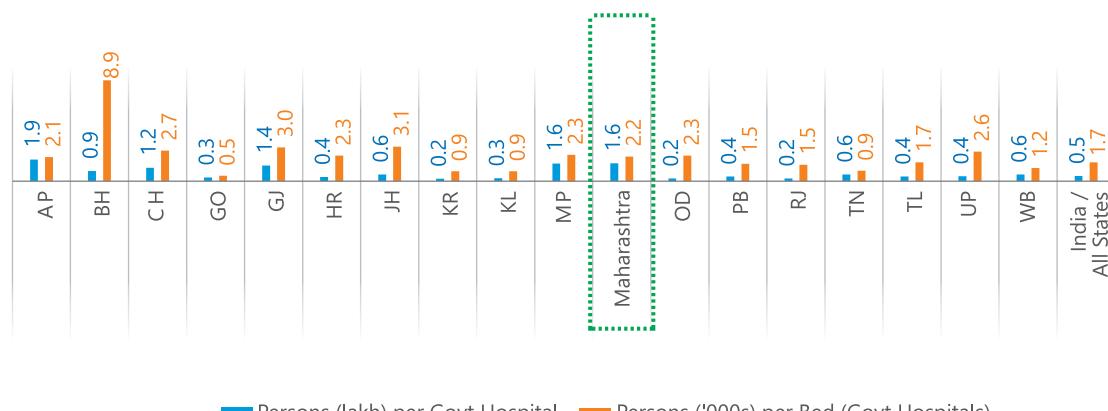
FC-XV VOLUME IV, THE STATES

MH-3.C: Persons ('000s) per Nurse/ Pharmacist



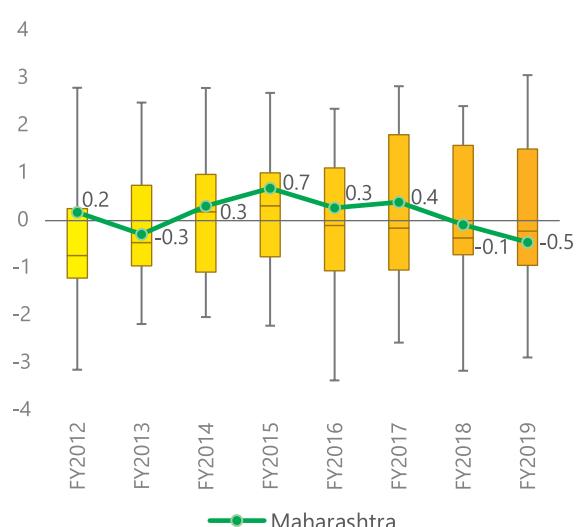
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MH-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

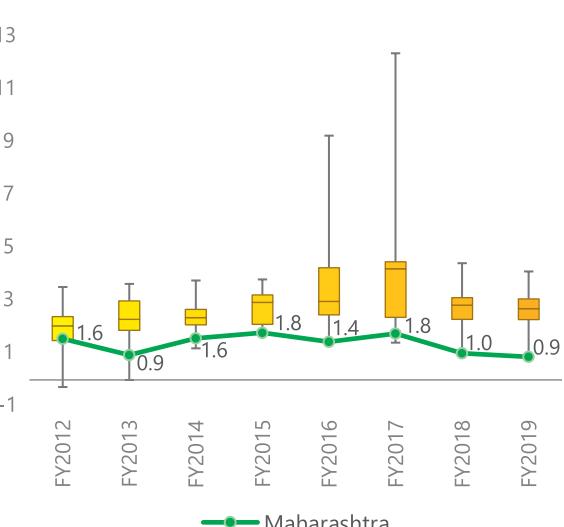


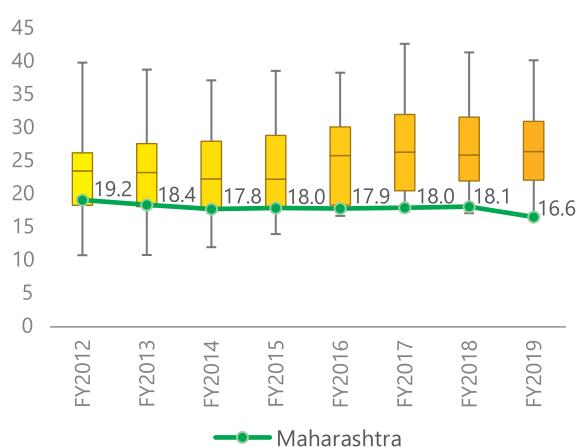
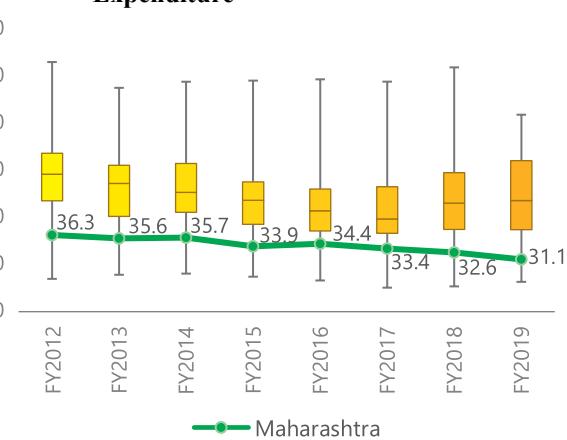
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MH-4.A: Revenue Deficit as % of GSDP

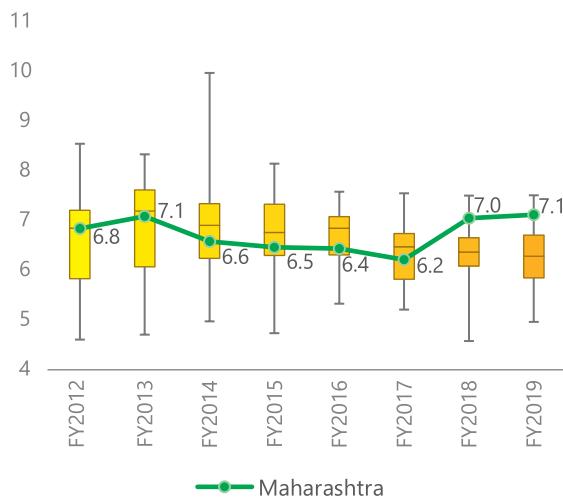
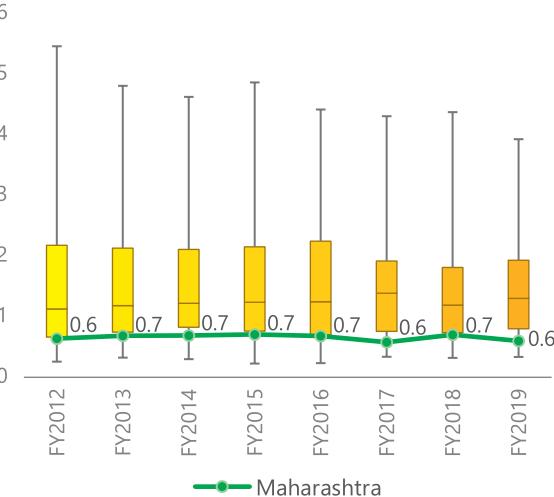
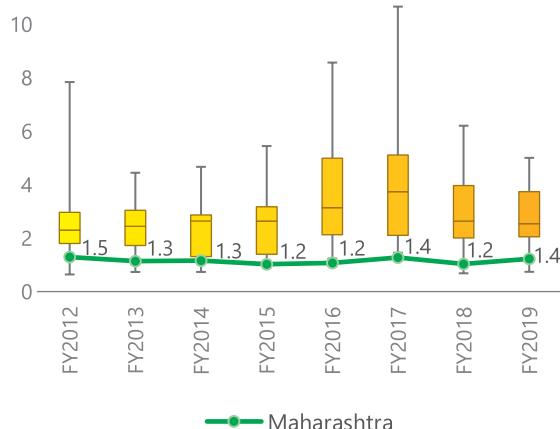


MH-4.B: Fiscal Deficit as % of GSDP



MH-4.C: Outstanding Debt as % of GSDP**MH-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

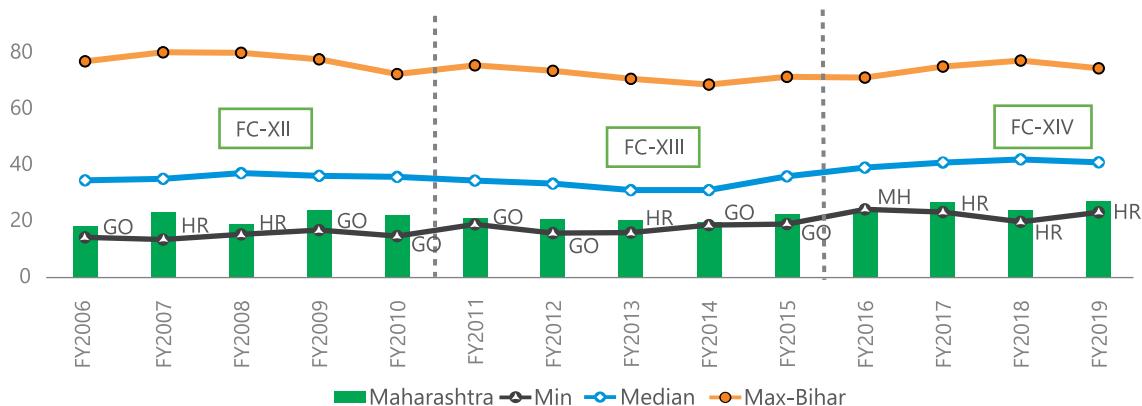
MH-4.E: OTR as % of GSDP**MH-4.F: NTR as % of GSDP****MH-4.G: Capital Expenditure to GSDP Ratio****MH-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	2,16,376	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	10.6	13.4
OTR	7.1	6.4
NTR	0.6	1.1
TE	11.5	16.1
ES	2.0	3.1
SS	4.2	5.4
GS	3.2	4.7
Committed Expenditure	3.2	5.8
Capital Expenditure	1.4	2.5
FD	0.9	2.5
RD	-0.5	0.2
OD	16.6	25.0

MH-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Maharashtra	11.6	12.0	10.6
GS Average	13.6	13.1	10.3

MH-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 24 were devolved to RLBs.
- All 18 functions of the Twelfth Schedule of the Constitution were devolved to ULBs.

Auditing Status

- Auditing of accounts was completed till 2016–17 for RLBs and till 2017–18 for ULBs.

Property Tax Board

- Although the State set up its PTB in 2011 (as recommended by FC-XIII), it is yet to function effectively.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
5	2	5	3

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Third SFC (2006–07 to 2010–11)

- The State Government is currently implementing the recommendations of the Third SFC.

Fourth SFC (2011–12 to 2015–16)

- According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, the report of the Fourth SFC was delayed.
- The difference between the date of actual submission and the mandated date of submission as per the ToR was 60 months in case of Fourth SFC of Maharashtra.
- The State government rejected the recommendations of the Fourth SFC.
- The Government of Maharashtra contended that the Fourth SFC had recommended a straight devolution of 40% of the State resources to local bodies without calculating the amount that

could be effectively made available by the State Government considering its own commitments and the position of its financial resources.

Fifth SFC (2019–20 to 2024–25)

- ▲ The Fifth SFC (2019–20 to 2024–25) constituted in March 2018, has submitted the report. The ATR is yet to be tabled in the State Legislature.

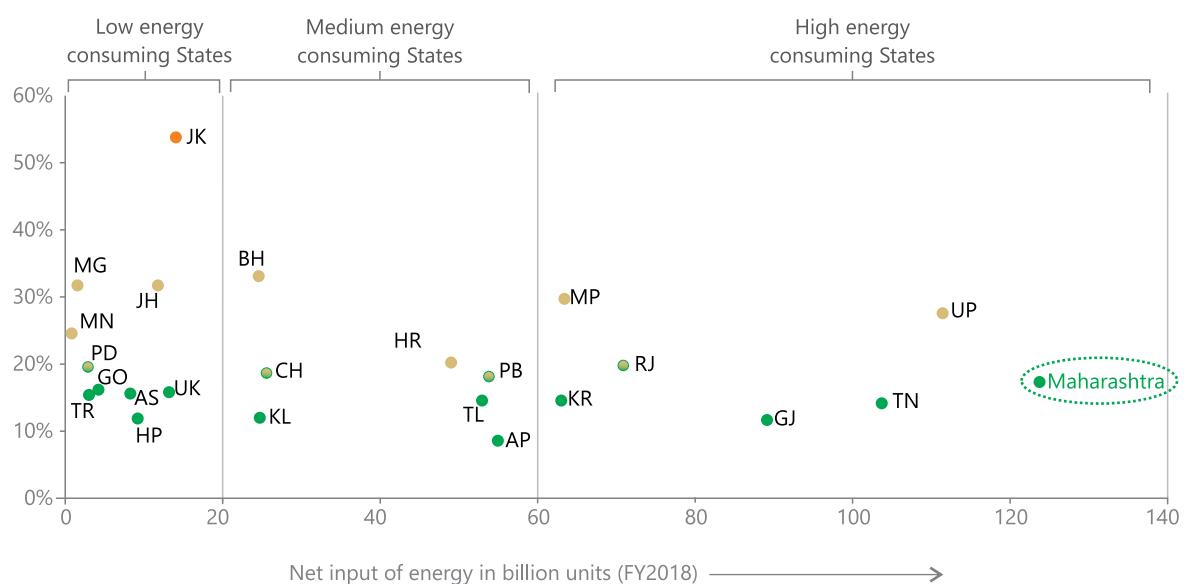
Debt and Losses

- ▲ The State met its targets on AT&C losses. However, the ACS–ARR target was not met for the year 2018–19.
- ▲ The State has taken over DISCOM debt under UDAY to the tune of Rs 4,960 crore during 2016–17.
- ▲ As on 31 March 2019. The total borrowings by DISCOMs (including borrowing from the State Government of Rs 2,004 crore) are Rs 35,196 crore (accounting for 7.4% of DISCOM borrowings across all States).

Key UDAY barometers (2018–19)	Achievement	Target
AT & C Losses (%)	14.73	14.98
ACS–ARR Gap (Rs per unit)	–0.16	–0.39

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.
Source: Ministry of Power, Government of India

MH-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Maharashtra has recommended that the State share in overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Weights (%)
i)	Population (2011)	35.0
ii)	Area	15.0
iii)	Income Distance	15.0
iv)	Deprivation (SECC Rural): Total deprived rural households of the State as a percent to total deprived households of all states using SECC data	15.0
v)	Urbanisation	10.0
vi)	Fiscal Efficiency (Fiscal Discipline+Tax Effort)	7.5
vii)	Tree cover	2.5

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2006, amended in the years 2008 and 2016. The State has been adhering to its FRBM limit in the recent years.
- ▲ The State has since been a front-runner in terms of better fiscal management and its fiscal deficit (FD) continues to be well within the limit of 3% of GSDP.
- ▲ The Debt–GSDP ratio is also well within the limit set by the Maharashtra Fiscal Responsibility and Budgetary Management Rules (MFRBM, 2011). The State seems to have made a conscious effort to change the composition of debt from high-cost debt towards lower cost borrowings in the past 10 years.

Ratios in %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	26.1	25.8	25.5	25.3	Not Set	Not Set	Not Set
Actually achieved	19.2	18.4	17.8	18.0	17.9	18.0	18.1
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	1.6	0.9	1.6	1.8	1.4	1.8	1.0

Source: Government of Maharashtra

Power Sector

- ▲ The *Energy Statistics for 2017* reported by the Ministry of New and Renewable Energy, Government of India indicate that Maharashtra has a potential of about 64.32 GW of solar energy, out of which 0.39 GW have already been harnessed. The State should speed up the execution of the ongoing solar projects to exploit the potential and increase the revenue earnings.

Contingent Liabilities

- ▲ The Co-operative Institutions continue to have dominant shares in the receipt of guarantees. Within the co-operative sector, guarantees given to sugar and cotton cooperatives are the highest. The State needs to ensure systematic assessment or rating of projects before giving guarantees.

Million-Plus Cities

- ▲ Across all States, Maharashtra has the highest number of million-plus cities (Aurangabad, Kalyan-Dombivli, Nagpur, Nashik, Navi-Mumbai, Pimpri Chinchwad, Pune, Thane, Greater Mumbai, and Vasai-Virar city).
- ▲ Cities are crucial to the socio-economic future of the country. The State should promote investments in infrastructure and logistics to build them as economic centres and ensure quality of life of citizens.
- ▲ While cities like Mumbai have ample internal resources, local bodies need to generate more Own Tax Receipts (OTR) for creating, upgrading, and maintaining critical infrastructure for better investment climate. Upgrading of roads, bridges, rail, and sewerage systems, urban flood management, solid waste management, improvement of slums, open spaces and parks, etc., need to be viewed comprehensively through the sustainable cities framework. This will entail putting the ULBs in the driver seat.

Rank on the SDG Index of the NITI Aayog (2019)

- ▲ According to the SDG Index of the NITI Aayog, Maharashtra is placed 10th across states with an SDG score of 64 (All India score being 60). The State leads in SDG-4 Quality Education, SDG-6 Clean Water and Sanitation, SDG-7 Affordable and Clean Energy, SDG-8 Decent Work and Economic Growth, SDG-10-Reduced Inequality, SDG-15 Life on Land, and SDG-16 Peace, Justice and Strong Institutions. However, the State needs to improve on SDG-1 No Poverty, SDG-2 Zero Hunger, SDG 5 Gender Equality and SDG-11 Sustainable Cities and Communities.

Low NTR–GSDP Ratio

- ▲ The State has low NTR–GSDP ratio among GS. The State needs to take measures to enhance cost recoveries from provision of economic and social services.

NTR–GSDP Ratio, 2018–19

<i>Maharashtra</i>	<i>GS</i>	<i>Quartile 1</i>	<i>Median</i>	<i>Quartile 3</i>	<i>All States</i>
0.6	1.1	0.8	1.3	1.93	1.2

Proper Accounting for Parastatals

- ▲ The State, in its Memorandum, has stated that a large number of parastatals like the Mumbai Metropolitan Regional Development Authority (MMRDA), Maharashtra State Road Development Authority (MSRDC), City and Industrial Development Corporation (CIDCO), Maharashtra Industrial Development Corporation (MIDC), etc. invested over Rs 2.07 lakh crore (from 2013–14 to 2018–19) into the creation of infrastructure which is not reflected in the State Budgets.

- ▲ The State needs to follow procedure to ensure accountability of such finances to the State Legislature. Otherwise, the risk of extra budgetary borrowings on the fiscal capacities of the State would increase in the long run.

Local Bodies

- ▲ The State needs to take measures for the effective decentralisation of the 3Fs—Funds, Functions, and Functionaries.
- ▲ The State needs to transfer all 29 functions enshrined in the Eleventh Schedule of the Constitution to PRIs.
- ▲ The Fourth SFC noted long-standing vacancies in administrative and technical posts, which hampered data collection and analysis. Lack of authentic and updated data was a major hindrance in the functioning of the Commission. The State needs to address these issues for future SFCs to work effectively.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The Government of Maharashtra must constitute SFCs, act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024.

Agriculture, Water Management, and Irrigation

- ▲ The State needs to promote watershed management strategies along with water-saving technologies.
- ▲ The consecutive drought years of 2014–15 and 2015–16 resulted in a negative growth of agriculture value added. Repeated crop failure due to drought coupled with low prices made farmers default on credit and perpetuated a vicious cycle of indebtedness and farmer distress.
- ▲ With only 18% of its cropped area under irrigation (as compared to the national average of 48.6%), Maharashtra is placed third in the list of drought-prone States.

Percentage of Cropped Area under Irrigation

Maharashtra	Quartile 1	Median	Quartile 3	Average of All States
18	18.7	34.2	49.5	48.6

Source: GOI (2017), *Agricultural Statistics 2017*, Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India.

- ▲ Although expenditure on major and minor irrigation constituted between 27% and 33% of capital expenditure during 2012–2017, the outcomes were not commensurate with the spending. With a number of stranded irrigation initiatives, the State has been saddled with over 190 incomplete projects for over 20 years.

Sharp Social and Economic Disparity

- ▲ Despite better fiscal and macro indicators than many other GS, Maharashtra is yet to bridge the huge development disparity between the Vidarbha and Marathawada Region and the rest of the State. Of the 36 districts in the State, the 16 falling in the Vidarbha and Marathawada Region report per capita incomes that are lower than both the State and national averages. A strong and focussed approach is required from the State Government to bridge this development deficit.

High Pollution (PM 10) As Monitored Under NAMP

- ▲ Million-plus cities in the State have far exceeded the NAMP threshold for PM 10 (of less than 90 micrograms per cubic metre). The State needs to chalk out a plan to improve the ease of breathing in these cities while they emerge as economic centres and investment hubs.

PM10 Micrograms Per Cubic Metre

<i>City</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Average</i>
Mumbai	119	151	166	145.3
Nagpur	118	102	103	107.7
Pune	107	102	106	105.0
Thane	122	125	108	118.3

Sex Ratio

- ▲ Data from decadal censuses shows that sex ratio (females per thousand males) in Maharashtra is not favourable and has in fact decreased over the years. Given that Maharashtra follows on the heels of Uttar Pradesh as the most populous State of India, the absolute number of missing women is significant. The State needs to devise a definite and immediate action plan to address this issue.

<i>Maharashtra</i>	<i>1981</i>	<i>1991</i>	<i>2001</i>	<i>2011</i>
Sex Ratio	937	934	922	929

Investment of Surplus Cash Balance

- ▲ The State has to devise the most suitable means to utilise its cash surplus in either return bearing treasury bills or in the development of backward regions.

Power Sector

- ▲ The State is required to enhance and upgrade its performance in UDAY Barometers of Smart Metering (above 200 and up to 500 kW-h), Smart Metering (above 500 kW-h), and DT Metering (Urban).

Reform Cohort of the State

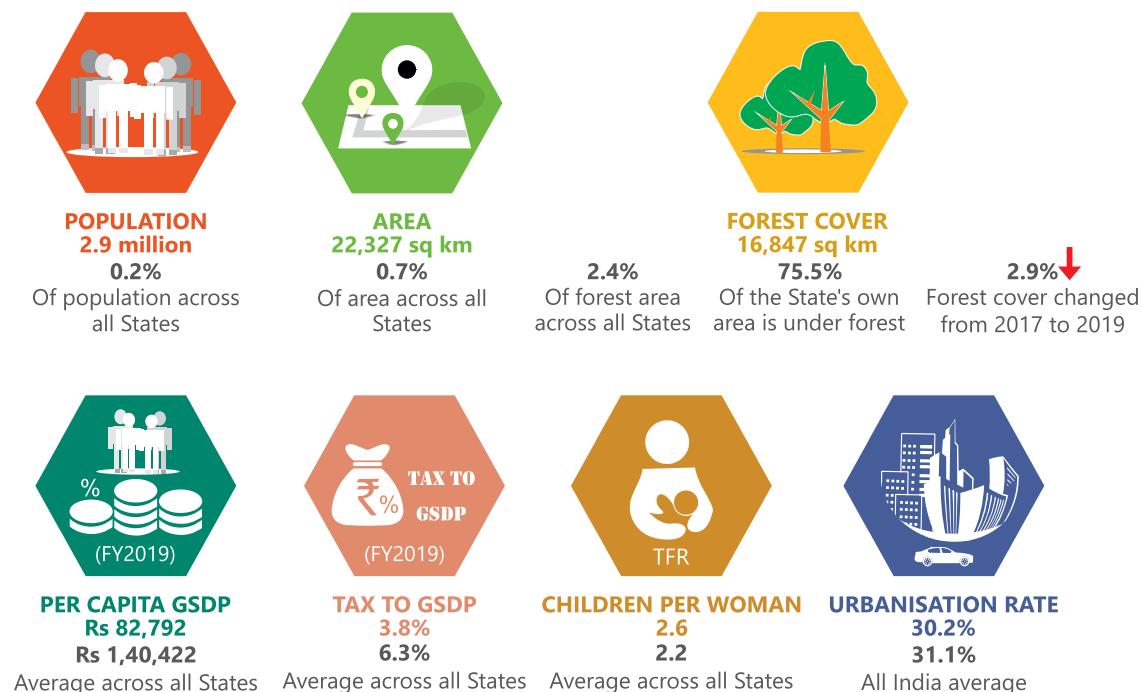
- ▲ For the purpose of analysis, the States were grouped on the basis of per capita income. Maharashtra is part of the group which includes Gujarat, Tamil Nadu, Telangana, Kerala, Karnataka, Haryana, and Goa.

Reform Signposts

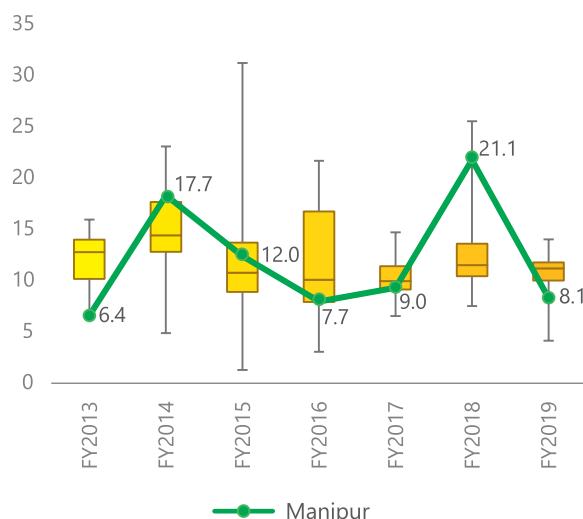
- ▲ Maharashtra has significant cash balance. Recent CAG reports indicate budget savings of 12%-14% at the end of each financial year. The State can therefore clearly invest these resources in initiatives to reduce inter-regional disparities and improve social indicators.
- ▲ Maharashtra spends less per capita on drinking water and health as compared to other States in its class, which reflects in relatively poor health indicators of its population. Despite huge annual cash balance, social sector expenditure vis-à-vis the needs, particularly in backward regions like Marathwada and Vidarbha, is abysmal.

- ▲ Health expenditure for the class (of eight States) as a percentage of Total Revenue Expenditure (TRE) has risen over the years. However, at 4.5% for Maharashtra it remains below the national average (5.3%) as well as those for Haryana (4.8%) and Karnataka (5.1%).
- ▲ **Maharashtra must take corrective action to arrest the decline in its OTR from 19.44% in 2009–2013 to 8.16% in 2014–2017. Furthermore, it has very high Off Budget Borrowing (OBB) through parastatals yielding an average return of 0.04% (2012–2017) against an average interest cost of 7.6 %.** This must be carefully managed to avoid impending fiscal shock.
- ▲ Besides, it could tap into the rich cash balances available with parastatals such as Municipal Corporation of Greater Mumbai for better social infrastructure in and around the megacity to sustain economic activity during and after Covid-19.
- ▲ With Debt–GSDP ratio of 17%–18%, the State has headroom to borrow. It may use this capacity to reverse the pandemic-driven out-migration of labour and spur industrial activity to revive the State’s economy by innovatively deploying such additional resources.

MN-1.A: Overview

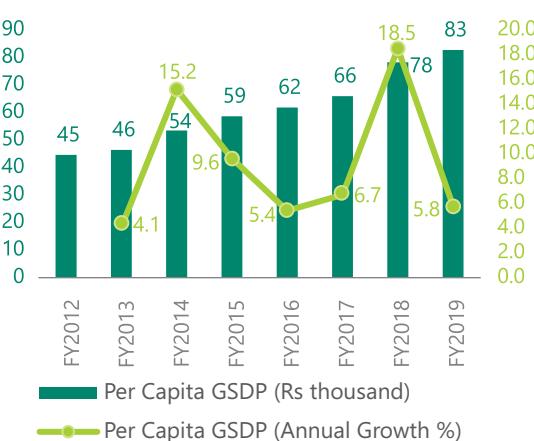


MN-1.B: Growth rate of GSDP (at current prices, %)



MN-1.C: Per capita GSDP (at current prices)

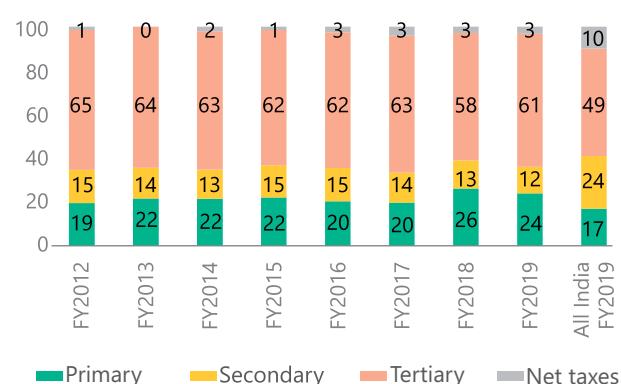
MN-1.C: Per capita GSDP (at current prices)



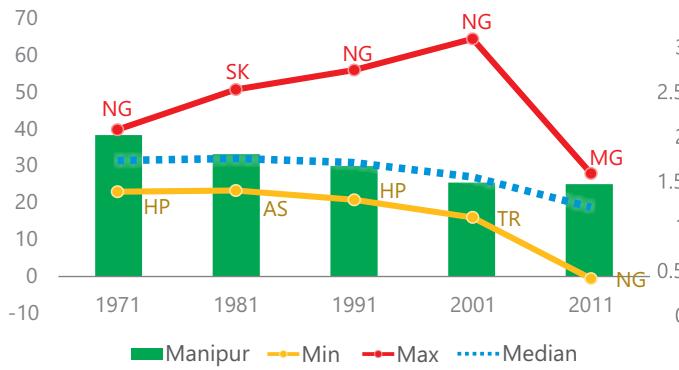
MN-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
2011–12	12,915	5,03,182	2.6
2012–13	13,743	5,63,081	2.4
2013–14	16,182	6,37,264	2.5
2014–15	18,129	6,95,474	2.6
2015–16	19,531	7,88,321	2.5
2016–17	21,294	8,67,648	2.5
2017–18	25,789	9,74,240	2.7
2018–19	27,869	10,82,901	2.6

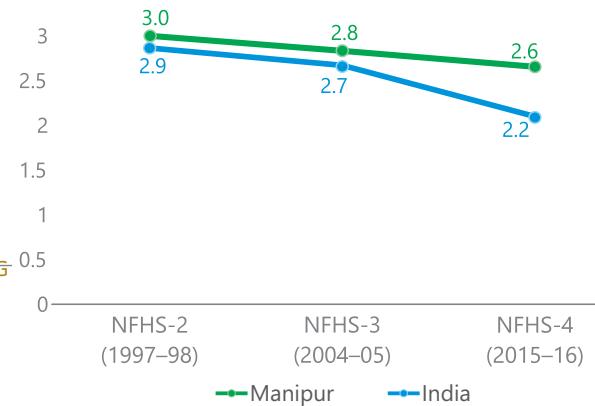
MN-1.E: Sectoral Contribution to GSDP (at current prices, %)



MN-2.A: Decadal Growth in Population (%)



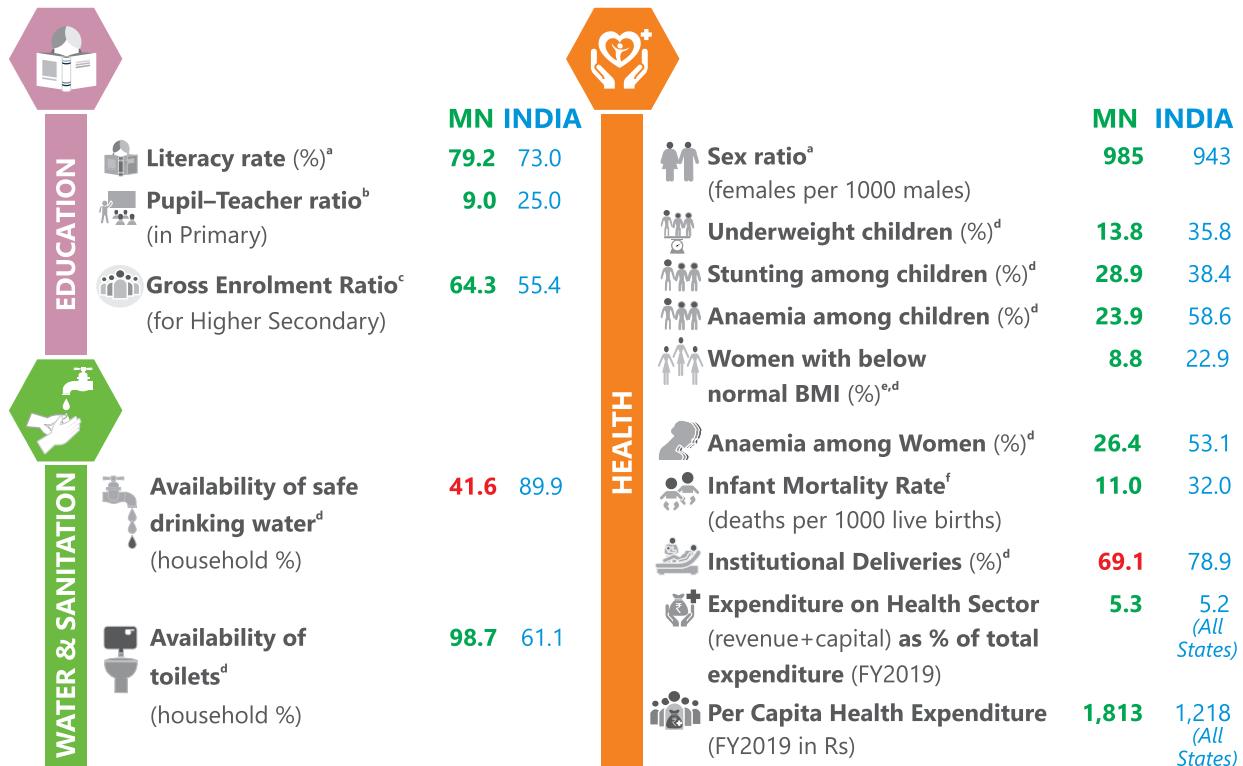
MN-2.B: Total Fertility Rate (children per woman)



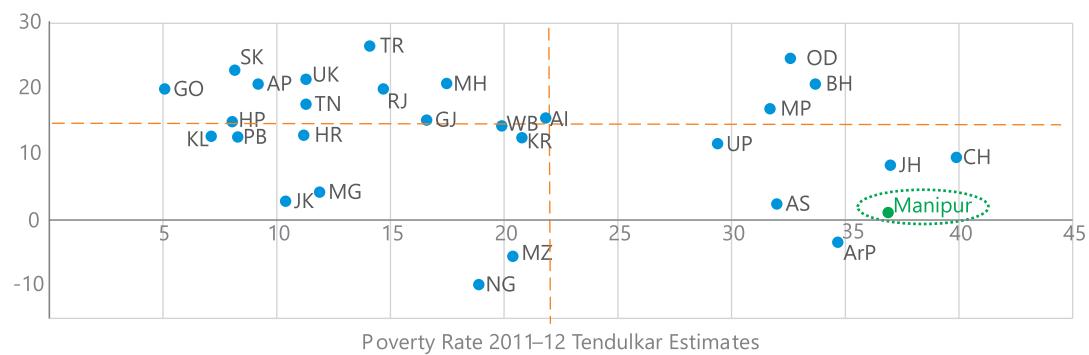
MN-2.C: SDG Index of NITI Aayog (2019)



MN-2.D: Key Social Indicators

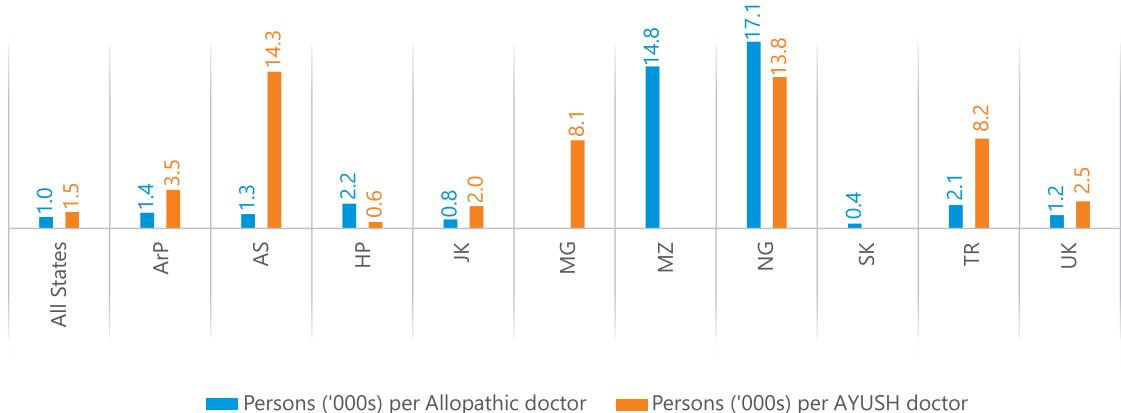
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

MN-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



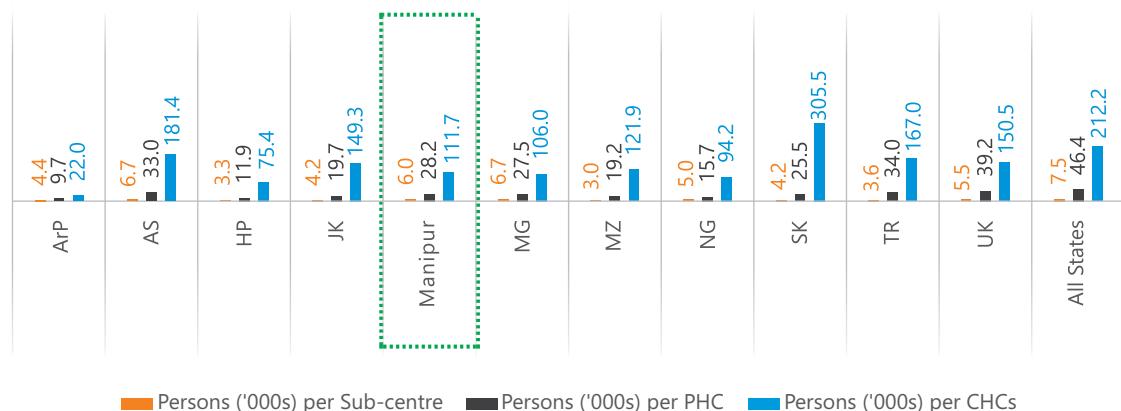
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

MN-3.A: Persons ('000s) per Allopathic and AYUSH Doctor (Information not available for Manipur)



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MN-3.B: Persons ('000s) per Sub-centre/PHC/CHC



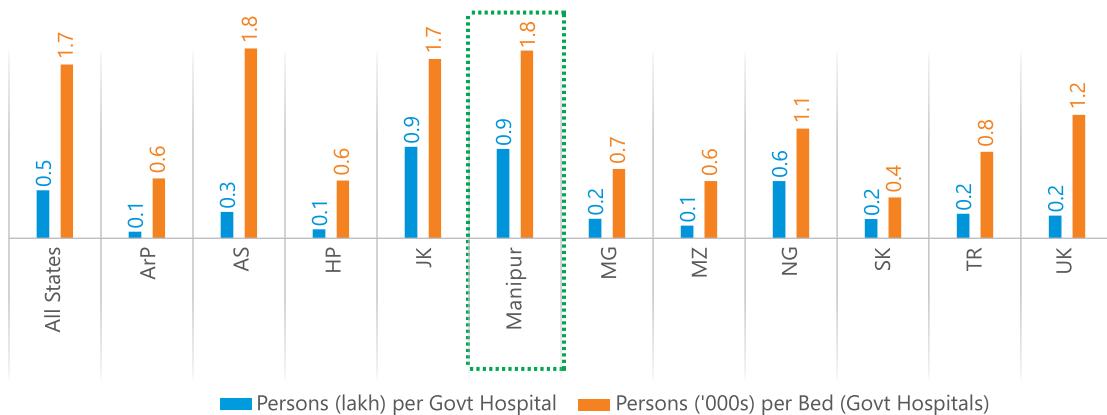
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MN-3.C: Persons ('000s) per Nurse/ Pharmacist



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MN-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed



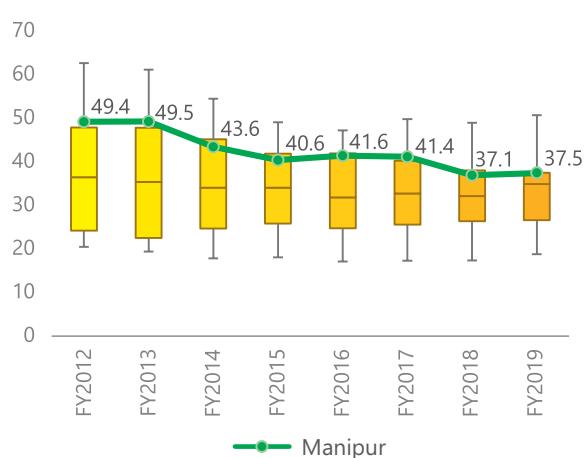
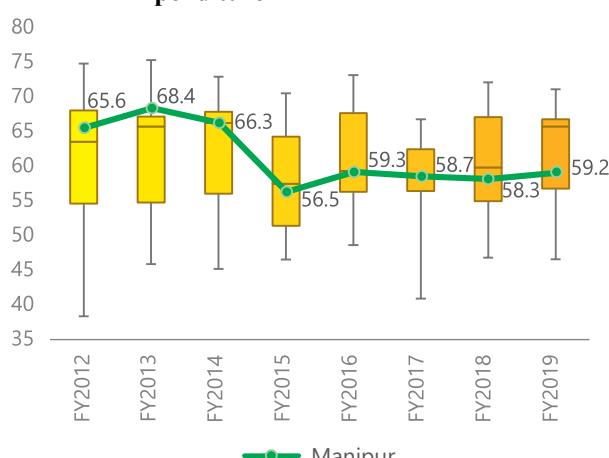
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MN-4.A: Revenue Deficit as % of GSDP

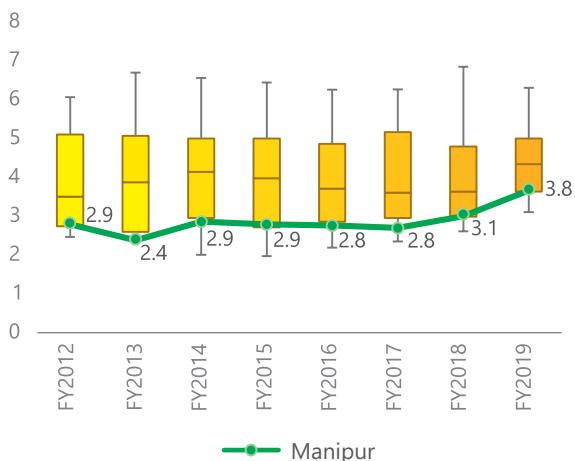
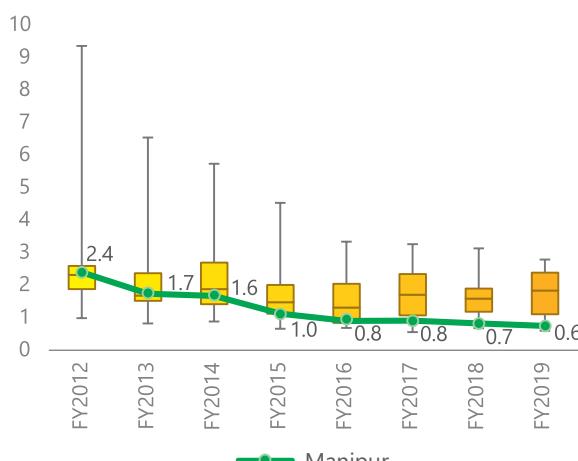


MN-4.B: Fiscal Deficit as % of GSDP



MN-4.C: Outstanding Debt as % of GSDP**MN-4.D: Committed Expenditure as a % of Revenue Expenditure**

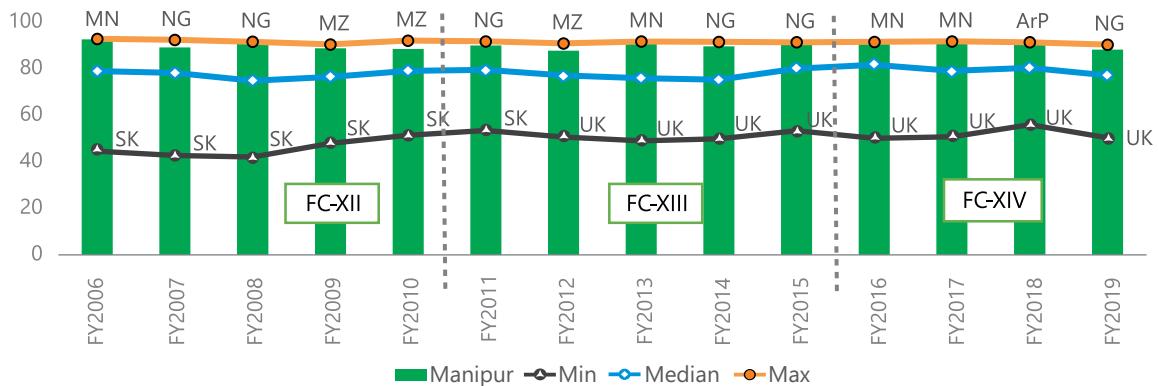
Note: Committed expenditure includes salaries, interest payments, and pensions

MN-4.E: OTR as % of GSDP**MN-4.F: NTR as % of GSDP****MN-4.G: Capital Expenditure to GSDP Ratio****MN-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	82,792	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	37.9	23.3
OTR	3.8	5.0
NTR	0.6	2.0
TE	41.2	26.7
ES	9.1	5.0
SS	9.7	8.7
GS	14.2	8.5
Committed Expenditure	20.7	14.4
Capital Expenditure	6.2	4.3
FD	3.3	3.4
RD	-2.9	-0.9
OD	37.6	29.6

MN-4.I: TRE and ORR Gap

TGR % 2011–2019	TRE	TRR	ORR
Manipur	10.7	8.9	8.4
NEHS	12.6	12.1	10.7

MN-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**The Third Tier**

- ▲ Besides 167 PRIs and 27 ULBs, Manipur has six Autonomous District Councils (ADCs) established under the Manipur (Hill Areas) District Councils Act, 1971 in hilly areas.

Functions Devolved

- ▲ Of the 29 functions as envisaged in the Eleventh Schedule of the Constitution, four have been devolved to RLBs.
- ▲ Of the 18 functions as envisaged in the Twelfth Schedule of the Constitution, 17 have been devolved to ULBs.
- ▲ Powers and functions of 24 departments mainly related to the socio-economic development of the hill areas have been given to ADCs.

Auditing Status

- ▲ All RLBs and ULBs have been audited till 2017–18 and ADCs till 2018–19.

Property Tax Board (PTB)

- ▲ The PTB set up in 2016 became functional in September 2018.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	9	10	15

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Third SFC (2015–16 to 2019–20)

- ▲ Third SFC submitted its report in December 2014.
- ▲ The ATR was tabled on 17 December 2015.
- ▲ In line with the recommendations of the Third SFC, 10% of Manipur's own revenues and its share in central taxes and duties was devolved to RLBs and ULBs.

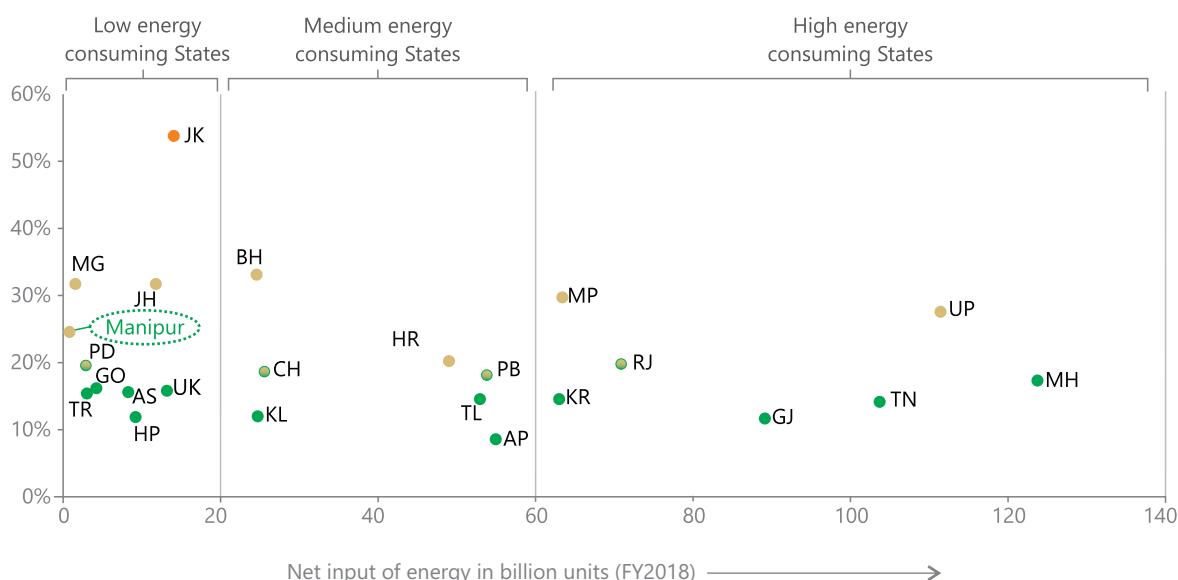
Debt and Losses

- ▲ The erstwhile Electricity Department of Manipur was unbundled and corporatised into two State-owned functionally independent successor entities with effect from 1 February 2014.
- ▲ The State signed UDAY agreement for operational efficiency only.
- ▲ The AT&C losses and ACS-ARR gap of Manipur were higher than the targets in 2018-19.

Key UDAY barometers (2018-19)	Achievement	Target
AT&C Losses (%)	29.79	15.0
ACS-ARR Gap (Rs per unit)	0.1	-0.36

Note: (-) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.
Source: Ministry of Power, Government of India

MN-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Manipur has recommended that vertical tax devolution to States be increased from 42% to 50% in light of rising share of cesses and surcharges.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population	15
ii)	Income Distance	55
iii)	Area	15
iv)	Forest Cover	15

Good GST Collections

- ▲ Manipur, being a consumer State has seen improvement in revenues with the introduction of GST.
- ▲ Manipur is receiving 91% of its OTR from VAT/GST (as opposed to NEHS average of 70%).
- ▲ The State hardly needs any GST compensation.
- ▲ The VAT/GST TGR during 2016–17 to 2018–19 was 38% (NEHS average 12%).

Tourism

- ▲ Manipur has many attractions like Loktak Lake, Keibul Lamjao National Park, variety of flora and fauna as well as a rich cultural heritage which may be used to promote tourism.
- ▲ The State has already started festivals, fairs, and events like Sangai festival, Shiruli Lily, etc., which attract both domestic and international tourists.
- ▲ Manipur could promote religious and medical tourism.
- ▲ Eco-tourism could be encouraged through incentives or PPP mode.
- ▲ Homestays, individual as well as community based, may be promoted as an alternate source of income for local people. The State Government may take active measures to link homestays with e-commerce players.

International Border

- ▲ Manipur has the potential to act as a gateway to South-East Asia as it shares long border with Myanmar. However, trade with Myanmar has reduced in the last few years as tariff concessions under the Indo-Myanmar Agreement, 1994 and the Least Developed Country (LDC) Scheme have been withdrawn.
- ▲ Integrated check-posts at Moreh need to be developed for promoting trade with Myanmar in line with the Act East policy.
- ▲ System of e-visa and money changers may be helpful for enhancing trade with Myanmar.

Natural Resources

- ▲ *Forest wealth*: Manipur is an important part of the ‘Indo-Burma biodiversity hot spot’ and 75.5% of its area is under forest cover.
- ▲ *Ample rainfall*: Precipitation in Manipur is far greater than the national average and should be harnessed through rain-water harvesting. Better drainage system could reduce the damage from heavy rains.
- ▲ *Diverse flora*: The State should undertake initiatives to promote its medicinal plants, bamboo products, agro-horticulture products, floriculture, and pharma industry.

Human Development Indicators

- ▲ Remarkable progress in health and education are hallmarks of Manipur’s development (see MN-2.D).
- ▲ Among smaller States, Manipur is a front-runner in terms of annual incremental performance on indicators such as reduction in people living with HIV, first trimester ante-natal care registration, quality of community health centres, average occupancy of three key State-level officers, and reporting on the Integrated Disease Surveillance Programme (IDSP).¹
- ▲ It is ranked second in terms of overall performance on the composite Health Index among smaller States.²

High Dependence on Union Government

- ▲ In spite of good GST collections in recent years, own-revenue to GSDP ratio of Manipur is far lower than NEHS average.
- ▲ It gets only 11.5% of its TRR from its own revenues.
- ▲ 88.5% of State's total revenue receipts are coming from the Union Government.

Revenues of Manipur vis-a-vis NEHS

S.No.	As a percentage of GSDP in 2018–19	Manipur	NEHS
A	Total Revenue Receipts (B+E)	37.9	23.3
B	Own Revenue Receipts (C+D)	4.4	7.0
C	Own Tax Revenue (c(i) to c(v))	3.8	5.0
i	VAT/GST	3.4	3.5
ii	Stamp Duty & Registration	0.1	0.2
iii	State Excise	0.0	0.7
iv	Electricity Duty	0.0	0.1
v	Other Taxes	0.3	0.5
D	Non Tax Revenue	0.6	2.0
E	Total Central Transfers (E(i) + E(ii))	33.6	16.3
i	Share in Central Taxes	16.9	8.1
ii	Grant in Aid	16.7	8.2

- ▲ Improvement in excise is difficult due to Manipur Liquor Prohibition Act 1991.
- ▲ However, with the third highest urbanisation rate (30.2%) in NEHS (after Mizoram and Uttarakhand), Manipur should be in a position to increase revenues from Stamp Duty and Registration Fee.
- ▲ Manipur needs to find innovative ways to enhance revenues from NTR. Its NTR TGR was –8.4% during 2011–2019 due to corporatisation of the power sector in 2014–15.

High Committed Expenditure

- ▲ Manipur has very high committed liabilities (71% of TRE) compared to NEHS (67.6%) and all States average (50.6%).
- ▲ Salaries (including GIA salary) constitute 49% of TRE against NEHS average of 44%.
- ▲ The State Government needs to rationalise and restructure its expenditure.
- ▲ Measures to reduce the burden of committed expenditure would ease up resources for other development expenditure.

Declining Capital Expenditure

- ▲ Capital expenditure as a percentage of GSDP declined from 13.1% in 2011–12 to 5.6% in 2017–18 and from 25% of total expenditure in 2011–12 to 15% in 2018–19.
- ▲ The State needs to rationalise its committed expenditure and spend more on infrastructure building.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2005 and amended it in 2006, 2010, 2011, and 2017.
- ▲ The State has not set FRBM targets in recent years.
- ▲ Manipur counts among States with very high debt burden. Its debt needs to be consolidated as per the fiscal path recommended by FC-XV.
- ▲ The loans and advances guarantee should be based on adequate cost–benefit analysis, and after a proper performance evaluation to avoid the additional fiscal burden.
- ▲ The State needs to bring down its Debt–GSDP ratio in line with New FRBM Act and FC-XV's recommendations. Hence, the State needs a credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	62.9	60.1	57.0	54.3	Not Set	Not Set	Not Set
Actually achieved	49.4	49.5	43.6	40.6	41.6	41.4	37.1
FD–GSDP							
As prescribed by the State FRBM	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Actually achieved	8.1	0	-1.7	3.3	1.8	2.6	1.3

Source: Government of Manipur.

Low Per Capita Income and Very High Poverty

- ▲ Per capita GSDP of Manipur was the lowest among the NEHS in 2018–19.
- ▲ Its poverty ratio at 36.89% is the third highest in India (after Chhattisgarh and Jharkhand) by Tendulkar methodology. The poverty ratio in the State has not shown much decline from 2004–05 to 2011–12.
- ▲ Post-liberalisation, the share of agriculture in GSDP has declined without commensurate decline in share in employment, indicating low primary sector productivity.

Health and Demographic Indicators

- ▲ Manipur has the highest adult HIV prevalence of 1.15% against national prevalence of 0.26%.³ With persistent effort, Manipur has reduced the percentage of pregnant women living with HIV from 1.3% in 2006 to 0.47% in 2017.⁴ However, a more focused approach is needed to deal with the situation.
- ▲ Decline in child sex ratio (0–6 years) has been observed from 957 in 2001 to 930 in 2011. Necessary steps should be taken to arrest the dwindling number of girl children in the State.

Rising Unemployment

- ▲ Both rural and urban unemployment in Manipur are on the rise.
- ▲ The State needs to create job opportunities by attracting private capital and boosting job-oriented economic growth.

**Unemployment (Usual Status) in Manipur:
Persons Unemployed per 1,000 Persons in Labour Force**

Year	Rural		Urban	
	Male	Female	Male	Female
1977–78	9	1	12	27
1999–00	24	25	74	103
2011–12	35	50	58	129

Source: GOI (various years), *Employment and Unemployment in India*, NSSO Rounds 32nd, 55th, and 68th, National Sample Survey Office, Ministry of Statistics and Programme Implementation, Government of India.

Local Bodies

- ▲ Measures should be taken to devolve all functions to local bodies as envisaged in the Constitution.
- ▲ ADCs and PRIs raise meagre revenues and are dependent on State and Union government for resources.
- ▲ Measures like upward revision of property tax rates, user charges, market fees, parking fees, etc., need to be explored.
- ▲ The State Government needs to focus on the capacity building of local bodies.

Infrastructure Deficit

- ▲ The State needs to take measures to upgrade its physical infrastructure, through PPP mode where necessary.
- ▲ *Power*: With installed capacity of 45 MW only, the State has to purchase 90% of its power requirements. Per capita power availability in the State is only 263 KWH as compared to the all India average of 938 KWH (2016–17). Shortage of power is the major cause for slow development in the State.⁵
- ▲ *Road*: Road density is much lower than national average..
- ▲ *Rail*: Rail connectivity is yet to be made operational.

Burden of Insurgency

- ▲ Police personnel account for about 40% of the total employee strength of the State Government.
- ▲ Expenditure on Police accounts for about 14% of TRE of the State (NEHS average 8%).
- ▲ Expenditure on Police in 2018–19 at Rs 1,370 crore, was higher than ORR of Rs 1,212 crore.
- ▲ The State needs to take active development measures to reduce incidence of insurgency.

Public Sector Undertakings⁶

- ▲ As on 30 September 2018, 94 accounts of 10 working PSUs were in arrears. The period of arrears ranged from 2 to 30 years.
- ▲ The State Government had invested Rs 2.10 crore in equity and disbursed grants of Rs 1,599.43 crore to six PSUs during the years for which their accounts had not been finalised.
- ▲ Timely maintenance and auditing of accounts of PSUs needs to be ensured.

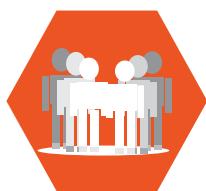
Reform Signposts

- ▲ In spite of good GST collections in recent years, own-revenue to GSDP ratio of Manipur is far lower than the NEHS average. The State gets only 11.5% of its TRR from its own revenues. Hence, its dependence on the Union Government is high. **Manipur needs to tighten its tax administration and find innovative ways to enhance its own revenues.**
- ▲ Manipur has very high debt of 37.5 %. **The State needs to bring down its debt to GSDP ratio in line with New FRBM Act and FC-XV's recommendations. The State needs a credible debt path and careful calibration of expenditure for generating future streams of income.**
- ▲ The State has very high committed expenditure. On the other hand, its capital expenditure as a percentage of GSDP declined from 13.1% in 2011–12 to 5.6% in 2017–18 and from 25% of total expenditure in 2011–12 to 15% in 2018–19. **The State needs to rationalise its committed expenditure and increase spends on infrastructure building.**

Notes

1. GOI (2019), *Healthy States, Progressive India: Report of the Ranks of States and Union Territories*, NITI Aayog, the World Bank, and the Ministry of Health and Family Welfare, Government of India.
2. Ibid.
3. GOI (2015), *India HIV Estimations 2015: Technical Report*, National AIDS Control Organisation and National Institute of Medical Statistics, Indian Council of Medical Research (Department of Health Research), Ministry of Health & Family Welfare Government of India.
4. GOI (2017), *HIV Sentinel, Surveillance 2016–17, Technical Report*, National AIDS Control Organisation, Ministry of Health & Family Welfare Government of India.
5. Government of Manipur (2017), *Economic Survey of Manipur, 2016–17*, Directorate of Economics and Statistics, Government of Manipur.
6. CAG (2019), *Report No. 2 of 2019: Social, Economic (other than PSUs), Economic (PSUs), Revenue and General Sectors*, report by the Comptroller and Auditor General of India, published by the Government of Manipur.

MG-1.A: Overview



POPULATION
3.0 million
0.3%
Of population across all States



AREA
22,429 sq km
0.7%
Of area across all States



FOREST COVER
17,119 sq km
76.3%
Of the State's own area is under forest
0.2%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 96,016
Rs 1,40,422

Average across all States



TAX TO GSDP
5.4%
6.3%

Average across all States



CHILDREN PER WOMAN
3.0
2.2

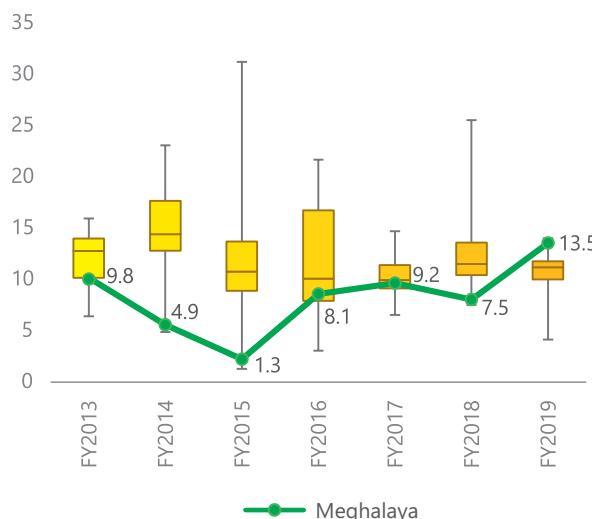
Average across all States



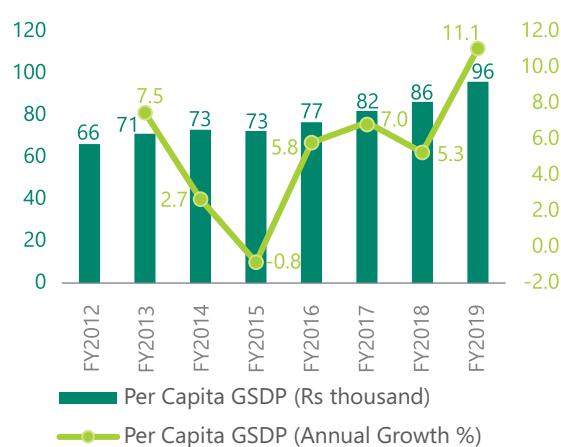
URBANISATION RATE
20.1%
31.1%

All India average

MG-1.B: Growth rate of GSDP (at current prices, %)



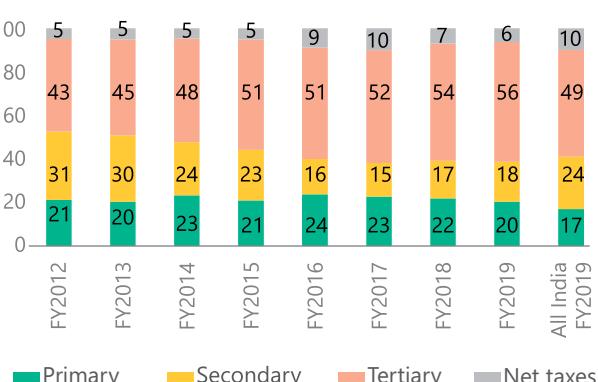
MG-1.C: Per capita GSDP (at current prices)



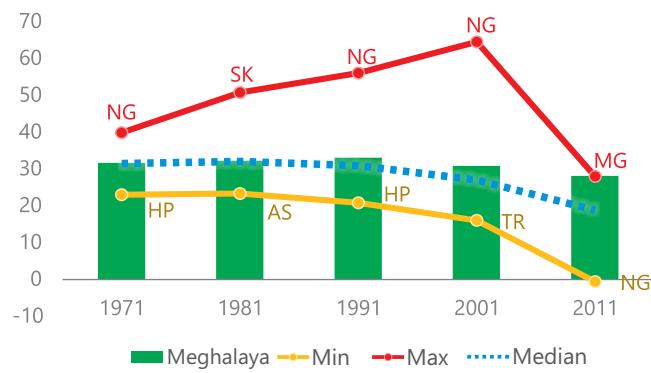
MG-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
2011–12	19,918	5,03,182	4.0
2012–13	21,872	5,63,081	3.9
2013–14	22,938	6,37,264	3.6
2014–15	23,235	6,95,474	3.3
2015–16	25,117	7,88,321	3.2
2016–17	27,439	8,67,648	3.2
2017–18	29,508	9,74,240	3.0
2018–19	33,481	10,82,901	3.1

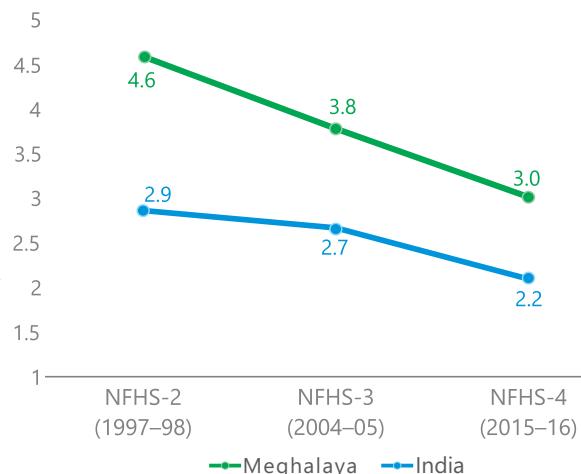
MG-1.E: Sectoral Contribution to GSDP (at current prices, %)



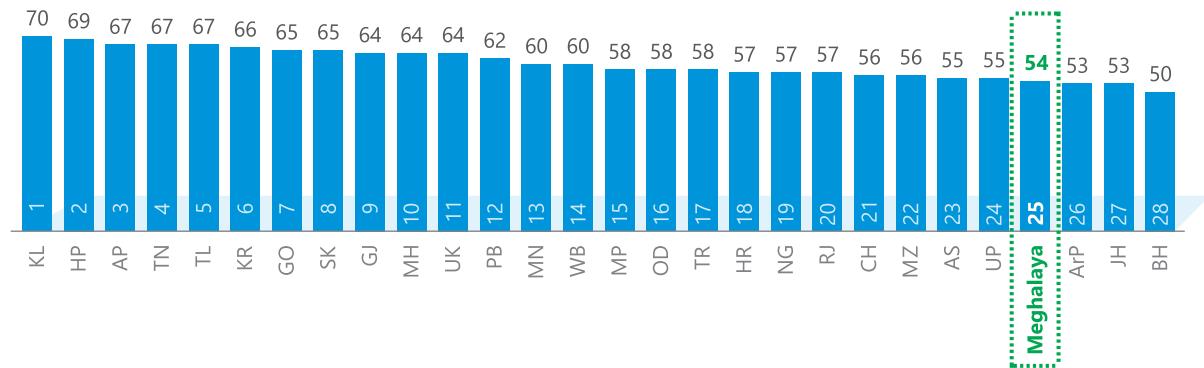
MG-2.A: Decadal Growth in Population (%)



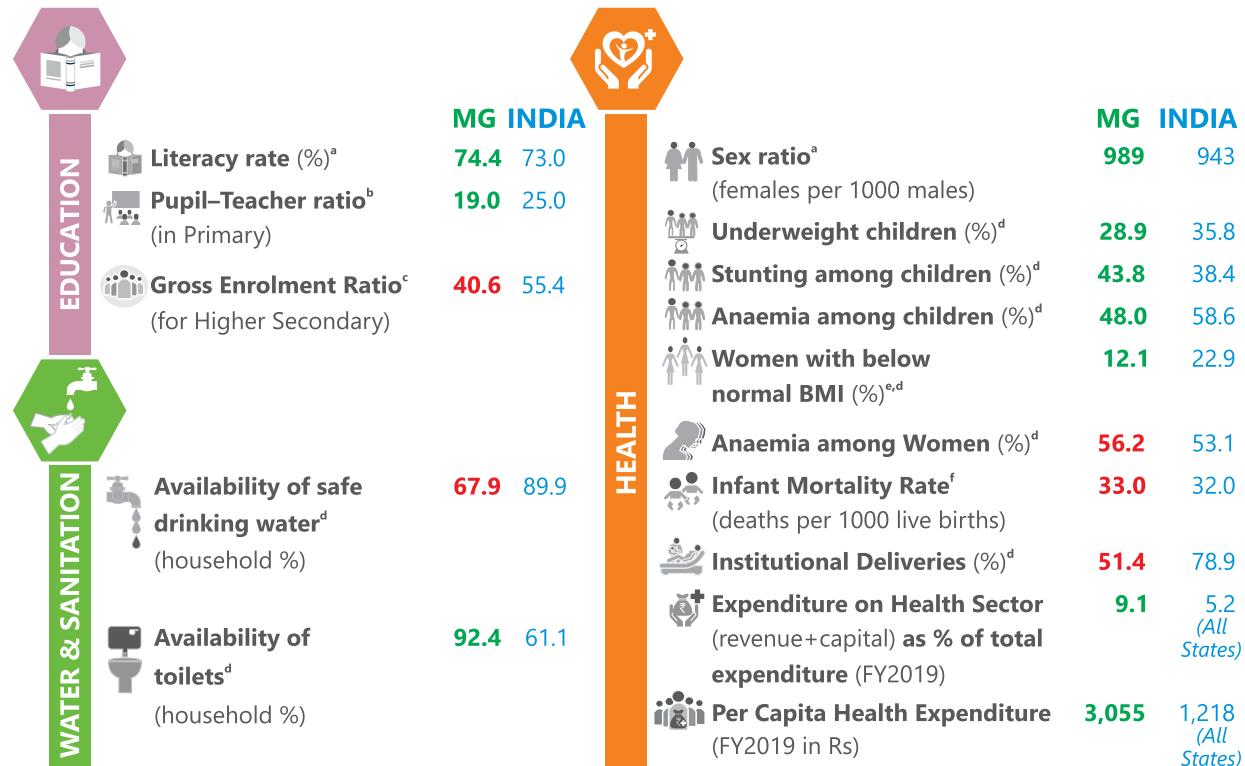
MG-2.B: Total Fertility Rate (children per woman)



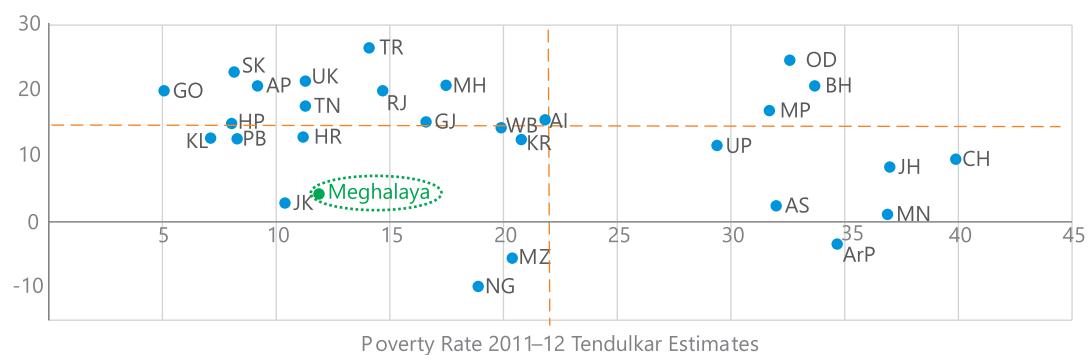
MG-2.C: SDG Index of NITI Aayog (2019)



MG-2.D: Key Social Indicators

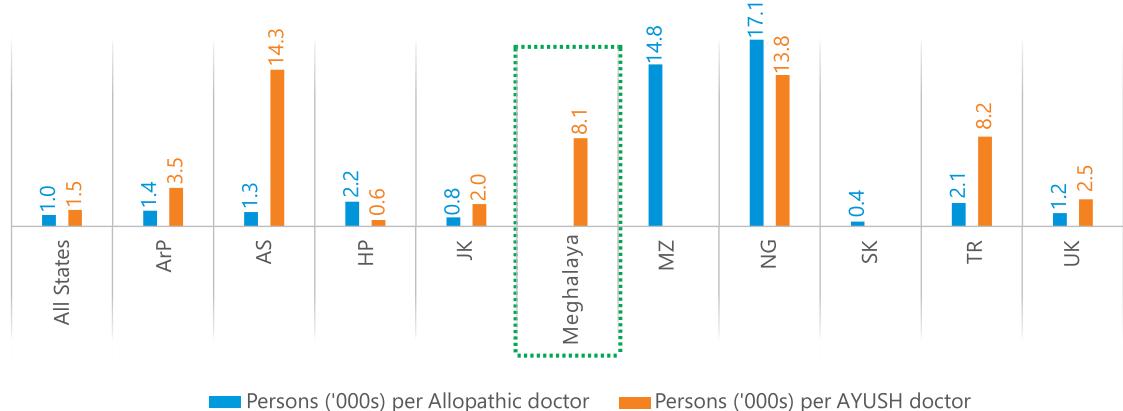
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

MG-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



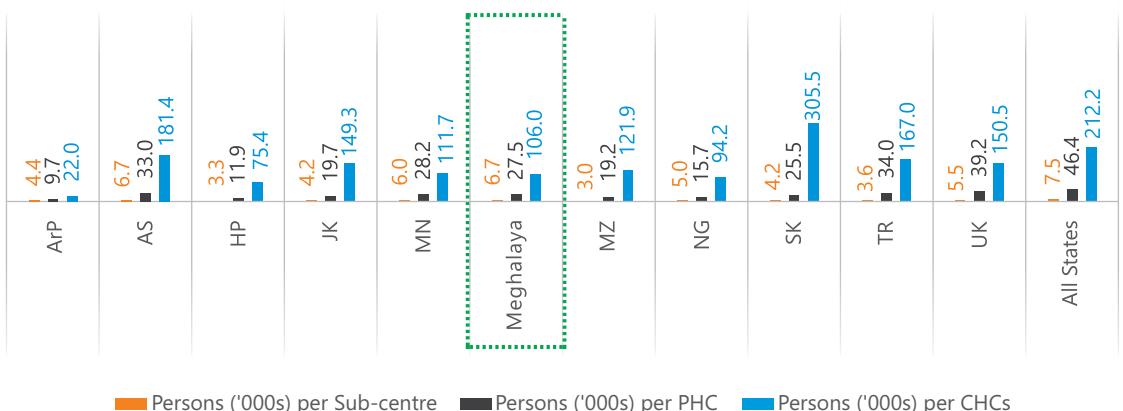
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

MG-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MG-3.B: Persons ('000s) per Sub-centre/PHC/CHC



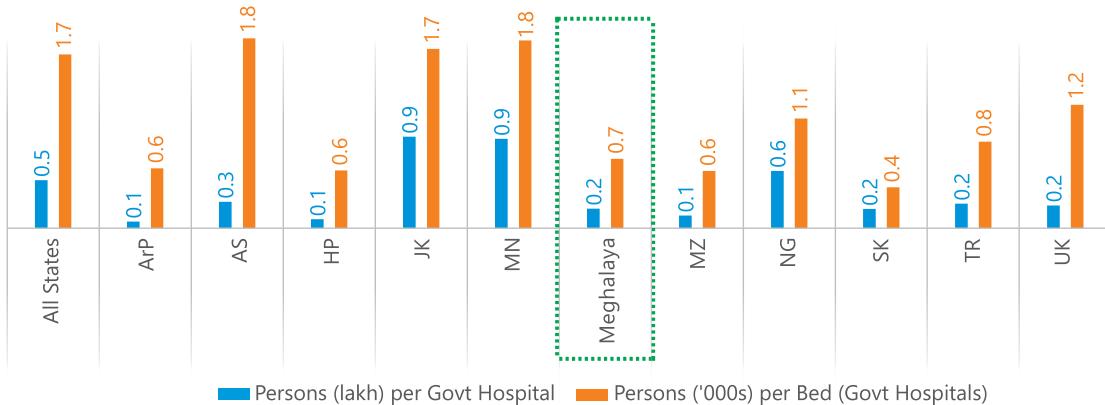
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MG-3.C: Persons ('000s) per Nurse/ Pharmacist



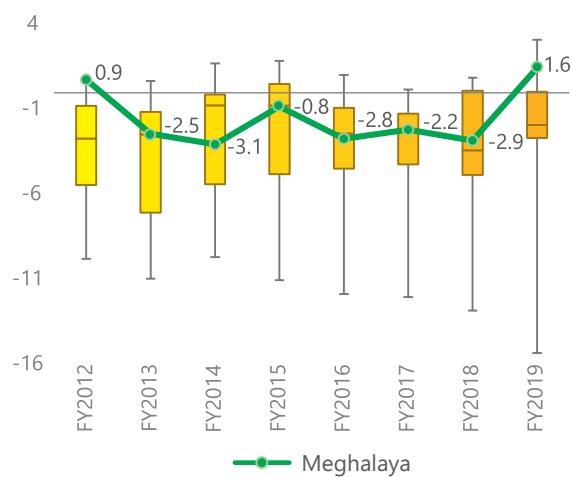
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MG-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

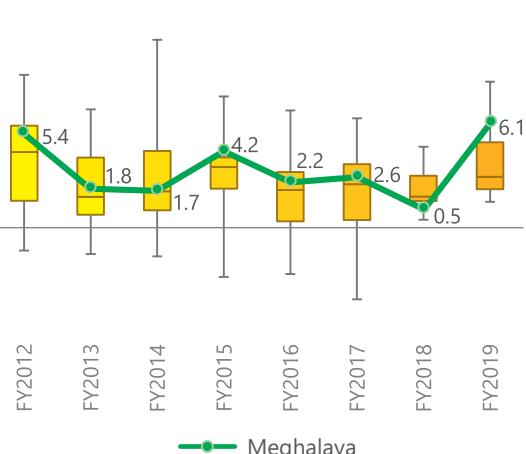


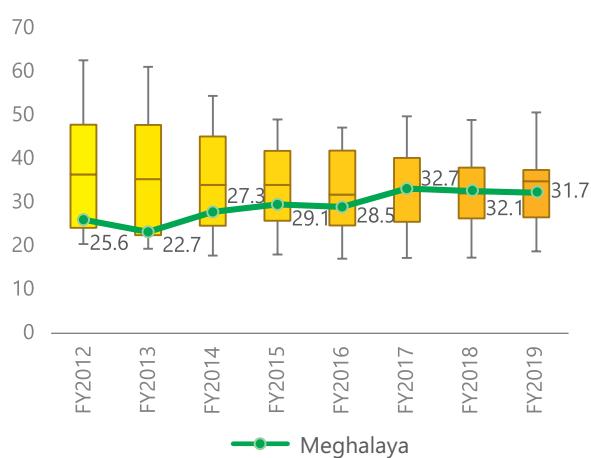
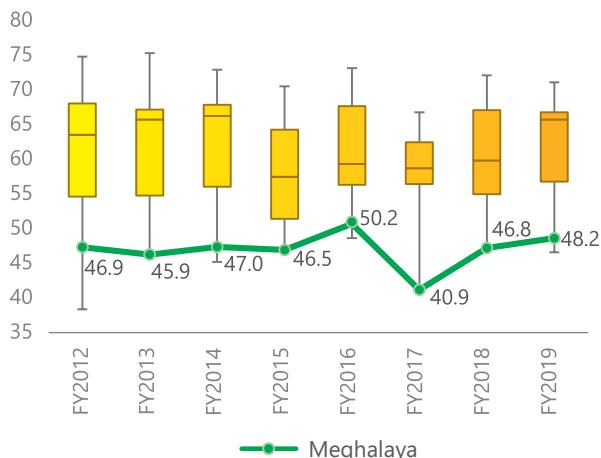
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MG-4.A: Revenue Deficit as % of GSDP

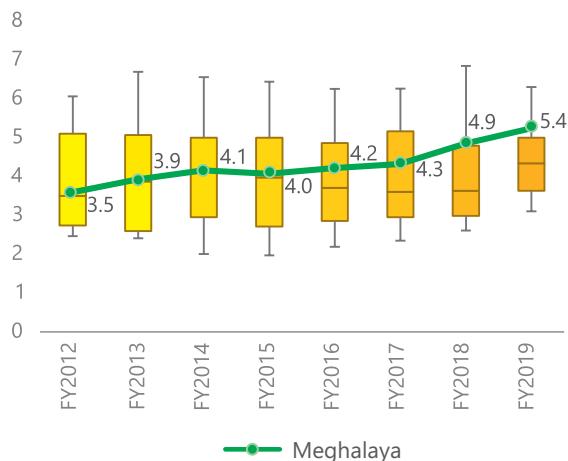
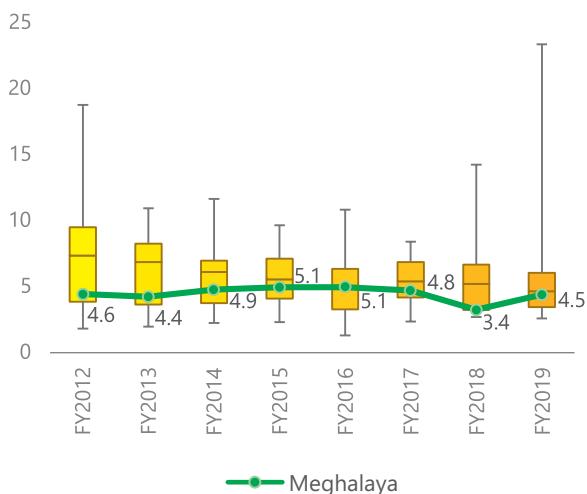


MG-4.B: Fiscal Deficit as % of GSDP



MG-4.C: Outstanding Debt as % of GSDP**MG-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

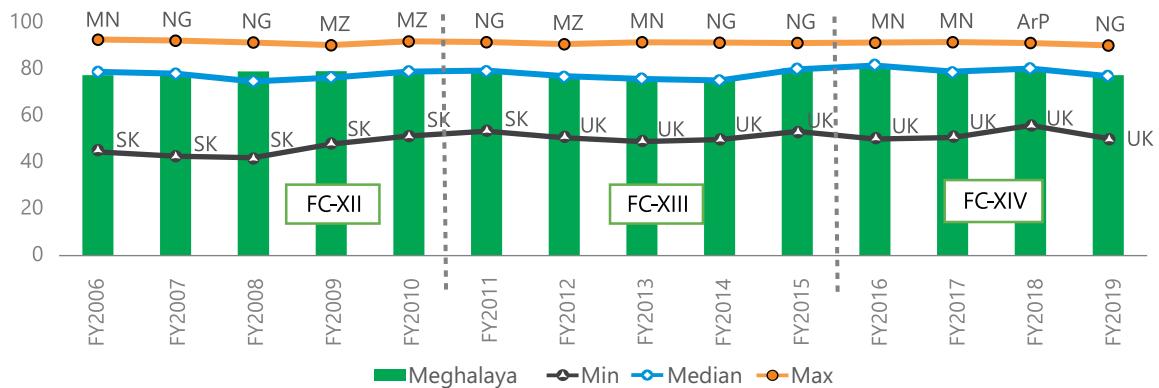
MG-4.E: OTR as % of GSDP**MG-4.F: NTR as % of GSDP****MG-4.G: Capital Expenditure to GSDP Ratio****MG-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	96,016	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	29.0	23.3
OTR	5.4	5.0
NTR	1.3	2.0
TE	35.1	26.7
ES	7.8	5.0
SS	12.9	8.7
GS	9.9	8.5
Committed Expenditure	14.8	14.4
Capital Expenditure	4.5	4.3
FD	6.1	3.4
RD	1.6	-0.9
OD	31.7	29.6

MG-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Meghalaya	11.5	11.2	9.0
NEHS	12.6	12.1	10.7

MG-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ RLBs in Meghalaya include three Autonomous Development Councils (ADCs)—Garo, Khasi, and Jaintia.
- ▲ While Meghalaya has three Municipal Boards, Ward Commissioner elections have not been held for these since the creation of the State in 1972.
- ▲ Meghalaya is exempt from the 73rd and 74th amendments of the Constitution, and hence status of devolution of 3Fs is not a relevant statistic for the State.
- ▲ 10 functions have been devolved to ULBs.

Auditing Status

- ▲ Accounts of ULBs audited till 2017–18.
- ▲ ADC accounts: Garo audited till 2011–12, Khasi audited till 2016–17, and Jaintia audited till 2013–14.

Property Tax Board

- ▲ Though the State set up its PTB, as recommended by FC-XIII, in March 2012, it is not functional as yet.

SFC

- ▲ Exempt from the 73rd and 74th amendment of the Constitution, Meghalaya is the only State where SFC has never been constituted.

Debt and Losses

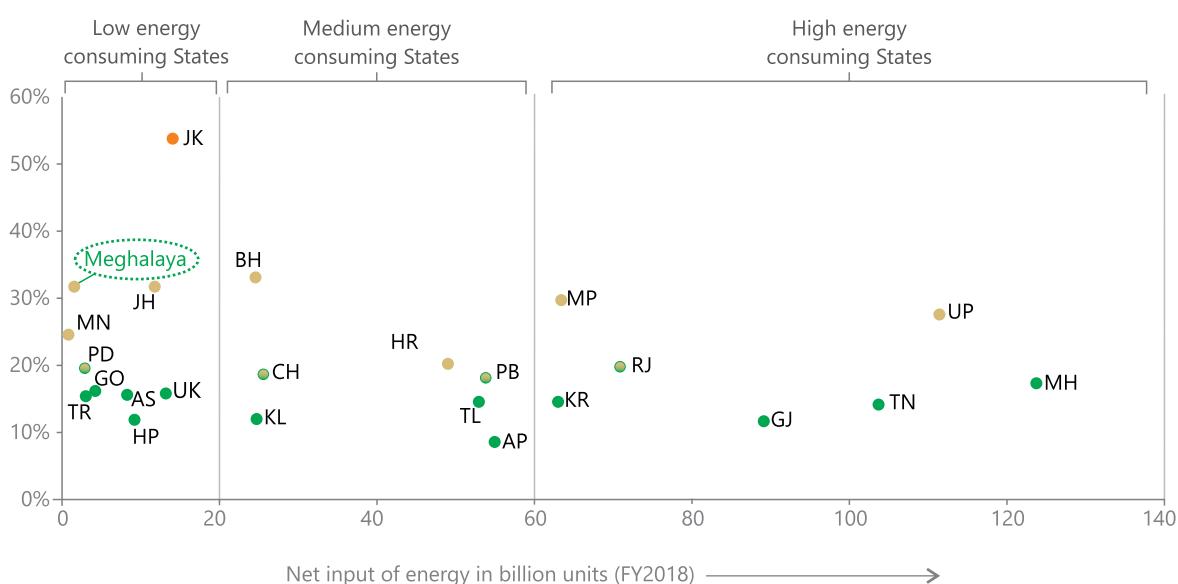
- Under UDAY, Government of Meghalaya took over DISCOM debt amounting to Rs 125 crore in the form of grant and equity.
- Meghalaya has neither met its target in AT&C losses nor ACS-ARR gap in 2018-19.

Key UDAY barometers (2018-19)	Achievement	Target
AT&C Losses (%)	35.22	22.0
ACS-ARR Gap (Rs per unit)	0.85	0.35

Note: (-) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

MG-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- Meghalaya has recommended that vertical devolution may be enhanced from 42% to 48%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population 2011	17.5
ii)	ST population	7.5
iii)	Income distance ^a	50
iv)	Area ^b	15
v)	Forest cover	10

^a Per capita income of Hill States must be adjusted for price differentials on account of cost disabilities.

^b Floor limit should be set at 2% for smaller States and 3D area should be used for Hill States.

Increasing OTR

- ▲ OTR/GSDP increased from 3.5% in 2011–12 to 5.4% in 2018–19.
- ▲ The OTR TGR from 2011–12 to 2018–19 was 12.75% (higher than NEHS 11%).
- ▲ OTR buoyancy (from 2011–12 to 2018–19) at 1.8 was much higher than NEHS average of 0.95.
- ▲ TGR for collections from VAT/GST at 14.04% for the same period was also higher than NEHS average.
- ▲ The State has done well in increasing its collections from Stamp Duty and Registration Fees, though at 0.08% of GSDP, they are still lagging behind the NEHS average 0.18%.
- ▲ NTR/GSDP is also much lower for Meghalaya than NEHS. The NTR TGR from 2011–12 to 2018–19 for the State was negative.
- ▲ The State's dependence on receipts from the Union Government remains high at 77.1% of TRR.
- ▲ Meghalaya needs to improve its tax base further to reduce dependence on the Union.

Agriculture

- ▲ The potential for agro-based industries in the State is very high. Besides the major food crops of rice and maize, the State is also renowned for its horticultural crops like orange, lemon, pineapple, guava, litchi, banana, jackfruit, and temperate fruits such as plum, pear, and peach. Meghalaya has started various sectoral missions like Mission Lakadong, Mission Jackfruit, Mushroom Mission, Muga Mission, etc. to promote these crops.
- ▲ Due to its geo-climatic conditions, the State is well suited for floriculture (cut-flower production).
- ▲ Food processing, cold storage, and agri-value chains can help realise comparative advantage from these products.

Mineral-Based Industry

- ▲ Meghalaya with its wealth of mineral deposits like coal, limestone, granite, clay and other minerals, has tremendous industrial potential.
- ▲ The State needs to develop better infrastructure including roads and power network to enhance competitiveness of these goods.

Water Resources

- ▲ The State is among the wettest regions in the world. Its water resources support a rich aquatic biodiversity and provide potable and irrigation water.
- ▲ Some water bodies also present potential for development of inland fisheries and aqua-tourism.
- ▲ Meghalaya's potential in hydro- and other renewable energy needs to be harnessed.

Tourism

- ▲ The road network within the State should be improved to boost tourism.
- ▲ As the State is rich in flora and fauna, it should develop offbeat spots of tourist interest through right infrastructure and services.
- ▲ Eco-tourism and adventure sports may be encouraged through incentives or PPP mode.
- ▲ Homestays, individual as well as community-based, may be promoted as viable alternate source of income. Since homestays are primarily run by women, they can also be instrumental in their economic empowerment. The State Government may take active measures to link homestays with e-commerce players.

Long International Border

- ▲ Meghalaya mostly produces raw materials and perishable goods, which are exported to neighbouring countries. The State needs to incentivise the processing of minerals and export of processed goods as well as encourage entrepreneurship.
- ▲ There is inadequate infrastructure around land custom stations (barring Dawki). The State Government needs to build all-weather roads connecting the source and delivery points so that heavy vehicles can move easily.
- ▲ Active measures needed to connect the State with Chattogram port.

Low Inequality and Poverty

- ▲ While per capita GSDP of Meghalaya at Rs 96,016 (2018–19) is much lower than the all States of Rs 1,40,422, incidence of poverty in the State at 11.87% (2011–12, Tendulkar methodology) is almost half the national average of 21.9%. This implies that income inequality in the State is much lower than the country as a whole.

High Debt

- ▲ Debt/GSDP of 31.7% in 2018–19 (rising from 25.6% in 2011–12) is higher than NEHS average of 29.6% (2018–19).
- ▲ Debt should be consolidated according to the fiscal path recommended by FC-XV.
- ▲ Loans and advances guarantees based on adequate cost–benefit analysis, should be extended only after proper performance evaluation to avoid the additional fiscal burden.

<i>Ratios as %</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>
Debt–GSDP							
As prescribed by the State FRBM	32.7	32.7	32.7	31.7	27.04	27.3	27.6
Actually achieved	25.6	22.7	27.3	29.1	28.5	32.7	32.1
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	5.4	1.8	1.7	4.2	2.2	2.6	0.5

Source: Government of Meghalaya.

Low and Declining Capital Expenditure

- ▲ Capital expenditure is only 12.81% of total expenditure against 16.11% of NEHS in 2018–19.
- ▲ Capital expenditure in the State grew at a TGR of only 5.4% against the NEHS average of 12.0% during 2011–12 to 2018–19.
- ▲ Capital expenditure as a percentage of GSDP declined from 4.6% in 2011–12 to 4.5% in 2018–19.
- ▲ The share of salaries (including GIA Salary) as a percentage of TRE at 45.22% in 2018–19 is also very high. This needs to be reduced to create fiscal space for development activities.

Low GSDP Growth Rate

- ▲ GSDP growth rate (at constant prices) of Meghalaya has been much lower than both NEHS as well as the national average. The GSDP TGR of Meghalaya (2011–2019) is the lowest among all NEHS (ranging from 16.2% in Mizoram to 11% in Himachal Pradesh).
- ▲ The Government of Meghalaya Memorandum to FC-XV indicates that its Credit–Deposit ratio was 35%–40% over last 10 years (as opposed to the national average of 60%).

Poor Tertiary and Secondary Sector Growth: Ban on the Coal Mining

- ▲ In 2014, the National Green Tribunal banned coal mining in Meghalaya. Consequently, GSDP from mining declined by 59% in 2014–15 and GSDP grew at only 1.3% in 2014–15. As Mining has strong forward and backward linkages with other economic activities, Meghalaya's GSDP actually declined in 2014–15. This had an impact on the employment in the State as well.
- ▲ Contribution of the secondary sector almost halved from 31% in 2011–12 to 18% in 2018–19.
- ▲ The State Government estimated a significant revenue loss due to the ban on mining.
- ▲ Alternate natural resources like water, agro-based products, floriculture, and fisheries should be harnessed to boost economic growth in the State.
- ▲ Besides selling raw material, the State government should try to incentivise product processing for better prices.
- ▲ Tourism may be promoted further to enhance economic activity in the State.

Local Bodies

- ▲ The State Government should ensure the election of Ward Commissioners to Municipal Boards—a task pending since 1972.
- ▲ CAG reports on local bodies have highlighted poor financial reporting and irregularity in maintenance of records.
- ▲ The State needs a comprehensive policy review and restructuring of its ADCs to ensure better partnerships for the development and preservation of tribal traditions.

Poor Physical and Social Infrastructure

- ▲ Infrastructure deficit in Meghalaya is much higher than the rest of India.
- ▲ Density of roads in Meghalaya is much lower than the national average.
- ▲ The capital city of Shillong is facing serious road congestion challenges.
- ▲ Percentage households with improved sources of drinking water is also lower than the national average (see MG-2.D).
- ▲ Meghalaya needs to revamp its infrastructure to enhance tourism and industrial activity in the State.
- ▲ Several health and education indicators are below the national average (see MG-2.D).
- ▲ A focused approach targeting the districts/blocks with the poorest health indicators may work well.

Public Sector Undertakings

- ▲ Highlights of a study on Meghalaya's State Finances conducted by the Indian Institute of Management, Shillong for FC-XV are presented below.
 - » Of the 15 SPSUs of Meghalaya, only the Forest Development Corporation Meghalaya Limited witnessed accumulated account of profit at the end of 2016–17.

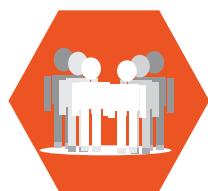
- » Power sector SPSUs of Meghalaya bear the accumulated loss of Rs 1,836 crore, which is 6.5% of its GSDP.
- » However, six SPSUs (including one in the power sector) have shown account of profit in the year 2016–17.
- » With rising demand for power over the last few decades, Meghalaya has transitioned from a power-surplus to power-deficit State, resulting in huge debt accumulation.
- ▲ The distress status of SPSUs (particularly in power) invites medium-term debt sustainability risks with increasing fiscal liabilities. The State should conduct a comprehensive performance evaluation of these SPSUs, and take appropriate action to curb the aggravating losses.
- ▲ Highlights of the CAG Report 2018 are presented below.¹
 - » In 2016–17, 46 accounts of 16 SPSUs were in arrears.
 - » The State Government had extended budgetary support of Rs 251.02 crore to 14 SPSUs during the years for which accounts were in arrears.
 - » The non-auditing of accounts could pose a serious downside risk given the substantial budgetary support.

Reform Signposts

- ▲ The State has a very high debt to GSDP ratio which needs to be consolidated in line with the recommendations of FC-XV.
- ▲ Given the rich natural resources, Meghalaya should try to expand its secondary sector base. It should also give further boost to tourism. These initiatives may help it enhance revenue earnings.
- ▲ On the one hand, Meghalaya has low and declining capital expenditure (observed over the last few years). On the other, the State is in need of huge investment in physical infrastructure. It should reverse the trend of declining capital expenditure and find innovative ways of financing the huge infrastructure deficit.
- ▲ The distress status of SPSUs (particularly in power) invites medium-term debt sustainability risks with increasing fiscal liabilities. Hence, the State should conduct a comprehensive performance evaluation of these SPSUs and take appropriate action to curb the aggravating losses.

1 CAG (2018), *Report No. 3 of 2018, Social, Economic, General and Economic (PSUs) Sectors*, report by Comptroller and Auditor General of India, published by Government of Meghalaya.

MZ-1.A: Overview



POPULATION
1.1 million
0.1%
Of population across all States



AREA
21,081 sq km
0.6%
Of area across all States



FOREST COVER
18,006 sq km
85.4%
Of the State's own area is under forest
1.0%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,64,586
Rs 1,40,422
Average across all States



TAX TO GSDP
3.7%
6.3%
Average across all States

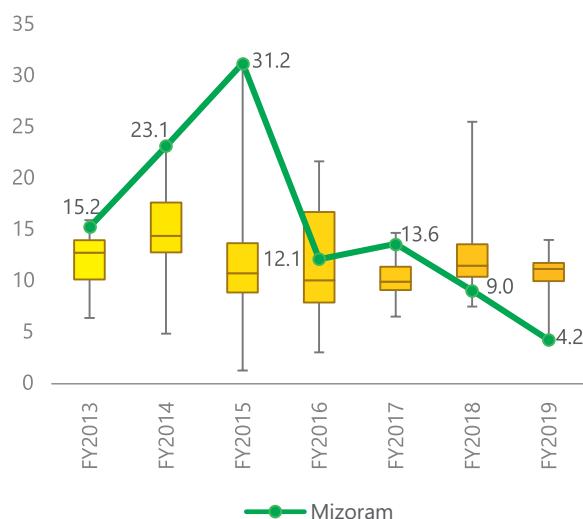


CHILDREN PER WOMAN
2.3
2.2
Average across all States



URBANISATION RATE
51.5%
31.1%
All India average

MZ-1.B: Growth rate of GSDP (at current prices, %)



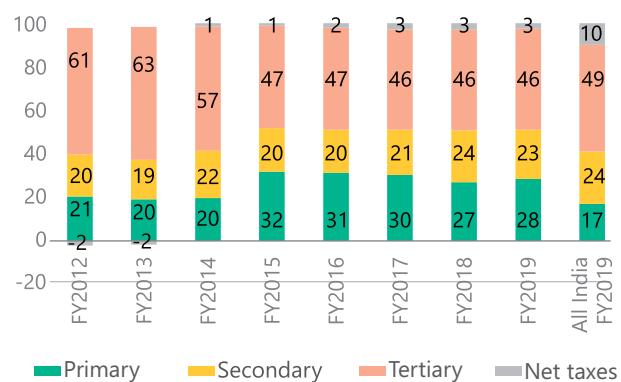
MZ-1.C: Per capita GSDP (at current prices)



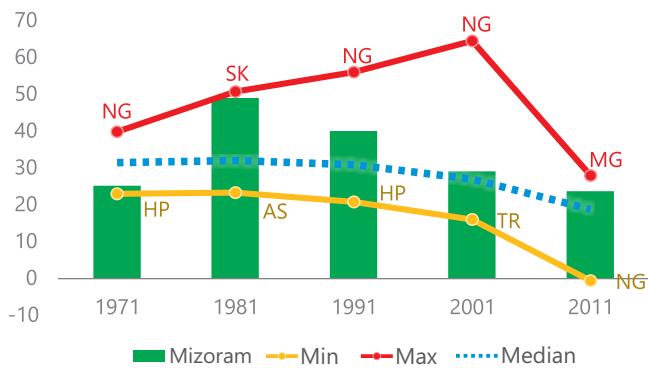
MZ-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
2011–12	7,259	5,03,182	1.4
2012–13	8,362	5,63,081	1.5
2013–14	10,293	6,37,264	1.6
2014–15	13,509	6,95,474	1.9
2015–16	15,139	7,88,321	1.9
2016–17	17,192	8,67,648	2.0
2017–18	18,740	9,74,240	1.9
2018–19	19,520	10,82,901	1.8

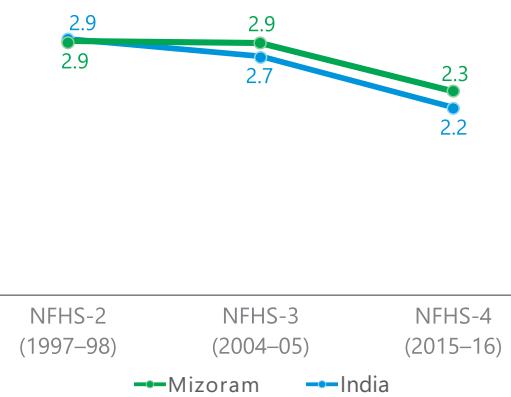
MZ-1.E: Sectoral Contribution to GSDP (at current prices, %)



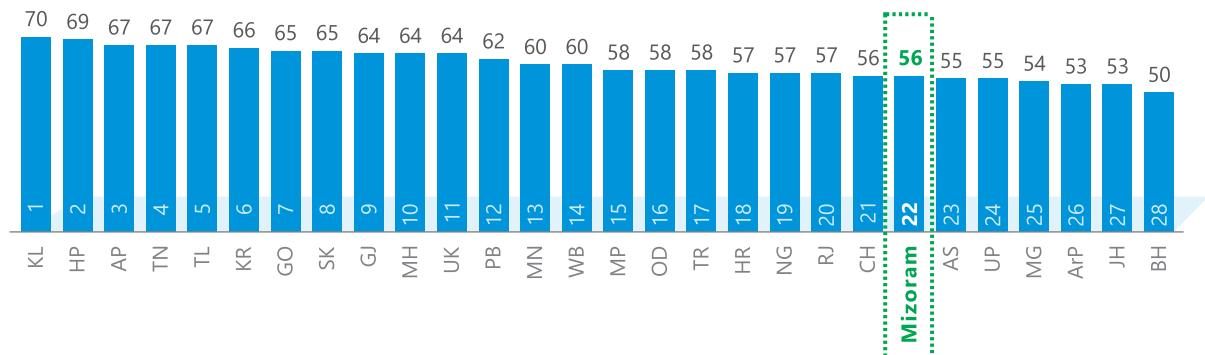
MZ-2.A: Decadal Growth in Population (%)



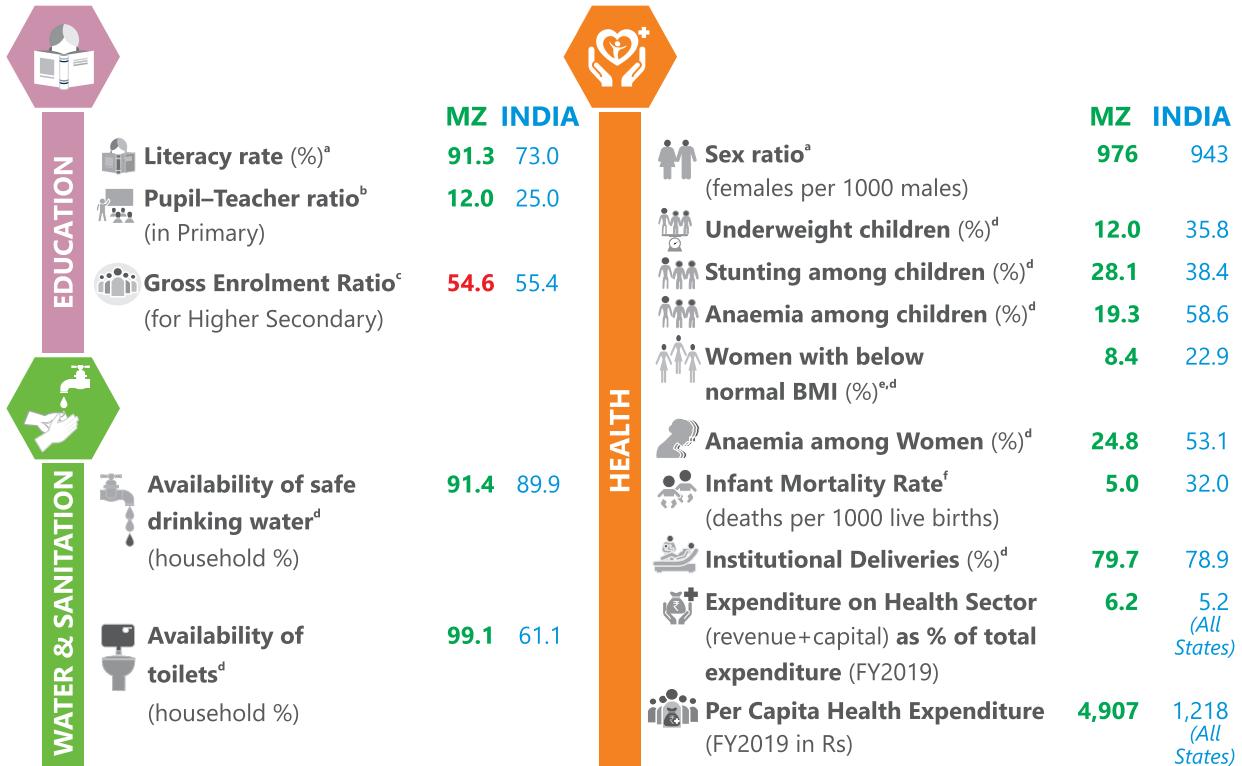
MZ-2.B: Total Fertility Rate (children per woman)



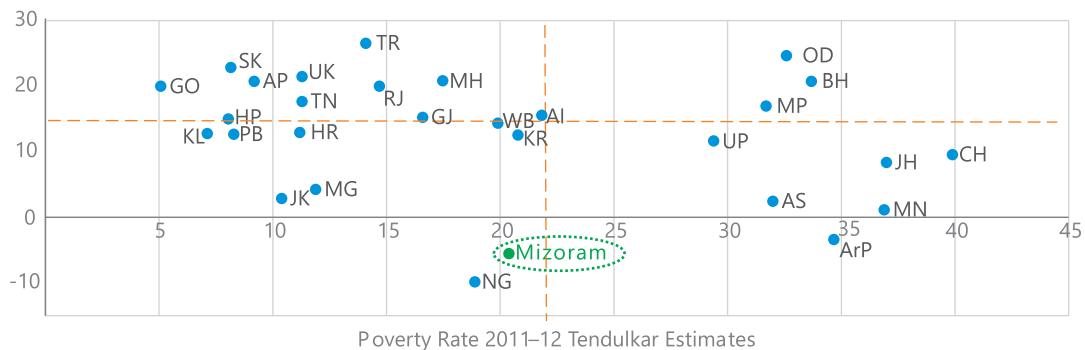
MZ-2.C: SDG Index of NITI Aayog (2019)



MZ-2.D: Key Social Indicators

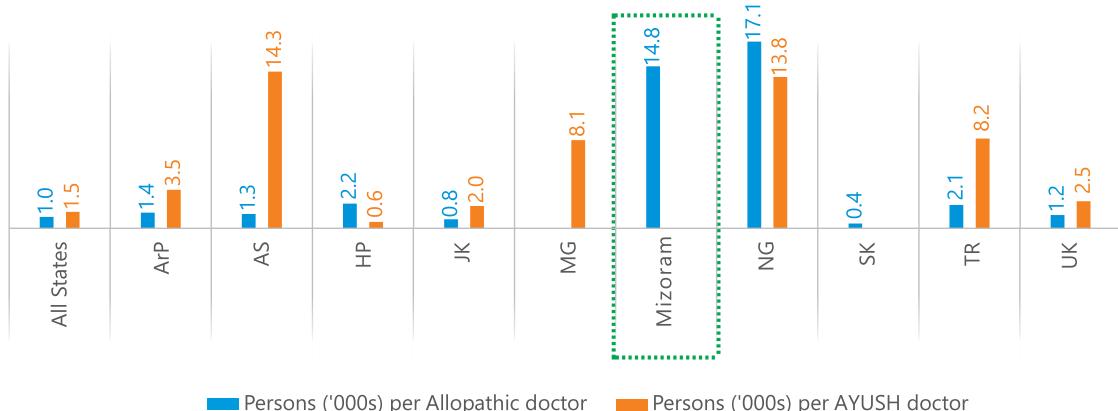
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

MZ-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



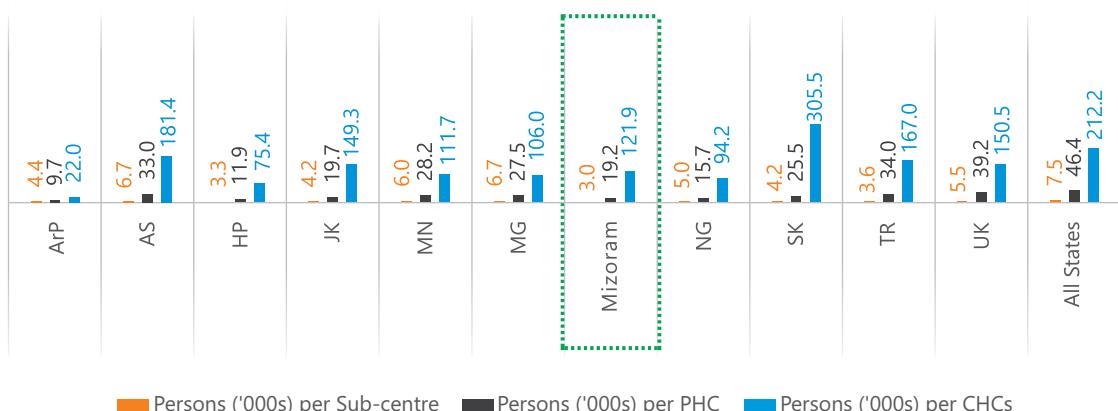
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

MZ-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



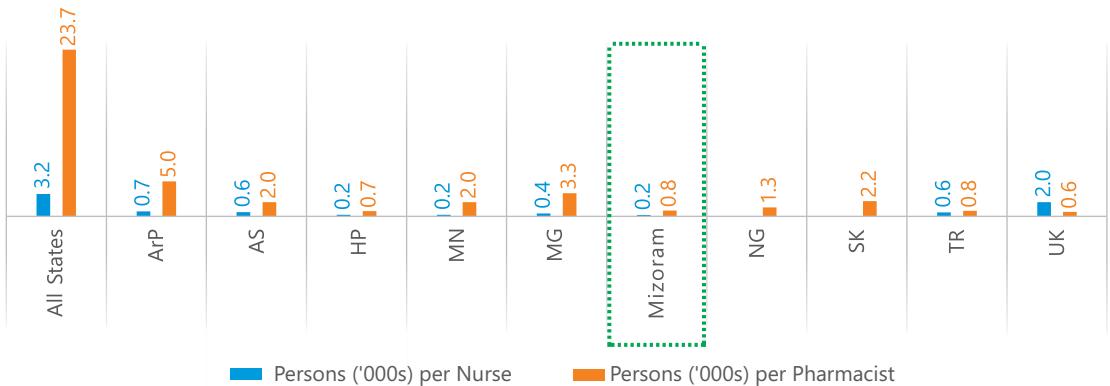
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MZ-3.B: Persons ('000s) per Sub-centre/PHC/CHC



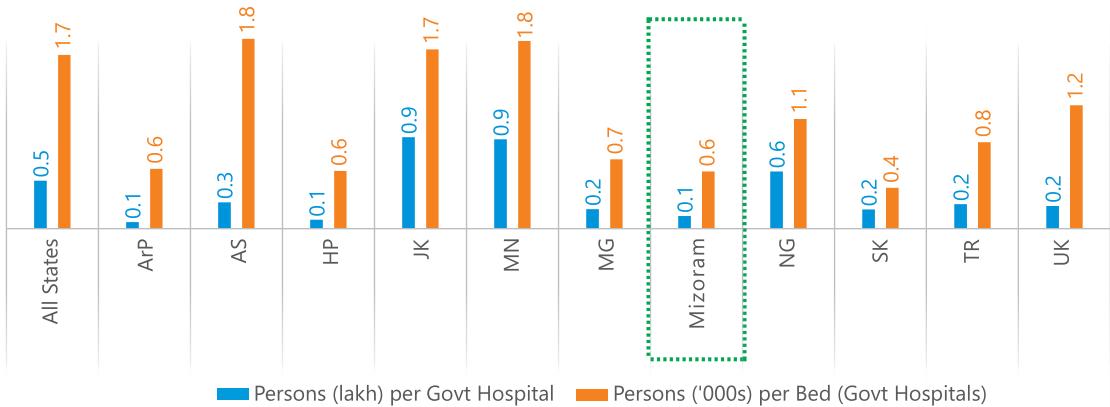
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MZ-3.C: Persons ('000s) per Nurse/ Pharmacist



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MZ-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

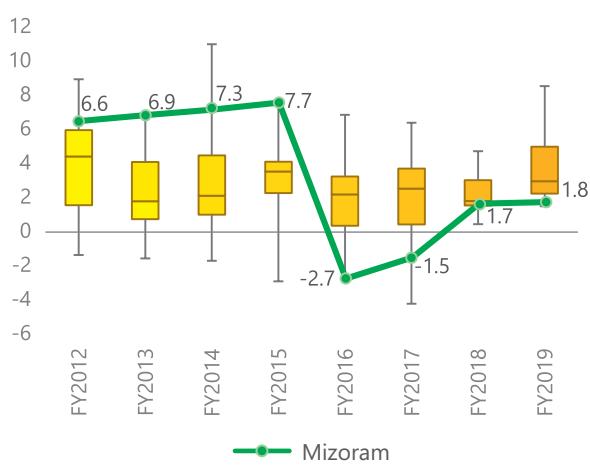


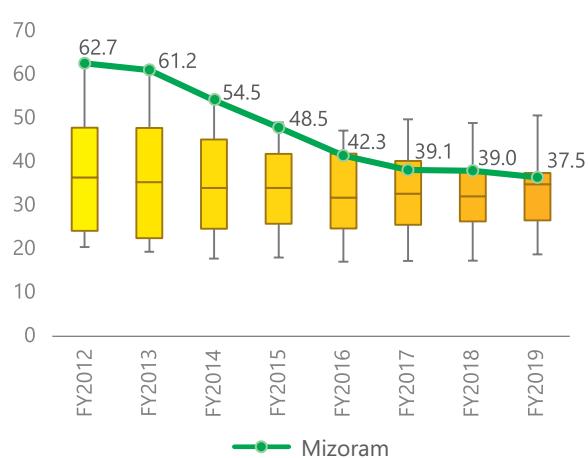
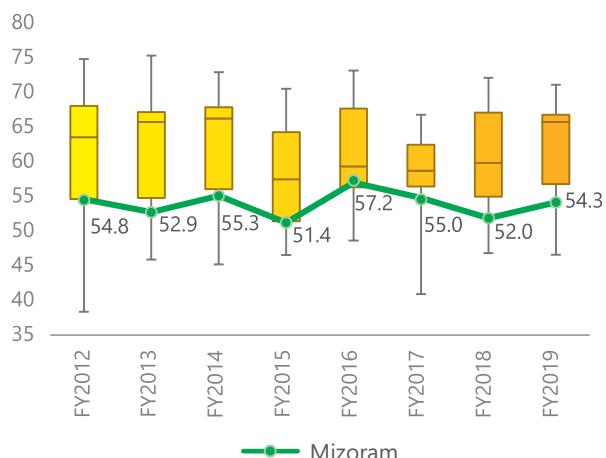
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

MZ-4.A: Revenue Deficit as % of GSDP

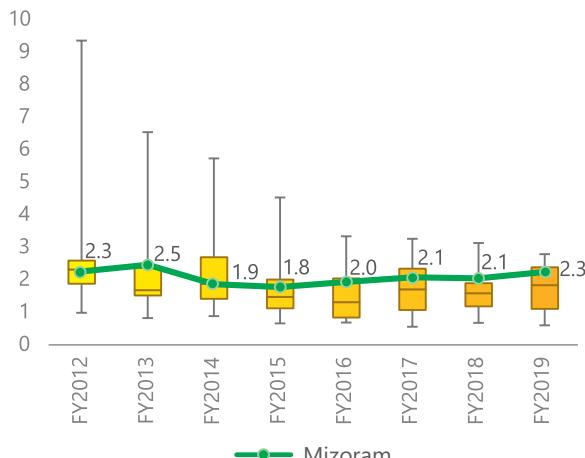
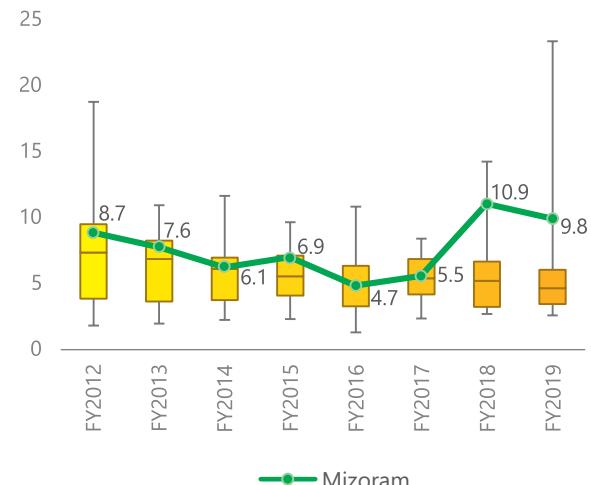


MZ-4.B: Fiscal Deficit as % of GSDP



MZ-4.C: Outstanding Debt as % of GSDP**MZ-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

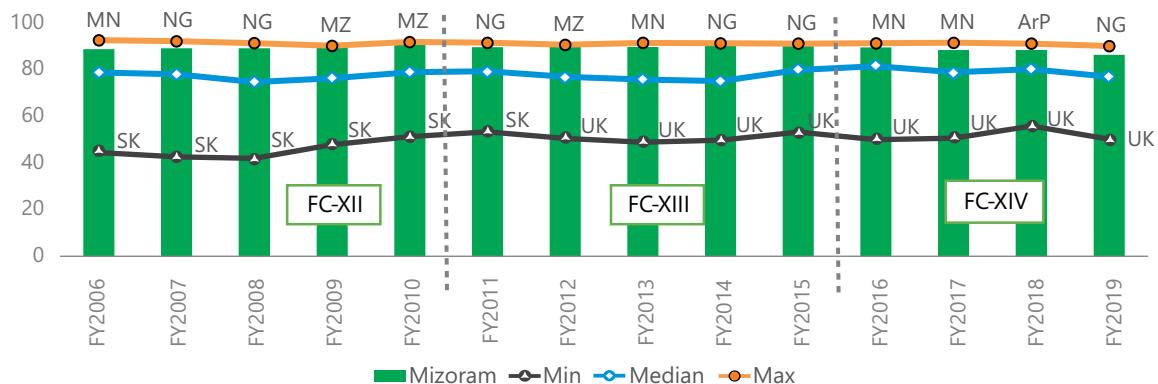
MZ-4.E: OTR as % of GSDP**MZ-4.F: NTR as % of GSDP****MZ-4.G: Capital Expenditure to GSDP Ratio****MZ-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	1,64,586	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	46.3	23.3
OTR	3.7	5.0
NTR	2.3	2.0
TE	48.2	26.7
ES	9.6	5.0
SS	15.3	8.7
GS	13.5	8.5
Committed Expenditure	20.9	14.4
Capital Expenditure	9.8	4.3
FD	1.8	3.4
RD	-7.9	-0.9
OD	37.5	29.6

MZ-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Mizoram	9.7	13.6	18.9
NEHS	12.6	12.1	10.7

MZ-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



RLBs

- ▲ There are three Autonomous Development Councils (ADCs)—Lai, Mara, and Chakma—and 804 Village Councils (VCs).
- ▲ ADCs fall under Sixth Schedule of the Constitution. The VCs are set up in accordance with the Lushai Hills District (Village Council) Act, 1953.
- ▲ Mizoram is excluded from the 73rd Amendment vide Article 243M (2) of the Constitution of India. Hence, the 3Fs rankings for Mizoram is not available in Devolution Index Report by Ministry of Panchayati Raj

ULBs

- ▲ There is only one municipal body in the State, the Aizawl Municipal Corporation (AMC), constituted under the Mizoram Municipalities Act, 2007 on 1 July 2008.
- ▲ The first election to the AMC was held on 3 November 2010.

Functions Devolved

- ▲ Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 15 have been devolved to the AMC.
- ▲ The Lushai Hills District (Village Councils) Acts, 1953 authorises VCs to make certain rules such as those relating to sanitation, cleanliness, and control of fire. They also function as courts, administer land revenue, and handle developmental works in the villages.

Auditing Status

- ▲ Accounts of three ADCs have been audited for previous periods—Lai in 2017–18, Mara till 2016-17, and Chakma till 2014–15.
- ▲ Only few VCs have completed the audit of their accounts up to 2017–18.
- ▲ Auditing of accounts of Aizawl Municipal Corporation has been completed till 2018–19.

Property Tax Board (PTB)

- ▲ As recommended by FC-XIII, the State set up PTB in September 2011. It is functional.

First SFC (2015–16 to 2019-20)

- ▲ Mizoram is exempt from setting up SFC. However, the First SFC was constituted on 30 September 2011 and ATR tabled on 14 December 2015 for award period 2015–2020.
- ▲ First SFC recommended 15% devolution of the State's OTR to local bodies.

Debt and Losses

- ▲ According to the Government of Mizoram Memorandum, its DISCOM has been running into a huge deficit due to sale of power at subsidised rates.
- ▲ Huge gap between power demand and installed capacity has been observed within the State.

Year	Expenditure for Power Purchase (Rs crore)	Receipt from Sale of Power (Rs crore)	Loss (Rs crore)
2013–14	178.4	109.6	68.8
2014–15	194.8	140.3	54.5
2015–16	210.0	163.8	46.2
2016–17	291.7	199.5	92.2
2017–18	332.7	211.1	121.7

Source: Government of Mizoram Memorandum

- ▲ The State was able to achieve the target for AT&C losses.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	16.2	20.0
ACS–ARR Gap (Rs per unit)	N.A.	N.A.

Note: Data regarding the ACS–ARR gap was not submitted by the State on the UDAY portal.
Source: Ministry of Power, Government of India.

Vertical Devolution

- ▲ Mizoram recommended that the State share in the overall divisible pool of taxes be increased from 42% to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population	25.0
ii)	Income distance	40.0
iii)	Fiscal discipline	7.5
iv)	Area	10.0
v)	Forest cover	10.0
vi)	Historical infrastructure gap	7.5

Sharply Declining Debt–GSDP Ratio

- ▲ The State of Mizoram has sharply reduced its debt–GSDP from 62.7% in 2011–12 to 37.5% in 2018–19. It has also adhered to the FRBM targets set by the State.
- ▲ FD–GSDP of the State also declined from 6.6% in 2011–12 to 1.8% in 2018–19.
- ▲ The State should make further attempts to reduce the debt–GSDP ratio in line with the new FRBM targets and recommendations of FC-XV.

<i>Ratios in %</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>
Debt–GSDP							
As prescribed by the State FRBM	85.7	82.9	79.2	74.8	–	–	–
Actually achieved	62.7	61.2	54.5	48.5	42.3	39.1	39.0
FD–GSDP							
As prescribed by the State FRBM	6.4	5.2	4.1	3.0	–	–	–
Actually achieved	6.6	6.9	7.3	7.7	–2.7	–1.5	1.7

Source: Government of Mizoram

High GSDP Growth

- ▲ Mizoram has seen very high growth rate of GSDP in recent years. Nominal GSDP of Mizoram grew at a TGR of 16.20% from 2011 to 2019, which is much higher than other NEHS.
- ▲ However, the growth rate has been volatile. The significant increase in 2013–14 and 2014–15 came from Forestry & Logging and Mining & Quarrying.
- ▲ The State should ensure that the growth rate is consistent and does not lead to unsustainable and rapid exploitation of natural resources and the environment.
- ▲ The State needs to ensure that the benefits of this economic growth trickle down to all sections of society.

MZ-5.A: TGR of GSDP (2011 to 2019)



International Borders

- ▲ The State is hilly and remote, but has strategic importance for national security as well as geo-political and economic influence in South Asia.
- ▲ It shares 722 km of international border with Bangladesh and Myanmar. The State Government needs to improve infrastructure conditions to increase the competitiveness of local goods for exports to neighbouring countries.
- ▲ Kaladan Multi-modal river project can help in growth of trade and employment with neighbouring countries. The construction of the project was started in October 2010 but the pace of development has been very slow. The Union Government needs to enhance cooperation

with Myanmar to complete this project at the earliest so that the entire NER can access the port gateway in Myanmar.

Human Development Indicators

- ▲ Mizoram's indicators related to health and education are much better than the national average (see MZ-2.D).
- ▲ This implies potential for economic growth through service sector promotion.
- ▲ The State's revenue expenditure on health and education is much better than NEHS average.

Annual Per Capita Revenue Expenditure (in Rs)

	<i>Education</i>	<i>Health</i>
Mizoram	11,466	4,137
NEHS	5,970	1,987
All States	3,438	1,095

Low own revenues and high dependence on Union Government

- ▲ OTR/GSDP in Mizoram is only 3.72% in 2018–19 against NEHS average of 4.95%.
- ▲ On the other hand, NTR/GSDP at 2.31% compared to NEHS average of 2.0%. In Mizoram, revenues from power have increased substantially.
- ▲ The State's TGR for collections from VAT/GST, Stamp Duty and Registration and Excise have been very high during the period 2011–12 to 2018–19.
- ▲ The dependence of the State on the Union Government remains very high with 87% of its TRR coming from the Centre.
- ▲ The State needs to take measures to increase own revenues.

<i>Particulars</i>	<i>TGR from 2011–12 to 2018–19</i>	
	<i>Mizoram</i>	<i>NEHS</i>
Total Revenue Receipts	13.6	12.1
Own Tax Revenue	21.8	11.0
VAT/GST	20.9	11.1
Stamp Duty & Registration	32.0	6.7
State Excise	83.7	14.8
Electricity Duty	–	9.9
Other Taxes	9.5	8.2
Non Tax Revenue	15.4	10.0
Share in Central Taxes	29.1	22.8
Grant in Aid	6.4	6.7

High Committed Expenditure

- ▲ State has a very high committed expenditure (included GIA Salary) constituting 64.9% of total TRE in 2018–19.

- ▲ The State should try to reduce and rationalise the expenditure towards more productive activities.

Low Share of Manufacturing in GSDP

- ▲ The State only gets about 1 % of its GSDP from manufacturing.

Increasing Poverty

- ▲ The State witnessed an increase in poverty rate from 15.3% in 2004–05 to 20.4% in 2011–12 as per Tendulkar methodology. This trend needs to be reversed immediately.

Public Sector Undertakings¹

- ▲ Of six working SPSUs, two SPSUs had finalised two annual accounts for previous years during the period 01 October 2017 to 30 September 2018. Two working companies forwarded two audited accounts to the Principal Accountant General during the period from 01 October 2017 to 30 September 2018. Twenty-four annual accounts pertaining to six SPSUs were in arrears.
- ▲ The GoM had provided Rs 29.2 crore (Rs 8.49 crore as equity and Rs 20.7 crore in grants) to four of the six working State PSUs, the accounts of which had not been finalised (as prescribed under the Companies Act, 2013) till 30 September 2018.
- ▲ Although the budgetary support is not significant, regular maintenance of accounts and auditing should be ensured by the State Government.

Local Bodies

- ▲ Local bodies have low own revenues. Village Councils have no independent sources of revenue with the exception of tax on animals, which is minimal.
- ▲ In 2017–18, own revenue (tax + non-tax) of VCs was only 3.68% of their total expenditure. Measures like property tax and water charges should be revamped.
- ▲ Revised formats of accounts prescribed by CAG have not been implemented by VCs. The revised CAG formats need to be adopted and implemented by the RLBs for enhancing accountability of funds.

Power Sector

- ▲ The State should take measures to unbundle and corporatise the power sector and allow it to run on sound economic principles.
- ▲ A huge gap between power demand and installed capacity is observed within the State. Mizoram has hydro-electric power potential of about 4,500 MW, of which only 0.6% has been harnessed. The State should harness the hydropower potential to reduce the deficit of power and improve future stream of revenues.

Road Network

- ▲ Mizoram has only 345.2 km of road per 1,000 sq km of area as against the national average of 952.8 (as of 2015).
- ▲ Roads are the only lifeline for hill States. Inadequate road network leads to heavy head-load cost of providing public services.
- ▲ The State needs to improve its road infrastructure.

Burden of Urbanisation

- ▲ Mizoram is one of the most urbanised States of India with 51.5% of its population living in Aizawl (its only city).

- ▲ It faces challenges of road congestion, difficult terrain, remote location, and poor transportation system.
- ▲ Disposal of plastic and e-waste is a challenge in the city of Aizawl.
- ▲ Aizawl needs to plan its roads and building.
- ▲ The planned infrastructure also needs to be developed in the hinterland around Aizawl to reduce the burden on the city.

Reform Signposts

- ▲ The State has very low OTR/GSDP as compared to NEHS average. The dependence of the State on the Union Government remains very high with 87% of its TRR coming from the Centre. However, its NTR/GSDP is higher than NEHS average. Also, the State's TGR for collections from VAT/GST, Stamp Duty and Registration and Excise has been very high during the period 2011–12 to 2018–19. **The State should take further measures to boost its secondary sector and enhance its revenue earning. The State needs to take measures to increase own revenues.**
- ▲ The State has reduced its debt to GSDP ratio in the last few years. However, it still remains high. **Hence, the State need to further consolidate its debt in line with the new FRBM Act and FC-XV's recommendations.**
- ▲ **The State has a very high committed expenditure and hence should try to reduce and rationalise the expenditure towards more productive activities.**

Notes

- 1 CAG (2019), *Report No. 2 of 2019: Report of the Comptroller and Auditor General of India on Social, General, Economic, and Revenue Sectors For the year ended 31 March 2018*, Government of Mizoram.

NG-1.A: Overview



POPULATION
2.0 million
0.2%
Of population across all States



AREA
16,579 sq km
0.5%
Of area across all States



FOREST COVER
12,486 sq km
75.3%
Of the State's own area is under forest
1.8%
Of forest area across all States

0%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,29,981
Rs 1,40,422
Average across all States



TAX TO GSDP
3.1%
6.3%
Average across all States



CHILDREN PER WOMAN
2.7
2.2
Average across all States

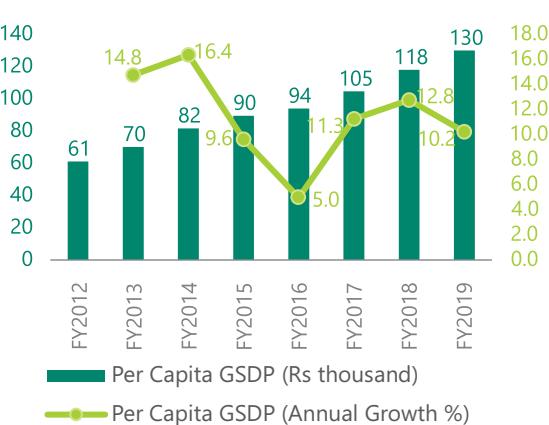


URBANISATION RATE
29.0%
31.1%
All India average

NG-1.B: Growth rate of GSDP (at current prices, %)



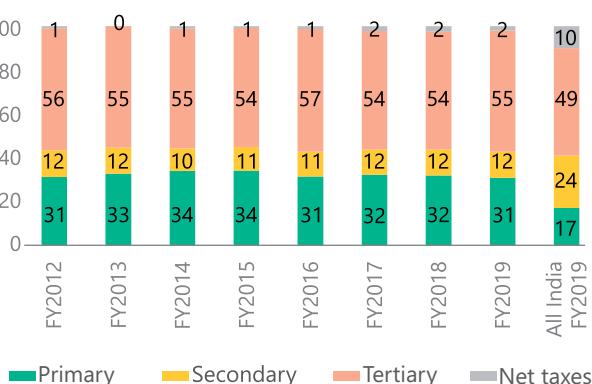
NG-1.C: Per capita GSDP (at current prices)



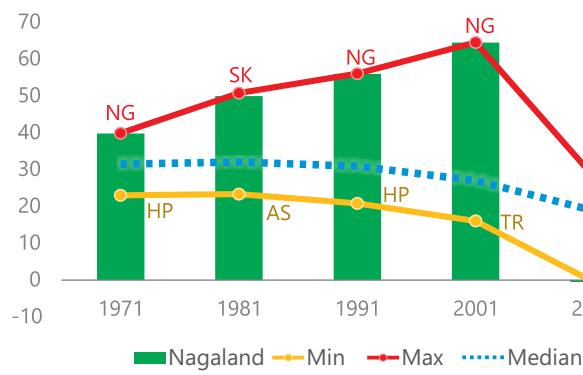
NG-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
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2013–14	16,612	6,37,264	2.6
2014–15	18,401	6,95,474	2.7
2015–16	19,524	7,88,321	2.5
2016–17	21,722	8,67,648	2.5
2017–18	24,492	9,74,240	2.5
2018–19	27,283	10,82,901	2.5

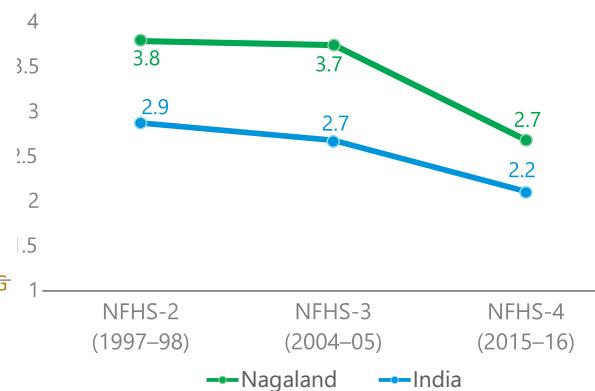
NG-1.E: Sectoral Contribution to GSDP (at current prices, %)



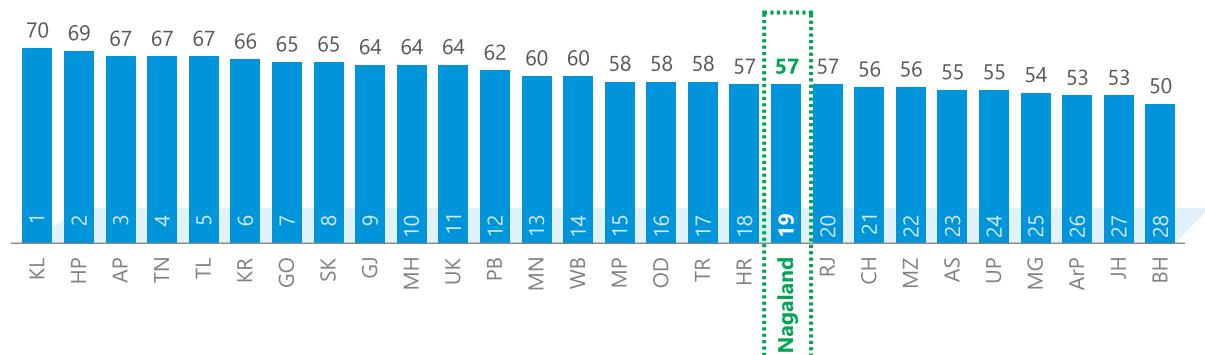
NG-2.A: Decadal Growth in Population (%)



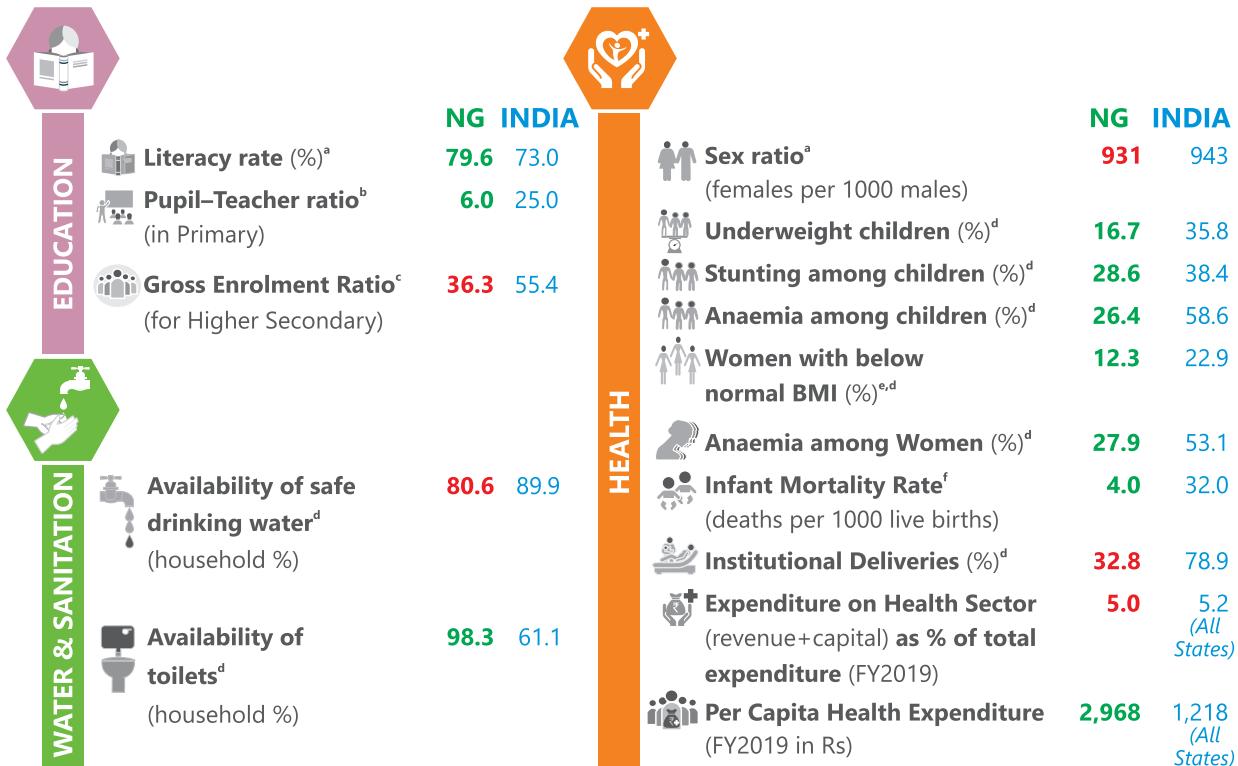
NG-2.B: Total Fertility Rate (children per woman)



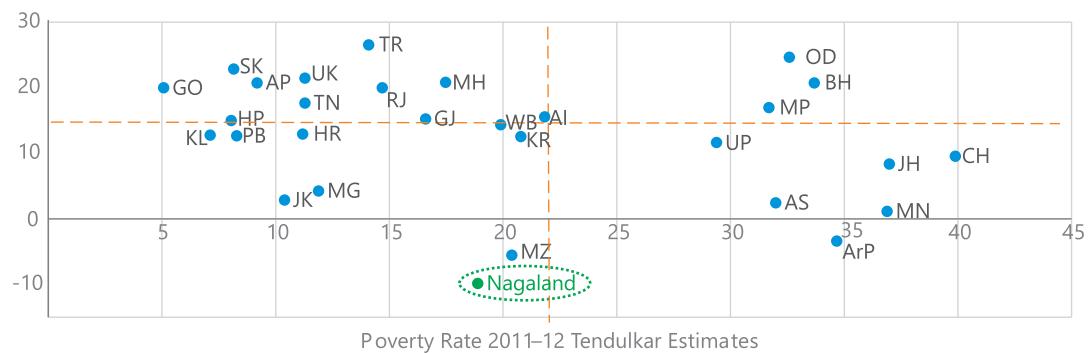
NG-2.C: SDG Index of NITI Aayog (2019)



NG-2.D: Key Social Indicators

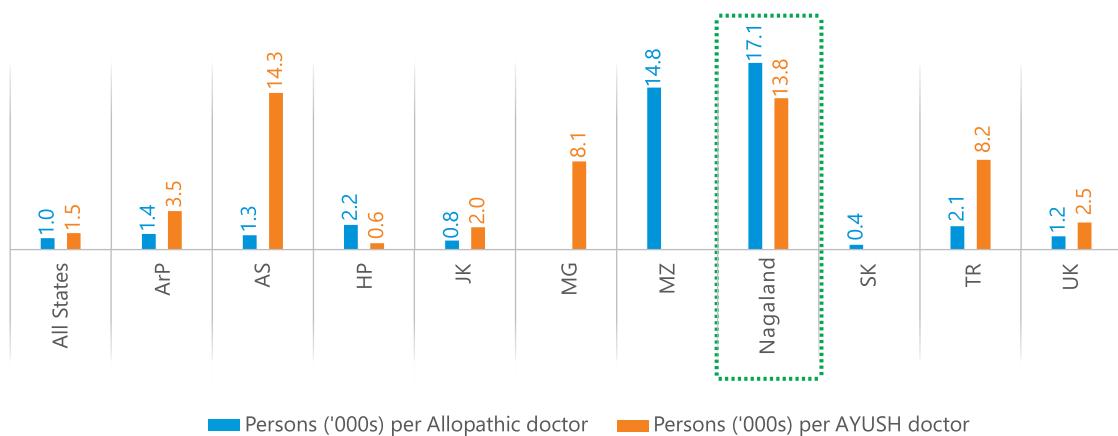
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

NG-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



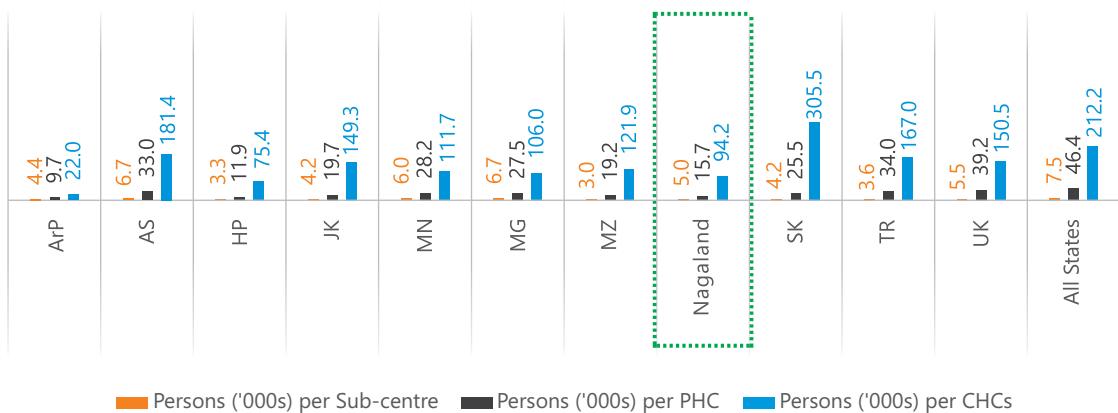
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

NG-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



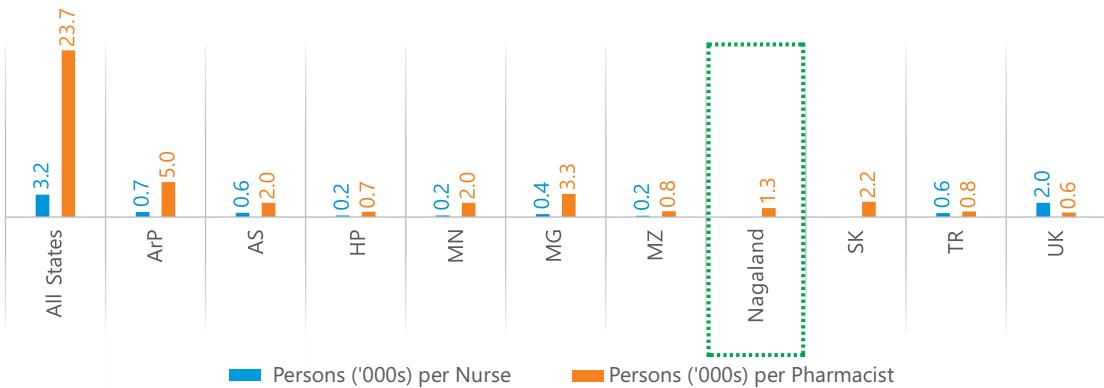
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

NG-3.B: Persons ('000s) per Sub-centre/PHC/CHC



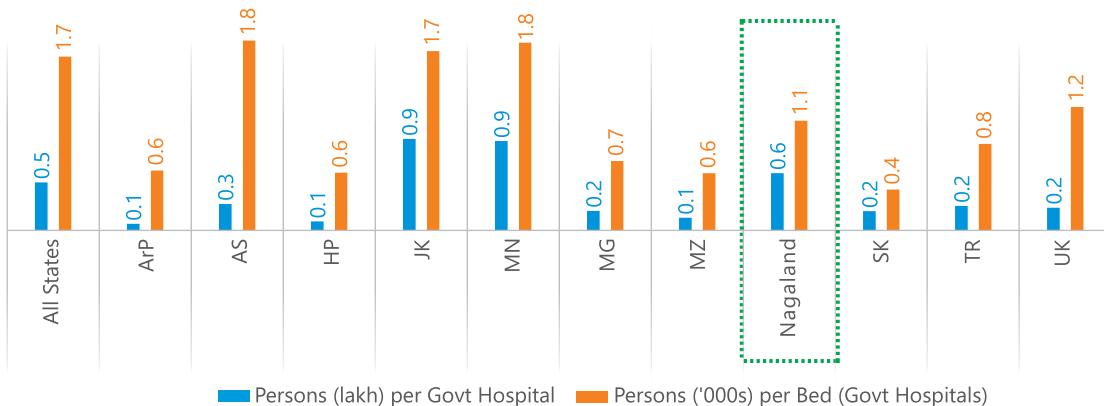
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NG-3.C: Persons ('000s) per Nurse/ Pharmacist



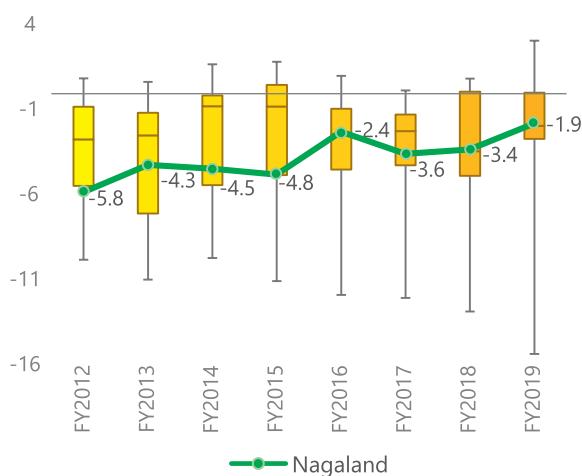
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

NG-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

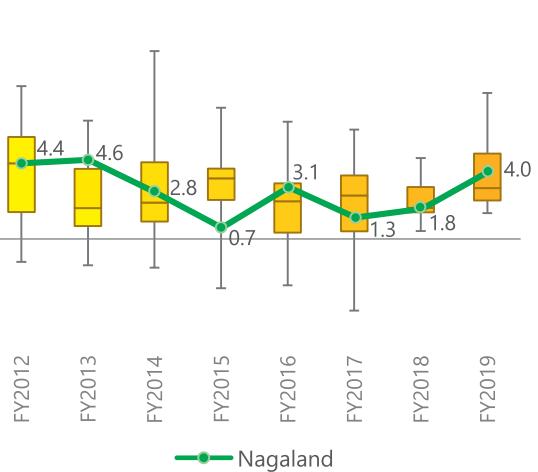


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

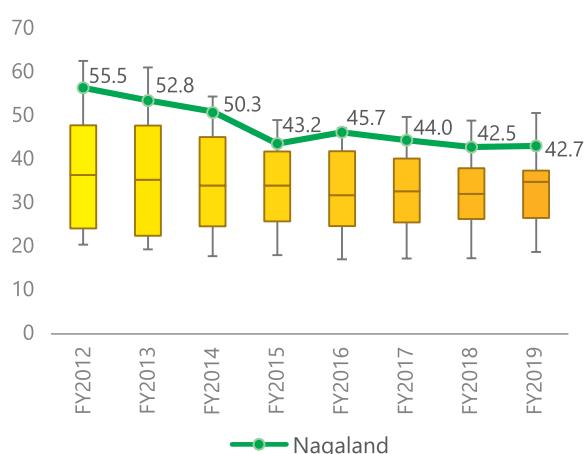
NG-4.A: Revenue Deficit as % of GSDP



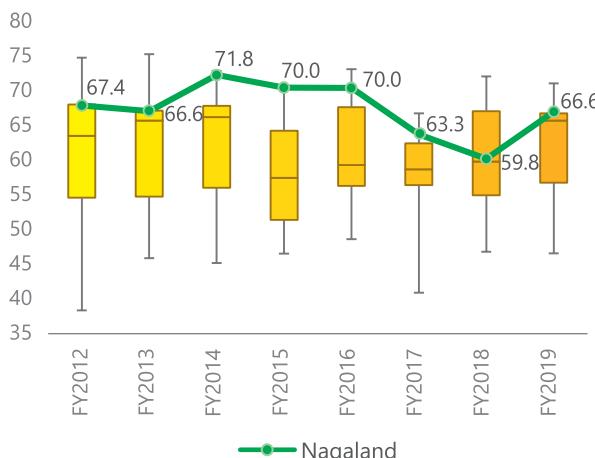
NG-4.B: Fiscal Deficit as % of GSDP



NG-4.C: Outstanding Debt as % of GSDP

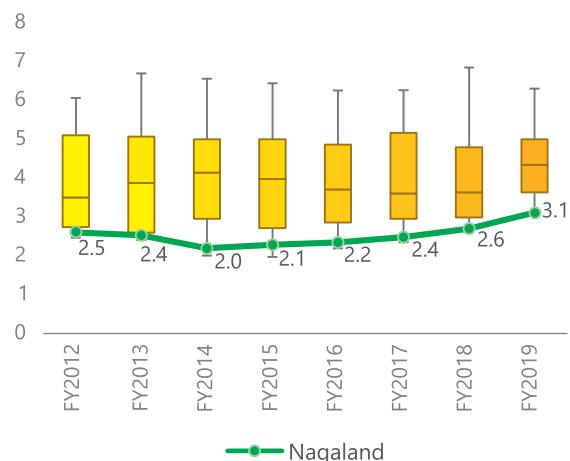


NG-4.D: Committed Expenditure as a % of Revenue Expenditure

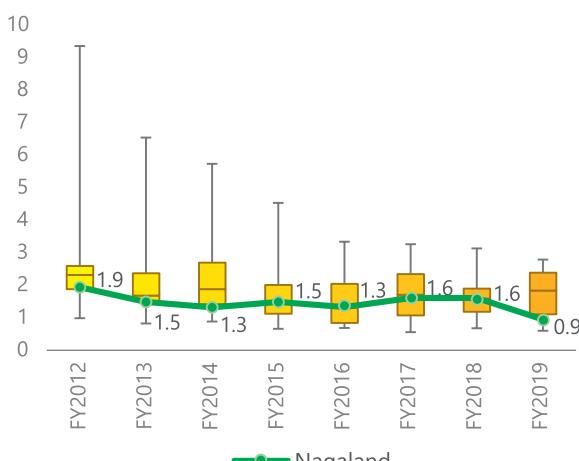


Note: Committed expenditure includes salaries, interest payments, and pensions

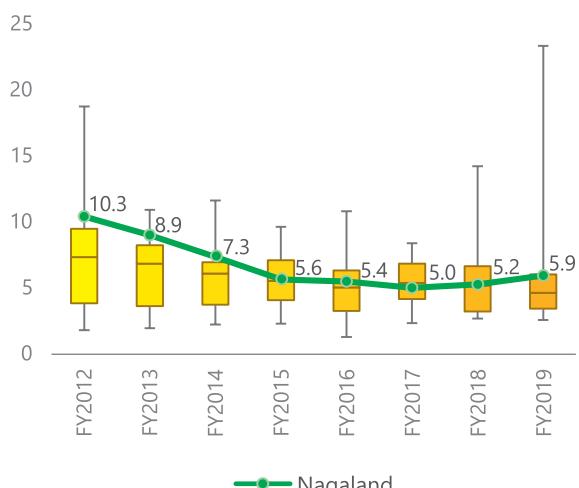
NG-4.E: OTR as % of GSDP



NG-4.F: NTR as % of GSDP



NG-4.G: Capital Expenditure to GSDP Ratio



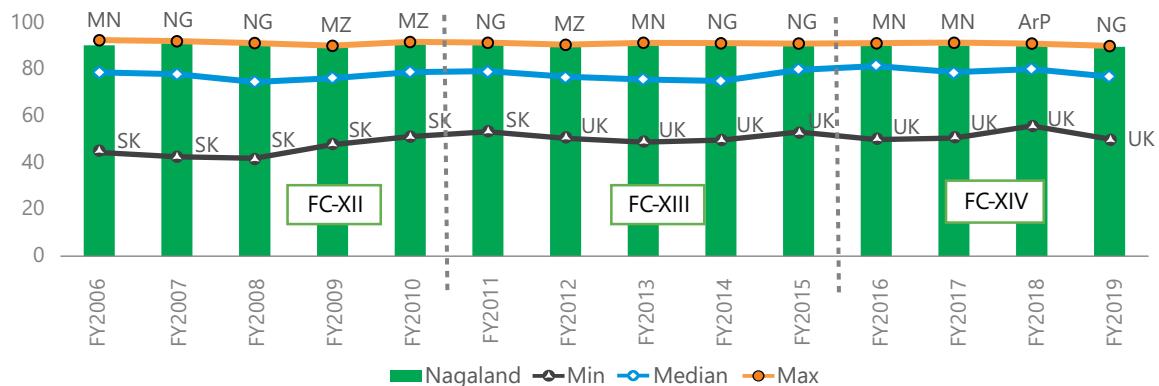
NG-4.H: Key Fiscal Indicators—State vs NEHS

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	1,29,981	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	41.9	23.3
OTR	3.1	5.0
NTR	0.9	2.0
TE	45.9	26.7
ES	10.1	5.0
SS	12.2	8.7
GS	17.8	8.5
Committed Expenditure	26.6	14.4
Capital Expenditure	5.9	4.3
FD	4.0	3.4
RD	-1.9	-0.9
OD	42.7	29.6

NG-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Nagaland	12.6	11.4	12.0
NEHS	12.6	12.1	10.7

NG-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Third Tier

- ▲ All 1,428 recognised villages in Nagaland are managed by Village Councils (VCs) and Village Development Boards (VDBs).
- ▲ The constitution and functions of VCs and VDBs are defined in the Nagaland Village and Area Council Act, 1978.
- ▲ ULBs in Nagaland consist of 3 Municipal Councils, 29 Town Councils and 5 Urban Station Committees.
- ▲ Municipalities in Nagaland were set up only in 2004–05 under the provisions of the Nagaland Municipal Council Act, 2001.

Functions

- ▲ VCs and VDBs formulate village development schemes and supervise proper maintenance of water supply, roads, forest, education and other welfare activities.
- ▲ Of the 18 functions as envisaged in Twelfth Schedule of the Constitution, 14 have been devolved to ULBs.

Auditing Status

- ▲ Auditing of accounts of RLBs and ULBs has been completed till 2018–19.

Property Tax Board

- ▲ The PTB recommended by the FC-XIII in 2011 has not been set up by the State Government as yet.

Second SFC

- ▲ Nagaland is exempted from forming SFC under 73rd and 74th Constitutional Amendments Act, 1992.
- ▲ However, the State constituted its Second SFC on 1 June 2013 for award period 2015–2020. But report has not been tabled yet.

Debt and Losses

- ▲ The State Government signed the UDAY agreement for operational efficiencies only.
- ▲ Receipts and expenditure of the Power Department are given in the table below:

Items (Rs crore)	2010–11	2011–12	2012–13	2013–14	2014–15	Total
Receipt	74.0	94.3	102.8	88.3	98.9	458.3
Expenditure	219.61	292.06	341.78	293.83	340.53	1,487.8
Loss	145.6	197.8	239.0	205.5	241.6	1,029.5

Source: Government of Nagaland

- ▲ Data on AT&C losses and ACS–ARR gap is not reported by the State Government on the UDAY portal.

Vertical Devolution

- ▲ The Government of Nagaland recommends that 25% of the total devolution to the States be set aside for Special Category States as against 11.53% allocated by the FC-XIV.
- ▲ Of the 25% of the total devolution to the States, 3% each be allocated to States like Nagaland which have geopolitical significance.

Formula for Horizontal Devolution

- ▲ Government of Nagaland did not propose a devolution formula for horizontal transfers.

Share of Subsidy in TRE

- ▲ In 2018–19, the share of subsidy in TRE of Nagaland was negligible from 2011–12 to 2018–19.

Tourism

- ▲ Natural and cultural heritage of Nagaland may be leveraged to promote tourism.
- ▲ The State has already started festivals and events like Hornbill, Sekrenyi, and Aoleang which attract both domestic and international tourists.
- ▲ Eco-tourism may be encouraged through incentives or PPP mode.
- ▲ Homestays, individual as well as community-based, may be promoted as viable alternate source of income. The State Government may take active measures to link homestays with e-commerce players.

Select Social Indicators

- ▲ Nagaland's per capita revenue expenditure per annum on education (Rs 8,336) and health (Rs 2,933) are higher than NEHS average (Rs 5,970 and Rs 1,987 respectively) in 2018–19.
- ▲ This prioritisation of social expenditure reflects in the key human development indicators of Nagaland, which are better than national averages (barring institutional deliveries) (see NG-2.D).
- ▲ Better health and education of the population indicates scope for service sector development in the State.

High Debt

- ▲ Nagaland has the second highest debt in the country.
- ▲ Though its Debt/GSDP has reduced from 55.5% in 2011–12 to 42.7 in 2018–19, it is still much higher than the NEHS average of 29.61%.
- ▲ Debt should be consolidated in line with the new FRBM Act and the recommendations of FC-XV.

High Committed Expenditure and Declining Capital Expenditure

- ▲ The State needs to restructure and rationalise its expenditure priorities.
- ▲ While committed expenditure (including GIA Salary) of Nagaland was 67.3% of its TRE in 2018–19 (all States average 50.6%).
- ▲ On the other hand, capital expenditure in Nagaland declined between 2011–12 and 2018–19 both as a percentage of GSDP (from 10.3% to 5.9%) and total expenditure (20.4% to 12.8%).
- ▲ Measures should be taken to reduce burden of committed expenditure to free up resources for development expenditure.
- ▲ At the same time, the State needs to reduce its infrastructure deficit by increasing capital expenditure and finding alternate sources of funding like PPP.

High Dependence on Union Government

- ▲ Nagaland's OTR/GSDP was only 3.1% in 2018–19 (NEHS average 5%).
- ▲ The State's collections from VAT/GST, Stamp Duty and Registration Fees, and Excise are very low as compared NEHS average. However, its collections have improved with the implementation of GST.
- ▲ The State's NTR is only 0.94% as compared to NEHS average of 2%.
- ▲ It gets 90% of its TRR from Union transfers (highest across all States).
- ▲ The State needs to widen its tax base and tighten its tax administration to improve its own revenues.

Regional Inequality

- ▲ Of the 11 districts of Nagaland, the remote eastern districts—Mon, Tuensang, Longleng, and Kiphire, covering 36% of the State area and home to 28% of its population—have remained relatively backward.
- ▲ The State needs to have a more focused approach for these areas and improve its physical and digital connectivity as well as other physical and social infrastructure in these areas.

Indicators	Eastern Nagaland	Rest of Nagaland
Roads (km per sq km)	71	96
Water supply coverage (% households)	32	41
No. of government schools	711	1,544
No. of government colleges	4	15
No. of private colleges	1	46
Male literacy (%)	69	88
Female literacy (%)	61	82
Urbanisation rate (%)	16.7	33.8

Source: Government of Nagaland Memorandum

Ranking in NITI Aayog's SDG Index (2019)

- ▲ Nagaland is placed 19th of 29 States in the SDG ranking 2019 by the NITI Aayog.
- ▲ While Nagaland regressed on SDG-1 No Poverty, with incidence of poverty in the State rising from 9% in 2004–05 to 18.88% in 2011–12, it reported decent economic growth in the last few years.
- ▲ The State needs to ensure that benefits of economic growth trickle down to all sections of society.

Low Share of Secondary Sector

- ▲ Only 12% of Nagaland's GSDP comes from the secondary sector.
- ▲ The secondary sector in Nagaland, already hamstrung by its remoteness, lack of connectivity to mainland India, and low Credit–Deposit ratio, is further disrupted by insurgency.
- ▲ The tertiary sector could be encouraged in the State through capacity building activities, establishment of vocational training institutes, developing Indigenous Skill Curriculum, and establishment of Traditional Skill Resource Centre in all districts.

Power Sector

- ▲ The State has reported high AT&C losses in its memorandum.
- ▲ Receipt–Expenditure gap in the power sector is also widening.
- ▲ The proposal for corporatisation and unbundling of the power sector is still under examination. The State needs to take appropriate action at the earliest so that its power sector can work on sound commercial and economic principles.
- ▲ Measures like pre-paid metering/smart metering, feeder segregation, and drive against power theft need to be taken up immediately to reduce the burden of losses and protect against fiscal risk.

Local Bodies

- ▲ Low own resources
 - » Village Councils, Municipal Councils and Town Councils have negligible resources.
 - » The State needs to explore options like user charges, parking fees, property tax, market fee, etc., to improve resources of local bodies and establish a PTB at the earliest.
- ▲ Elections
 - » Municipal elections have not been held since 2004–05 because the Constitutional Provision regarding the reservation of 33% seats for women is under litigation in the State.
 - » The State Government has nominated CEOs and administrative officers in Municipal and Town Councils.
 - » The State needs to immediately resolve the issue of reservation and conduct elections at the earliest to allow local bodies to function democratically.
- ▲ SFC
 - » The State should ensure constitution of SFCs, timely report submission, and tabling of ATR before start of the award period.

Public Sector Undertakings¹

- ▲ The number of accounts in arrears had increased from 18 in 2013–14 to 21 in 2017–18. Three PSUs (Nagaland Industrial Development Corporation, Nagaland State Mineral Development Corporation, and Nagaland Industrial Raw Materials & Supply Corporation Ltd., Dimapur)

finalised six accounts as of 30 September 2018, while the remaining PSUs (two) did not finalise any accounts. The delay in finalisation of accounts of these PSUs was mainly due to delay in compilation/adoption of accounts by the Board of Directors of respective PSUs. In addition to above, the accounts of one non-working PSU had arrears of accounts for 16 years (2002–2018).

- ▲ In view of the above, it is recommended that the State Government monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956 and orders of the Ministry of Corporate Affairs issued from time to time. The timely auditing of account should also be ensured.

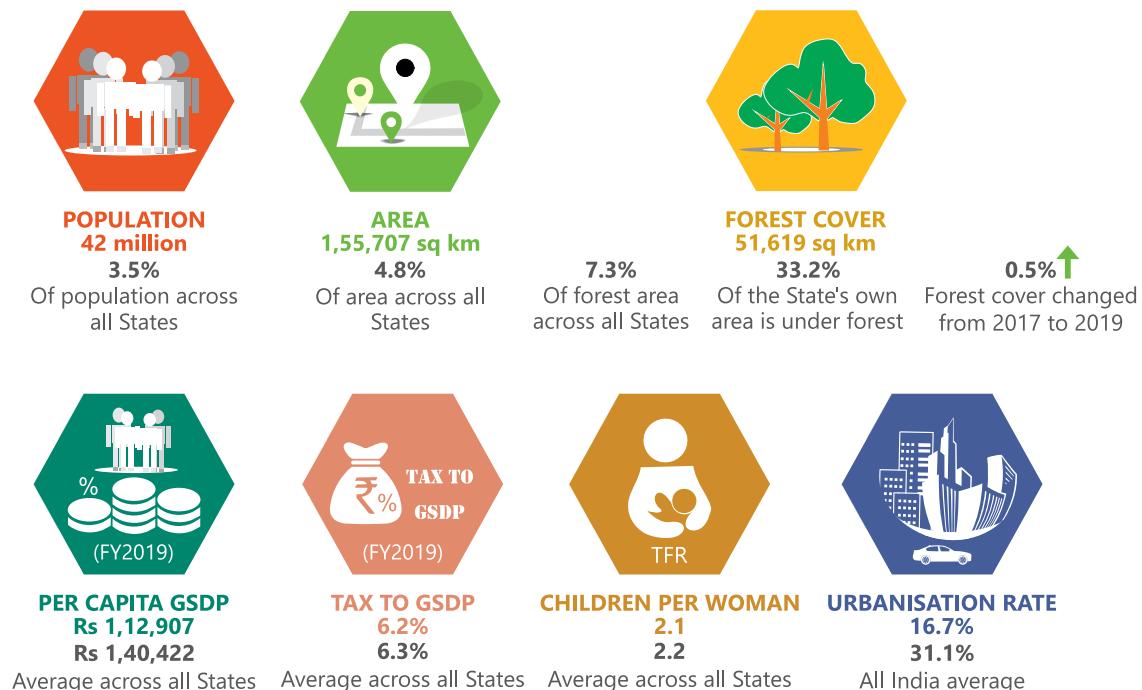
Reform Signposts

- ▲ The State has a debt to GSDP ratio of 42.7% which is one of the highest in the country. **Debt should be consolidated in line with recommendations of new FRBM Act and FC-XV.**
- ▲ The State has high committed expenditure while capital expenditure has seen a decline over the years. **Measures should be taken to reduce burden of salaries to free up resources for development expenditure. At the same time, the State needs to reduce its infrastructure deficit by increasing the capital expenditure and finding alternate sources of funding like PPP.**
- ▲ The State has very low OTR to GSDP ratio as compared to rest of NEHS. Although, the State's tax collections have improved with the GST collections, **it needs to widen its tax base and tighten its tax administration to improve its own revenues.**

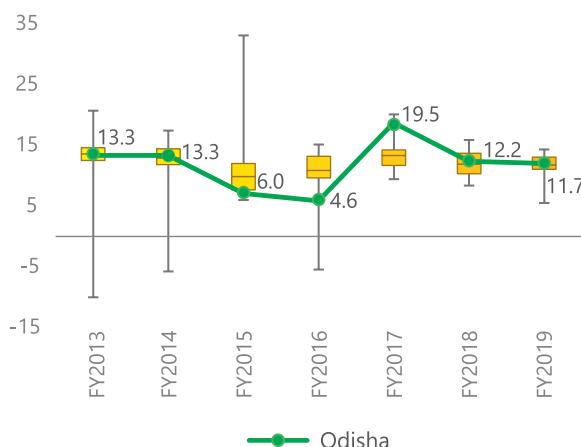
Notes

1. CAG (2019), *Report of the Comptroller and Auditor General of India on Social, Economic, Revenue, and General Sectors for the year ended 31 March 2019*, Report 2 of 2019, Government of Nagaland.

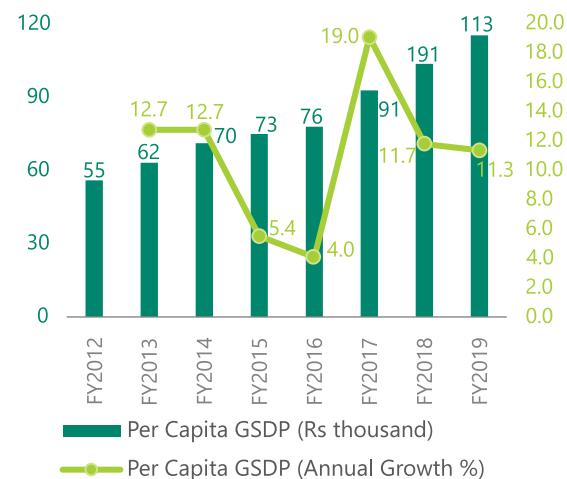
OD-1.A: Overview



OD-1.B: Growth rate of GSDP (at current prices, %)



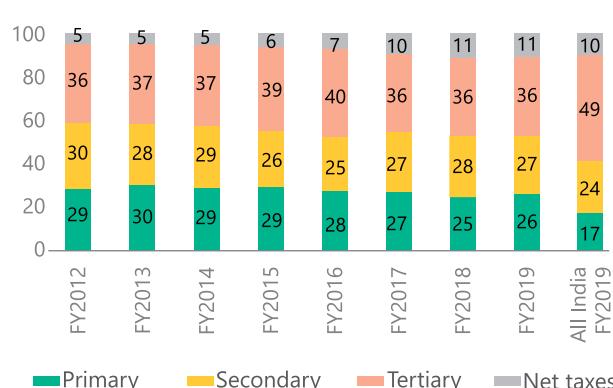
OD-1.C: Per capita GSDP (at current prices)



OD-1.D: GSDP Current, 2011–12 series (Rs crore)

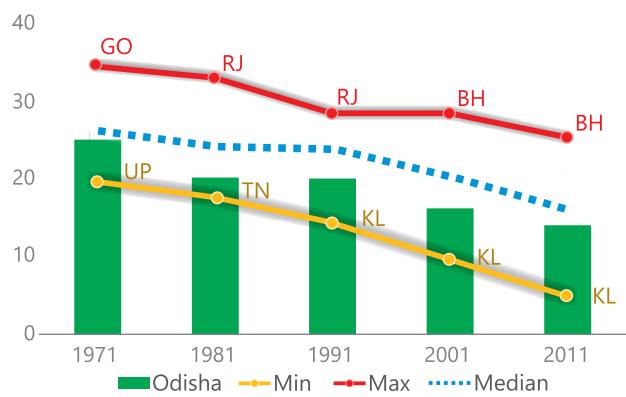
	State	All GS	Share (%) of State in GS
2011–12	2,30,987	77,44,945	3.0
2012–13	2,61,700	88,27,195	3.0
2013–14	2,96,475	1,00,07,392	3.0
2014–15	3,14,250	1,09,93,257	2.9
2015–16	3,28,550	1,21,91,256	2.7
2016–17	3,92,708	1,37,80,737	2.9
2017–18	4,40,517	1,54,20,126	2.9
2018–19	4,92,229	1,72,83,813	2.9

OD-1.E: Sectoral Contribution to GSDP (at current prices, %)

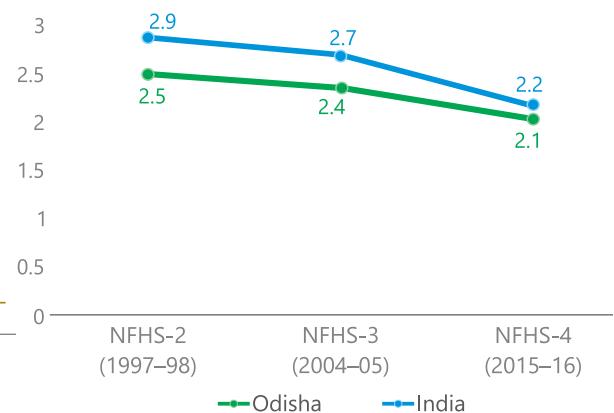


FC-XV VOLUME IV, THE STATES

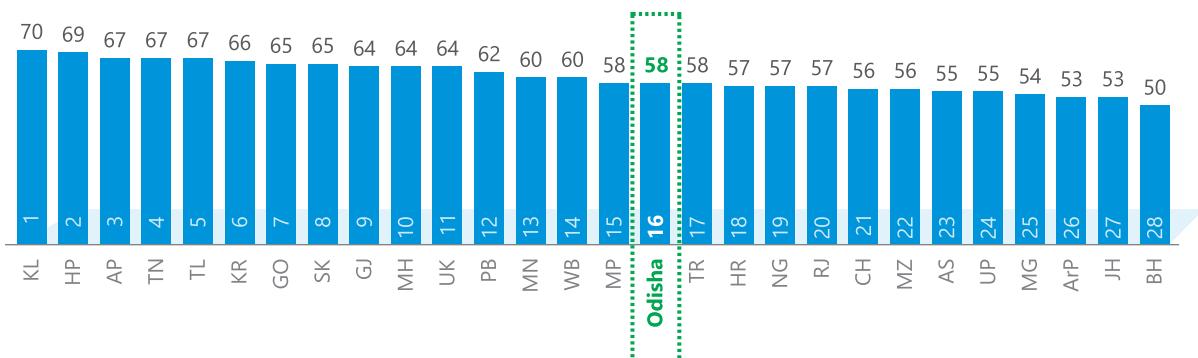
OD-2.A: Decadal Growth in Population (%)



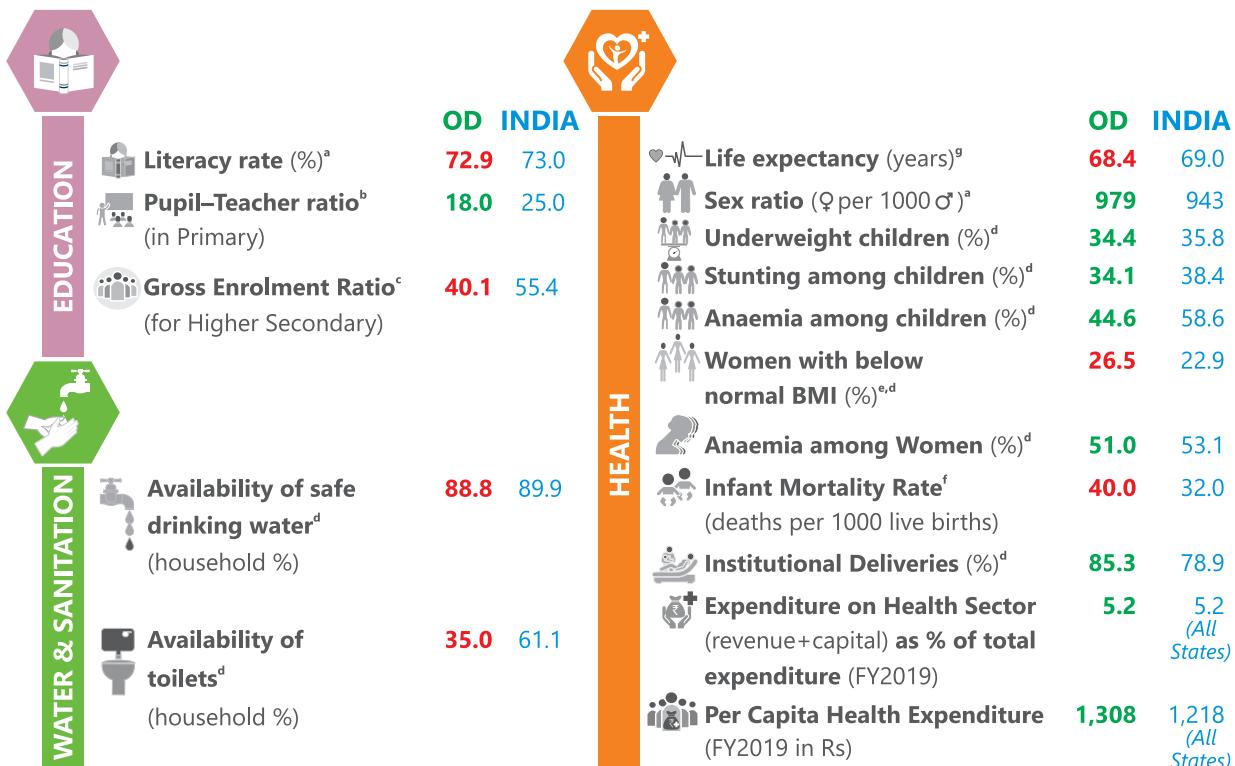
OD-2.B: Total Fertility Rate (children per woman)



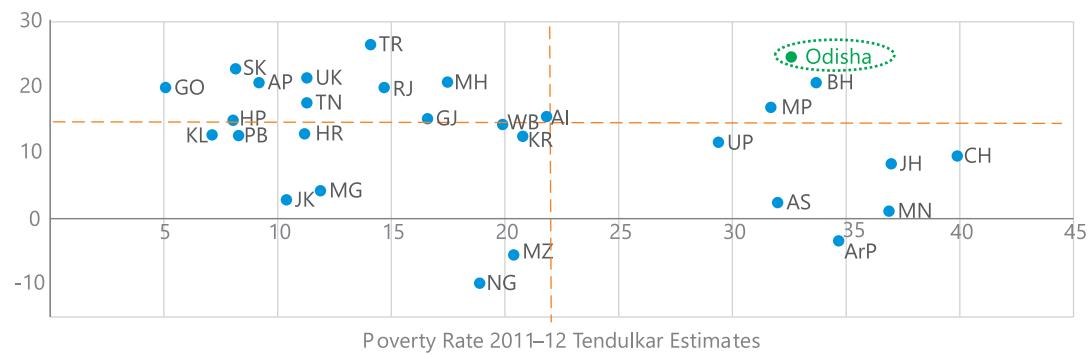
OD-2.C: SDG Index of NITI Aayog (2019)



OD-2.D: Key Social Indicators

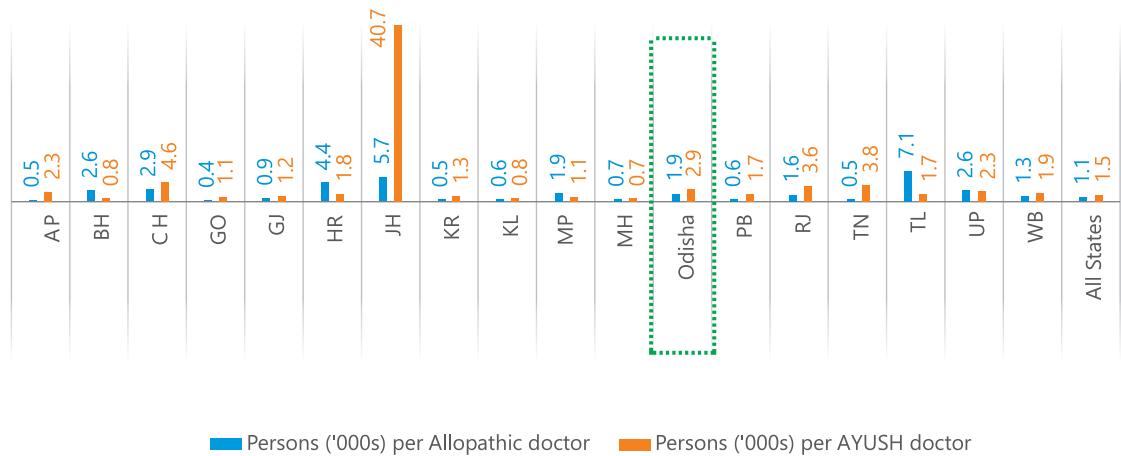
^a Census, 2011 | ^b DISE, 2016-17 (Analytical Tables) | ^c DISE, 2016-17 (Flash Statistics) | ^d NFHS-4, 2015-16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013-2017 | ♀: Female, ♂: Male

OD-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



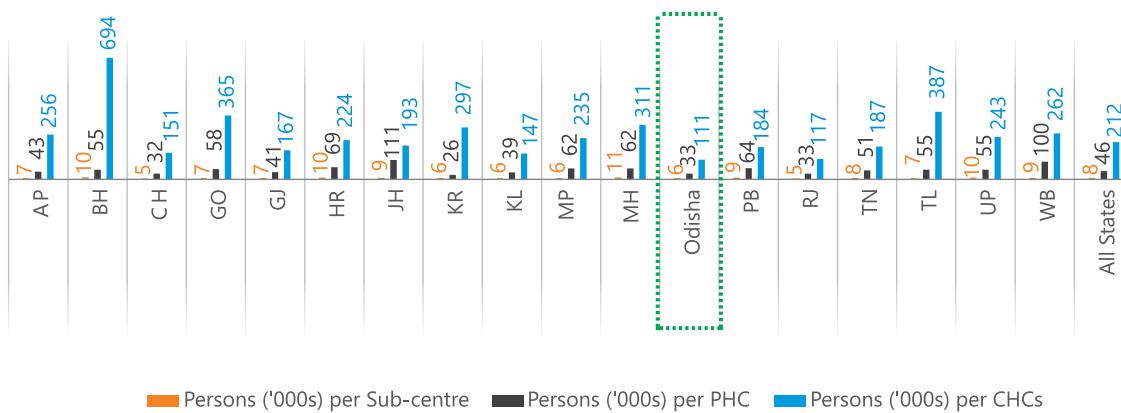
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

OD-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



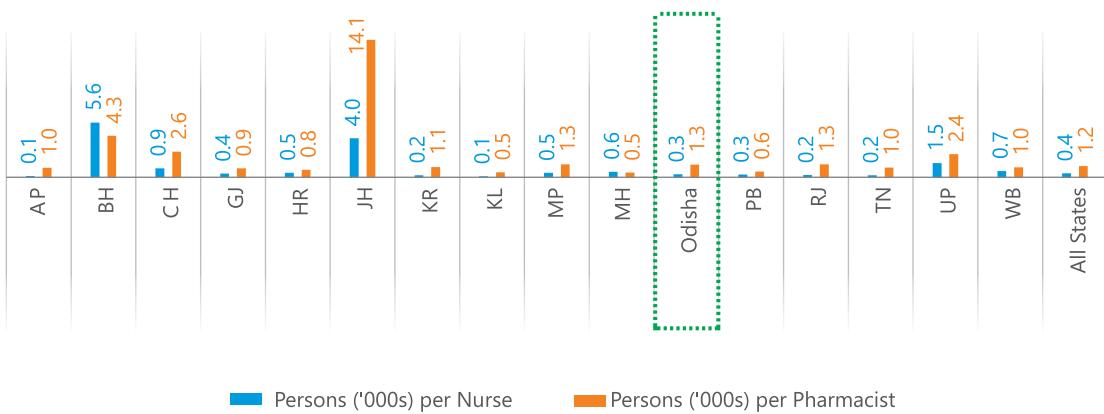
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

OD-3.B: Persons ('000s) per Sub-centre/PHC/CHC



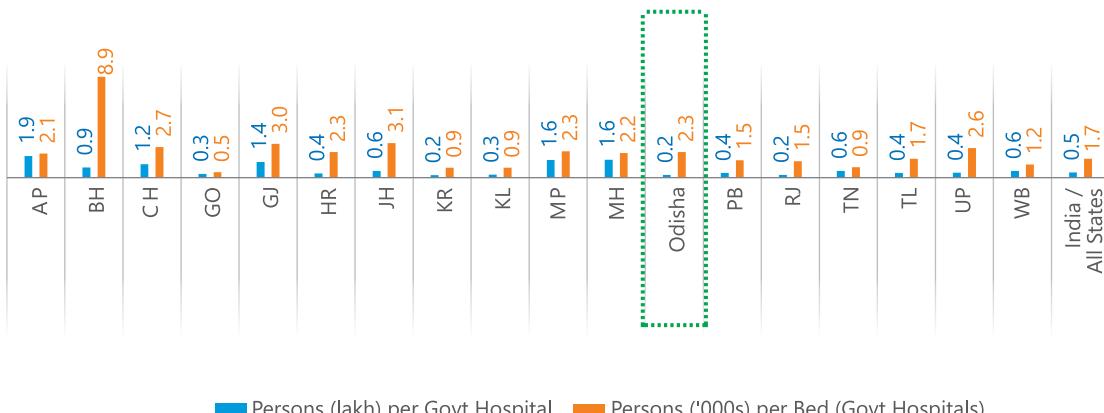
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

OD-3.C: Persons ('000s) per Nurse/ Pharmacist



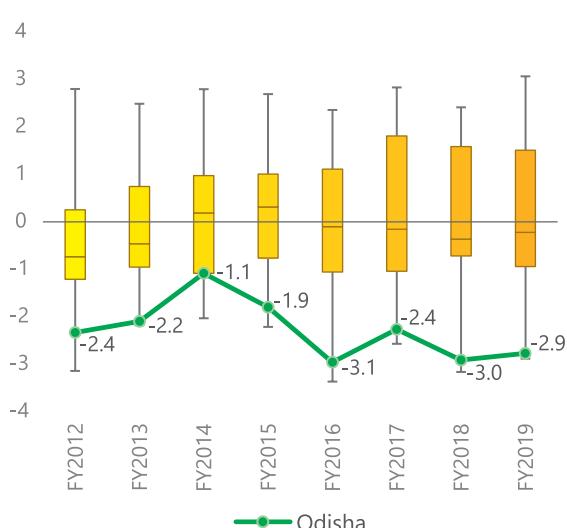
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

OD-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

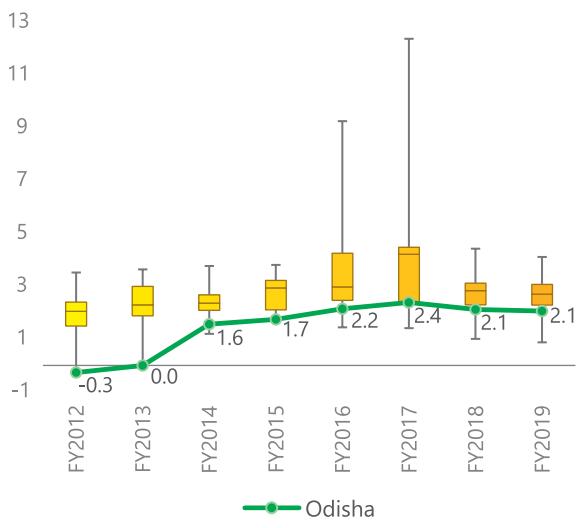


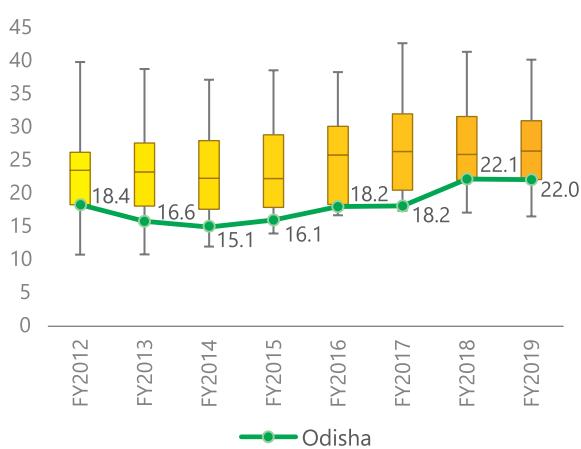
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

OD-4.A: Revenue Deficit as % of GSDP

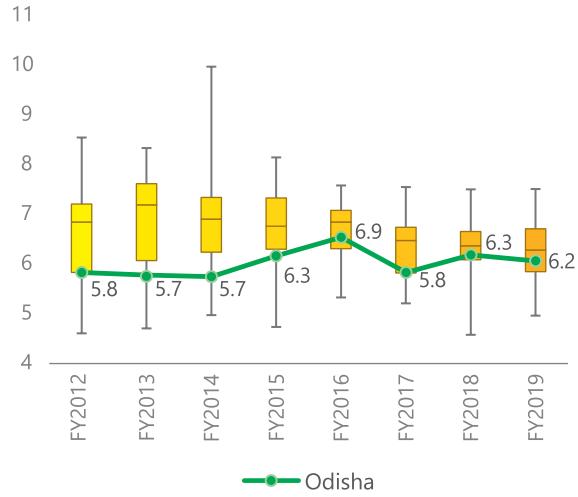
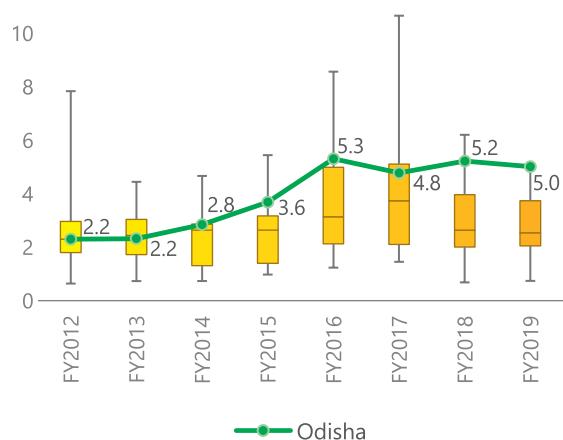


OD-4.B: Fiscal Deficit as % of GSDP



OD-4.C: Outstanding Debt as % of GSDP**OD-4.D: Committed Expenditure as a % of Revenue Expenditure**

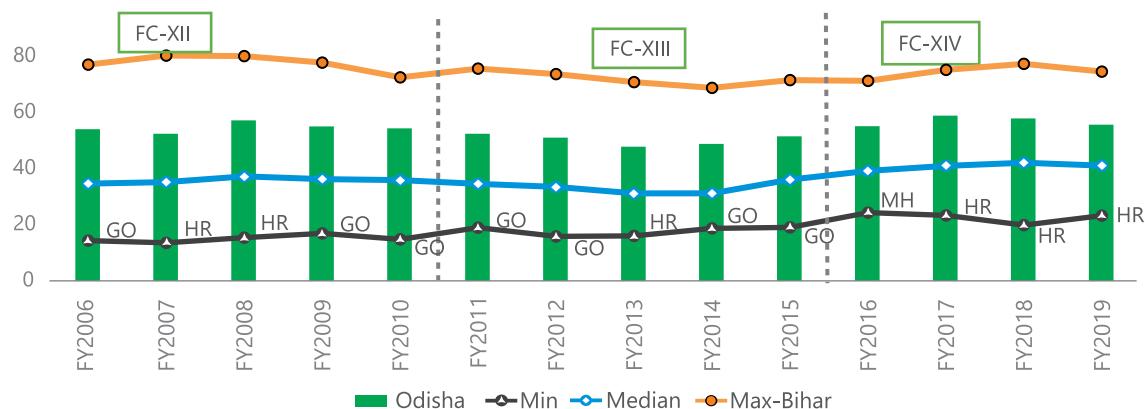
Note: Committed expenditure includes salaries, interest payments, and pensions

OD-4.E: OTR as % of GSDP**OD-4.F: NTR as % of GSDP****OD-4.G: Capital Expenditure to GSDP Ratio****OD-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,12,907	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	20.2	13.4
OTR	6.2	6.4
NTR	2.9	1.1
TE	22.4	16.1
ES	4.8	3.1
SS	7.6	5.4
GS	4.7	4.7
Committed Expenditure	7.3	5.8
Capital Expenditure	5.0	2.5
FD	2.1	2.5
RD	-2.9	0.2
OD	22.0	25.0

OD-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Odisha	13.5	14.1	10.8
GS average	13.6	13.1	10.3

OD-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 21 have been devolved to RLBs.
- Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 17 have been devolved to ULBs.

Auditing Status

- Audit of accounts of RLBs and ULBs has been completed till 2016–17.

Property Tax Board

- The Valuation Organisation under Odisha's Housing and Urban Development Department is assisting ULBs in setting up an independent and transparent procedure for assessing property tax.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
13	12	6	8

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2015–16 to 2019–20)

- The State Government has accepted and is currently following the recommendation of the Fourth SFC to devolve 3% of the net tax revenue during the period 2015–2020 to local bodies, to be distributed between PRIs and ULBs in a 75:25 ratio.

Fifth SFC (2020–21 to 2024–25)

- Fifth SFC constituted in May 2018 submitted its report to the State Government on 02 August 2019.
- However, the ATR has not been laid before the Legislative Assembly yet.

Debt and Losses

- ▲ Total borrowings of DISCOMs as on 31 March 2019 are Rs 4,487 crore of which State Government borrowings are Rs 219 crore.
- ▲ Since all DISCOMs in Odisha are privatised, the State is not considered eligible for benefits under the UDAY scheme.

Key Performance Indicators (2018–19)	Achievement	Target
AT&C Losses (%)	29.2	Not available
ACS–ARR Gap (Rs per unit)	0.6	Not available

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.
Source: Government of Odisha.

Vertical Devolution

- ▲ Odisha proposed that the share of States in the divisible pool be increased to 50%.

Formula for Horizontal Devolution

S.No.	Determinant	Weight (If 1971 population is adopted)	Weight (If 2011 population is adopted)
i)	Composite Population Index (1971)	25	
ii)	Composite Population Index (2011)		10
iii)	Inverse of Population Growth between 1971 and 2011		15
iv)	Income Distance	50	50
v)	Composite Area Index (Adjusted)	15	15
vi)	Forest Cover	10	10

Fiscal Discipline

- ▲ Odisha has been fiscally disciplined, maintaining revenue surplus since 2005–06.
- ▲ It has kept FD–GSDP ratio below 3% since 2011–12 (even attaining fiscal surplus in 2011–12).
- ▲ The State has, therefore, not resorted to additional borrowings under Article 293(3) of the Constitution.
- ▲ Further, the Debt–GSDP ratio has been maintained at less than 20% between 2011–12 and 2016–17.
- ▲ However, fiscal pressures are gradually building-up as Debt–GSDP ratio has increased from 15.1% in 2013–14 to 22% in 2018–19.

FRBM Compliance

- ▲ The State enacted the FRBM Act in 2005 and amended it in 2006, 2011 and 2016.
- ▲ The State adhered to FRBM targets during the period 2011–12 to 2017–18.

<i>Ratios in %</i>	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	30.6	30.2	29.8	29.5	25.0	25.0	25.0
Actually achieved	18.4	16.6	15.1	16.1	18.2	18.2	22.1
FD–GSDP							
As prescribed by the State FRBM	–3.0	–3.0	–3.0	–3.0	–3.0	–3.5	–3.5
Actually achieved	–0.3	0.0	1.6	1.7	2.2	2.4	2.1

Note: (–) sign indicates surplus and (+) indicates deficit.

Source: Government of Odisha

Port-Led Industrialisation

- ▲ Though Odisha is endowed with 480 km of coastline, it has only three ports—Paradip (major port), Dhamara (minor), and Gopalpur (minor).
- ▲ The State needs to expedite the development of other ports to provide impetus to industrialisation and economic growth.

District Mineral Foundation

- ▲ According to data shared by the Union Ministry of Mines, the Government of Odisha received Rs 7,496.72 crore under DMF (highest across 21 States) in all 30 districts of the State up to May 2019.
- ▲ These funds need to be utilised for the prescribed purposes within the fiscal year in which the amount was collected.
- ▲ If these funds remain idle as fixed deposits, substantial fiscal space for the State, though indirectly available, remains underutilised.
- ▲ The State Government shall put a mechanism in place to ensure their utilisation expeditiously within the fiscal year.

Forests and Tourism

- ▲ About 33% of the State's geographical area is under forests.
- ▲ The State needs to devise strategies to promote eco-tourism, thereby generating greater resources from this sector.
- ▲ An MSP scheme for MFP was introduced by the Ministry of Tribal Affairs during 2013–14 to support STs and other forest dwellers, dependent on collection and selling of MFP. The scheme remained a non-starter due to its poor procurement mechanism.
- ▲ The Government of Odisha should revive and implement the scheme, using electronic platforms and other existing programmes such as e-NAM to build a robust procurement mechanism.

Irrigation

- ▲ The State receives much more annual rainfall (1,344.5 mm in 2017) than the national average (1,127 mm in 2017).¹
- ▲ Hence, the State needs to make concerted effort to raise its area under irrigation (percentage of gross irrigated area over gross cropped area) from 28.7% to at least the national average of 48.6% in 2014–15 (provisional).²

Health

- ▲ Odisha has been facing severe shortage of healthcare professionals with:³
 - » 1,276 vacancies (83.5% shortfall) of specialists in CHCs against the sanctioned strength of 1,529; and
 - » 409 vacancies (30.8% shortfall) of doctors in PHCs against the sanctioned strength of 1,326.
- ▲ For a sustainable solution, the State may explore Maharashtra's model of recognising diplomas from the College of Physicians and Surgeons as adequate for converting MBBS doctors to specialists who may then serve in remote and tribal areas.
- ▲ Besides, telemedicine could be promoted to fill the need gap in such areas.
- ▲ The State needs robust initiatives to improve key health indicators, which are inferior to the national average, such as maternal mortality of 150 per 100,000 live births (2016) as opposed to 113 all-India (for others, see OD-2.D).⁴

Education

- ▲ Odisha's performance has been, by and large, satisfactory (compared to national average) educational parameters such as learning outcomes (percentage of children in Grade III who can at least do subtraction and read Grade II text);⁵ pupil–teacher ratio (primary, upper primary, and high school);⁶ literacy rate, etc.⁷
- ▲ However, the annual per capita expenditure on education in Odisha should be increased from Rs 2,707 (2016–17) to at least the GS average of Rs 2,876.

Urbanisation

- ▲ Across 29 Indian States, Odisha has fourth lowest urbanisation rate (16.7%) as against the national average of 31.2% for the country.
- ▲ According to the Census of 2011, it did not have a single million-plus city.
- ▲ Since urban areas are growth drivers of an economy, substantial stimulus should be provided for accelerating urbanisation in the State.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State ranks 16th among the Indian States.
- ▲ The State needs to improve its performance on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–3 Good Health and Wellbeing, SDG–4 Quality Education, SDG–6 Clean Water and Sanitation, SDG–7 Affordable and Clean Energy, SDG–8 Decent Work and Economic Growth, SDG–9 Industry, Innovation and Infrastructure, SDG–11 Sustainable Cities and Communities, and SDG–16 Peace, Justice and Strong Institutions.

Backwardness

- ▲ Of the 30 districts of the State, 10 are recognised as aspirational districts.
- ▲ Further, the State had a poverty rate of 32.6% in 2011–12 (Tendulkar methodology) (compared to the national average of 21.92%).

- ▲ The State Government needs to take decisive steps to break the low-income trap and improve social outcomes.
- ▲ Further, the State may like to target the development of bottom 20% blocks as ‘aspirational’ blocks, on the lines of aspirational districts being monitored by NITI Aayog.

Left Wing Extremism

- ▲ Of the 30 districts of the State, 15 are LWE affected.⁸
- ▲ Moreover, 2 of the 10 aspirational districts feature among the worst 35 LWE-affected districts of the country, creating serious obstacles in their development path.
- ▲ A concerted and coordinated approach involving Central Government and neighbouring States is very critical for resolving the situation.

Piped Water Supply

- ▲ Only 4% of rural households have PWS connections in the State, which is less than one-fourth of the all India coverage of 18.3%.
- ▲ The State needs to invest into cost-effective and innovative approaches such as rain-water harvesting and end-to-end value chain management of drinking water.

Power Sector

- ▲ Though the State was unable to participate in UDAY as the power sector is privatised, it should undertake effective measures to bring down AT&C losses from the high level of 29.2% (2018–19).
- ▲ Robust systemic reforms should be undertaken to ensure that power subsidies reach intended beneficiaries without leakage.
- ▲ The State needs to substantially improve its performance on key power sector barometers to minimise fiscal risk.

Local Bodies

- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings⁹

- ▲ The number of accounts in arrears increased from 47 in 2012–13 to 64 in 2016–17. This indicates that there was little improvement in clearance of arrear accounts. Fifty-three accounts of 43 PSUs were finalised as of September 2017. Of these, 39 PSUs had arrears ranging between 1 and 8 years.
- ▲ It may be seen that year-wise budgetary outgo of the State towards equity, loans and grants/subsidies to State PSUs showed an increasing trend during 2012–13 to 2015–16. It touched the highest figure of Rs 2,369.06 crore during 2015–16 decreasing to Rs 1,601.17 crore in 2016–17.

Recurrent Cyclones

- ▲ The State suffers heavily from recurring cyclones—cyclone Phailin in 2013, cyclone Titli in 2018, and cyclone Fani in 2019, caused devastating losses.

- ▲ The State should continue to invest heavily in disaster preparedness and prevention measures.
- ▲ The recommendations of FC-XV on mitigation measures and resources earmarked therein should be gainfully deployed by the State Government.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Odisha is part of the group which includes Bihar, Uttar Pradesh, Jharkhand, and Madhya Pradesh.

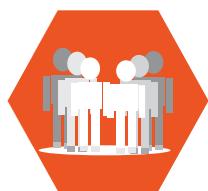
Reform Signposts

- ▲ It also does well in its class on key socioeconomic statistics related to underweight children, stunting among children, anaemia, women whose BMI is below normal, and households with drinking water and toilet facility.
- ▲ **Given that Odisha is a revenue surplus State, it could increase social sector spends to ensure that its statistics match those of States in its class.**
- ▲ Some fiscal laxity continues to result in higher TGR in TRE as compared to that in OTR and ORR. This may be a source of fiscal instability. Hence, strengthening of OTR and ORR and streamlining of procedures play an important role for the State. It is worth mentioning that the OTR as a percentage of ORR for FY 2018–19 is 68% for Odisha (as compared to an average of 77.8% for States in its class).
- ▲ **It would be ideal if the GSDP composition of Odisha could be shifted away from the tertiary to secondary sector in the long run through appropriate capital expenditure.**
- ▲ **Under the non-fiscal measures towards State Policy recommendation, there is a need for strengthening administrative systems and effective service delivery.**
- ▲ **Comprehensive re-prioritisation of expenditure and more focused approach may be adopted for the development of the bottom 20% blocks of Odisha as ‘aspirational’ blocks, on the lines of aspirational districts being monitored by NITI Aayog.**

Notes

- 1 Indian Meteorological Department
- 2 GOI (2018), *Agricultural Statistics 2018*, Department of Agriculture, Cooperation, and Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India.
- 3 GOI (2018), *Rural Health Statistics 2018*, Ministry of Health and Family Welfare, Government of India.
- 4 GOI (2016, 2017, and 2018), *Sample Registration Surveys 2016–2018*, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India.
- 5 ASER (2018), *Annual Survey of Education Report*, 2018, ASER Centre.
- 6 NUEPA (2016), *School Education in India, U-DISE, 2015–16*, published by National University of Educational Planning and Administration, New Delhi and the Department of School Education and Literacy, Ministry of Human Resource Development, Government of India.
- 7 GOI (2011), *Census of India 2011*, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India.
- 8 As shared by the Ministry of Home Affairs in February 2019.
- 9 CAG (2018), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ending 31 March 2017*, Government of Odisha.

PB-1.A: Overview



POPULATION
27.7 million
2.3%
Of population across all States



AREA
50,362 sq km
1.5%
Of area across all States



FOREST COVER
1,849 sq km
0.3%
Of forest area across all States
3.7%
Of the State's own area is under forest
0.7%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,71,907
Rs 1,40,422

Average across all States



TAX TO GSDP
6.0%
6.3%

Average across all States



CHILDREN PER WOMAN
1.6
2.2

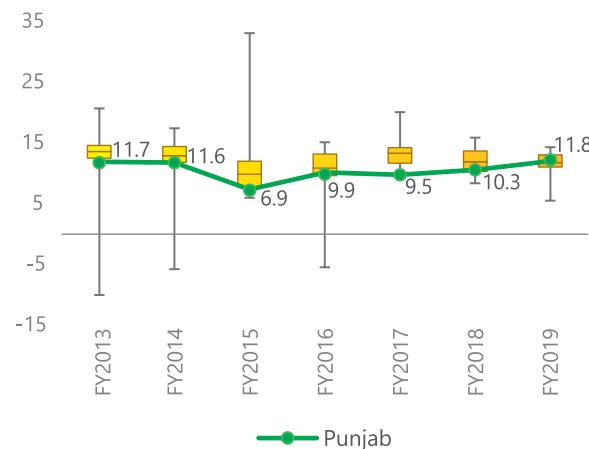
Average across all States



URBANISATION RATE
37.5%
31.1%

All India average

PB-1.B: Growth rate of GSDP (at current prices, %)



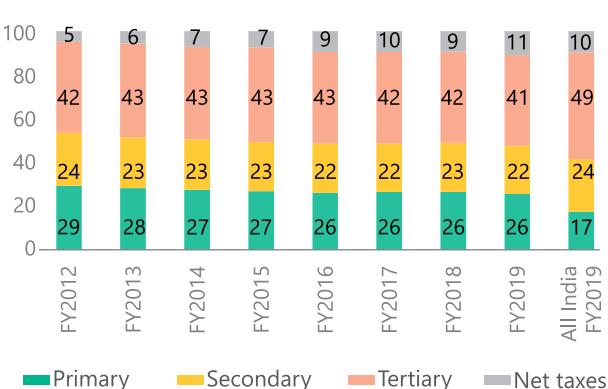
PB-1.C: Per capita GSDP (at current prices)



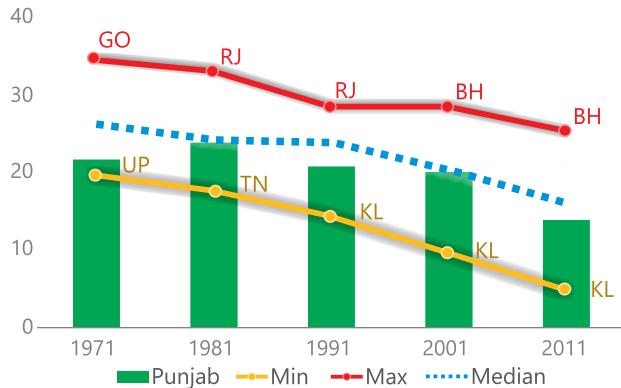
PB-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	2,66,628	77,44,945	3.4
2012–13	2,97,734	88,27,195	3.4
2013–14	3,32,147	1,00,07,392	3.3
2014–15	3,55,102	1,09,93,257	3.2
2015–16	3,90,087	1,21,91,256	3.2
2016–17	4,26,988	1,37,80,737	3.1
2017–18	4,70,834	1,54,20,126	3.1
2018–19	5,26,376	1,72,83,813	3.0

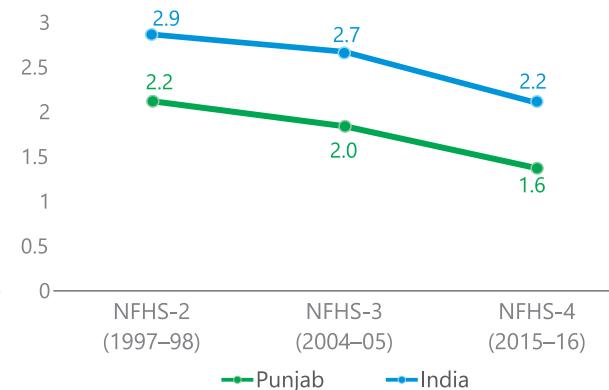
PB-1.E: Sectoral Contribution to GSDP (at current prices, %)



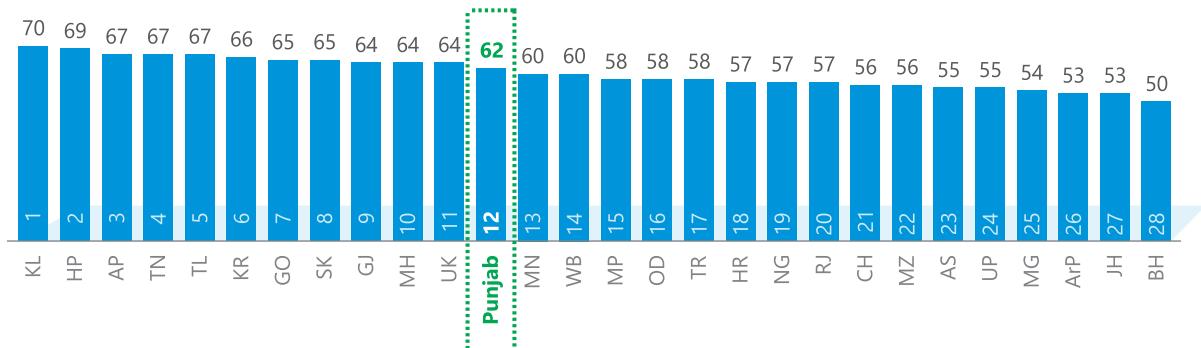
PB-2.A: Decadal Growth in Population (%)



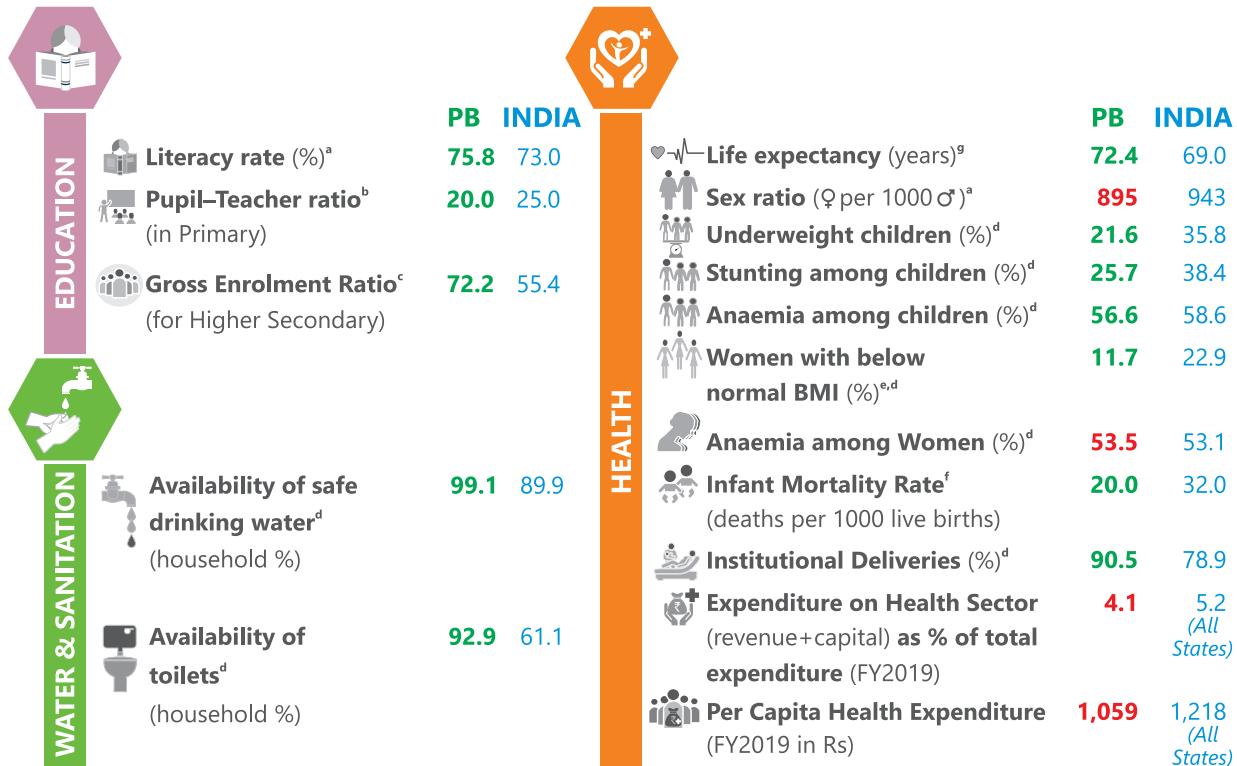
PB-2.B: Total Fertility Rate (children per woman)



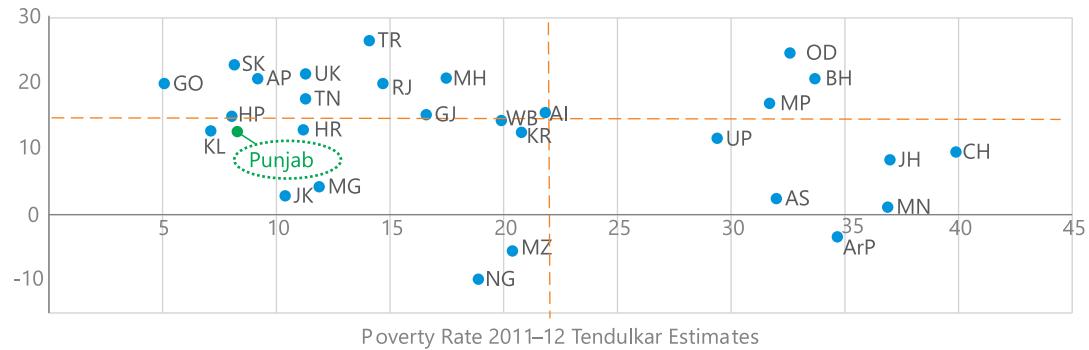
PB-2.C: SDG Index of NITI Aayog (2019)



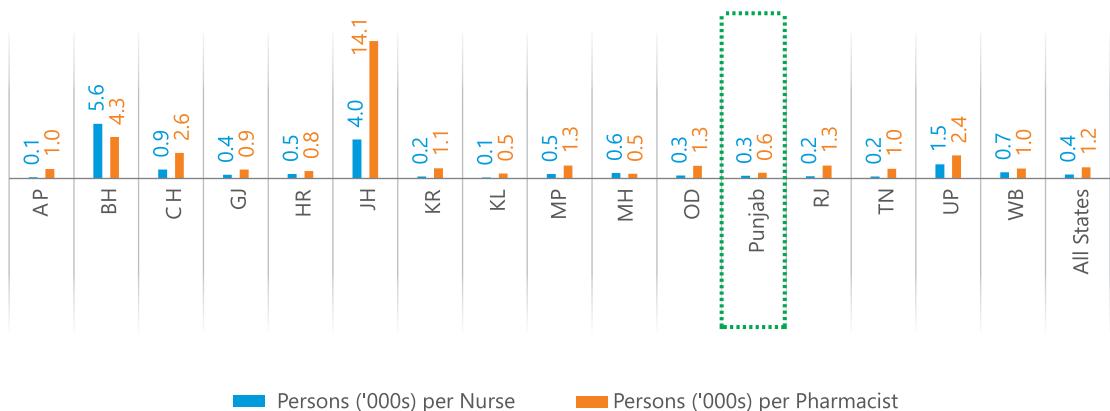
PB-2.D: Key Social Indicators

^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

PB-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012

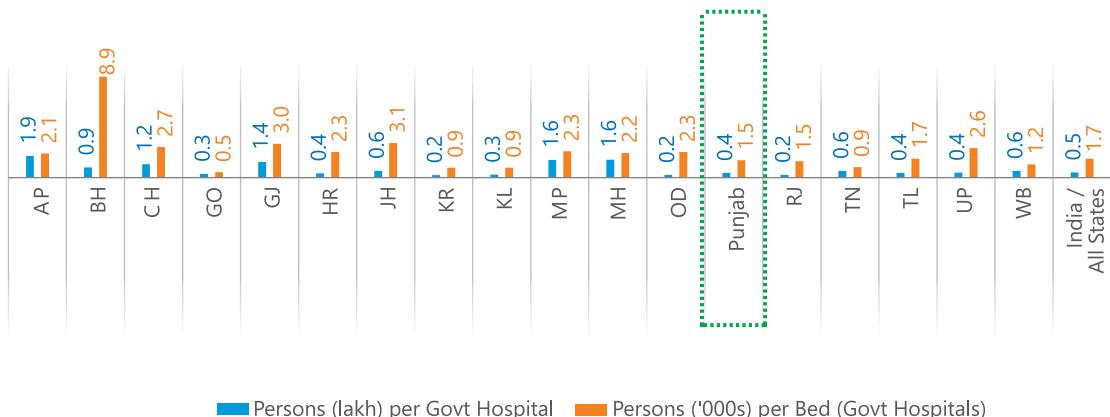


PB-3.C: Persons ('000s) per Nurse/ Pharmacist



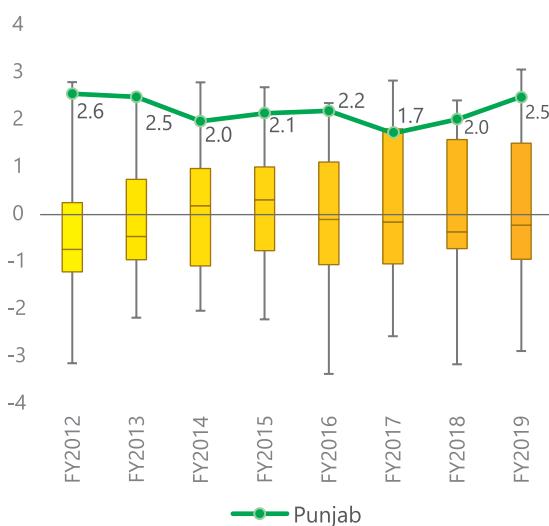
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

PB-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

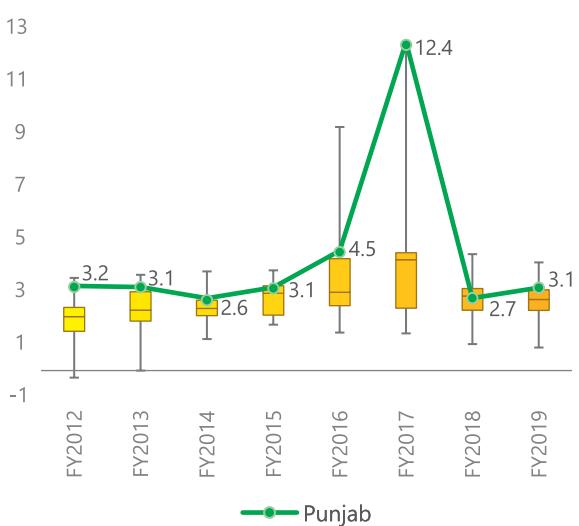


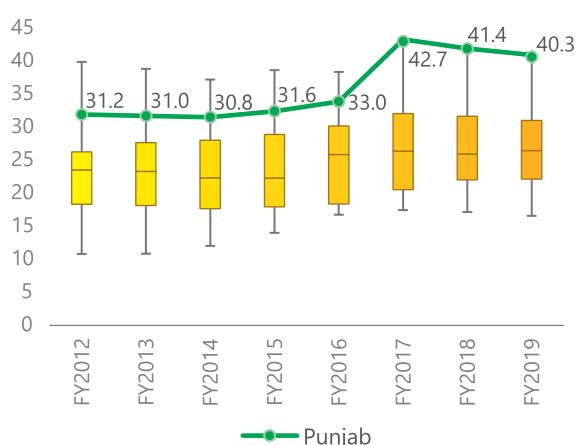
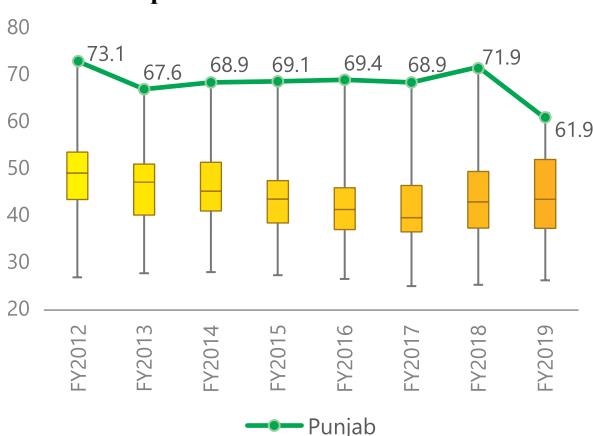
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

PB-4.A: Revenue Deficit as % of GSDP

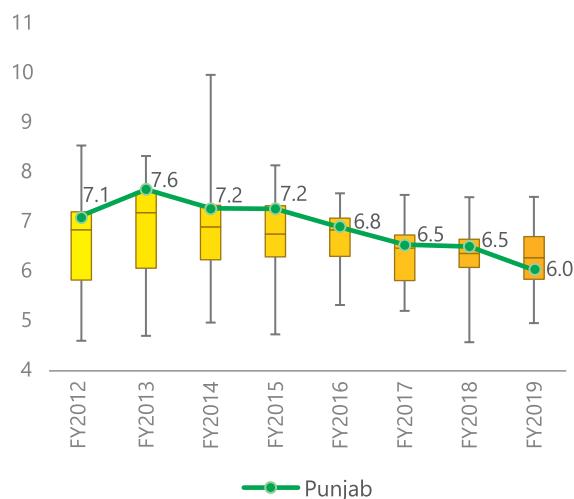
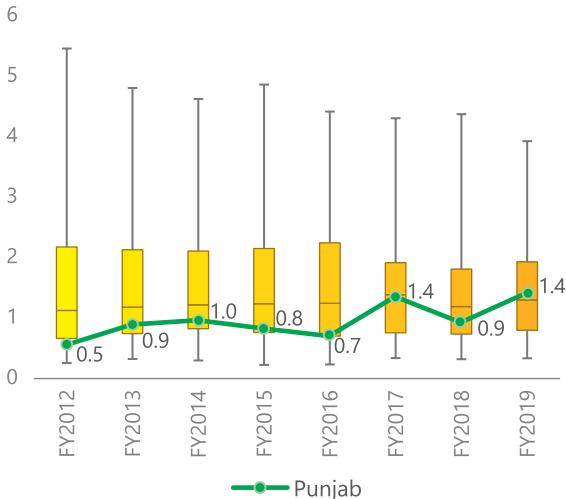
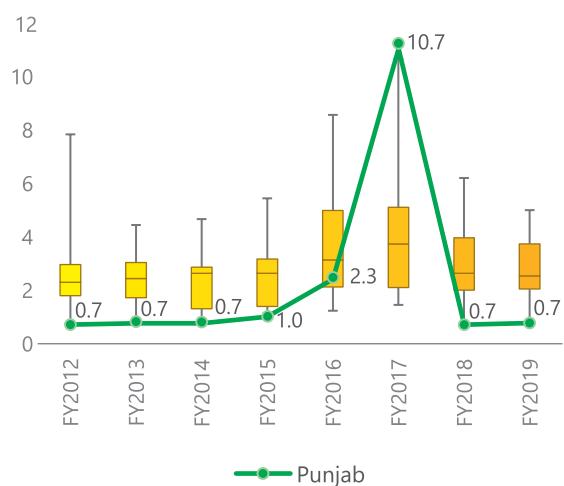


PB-4.B: Fiscal Deficit as % of GSDP



PB-4.C: Outstanding Debt as % of GSDP**PB-4.D: Committed Expenditure as a % of Revenue Expenditure**

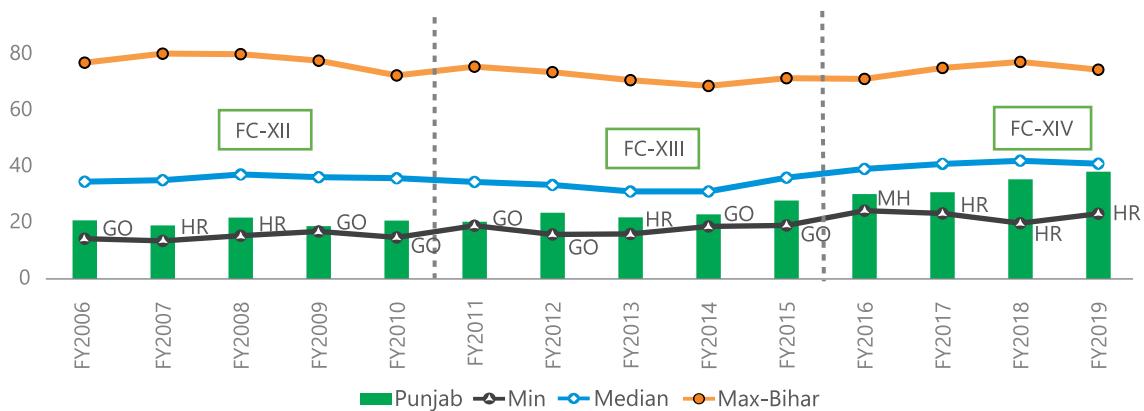
Note: Committed expenditure includes salaries, interest payments, and pensions

PB-4.E: OTR as % of GSDP**PB-4.F: NTR as % of GSDP****PB-4.G: Capital Expenditure to GSDP Ratio****PB-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,71,907	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	11.8	13.4
OTR	6.0	6.4
NTR	1.4	1.1
TE	15.0	16.1
ES	3.4	3.1
SS	3.5	5.4
GS	6.9	4.7
Committed Expenditure	8.9	5.8
Capital Expenditure	0.7	2.5
FD	3.1	2.5
RD	2.5	0.2
OD	40.3	25.0

PB-4.I: TRE and ORR Gap

<i>TGR %, 2011–2019</i>	<i>TRE</i>	<i>TRR</i>	<i>ORR</i>
Punjab	11.3	12.1	8.5
GS average	13.6	13.1	10.3

PB-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR**Functions Devolved**

- ▲ Punjab devolved 9 out of 29 functions as envisaged in the Eleventh Schedule of the Constitution to RLBs and all 18 functions in the Twelfth Schedule of the Constitution to ULBs.

Auditing Status

- ▲ According to the Ministry of Panchayati Raj, the Directorate of Local Fund Audit of Punjab has reported that local body accounts have been audited till 2017–18.

Property Tax Board

- ▲ The State set up its PTB in the year 2013 as recommended by the FC-XIII; however, it is not functional yet.

Devolution Index Rank across All States

<i>Functions Rank</i>	<i>Functionaries Rank</i>	<i>Finances Rank</i>	<i>Aggregate Devolution in Policy Rank</i>
15	15	16	18

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2016–17 to 2020–21)

According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, though Punjab has already constituted its Sixth SFC (2021–22 to 2025–26), the recommendations of the Fifth SFC are currently under implementation there. Its key recommendations are given below.

- ▲ Of the net total tax revenue (less cost of collection), 4% may be devolved to local bodies.
- ▲ Besides the grants to Gram Panchayats made by the FC-XIV, Panchayat Samitis and Zila Parishads may be given an annual grant of Rs 1 crore.
- ▲ PRIs were not able to claim the performance grants recommended by FC-XIV (as also by the Fifth SFC) as they were not able to collect and maintain good quality data.

Debt and Losses

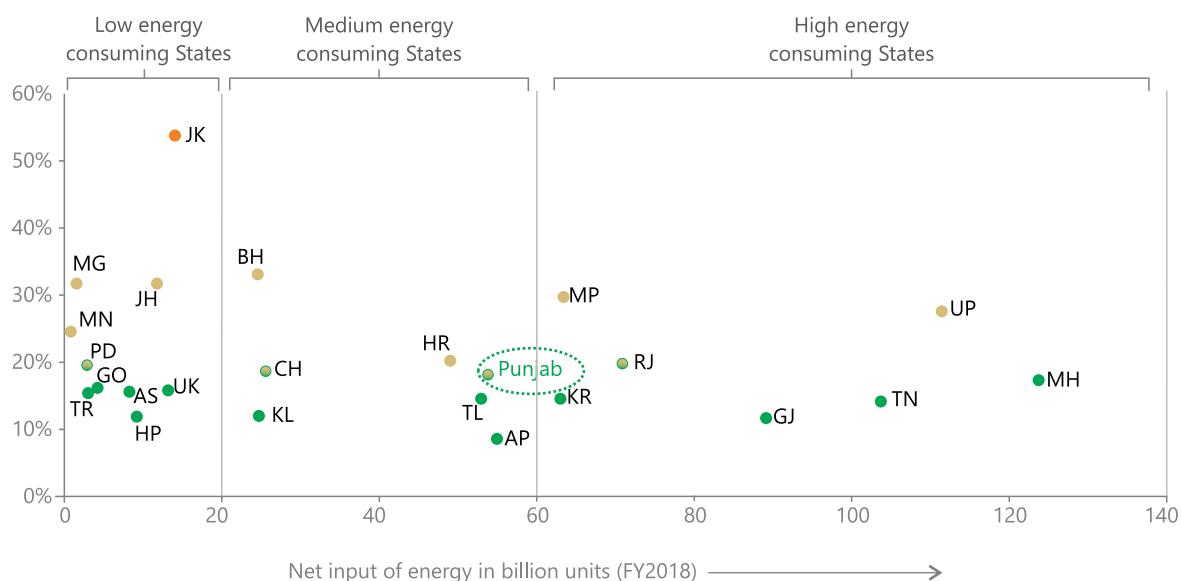
- Though Punjab achieved its target for AT&C losses, the ACS–ARR gap target was not met in 2018–19.
- The State has a commitment to take over debt to the tune of Rs 15,628 crore under UDAY during 2015–16 and 2016–17.
- As on 31 March 2019, the total borrowings by the DISCOMs (including borrowings from the State Government) are Rs 30,473 crore, accounting for 6.4% of the total DISCOM borrowings across all States.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	11.28	14
ACS–ARR Gap (Rs per unit)	–0.05	–0.09

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

PB-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Punjab has recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

<i>S.No.</i>	<i>Criteria</i>	<i>Suggested Weights (%)</i>
i)	Population (2011) <ul style="list-style-type: none"> • 20% for Population 2011 • 5% for SC/ST Population 	25
ii)	Area <ul style="list-style-type: none"> • 12.5% for total area • 2.5% for share of international borders with Punjab in total international borders of India 	15
iii)	Income Distance	45
iv)	Share of GSDP in Aggregate GDP	10
v)	Sustainability Index <ul style="list-style-type: none"> • 4% for forest cover • 1% for share of power generated through renewable energy systems (RES) in Punjab in total RES Power Generation 	5

Poverty Reduction

- ▲ Punjab has made significant progress in reducing poverty, thereby showing its commitment towards SDG-1.
- ▲ Its poverty rate declined to 8.3% in 2011–12 from 20.9% in 2004–05 (Tendulkar Methodology).

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 62 (as compared to the national average 60).
- ▲ The State is a front-runner in SDG-3 Good Health and Well Being, SDG-4 Quality Education, SDG-6 Clean Water and Sanitation, SDG-7 Affordable and Clean Energy, SDG-8 Decent Work and Economic Growth, SDG-9 Industry, Innovation, and Infrastructure, and SDG-16 Peace, Justice, and Strong Institutions.
- ▲ However, the State needs to improve on SDG-5 Gender Equality and SDG-12 Sustainable Consumption and Production.

Physical Infrastructure

- ▲ According to the State Government Memorandum, Punjab is the first State to achieve 100% rural electrification, 100% rural connectivity through all-weather roads, linking of rural areas to mandis, and 24X7 rural water supply.
- ▲ It has 100% road connectivity and with a road density of 133 per square kilometre.
- ▲ According to the State Cell, Department of Commerce, Ministry of Commerce and Industry, Government of India, Punjab ranked second in India on Logistics Ease Across Different States in 2018.
- ▲ Transmission & Distribution (T&D) losses in Punjab reduced to 13.6% in 2017–18 from 16.95% in 2013–14. It is among the lowest in the country.

Skill Development of Livestock Farmers in Border Areas

- ▲ According to the State Government Memorandum, the areas adjoining Punjab's 553 km international border are famous for high yielding milch cattle—the *Nili Ravi* buffalo and the *Sahiwal* cow.
- ▲ Therefore, border areas need to be developed holistically, to leverage the strength of the livestock sector.
- ▲ Punjab shall invest into animal breeding, nutrition, health, and shelter management in these areas.

Fiscal Indicators

- ▲ The Debt–GSDP ratio rose from 31% in 2012–13 to a whopping 40.2% in 2018–19. This was due to:
 - » legacy of accumulated debt on account of conversion of Cash Credit Limit (CCL) gap on Food Credit Account for Rs 31,000 crore into long term loan for the State by the Central government, and
 - » additional debt burden due to power sector losses being taken over under UDAY (Rs 15,628 crore).
- ▲ Committed expenditure comprising salary, interest payment, and pensions constitutes around 75% of the total revenue receipts of the State during 2018–19.
- ▲ Punjab's interest payments–TRR ratio in 2018–19 at 26.2%, is the highest among all States.
- ▲ The gross borrowings of Punjab are not even enough to meet its expenditure on repayment of principal and interest payment, leaving little scope for the State to spend on developmental works.

FRBM Compliance

- ▲ The Punjab Fiscal Responsibility and Budget Management Act was implemented in 2003 and amended in the 2005, 2007, 2011, and 2018.
- ▲ The State has not been adhering to its FRBM limit in the recent years.
- ▲ It needs a credible debt path and careful calibration of expenditure along with adequate sources for generation of future revenue streams.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	41.8	41.0	39.8	38.7	32.1	31.5	30.9
Actually achieved	31.2	31.0	30.8	31.6	33.0	42.7	41.4
FD–GSDP							
As prescribed by the State FRBM	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Actually achieved	3.2	3.1	2.6	3.1	4.5	12.4	2.7

Source: Government of Punjab

Public Sector Undertakings²

- ▲ The State of Punjab has 33 working PSUs (29 companies and four Statutory corporations) and 20 inactive companies.

- ▲ Of the working PSUs, 27 submitted their 37 accounts up to September 2018. Of these, 13 accounts reflected profit of Rs 115.6 crore and 16 accounts reflected loss of Rs 5,081.5 crore.
- ▲ Of the 33 working PSUs in Punjab, 24 had arrears (as on 30 September 2018) with the extent of arrears ranging from 1–4 years.
- ▲ Given the massive budgetary support, timely auditing of SPSU accounts is critical to avoiding risk enhancement of the State's already precarious fiscal situation.

Local Bodies

- ▲ The State needs to effectively devolve the 3Fs—Finance, Functions and Functionaries—to the third tier.
- ▲ The Examiner, Local Fund and Accounts (ELFA) is yet to be established in Punjab as the statutory auditor of RLBs and ULBs accounts.
- ▲ Accounts of RLBs and ULBs from 2011–12 to 2017–18 are in arrears.
- ▲ There is no process of consolidation of PRI accounts from village accounts to block to district and finally to the State level.
- ▲ Model Accounting System (MAS) for PRIs is yet to be followed.
- ▲ Of the 167 ULBs, only 17 were eligible for performance grant in 2017–18.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Agriculture Distress and Groundwater Depletion

- ▲ According to the State Government Memorandum, with 99% of its net cropped area under irrigation (71% groundwater and 28% surface water), Punjab has the highest irrigation intensity (204%) in India.
- ▲ With only 1.5% of India's geographical area, the State produced 17.4% of the country's wheat and 11.3% of the rice in 2015–16 and contributed 29% rice and 46.4% wheat to the central pool in 2016–17.
- ▲ The State shows a declining trend in the crop diversification index from 0.71 in 1994–95 to 0.68 in 2005–06 and further declining to 0.66 in 2014–15.
- ▲ Punjab (where farmers get free power) had the second highest discharge of ground water through irrigation (34.1 billion cubic metres) in 2017 and the estimated ground water availability for future irrigation use is negative.³
- ▲ The State needs to diversify away from paddy and wheat into crops with low water intensity and high value including horticulture crops.

Percentage Irrigation Mode by Power Subsidy

Year	Canals	Tube wells	No. of tube wells (lakh)		Safe	Semi-Critical	Critical	Over exploited	Saline
1996–97	43	57	7.50	Punjab	19	2	3	76	0
2017–18	29	71	13.66	All India	69	10	4	16	1
Change in percentage points (1996–2018)	–14	+14							

Status of Groundwater Blocks in Punjab (2017)

Source: AG Punjab

Source: AG Punjab

Gender Disparity

- ▲ Punjab despite high economic development has poor social indicators for women, with a sex ratio of 895 females per 1,000 males against all India average of 943 according to Census 2011.

High Pollution (PM10) as Monitored under NAMP: Stubble Burning

- ▲ Paddy/wheat straw management has emerged as a major challenge since the advent of mechanised harvesting using combine harvesters.
- ▲ Dense air pollution is caused by stubble burning soon after *Kharif* harvesting.
- ▲ This not only raises PM10 suspension in Punjab's million-plus cities way beyond the NAMP threshold (of PM10 below 90 micrograms per cubic metre), but also causes the air quality in Delhi NCR to deteriorate.
- ▲ Though the State has already charted on some effective measures like Super Straw Management Systems (SMS), more effective and sustained efforts are required for effective management of air quality.

PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Amritsar	194	168	177	179.7
Ludhiana	139	162	162	154.3

Source: Ministry of Environment, Forest and Climate Change, Government of India.

Ways and Means Advances

- ▲ According to Finance Accounts data, Government of Punjab maintained minimum balance by taking ordinary ways and means advances on 170 days in 2018–19.
- ▲ There is an increasing dependence on ways and means advances.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States were grouped on the basis of per capita income. Punjab is part of the group which includes West Bengal, Chhattisgarh, Rajasthan, and Andhra Pradesh.

Reform Signposts

- ▲ The State has been exhibiting unsustainable debt patterns in the recent years.
- ▲ Expenditure is rising much faster than receipts in the State creating fiscal sustainability challenges. Punjab's TGR of TRE was 11.3% against a TGR of ORR of 8.5% (2011–2019).
- ▲ Committed expenditure of the State government (towards salary, pensions, and interest) alone was 62% of the TRE in 2018–19, the highest among States in its class.
- ▲ With the current resource base, Punjab needs to either increase ORR growth rate to about 12% during the award period of FC-XV or reduce TRE TGR to less than 8%.
- ▲ Punjab has a low tax buoyancy (0.7 between 2011 and 2019) among States in its class. This gives cause for fiscal concern.
- ▲ Excise procedures and regulatory systems need to be more objective, transparent, and efficient (along the lines of West Bengal).
- ▲ Long-term finances of Punjab are critically dependent on:
 - » Agricultural Produce Market Committee Act reforms to disintermediate food grain

- procurement,
- » rationalisation of free power to farmers, and
- » streamlining of excise revenue collection.

- ▲ Punjab needs to undertake comprehensive reform of Stamp Duty and Registration, Excise and Electricity Duties. The steps taken by Chhattisgarh and West Bengal could be emulated for better revenue streams.
- ▲ Among the States in its class, Punjab has one of the highest subsidy expenditures as a percentage of TRE.

Subsidy as a percentage of TRE

State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
Chhattisgarh	8	7	10	9	17	9	9	13
Punjab	10	13	12	10	10	11	11	18
Rajasthan	6	9	9	9	10	14	16	13
West Bengal	3	5	4	2	4	7	8	9

Note: Andhra Pradesh has not been included because the erstwhile AP was bifurcated into AP and Telangana in 2015 and disaggregated figures are not available for all years.

- ▲ With such a large subsidy burden, Punjab's capital expenditure is very low, preventing the State from generating new streams of income.
- ▲ Despite the fact that Punjab has not implemented the recommendations of the latest Pay Commission yet, its fiscal situation extremely precarious.
- ▲ Although per capita income in Punjab is highest in its class, its key social and fiscal parameters have been deteriorating consistently.
- ▲ Though almost all the Finance Commissions on the last two decades have been recommending various reform measures for Punjab (and some other States), Punjab has not been able to improve its fiscal situation much.
- ▲ **FC-XV recommends that the State government comprehensively address these issues in such a way that:**
 - » fiscal reforms lead to sustainable streams of enhanced revenues,
 - » investments are made in durable capital infrastructure,
 - » power subsidy is rationalised to restore the water table and soil fertility,
 - » Further, it appears that there are three areas that have a serious impact on long term finances of Punjab They are (a) APMC Act reforms that facilitates abolition of agents in food grain procurement and other impediments (b) rationalizing free power for agriculture and (c) streamlining excise revenue collection. If the State can address these things, it would help itself in arresting the fiscal slippage further, and
 - » investments in the social sector lead to improvements in key socioeconomic indicators.
- ▲ These steps will improve the fiscal health of Punjab over the next five years and place it among higher income States of India.

Notes

- 1 GOI (2018), *Logistics Ease Across Different States*, a study conducted by Deloitte at the behest of State Cell, Department of Commerce, Ministry of Commerce & Industry, Government of India.
- 2 CAG (2019), *Report No. 2 of 2019 - PSUs (Social, General and Economic Sectors) for the year ended 31 March 2018*. Report of the Comptroller and Auditor General of India published by the Government of Punjab.
- 3 GOI (2018), *Economic Survey 2017–18*, Volume II, Agriculture and Food Management, Ministry of Finance, Government of India.

RJ-1.A: Overview



POPULATION
68.6 million
5.8%
Of population across all States



AREA
3,42,239 sq km
10.5%
Of area across all States



FOREST COVER
16,630 sq km
4.9%
Of the State's own area is under forest
0.3%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,23,343
Rs 1,40,422

Average across all States



TAX TO GSDP
6.1%
6.3%

Average across all States



CHILDREN PER WOMAN
2.4
2.2

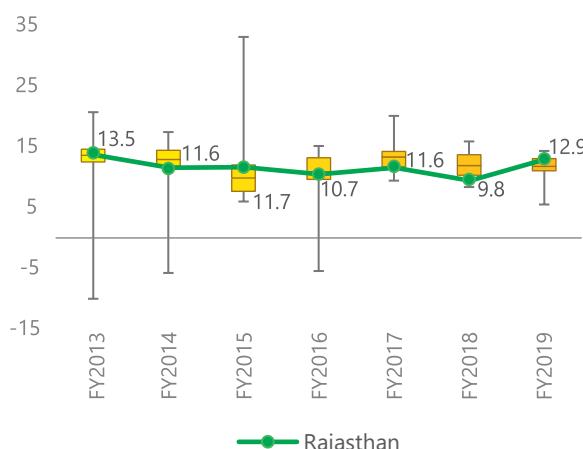
Average across all States



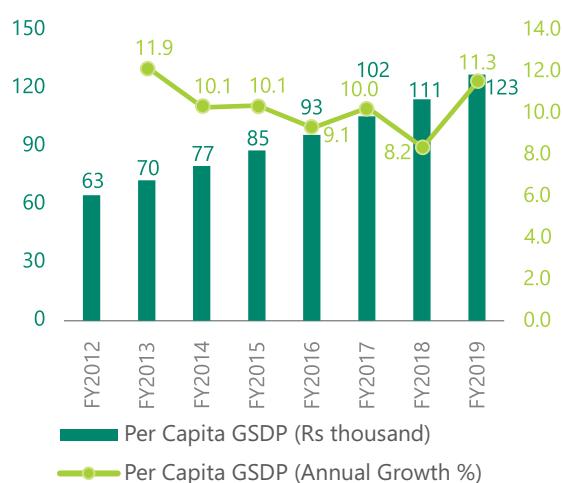
URBANISATION RATE
24.9%
31.1%

All India average

RJ-1.B: Growth rate of GSDP (at current prices, %)



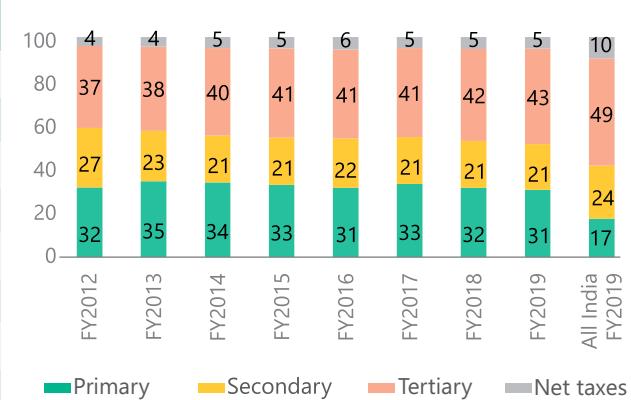
RJ-1.C: Per capita GSDP (at current prices)



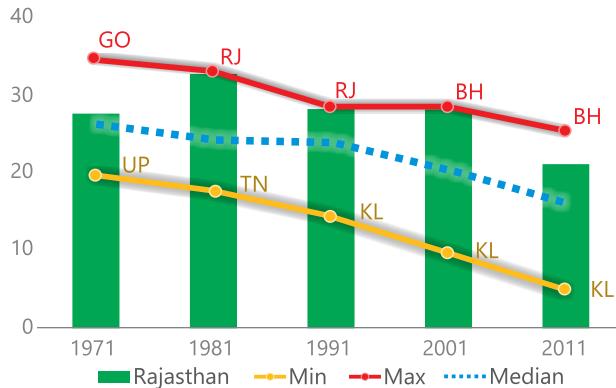
RJ-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	4,34,837	77,44,945	5.6
2012–13	4,93,551	88,27,195	5.6
2013–14	5,51,031	1,00,07,392	5.5
2014–15	6,15,642	1,09,93,257	5.6
2015–16	6,81,482	1,21,91,256	5.6
2016–17	7,60,750	1,37,80,737	5.5
2017–18	8,35,170	1,54,20,126	5.4
2018–19	9,42,586	1,72,83,813	5.5

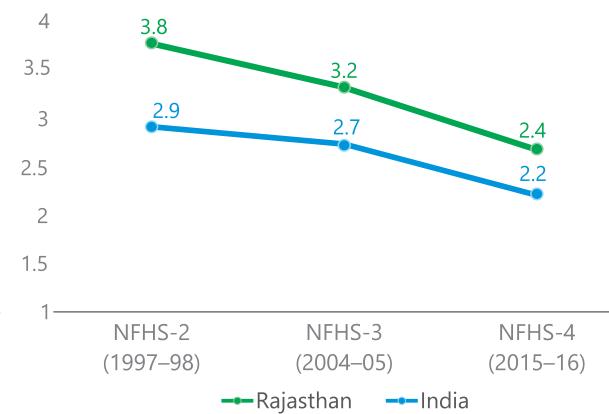
RJ-1.E: Sectoral Contribution to GSDP (at current prices, %)



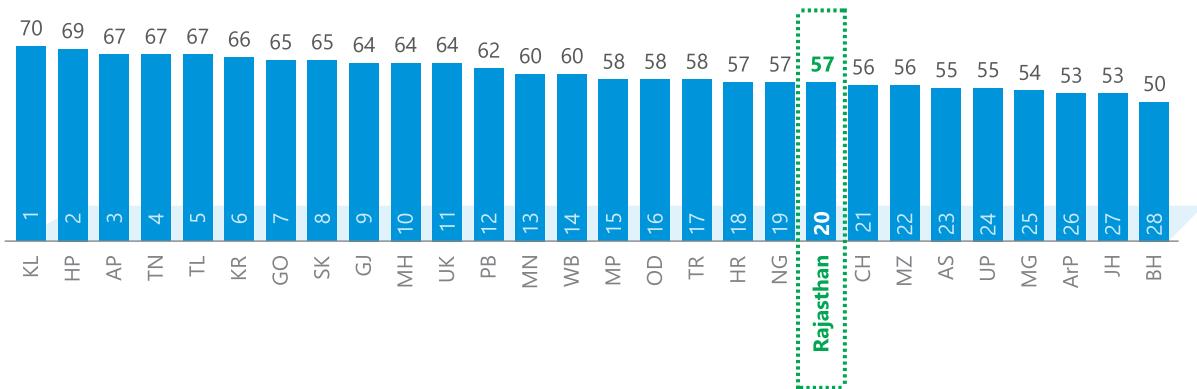
RJ-2.A: Decadal Growth in Population (%)



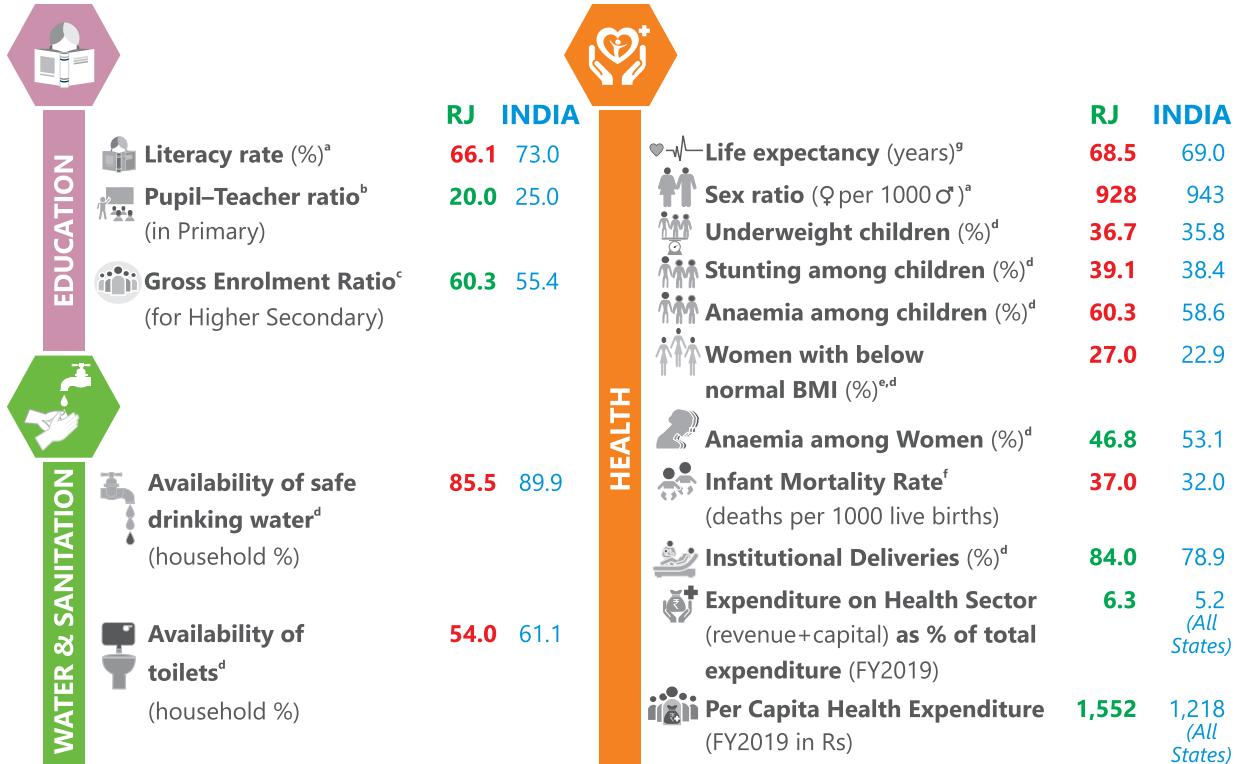
RJ-2.B: Total Fertility Rate (children per woman)



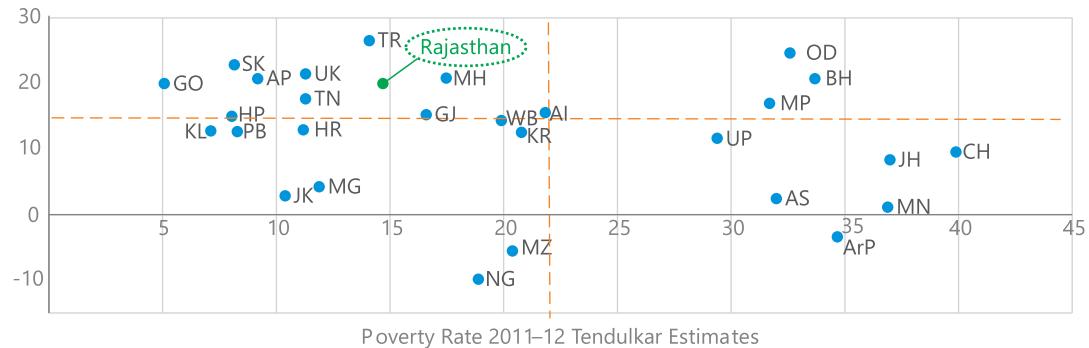
RJ-2.C: SDG Index of NITI Aayog (2019)



RJ-2.D: Key Social Indicators

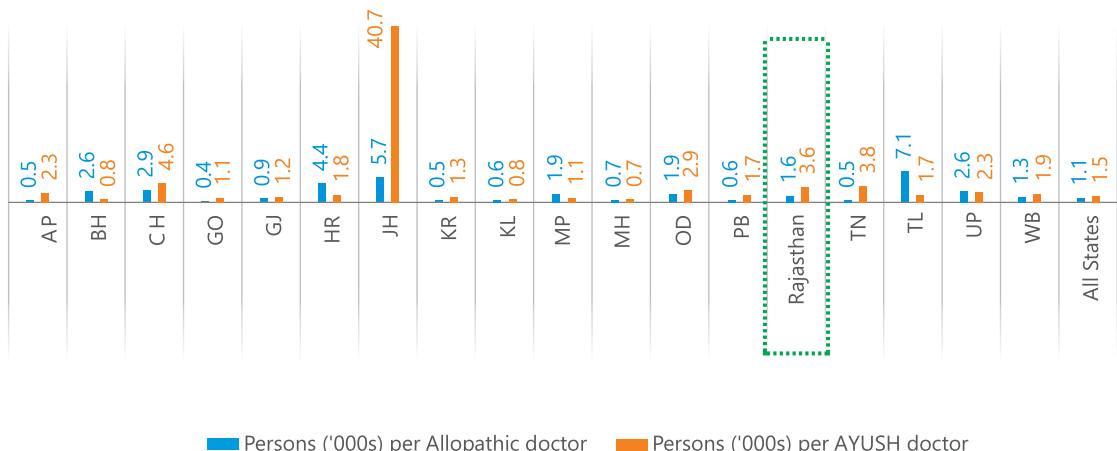
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

RJ-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

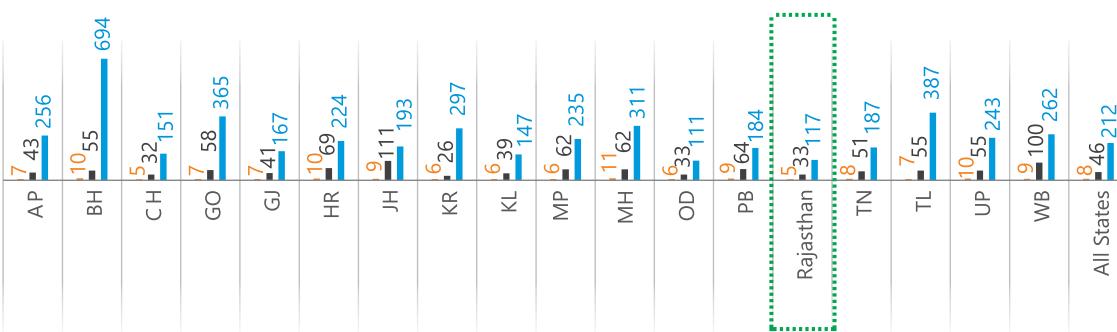
RJ-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

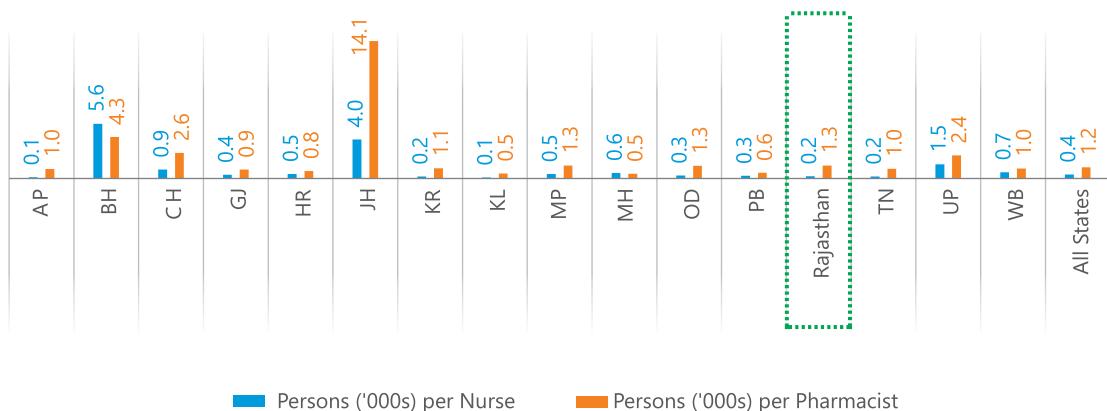
RJ-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

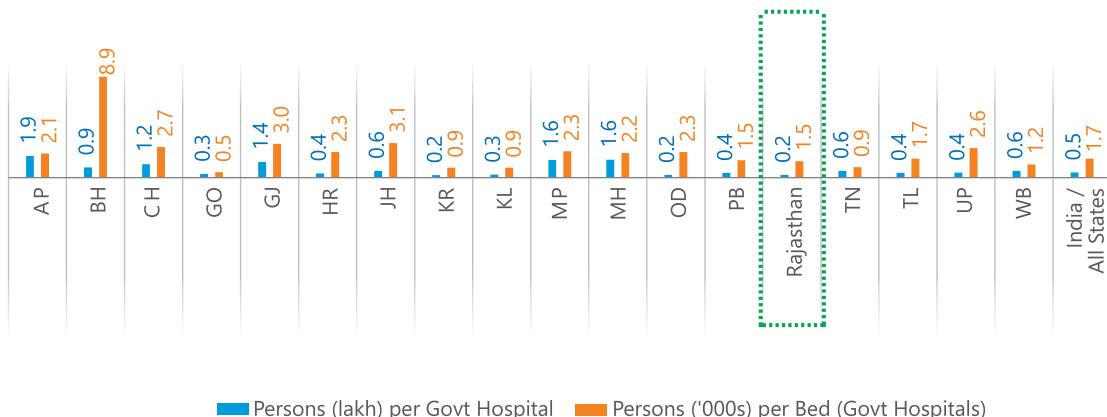
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

RJ-3.C: Persons ('000s) per Nurse/ Pharmacist



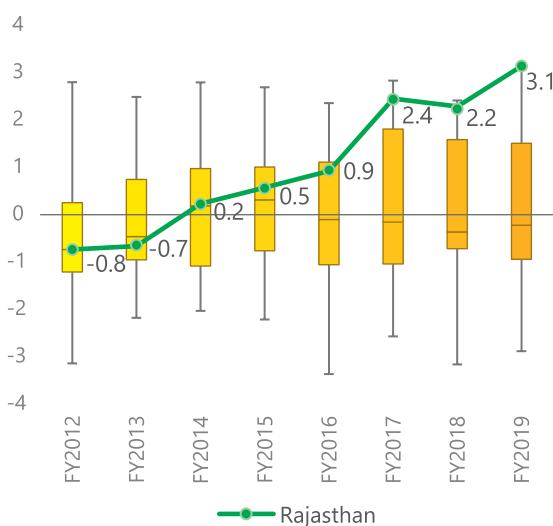
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

RJ-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

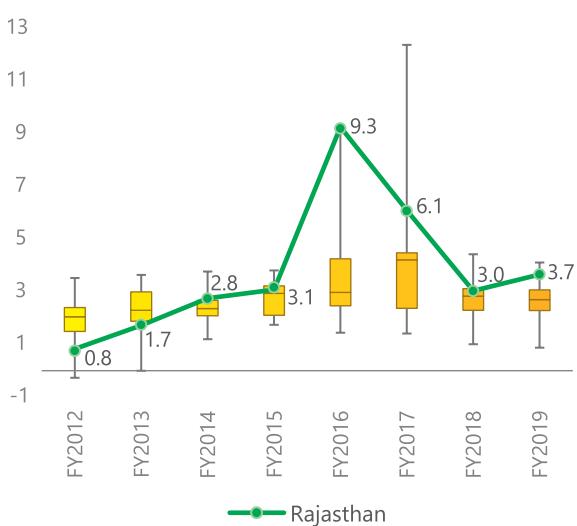


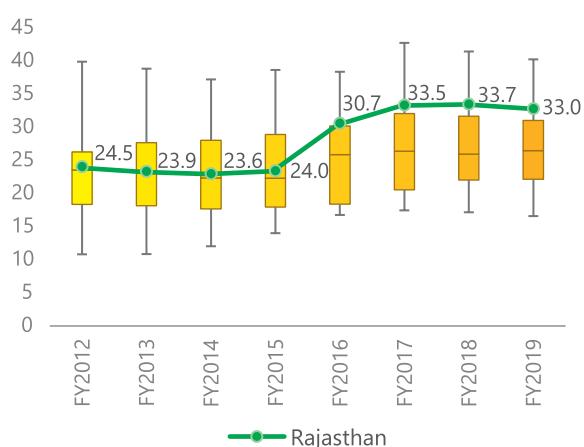
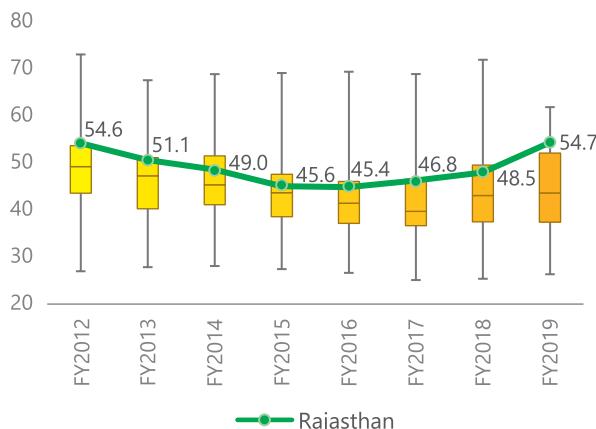
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

RJ-4.A: Revenue Deficit as % of GSDP

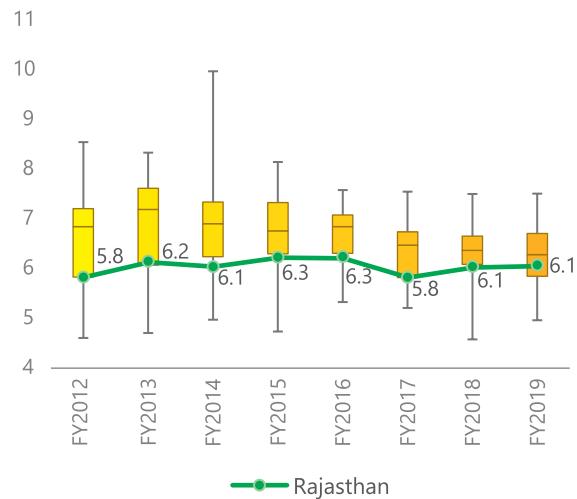
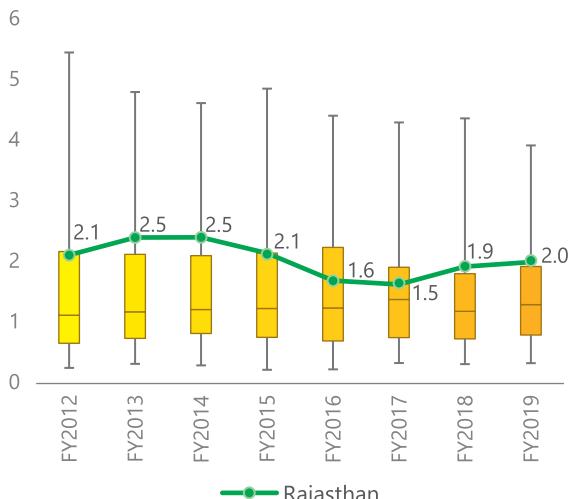
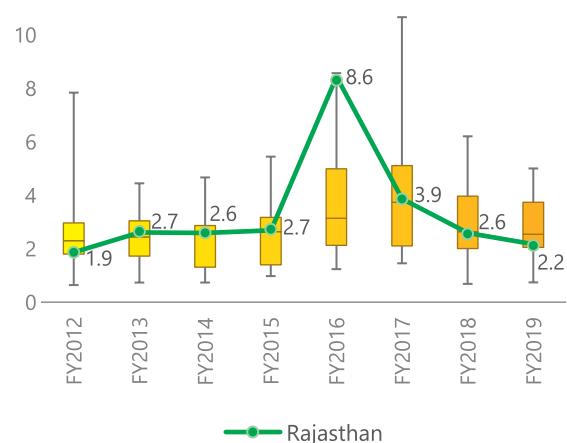


RJ-4.B: Fiscal Deficit as % of GSDP



RJ-4.C: Outstanding Debt as % of GSDP**RJ-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

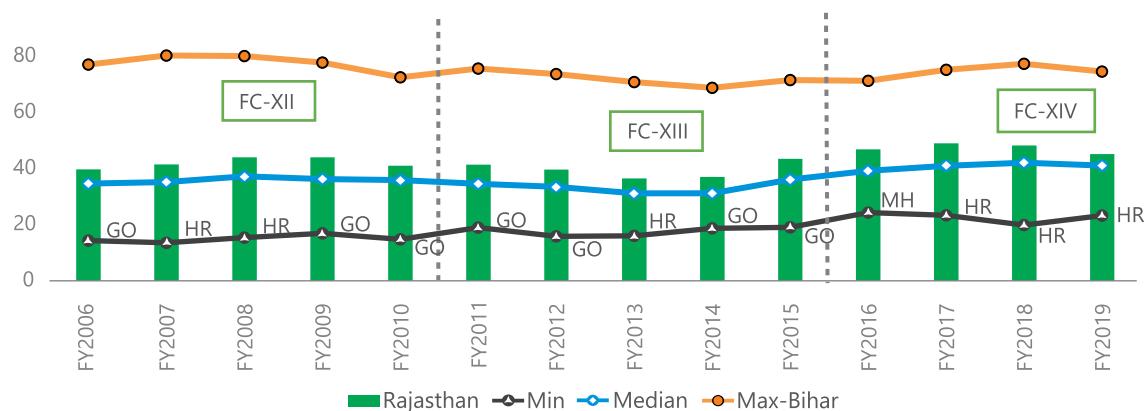
RJ-4.E: OTR as % of GSDP**RJ-4.F: NTR as % of GSDP****RJ-4.G: Capital Expenditure to GSDP Ratio****RJ-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,23,343	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	14.6	13.4
OTR	6.1	6.4
NTR	2.0	1.1
TE	19.9	16.1
ES	5.0	3.1
SS	7.0	5.4
GS	5.8	4.7
Committed Expenditure	9.7	5.8
Capital Expenditure	2.2	2.5
FD	3.7	2.5
RD	3.1	0.2
OD	33.0	25.0

RJ-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Rajasthan	17.8	13.5	10.4
GS average	13.6	13.1	10.3

RJ-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions of the Eleventh Schedule of the Constitution 25 have been devolved to RLBs/PRIs.
- Funds and functionaries have been transferred in 15 out of these 23 functions.
- Of the 18 functions of the Twelfth Schedule of the Constitution 16 have been devolved to ULBs.
- Water Supply function has been partially devolved and urban planning is yet to be devolved to ULBs.

Auditing Status¹

- Directorate of Local Fund Audit Department (DLFAD) has been entrusted with the statutory audit of RLBs and ULBs in RJ.
- The accountability mechanism and financial reporting of the PRIs in the State continues to be weak. Poor account maintenance, lack of qualified certification, parking of money, and multiplicity of bank accounts are major areas of concern in RLBs, hampering transparency and accountability.
- Only 6,802 (66.5%) of the 10,219 RLB accounts in RJ were certified by DFLAD in 2017–18.
- Only 20% of the PRIs have closed their yearbooks by following the use of PriaSoft software in 2017–18.
- As on March 2018, Rs 1,872 crore lay as unutilised closing balance in Zila Panchayat funds and Rs 1,450 crore in Panchayat Samiti funds.
- Only 68% of the ULB accounts were certified during 2017–18.

Property Tax Board

- Government of Rajasthan set up a PTB as recommended by the FC-XIII.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
3	16	16	11

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2015–16 to 2019–20)

- According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, two interim reports for 2015–16 and 2016–17 were placed in the Legislative Assembly along with the Action Taken Reports (ATRs).
- The Fifth SFC submitted its final report in November 2018.
- According to the Fifth SFC recommendations currently under implementation in the State:
 - 7.2% of State's net OTR are to be devolved to the local bodies;
 - the distribution of funds between RLBs/PRIs and ULBs are to be made in the ratio of 75:25 based on population as per Census 2011.

Debt and Losses

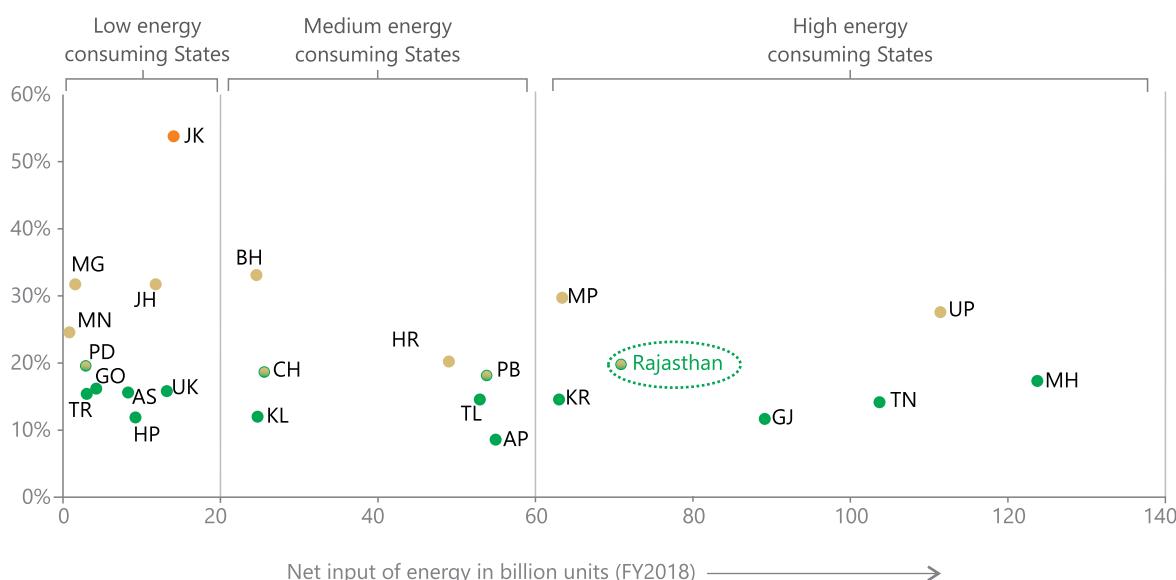
- Neither the ACS–ARR gap target nor the AT&C loss target was achieved in 2018–19.
- The State has taken over DISCOM debt amounting to Rs 62,422 crore during the period 2015–16 and 2016–17 under UDAY.
- As on 31 March 2019, the total borrowings by DISCOMs (including borrowings from the State Government of Rs 16037 crore) are Rs 54,538 crore (11.4% of the total DISCOM borrowing of all States).
- The State needs to substantially improve its performance on UDAY barometers. Otherwise, power could pose a fiscal risk in the near future.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	28.26	15.0
ACS–ARR Gap (Rs per unit)	1.5	-0.12

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

RJ-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Rajasthan has recommended that the State's share in overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population	15.0
ii)	Area	20.0
iii)	Forest and Ecology	5.0
iv)	Income Distance	45.0
v)	Demographic Performance	12.5
vi)	Tax Effort	2.5

Fiscal Indicators

- ▲ The Debt–GSDP ratio in RJ increased from 23.9% in 2012–13 to 33.0% in 2018–19, which is quite high compared to many other States.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2005, which was amended in 2007, 2009, 2011, 2014, and 2016.
- ▲ While RJ has been adhering to its debt limit in the recent years, it has not complied with its FD target.
- ▲ Hence, the State needs a credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios in %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	39.3	38.3	37.3	36.5	36.5	36.5	35.5
Actually achieved	24.5	23.9	23.6	24.0	30.7	33.5	33.7
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	0.8	1.7	2.8	3.1	9.3	6.1	3.0

Source: Government of Rajasthan

Steps Taken to Mobilise Revenue

- ▲ The State has shown OTR buoyancy of 1.0 during 2011–2019.
- ▲ It has also posted double-digit growth in OTR since 2011–12 (barring 2016–17, that had negative growth in Stamp and Electricity duty).
- ▲ The State has undertaken significant reform Excise duty, Stamp duty, and Mining duties during the last five years.

- » Rate of Stamp duty has been decreased on the agreement to sale and power of attorney relating to sale of immovable property so as to encourage the registration of these documents.
- » To recover old dues of stamp duty, concessions in interest and penalty have been given by way of amnesty schemes during the last five years.
- » Information about 'Dealer Search', payment, PAN, Forms & Certificates and status of all types of applications are available to dealers on an any time and anywhere basis.
- » Amendments made in VAT/Electricity Duty/Luxury Tax Acts/Rules to facilitate dealers, Amnesty Schemes for VAT, Entry Tax (Goods) and Entry Tax (Motor Vehicles) notified, have helped recover taxes long overdue.
- » For registration of motor vehicles, an organised system of online registration named Vahan has been put in place. Vahan helps the Transport Department to analyse and forecast the number of vehicle registrations and thus estimate tax collection.
- » Dispatch of minerals from mining leases has been made compulsory through e-Rawannas only. Similarly, dispatch of certain minerals from stock/dealers site has also been made compulsory through e-Transit Pass only.
- » Under Excise Policy, the Department has increased the Exclusive Privilege Amount in country liquor as well as licence fee of Indian made foreign liquor (IMFL) and beer shops.
- » Excise Duty of country liquor and distillery price of IMFL, permit fee, bottling fee, brand and label approval fee on various licences of distilleries/breweries and bottling plants as well as licence fees of hotels, bars, and restaurants have also been increased.

Poverty Reduction

- ▲ The State has showed 19.7% reduction in poverty (SDG-1) from 2004–05 to 2011–12.

Renewable Energy

- ▲ According to the State Government Memorandum, Rajasthan has the third highest solar capacity (across States) of 3,072.43 MW (as of March 2019).
- ▲ At present, solar power projects of 3,000 MW capacity are in the pipeline.
- ▲ The State Government is promoting the development of solar parks through public, private, and joint venture companies for which several MoUs and joint venture agreements have already been signed.
- ▲ If these MoUs materialise into parks on ground, it will give the State Government much needed fiscal space.

Tourism

- ▲ Rajasthan has vast and unexplored tourism potential—Desert Tourism and Cultural Tourism given the Thar Safari and the many forts and monuments in the State.
- ▲ According to *Tourism Statistics at a Glance 2020*,² Rajasthan is the sixth most popular destination (across States) for foreign tourists to India with 5.1% of all such visits being made to it.
- ▲ Similarly, it ranks 10th (across States) in attracting domestic tourists with 2.2% of all domestic tourists heading for the State in 2019.

Crude Oil Production

- ▲ According to the State Government Memorandum, Rajasthan is the second largest producer of crude oil in India after Bombay High offshore.

- ▲ The oil fields in the State are producing nearly 80 lakh tonnes of crude oil annually, which accounts for 22%–23% of the total domestic crude oil production.
- ▲ The Government of Rajasthan entered into a joint venture with Hindustan Petroleum Corporation Limited on 18 April 2017 for setting up a refinery cum petrochemical complex with a capacity of 9 million metric tonnes per annum (the first of its kind in India). The proposed refinery could anchor downstream industries and services in the region.
- ▲ If the State supports and promotes increased exploration, royalty proceedings into the State's exchequer would rise.

FDI and Foreign Joint Ventures

- ▲ Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO) and Japan External Trade Organization (JETRO) collaborated for facilitating Japanese investment in Rajasthan during 2006–2016.
- ▲ The State needs to figure out why such investment was not forthcoming after the establishment of the industrial zone at Ghilot near Neemrana and how the potential may be realised.

Local Bodies

- ▲ The State constituted Fifth SFC (2015–16 to 2019–20) which submitted two interim reports in 2015–16 and 2016–17 followed by the final report in November 2018.
- ▲ Even the Fourth SFC had submitted its report after a delay of over a year and a half after its due date. Thus, it is seen that the State Government has not been complying with the provision of the Constitution.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.
- ▲ The accountability mechanism and financial reporting of the RLBs and ULBs in the State continue to be weak as mentioned earlier.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 57 (as compared to the national average 60).
- ▲ In 2019, it was placed 20th among the Indian States, slipping from 14th position in 2018.
- ▲ The State is a front-runner in SDG–1 No Poverty, SDG–6 Clean Water and Sanitation, SDG–8 Decent Work and Economic Growth, SDG–10 Reduced Inequality, SDG–15 Life on Land, SDG–16 Peace, Justice and Strong Institutions.
- ▲ However, the State needs to improve on SDG–2 Zero Hunger, SDG–5 Gender Equality, SDG–9 Industry, Innovation and Infrastructure, and SDG–12 Sustainable Consumption and Production.
- ▲ The State should make focused investments into SDGs that it is lagging behind in and closely monitor the outcomes, especially in aspirational the districts of Baran, Dhaulpur, Jaisalmer, Karauli and Sirohi which have poor socioeconomic indicators.

Scarcity of Technically Skilled Population

- ▲ According to NITI Aayog, lack of technically qualified personnel in the State has been a concern.

- ▲ As reported by the State Government, availability of skilled personnel is estimated to be 2.17 lakh, which is less than half the estimated need.
- ▲ The deficit in semi-skilled personnel is about 20 lakh persons.
- ▲ Government of Rajasthan needs to take up skilling in mission mode.

Freshwater Deficit

- ▲ According to the State Government Memorandum, Rajasthan is home to nearly 6% of India's population, which survives on only 1.1% of the nation's surface water and 2.5% of its ground water resources.
- ▲ The per capita water availability is 640 cubic metres per year (where availability below 1,700 cubic meters per person per annum constitutes 'water stress').
- ▲ The ground water situation in the State is quite alarming. Out of total 295 blocks in the State, only 52 blocks are safe, 191 over exploited, 11 critical and semi-critical, and 3 saline. The Central Ground Water Board has identified 34 blocks as highly critical.

Transport Sector

- ▲ The State needs to review and reorient its transport sector.
- ▲ Rajasthan State Road and Transport Corporation (RSTRC) has reported consistent losses in the past few years. Negative net earnings per km are owed to higher cost of operation than revenue earned per km.
- ▲ A comprehensive review of the Metro Project is needed to make it commercially viable.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Rajasthan is part of the group which includes West Bengal, Chhattisgarh, AP, and Punjab.

Reform Signposts

- ▲ Rajasthan reported a TGR of TRR at 13.5% from 2011–12 to 2018–19 as opposed to TRE growth of 17.8%. Clearly, expenditure is growing much faster than revenues. This is an unsustainable fiscal path in the long run.
- ▲ As mentioned already, the State has shown a good OTR buoyancy of 1.0 during 2011–19 and double-digit growth in OTR (since 2011–12) barring in 2016–17. The State has undertaken significant reform in Excise, Stamp Duties and Mining during the last five years.
- ▲ Rajasthan receives royalty as the second largest oil producing State in India.
- ▲ Rajasthan had been fiscally very stable till recent power sector liabilities (exacerbated by implementation of UDAY) damaged the fiscal architecture of the State. Total outstanding payment from DISCOMs to power generation and transmission companies is around Rs 1,19,000 crore, out of which Rs 35,000 crore are owed by the Government of Rajasthan.
- ▲ The State is currently maintaining a RD–FD ratio of 84% in 2018–19.
- ▲ Among the States in its class, Rajasthan has one of the highest subsidy expenditures as a percentage of TRE.

Subsidy Expenditure as Percentage of TRE

<i>State</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>
Chhattisgarh	8	7	10	9	17	9	9	13
Punjab	10	13	12	10	10	11	11	18
Rajasthan	6	9	9	9	10	14	16	13
West Bengal	3	5	4	2	4	7	8	9

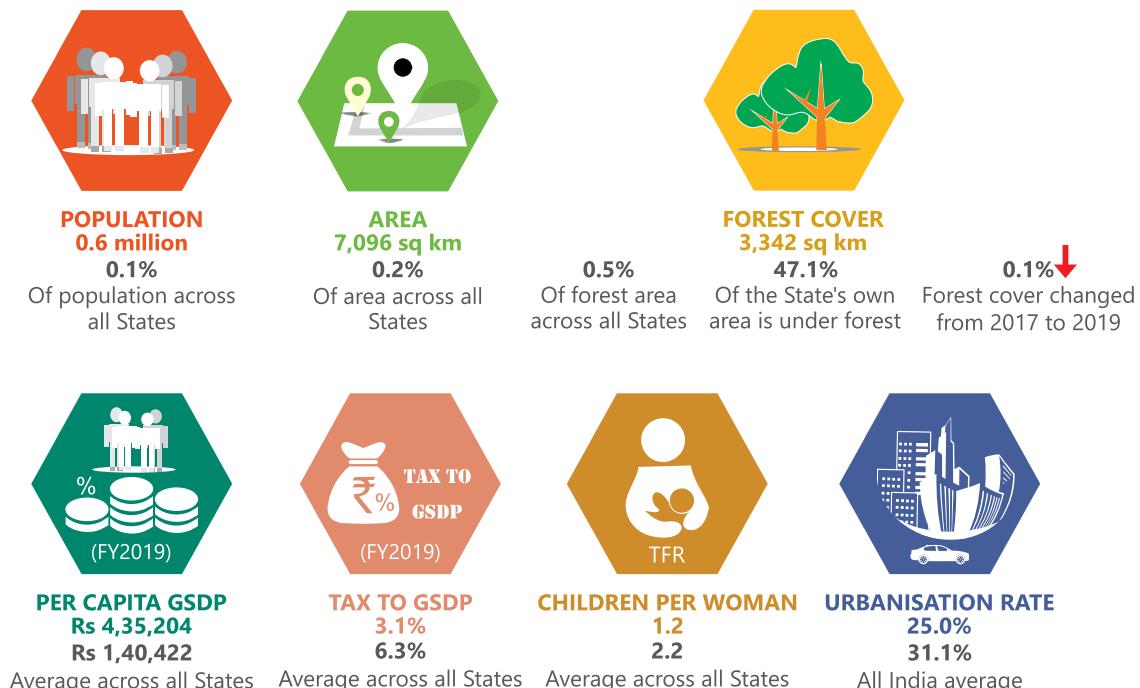
Note: Andhra Pradesh has not been included because the erstwhile AP was bifurcated into AP and Telangana in 2015 and disaggregated figures are not available for all years.

- ▲ While Rajasthan is spending a relatively high proportion of its TRE on health and education, its socioeconomic indicators are still very low, specifically in the areas of women's health and education (see RJ-2.D).
- ▲ **FC-XV recommends that the Government of Rajasthan comprehensively address the above issues through:**
 - » fiscal reform to ensure sustainable stream of enhanced revenues,
 - » investment in durable capital infrastructure,
 - » subsidy rationalisation,
 - » ground and surface water management, and
 - » focused and enhanced investment in critical social sectors.
- ▲ These steps will improve the overall economic and social indicators of RJ over the next five years and place it among higher income States of India.

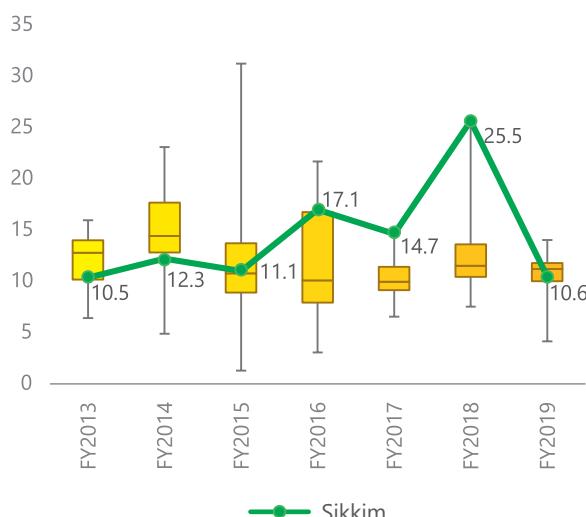
Notes

- 1 Presentation by the State Principal Accountants General to FC-XV.
- 2 GOI (2020), *Tourism Statistics at a Glance 2020*, Ministry of Tourism, Government of India.

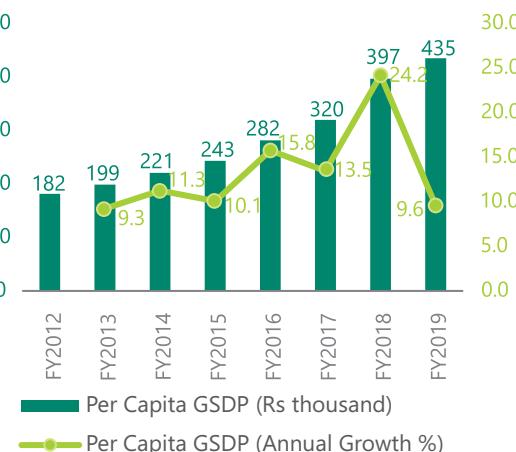
SK-1.A: Overview



SK-1.B: Growth rate of GSDP (at current prices, %)



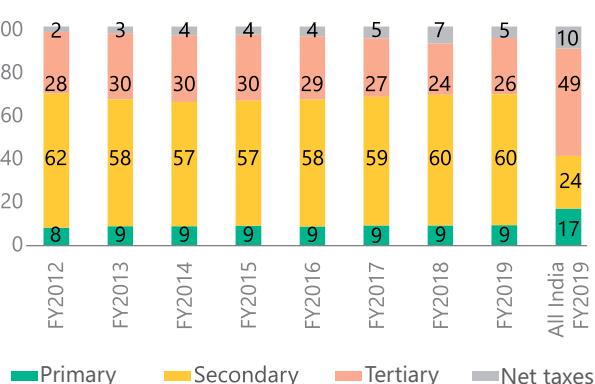
SK-1.C: Per capita GSDP (at current prices)



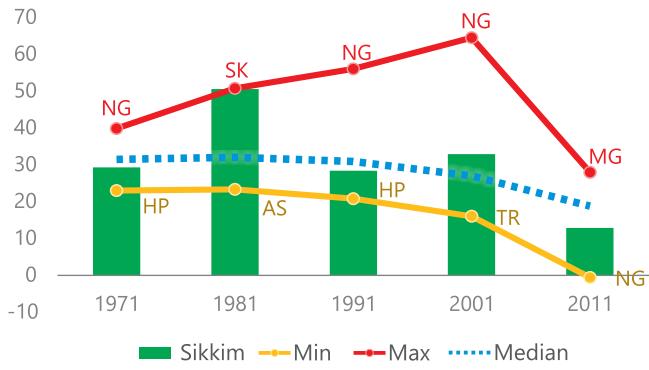
SK-1.D: GSDP Current, 2011–12 series (Rs crore)

	<i>State</i>	<i>All NEHS</i>	<i>Share (%) of State in NEHS</i>
2011–12	11,165	5,03,182	2.2
2012–13	12,338	5,63,081	2.2
2013–14	13,862	6,37,264	2.2
2014–15	15,407	6,95,474	2.2
2015–16	18,034	7,88,321	2.3
2016–17	20,687	8,67,648	2.4
2017–18	25,971	9,74,240	2.7
2018–19	28,723	10,82,901	2.7

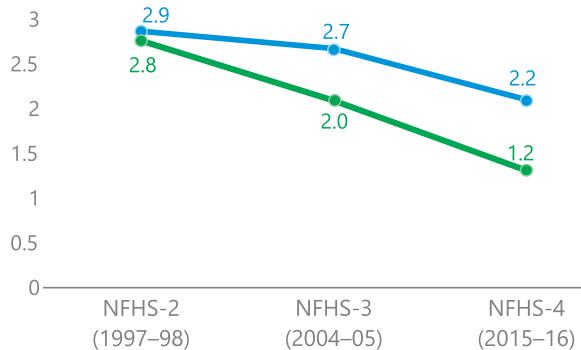
SK-1.E: Sectoral Contribution to GSDP (at current prices, %)



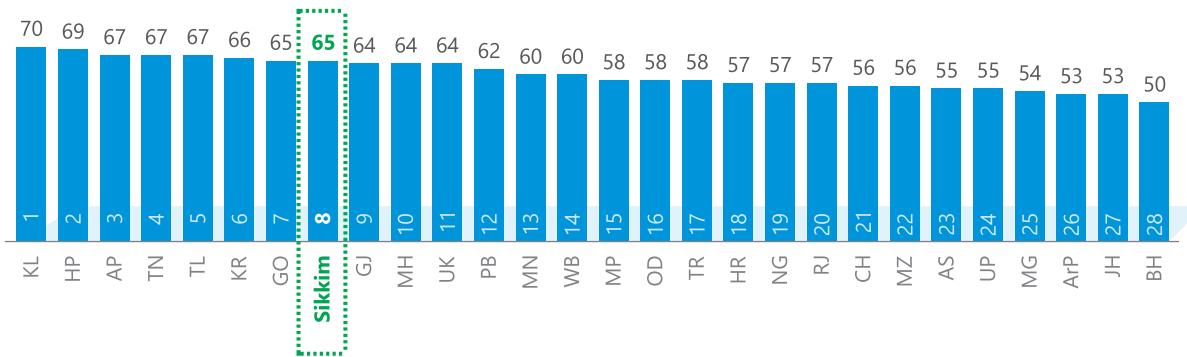
SK-2.A: Decadal Growth in Population (%)



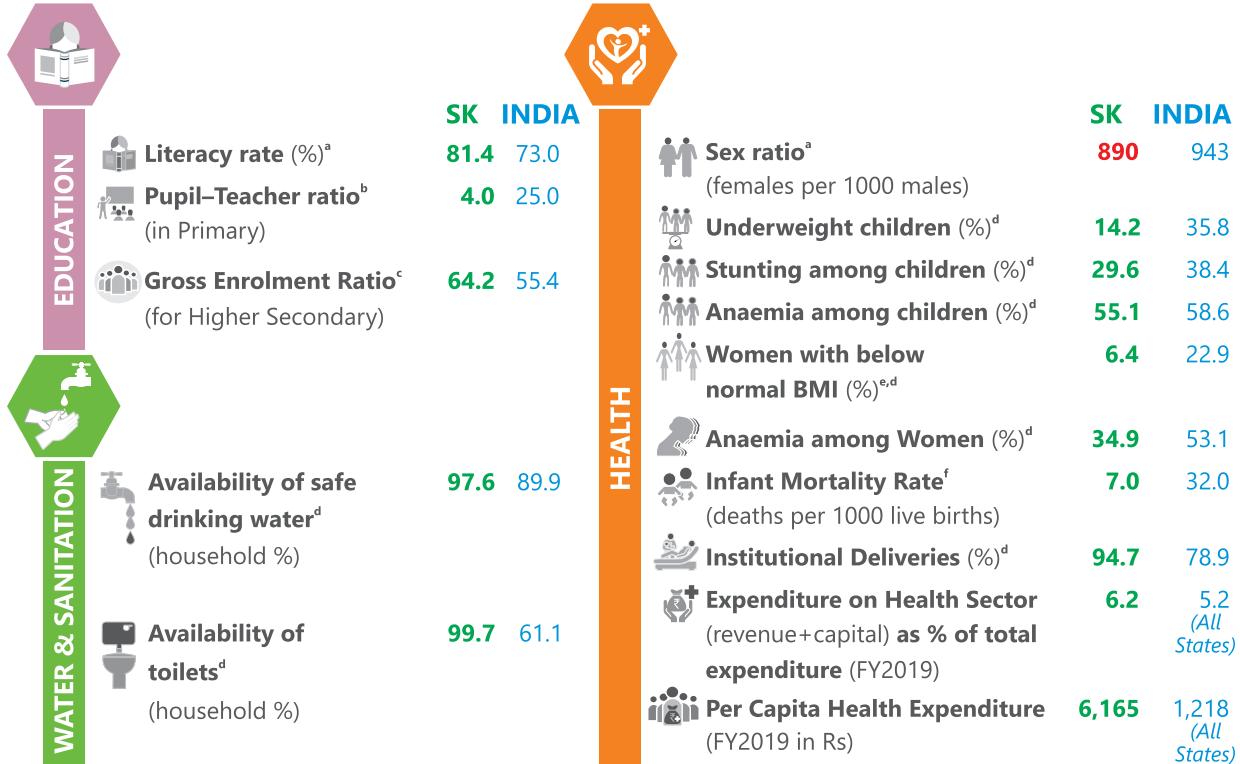
SK-2.B: Total Fertility Rate (children per woman)



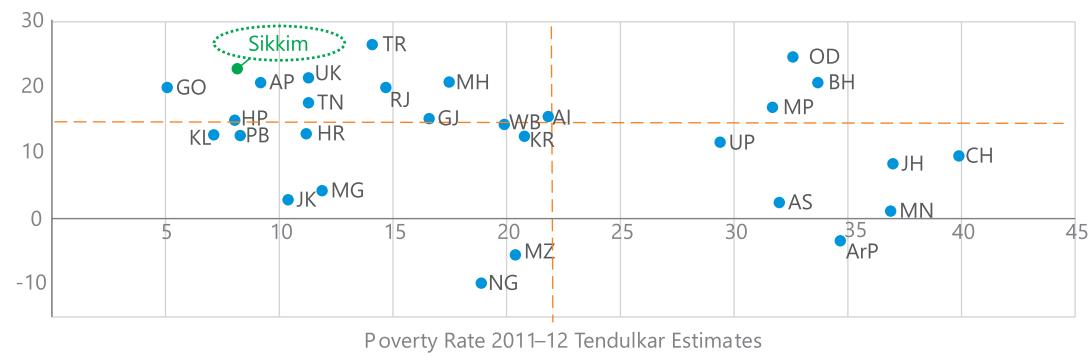
SK-2.C: SDG Index of NITI Aayog (2019)



SK-2.D: Key Social Indicators

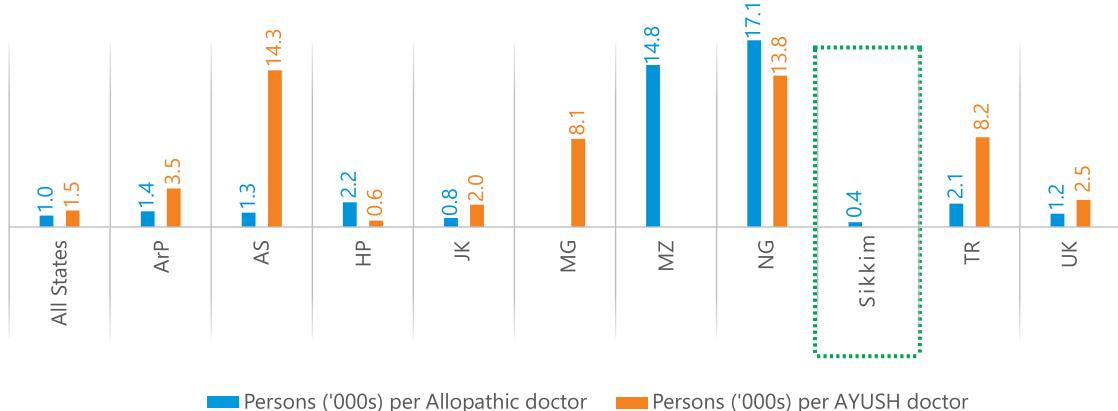
^a Census, 2011 | ^b DISE, 2016-17 (Analytical Tables) | ^c DISE, 2016-17 (Flash Statistics) | ^d NFHS-4, 2015-16 |^e Body Mass Index | ^f SRS, 2018

SK-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

SK-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



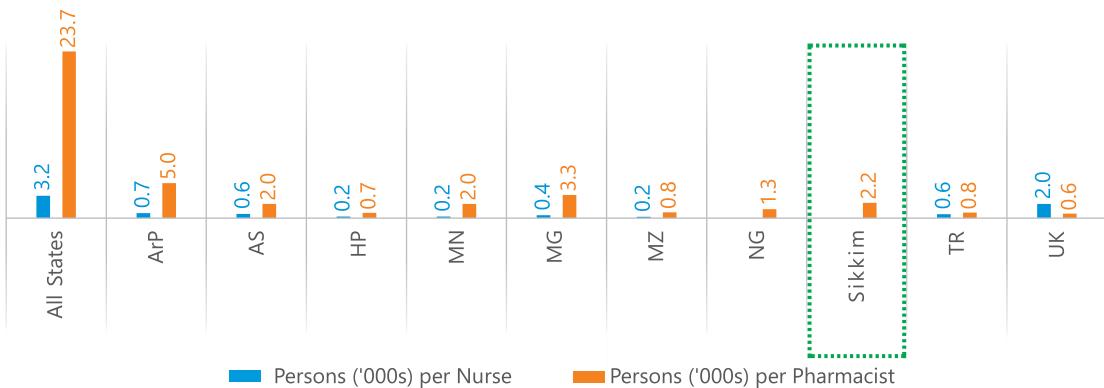
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

SK-3.B: Persons ('000s) per Sub-centre/PHC/CHC



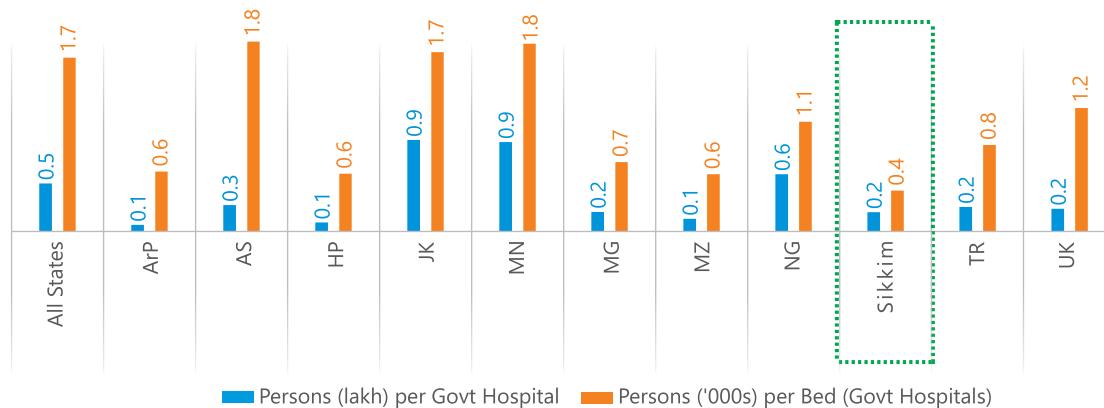
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

SK-3.C: Persons ('000s) per Nurse/ Pharmacist



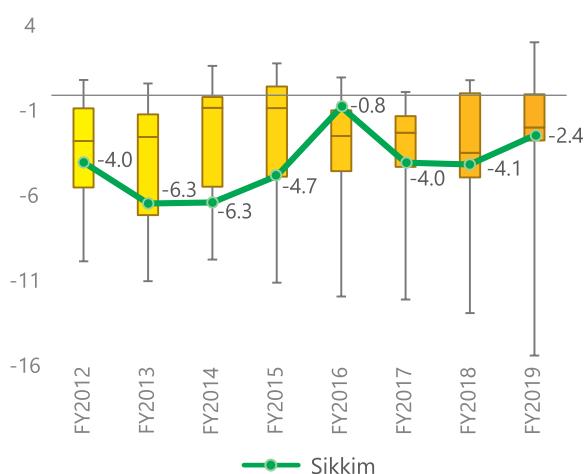
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

SK-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

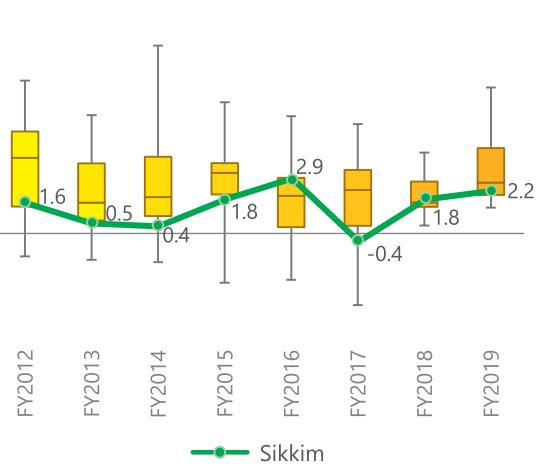


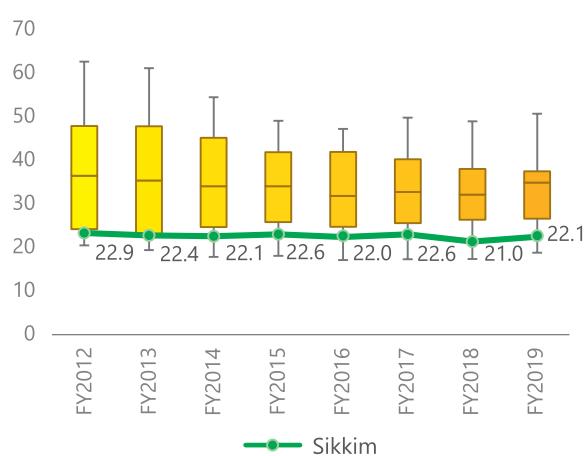
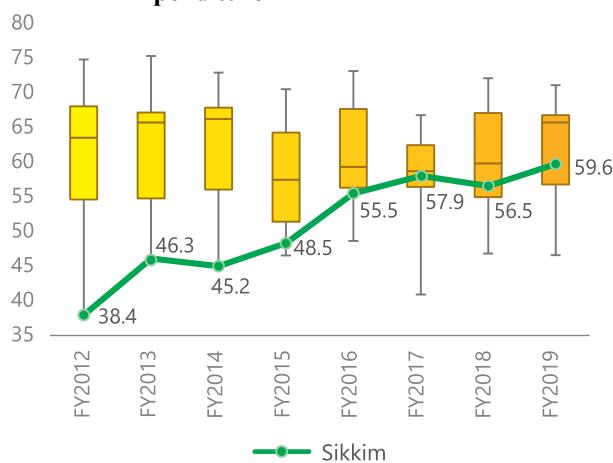
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

SK-4.A: Revenue Deficit as % of GSDP

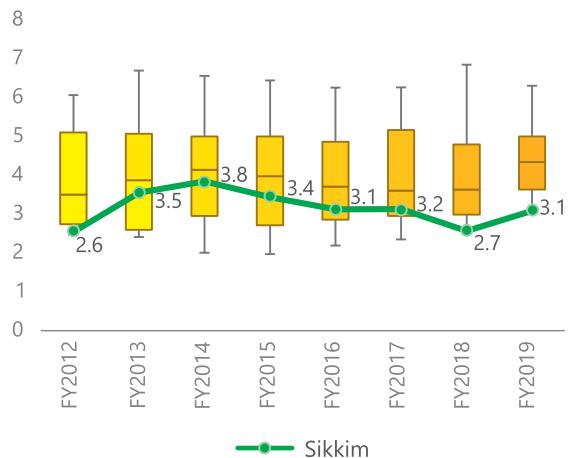
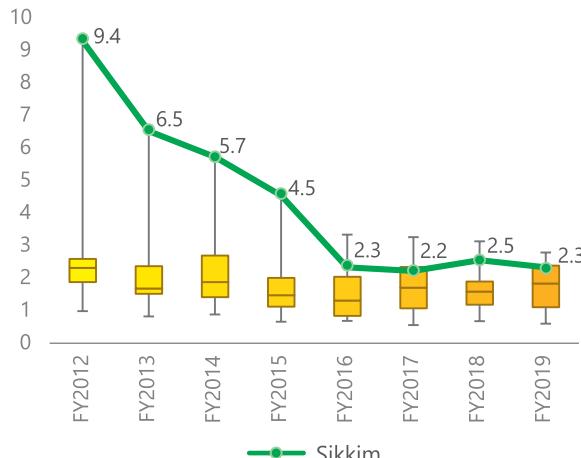
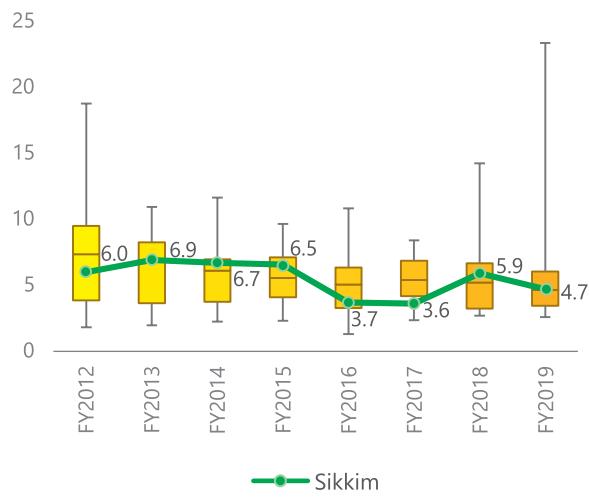


SK-4.B: Fiscal Deficit as % of GSDP



SK-4.C: Outstanding Debt as % of GSDP**SK-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

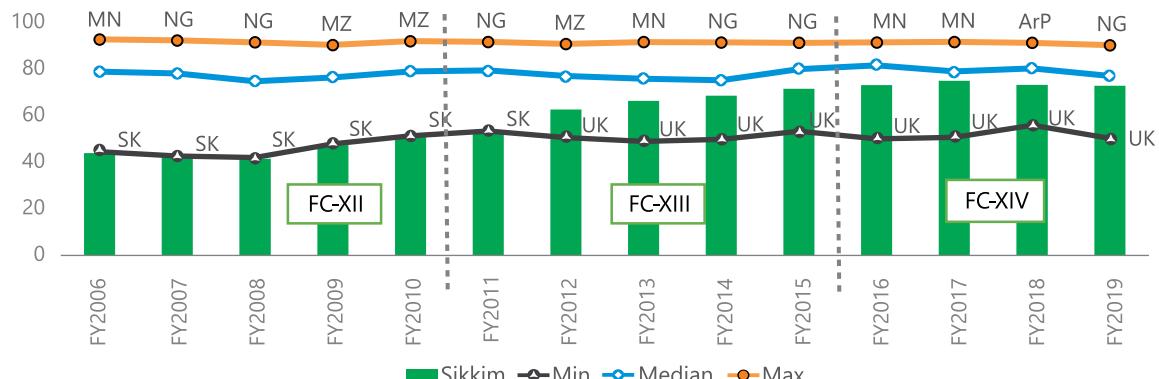
SK-4.E: OTR as % of GSDP**SK-4.F: NTR as % of GSDP****SK-4.G: Capital Expenditure to GSDP Ratio****SK-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	4,35,204	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	20.6	23.3
OTR	3.1	5.0
NTR	2.3	2.0
TE	22.9	26.7
ES	3.9	5.0
SS	7.3	8.7
GS	6.7	8.5
Committed Expenditure	10.8	14.4
Capital Expenditure	4.7	4.3
FD	2.2	3.4
RD	-2.4	-0.9
OD	22.1	29.6

SK-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Sikkim	6.4	6.1	0.8
NEHS	12.6	12.1	10.7

SK-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All 29 functions envisaged in the Eleventh Schedule of the Constitution have been devolved to RLBs.
- ▲ Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 6 have been devolved to ULBs.

Auditing Status

- ▲ Auditing of accounts of RLBs and ULBs has been completed till 2016–17.

Property Tax Board

- ▲ PTB (recommended by the FC-XIII) has not been set up by the State Government yet.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
11	7	7	6

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2015–16 to 2019–20)

- ▲ Fourth SFC submitted its report in May 2013.
- ▲ Allocation of taxes to PRIs and ULBs in the ratio of 75:25 was recommended on basis of provisional rural and urban population figures of the Census 2011.
- ▲ Grants by the Commission was split into ‘Primary grant’ and ‘Improvement grant’ in the ratio of 70:30.

Debt and Losses

- While the State is a signatory to UDAY agreement for operational efficiency only.
- AT&C losses and ACS-ARR gap are both much higher than UDAY targets for the year 2018-19.

Key UDAY barometers (2018-19)	Achievement	Target
AT&C Losses (%)	31.83	15.0
ACS-ARR Gap (Rs per unit)	0.02	-0.09

Note: (-) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

Vertical Devolution

- Sikkim recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population (Census 2011)	20
ii)	Area	20
iii)	Income Distance	30
iv)	Population Control	20
v)	Forest Cover	10

Fiscal Indicators

- Fiscal deficit of Sikkim has remained well below 3% over past few years.
- The State has also reported revenue surplus in the recent fiscals.
- Debt-GSDP ratio has also remained moderate at 22.06% in 2018-19 (NEHS average 29.6%).
- The State has also been able to keep the Debt-GSDP ratio with the prescribed targets of the State FRBM.

Ratios as %	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Debt-GSDP							
As prescribed by the State FRBM	41.8	29.9	36.2	33.5	23.3	24.5	25.8
Actually achieved	22.9	22.4	22.1	22.6	22.0	22.6	21.0
FD-GSDP							
As prescribed by the State FRBM	4.8	3.2	3.0	3.6	3.3	3.0	3.5
Actually achieved	1.6	0.5	0.4	1.8	2.9	-0.4	1.8

Source: Government of Sikkim

Per Capita Income and Incidence of Poverty

- ▲ Per capita GSDP of Sikkim at Rs 4,35,204 per annum is far more than NEHS average Rs 1,30,427 in 2018–19.
- ▲ Only 8.19% of the population in Sikkim lives below the poverty line as opposed to the national average of 21.9% (Tendulkar methodology, 2011–12).

Share of Secondary Sector in GSDP

- ▲ Secondary sector contributes about 60% of Sikkim's GSDP, bolstered by hydel power and pharmaceutical industries.
- ▲ The State should speed up the execution of the ongoing hydel projects to exploit the potential fully and increase revenue earnings.

Tourism

- ▲ Measures needed to boost the tourism sector are listed below.
 - » The State needs to develop its unique brand for tourism and enhance engagement with tour operators.
 - » Air connectivity and road network should be improved to reduce the cost of travel.
 - » Eco-tourism and adventure sports may be encouraged through incentives or PPP mode.
 - » Homestays, individual as well as community based, may be promoted as a viable alternate source of income for local people. Since homestays are primarily run by women, they can be instrumental in their economic empowerment. The State Government may take active measures to link homestays with e-commerce players.
 - » Government of Sikkim should take steps for the preservation and propagation of its diverse and unique flora and fauna.

Horticulture and Organic Farming

- ▲ Potential in organic farming and horticulture can be exploited in Sikkim by establishing more cold storages, setting up agri-value chains, and developing food processing industry.

Socio-economic Indicators

- ▲ Sikkim has better human development indicators than the national average on most counts (see SK-2.D).
- ▲ It was the first State to be declared Open Defecation Free.
- ▲ Sikkim's per capita expenditure per annum on health at Rs 4,792 and education at Rs 14,580 are far higher than NEHS averages at Rs 1,987 and Rs 5,970 respectively.
- ▲ Despite this, at 890 females per 1,000 males, Sikkim's sex ratio is more adverse than the national average of 943.

Low Own Tax Revenue

- Sikkim has third lowest OTR among NEHS, in spite of having second highest per capita income and high share of secondary sector in GSDP.
- Sikkim's OTR/GSDP was only 3.1% in 2018–19 against the NEHS average of 4.95%. Due to small own resource base, the State depends heavily on transfer of resources from the Central Government. It receives 75% of its TRR from the Union Government.
- However, the TGR of Sikkim's OTR from 2011–12 to 2018–19 at 13.7% is higher than NEHS average of 11%.
- Collections from VAT/GST were only 2% in 2018–19 for Sikkim against 3.5% NEHS average.
- However, the collections grew at a rate of 15% in 2017–18 (NEHS 7%) and 41% in 2018–19 (NEHS 16%).
- The State needs to ramp up its efforts to enhance revenues by tapping more resources.

Falling Non-Tax Revenue

- NTR remains an important source of revenue for the State as it constitutes about 40%–50% of ORR. However, NTR has a TGR of (−7.5%) from 2011–12 to 2018–19 due to fall in revenues from lottery.
- The State has potential to increase its earnings through the hydro-power sector and tourism which should be explored.

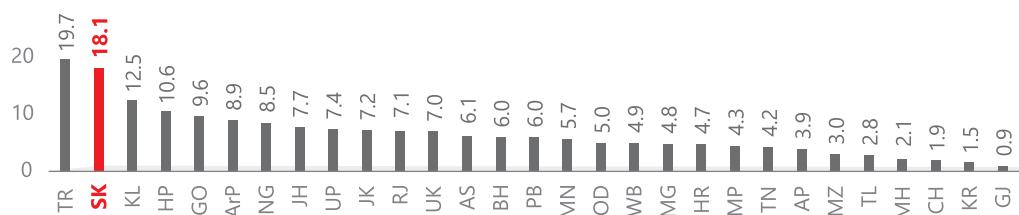
High Committed Expenditure

- Committed expenditure (including GIA Salary) is 68.3% of Sikkim's TRE in 2018–19, which is almost at par with the NEHS average of 67.7%. This does not take away from the fact that it is extremely high.
- The TGR of committed expenditure (2011–12 to 2018–19) in Sikkim (14.2%) is higher than the NEHS average (12.1%).

High Unemployment Rate

- Despite a large secondary sector, Sikkim has the second highest unemployment rate in the country of 18.1% (as against the all India level of 5%).¹
- Sikkim needs to find ways to create opportunities for employment in the State.

SK-5.B: Unemployment Rate in Major States in India, Usual Principal Status Approach, in %



Source: GOI (2016), *Employment Unemployment Survey 2015–16*, Labour Bureau, Ministry of Labour and Employment, Government of India.

Local Bodies

- Own revenues of ULBs are negligible.
- RLBs in Sikkim earn meagre revenues on their own.
- The State government may help the local bodies use innovative methods like market fees, parking space etc., for improving own revenues.

- ▲ PTB has not been set up by State Government yet.
- ▲ Steps should be taken to devolve the remaining functions immediately to ULBs.

Poor Connectivity and Infrastructure

- ▲ Though a small airport is operational in Sikkim, it has limited capacity.
- ▲ Sikkim lacks rail networks.
- ▲ The State is entirely dependent on National Highway–10 (NH–10) (single-laned), the only link with the rest of the country.
- ▲ Frequent road disruptions due to natural calamities lead to rise in prices of essential goods and high cost of living in the State.
- ▲ The State faces difficulties in service delivery to a dispersed population living in hilly areas.
- ▲ The State Government needs to prioritise the development of infrastructure that will improve the quality of life of the locals and boost tourism.

High Power Sector Losses

- ▲ The Energy & Power Department, Government of Sikkim is solely responsible for generation, transmission, distribution, and trading of power in the State.
- ▲ The State Government extends heavy subsidy to rural consumers of electricity.
- ▲ Also, 15% of the consumers were not metered as on 31 March 2017.
- ▲ State has very high AT&C losses of 31.83%.
- ▲ The State Government should take steps to corporatise and unbundle the power department and allow it to run on sound economic principles. Any other alternative, suitable and viable given the size and need of the State could also be devised.

Natural Disasters

- ▲ Sikkim is mountainous and geologically young and hence its structure is extremely fragile.
- ▲ It is also in the Seismic Zone IV and susceptible to earthquakes.
- ▲ It is prone to flash floods and landslides during the monsoon (May–October).
- ▲ Climate change could lead to the flooding of the glacial lakes in the Sikkim Himalayas causing extensive damage.
- ▲ Sikkim has high cost of infrastructure building and maintenance and a compressed working season due to heavy rainfall.

Public Sector Undertakings

- ▲ As on 30 September 2017, 29 accounts of 9 working SPSUs due for finalisation were pending. Sixteen (55%) of these belonged to two SPSUs. The number of accounts with arrears for working SPSUs were 18 in 2012–13, indicating finalisation of fewer accounts by working SPSUs during the period.²
- ▲ The non-auditing of accounts could pose a serious downside risk given the consistent budgetary support.

Reform Signposts

- ▲ Sikkim has a relatively low OTR given its high per capita GSDP and share of GSDP from secondary sector. **The State needs to further boost efforts to increase OTR.**
- ▲ **The State should also enhance its NTR through the hydro-power sector and tourism.** Better infrastructure facilities including better connectivity may help to boost tourism in the State.
- ▲ As seen earlier, the State's committed expenditure has grown at a relatively higher rate from 2011–12 to 2018–19. **The State should reduce its committed expenditure and enhance spending on development sector.**
- ▲ **The State needs to enhance efficiency of the power sector by reducing its AT&C losses and ACS–ARR gap.**
- ▲ **It should ensure timely audit of accounts of all PSUs.**

Notes

- 1 GOI (2016), *Fifth Annual Employment–Unemployment Survey 2015–16*, Labour Bureau, Ministry of Labour and Employment, Government of India.
- 2 CAG (2018), *Report No. 1 of 2018: Report of the Comptroller and Auditor General of India on Social, Economic, Revenue and General Sectors for the year ended March 2017*, Government of Sikkim

TN-1.A: Overview



POPULATION
72.2 million
6.1%
Of population across all States



AREA
1,30,060 sq km
4.0%
Of area across all States



FOREST COVER
26,364 sq km
20.3%
Of the State's own area is under forest
0.3%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,15,784
Rs 1,40,422
Average across all States



TAX TO GSDP
6.5%
6.3%
Average across all States

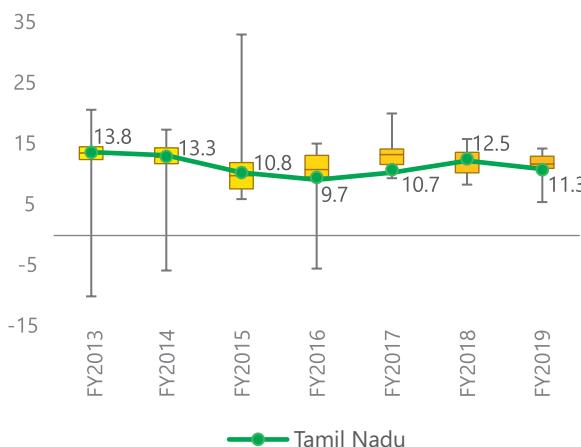


CHILDREN PER WOMAN
1.7
2.2
Average across all States



URBANISATION RATE
48.5%
31.1%
All India average

TN-1.B: Growth rate of GSDP (at current prices, %)



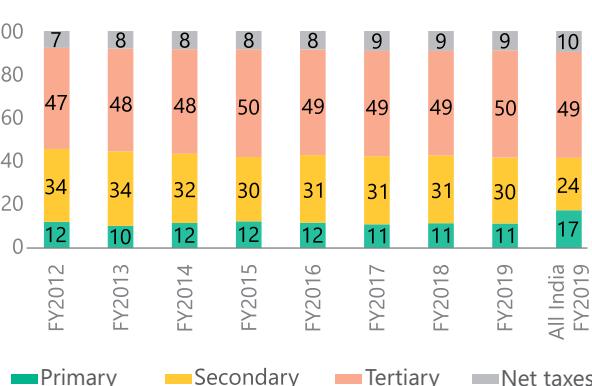
TN-1.C: Per capita GSDP (at current prices)



TN-1.D: GSDP Current, 2011–12 series (Rs crore)

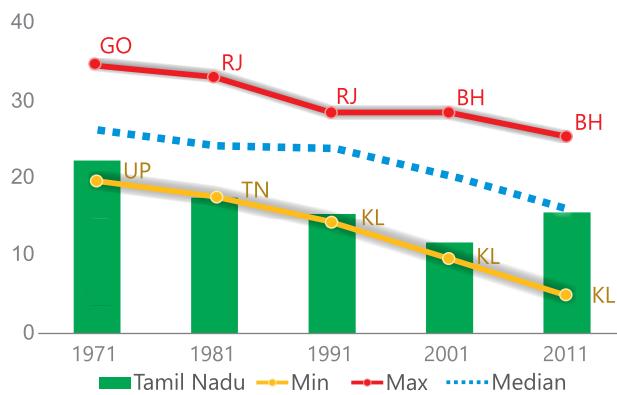
	State	All GS	Share (%) of State in GS
2011–12	7,51,486	77,44,945	9.7
2012–13	8,54,825	88,27,195	9.7
2013–14	9,68,530	1,00,07,392	9.7
2014–15	10,72,678	1,09,93,257	9.8
2015–16	11,76,500	1,21,91,256	9.7
2016–17	13,02,639	1,37,80,737	9.5
2017–18	14,65,051	1,54,20,126	9.5
2018–19	16,30,208	1,72,83,813	9.4

TN-1.E: Sectoral Contribution to GSDP (at current prices, %)

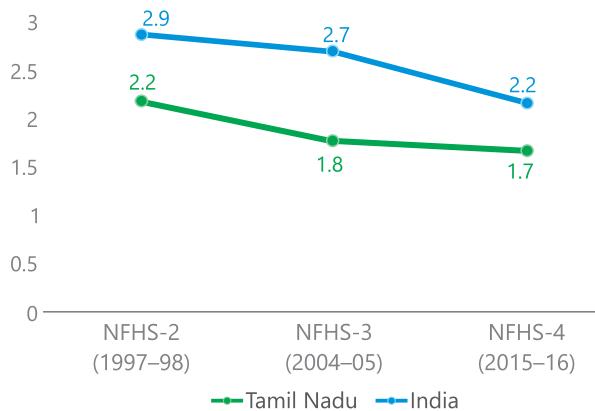


FC-XV VOLUME IV, THE STATES

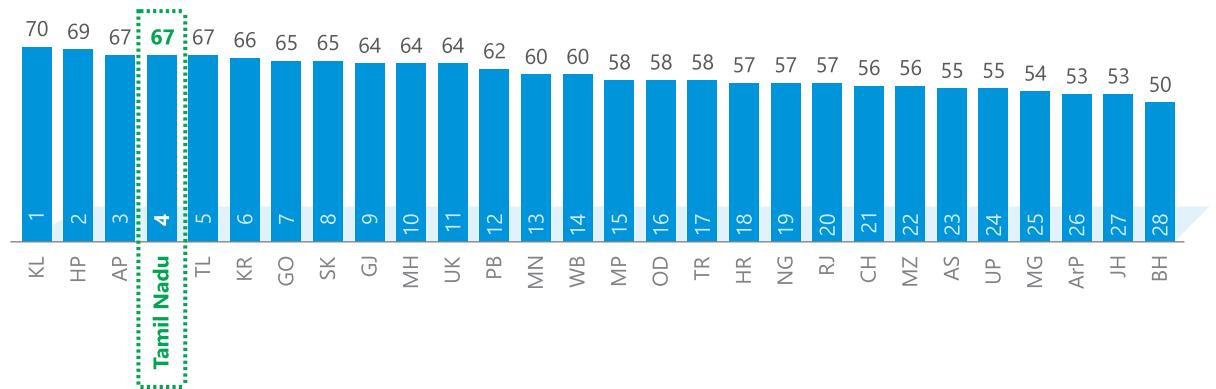
TN-2.A: Decadal Growth in Population (%)



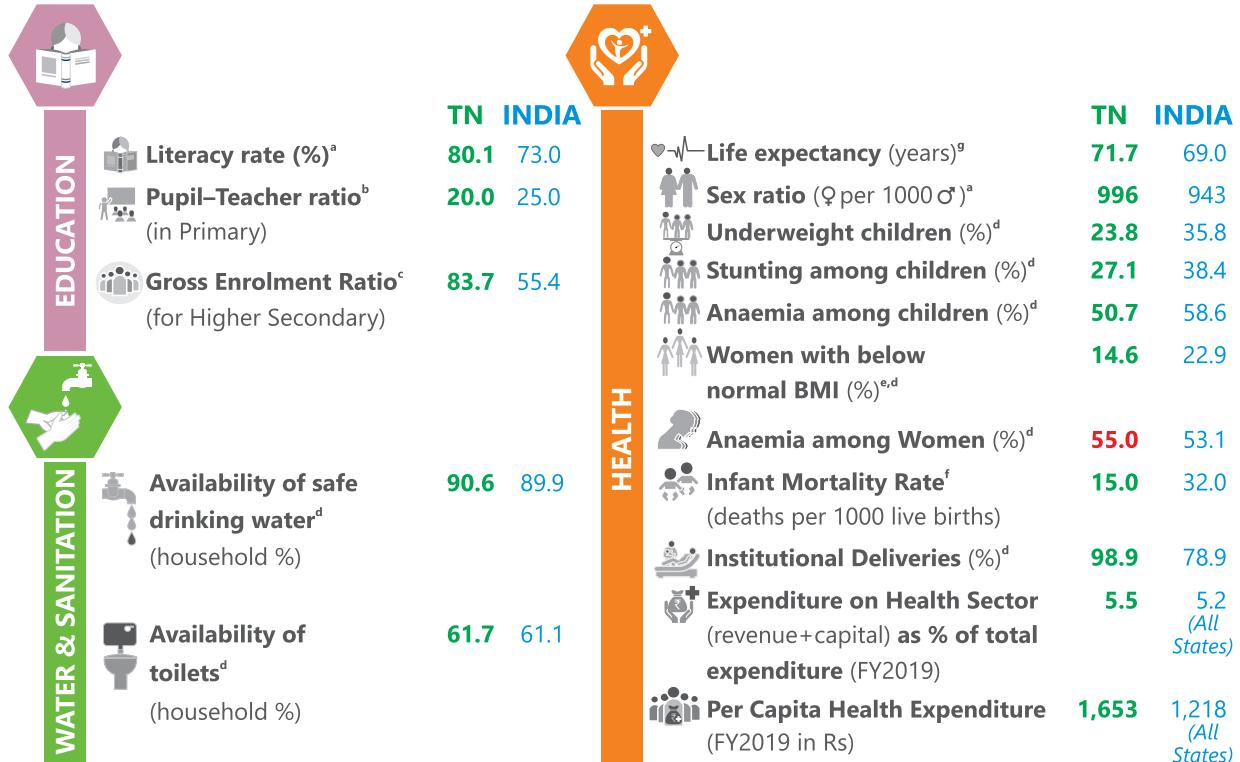
TN-2.B: Total Fertility Rate (children per woman)



TN-2.C: SDG Index of NITI Aayog (2019)



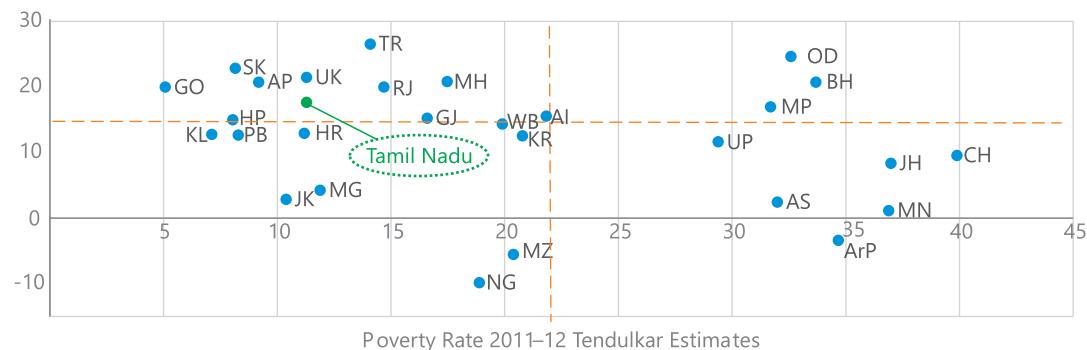
TN-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

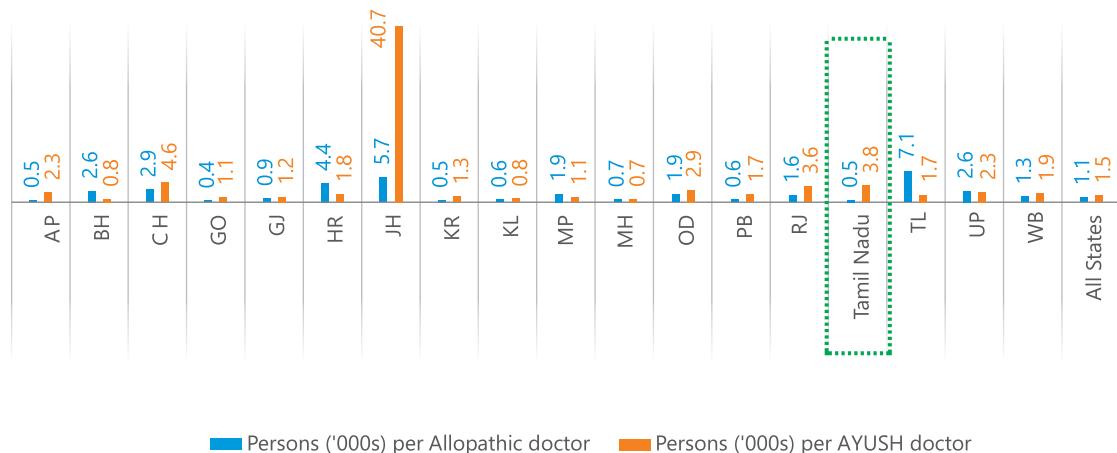
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

TN-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

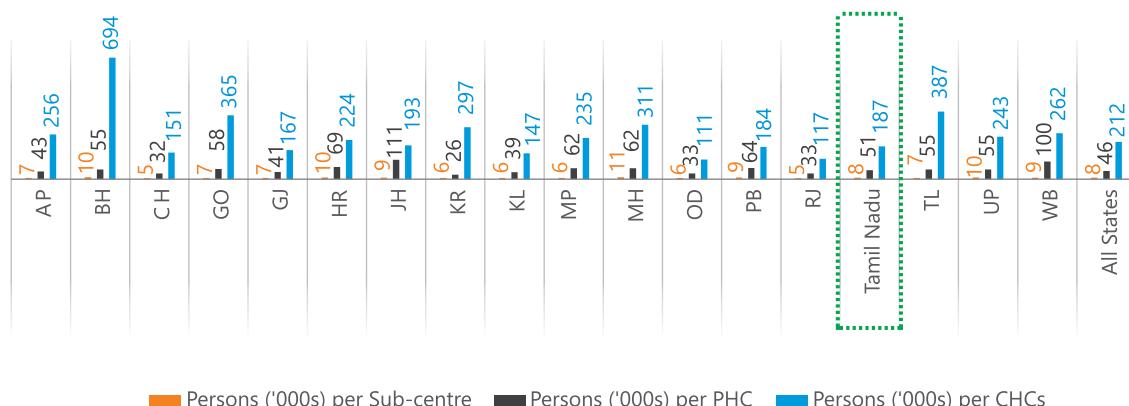
TN-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

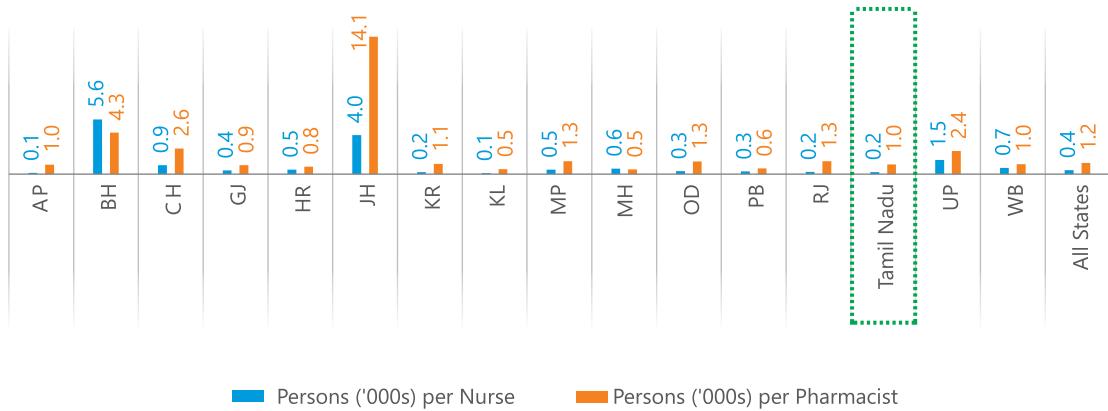
TN-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

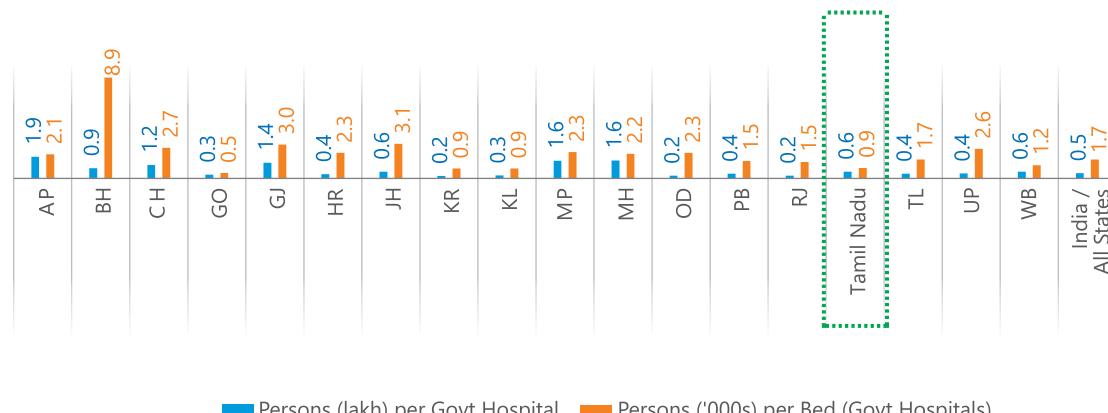
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TN-3.C: Persons ('000s) per Nurse/ Pharmacist



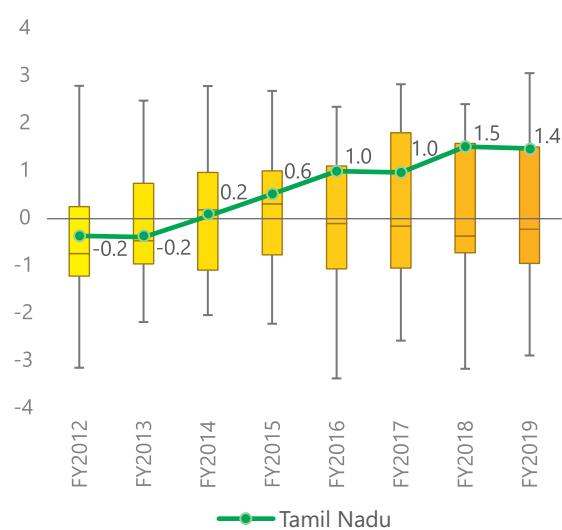
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TN-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

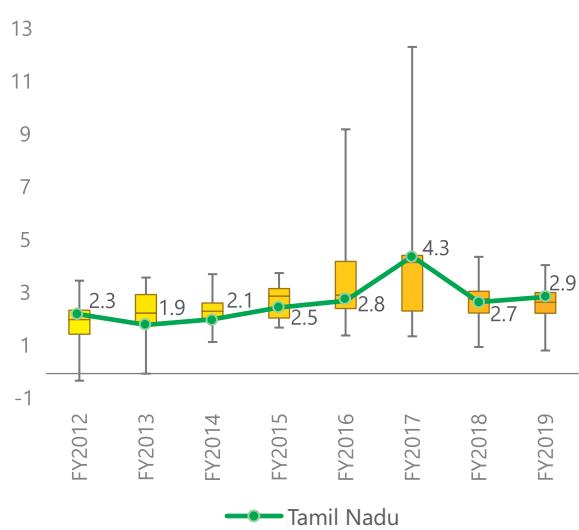


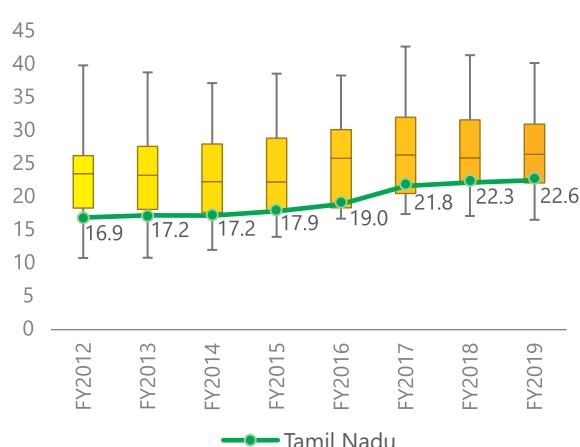
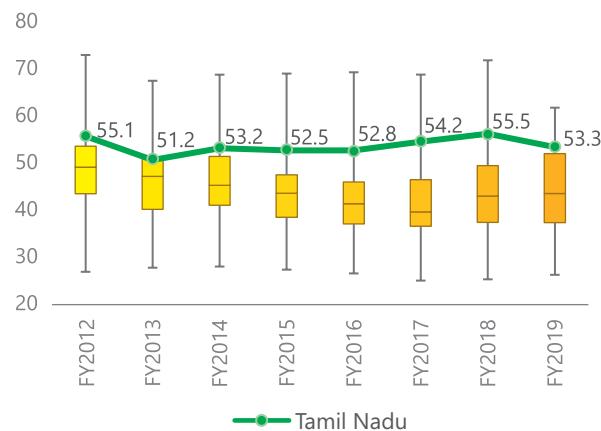
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TN-4.A: Revenue Deficit as % of GSDP

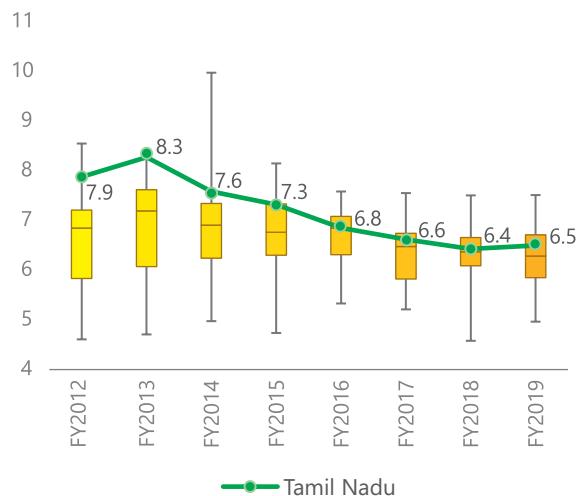
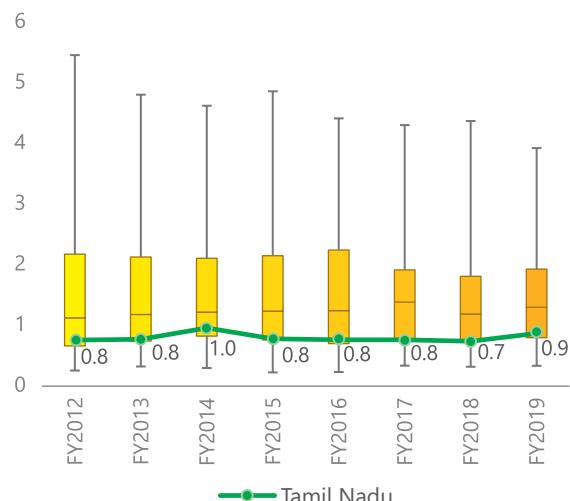
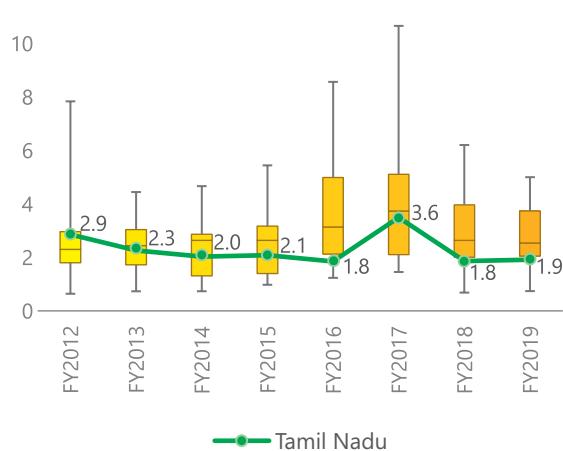


TN-4.B: Fiscal Deficit as % of GSDP



TN-4.C: Outstanding Debt as % of GSDP**TN-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

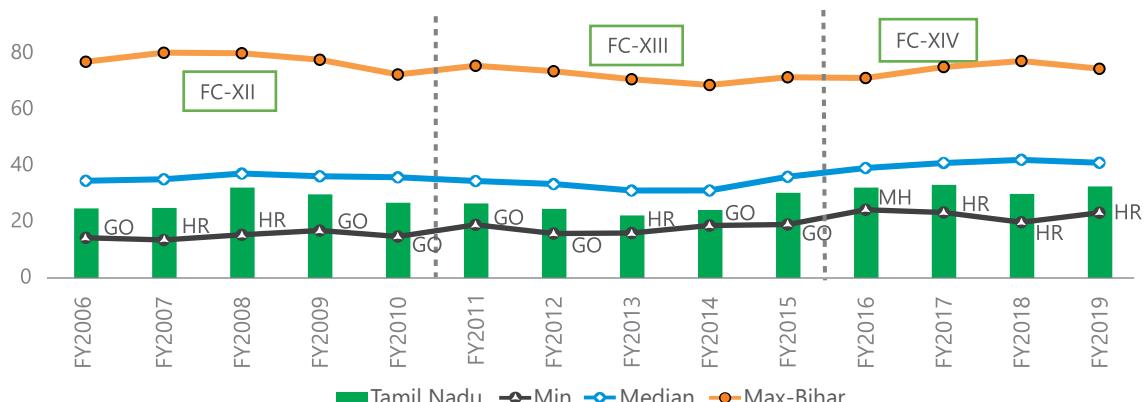
TN-4.E: OTR as % of GSDP**TN-4.F: NTR as % of GSDP****TN-4.G: Capital Expenditure to GSDP Ratio****TN-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	2,15,784	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	10.7	13.4
OTR	6.5	6.4
NTR	0.9	1.1
TE	14.0	16.1
ES	2.4	3.1
SS	4.3	5.4
GS	4.4	4.7
Committed Expenditure	6.5	5.8
Capital Expenditure	1.9	2.5
FD	2.9	2.5
RD	1.4	0.2
OD	22.6	25.0

TN-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Tamil Nadu	12.4	9.7	7.6
GS average	13.6	13.1	10.3

TN-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ All 29 functions of the Eleventh Schedule of the Constitution were devolved to RLBs/PRIIs.
- ▲ All 18 functions of the Twelfth Schedule of the Constitution were devolved to ULBs.

Auditing Status

- ▲ In accordance with the Tamil Nadu Local Fund Audit Act, 2014, the Directorate of Local Fund Audit (DLFA) conducts the statutory audit of RLBs and ULBs in the State.
- ▲ The CAG provides technical guidance and support to DLFA.
- ▲ The accounts of RLBs and ULBs were audited up to 2017–18.

Property Tax Board

- ▲ As recommended by FC-XIII, the State set up its PTB in the year 2013. The Board is functioning properly.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
7	5	3	4

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Fifth SFC (2017–18 to 2021–22)

- ▲ According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, the Government of Tamil Nadu accepted the recommendations of the Fifth SFC, which are currently under implementation.
 - » The Commission recommended devolution of 10% of the net SOTR during the award period commencing from 2017–18.
 - » The vertical sharing ratio between RLBs and ULBs shall be 56:44.

- » Within RLBs, the vertical sharing ratio between District Panchayats, Panchayat Unions, and Gram Panchayats may be determined as 8:37:55.
- ▲ The Fifth SFC has raised concerns regarding quality of data.
- ▲ Tamil Nadu is the only State besides Odisha (Fourth SFC) and Sikkim (Fifth SFC) to have submitted its SFC Report and Action Taken Report before the start of the respective award periods.

Debt and Losses

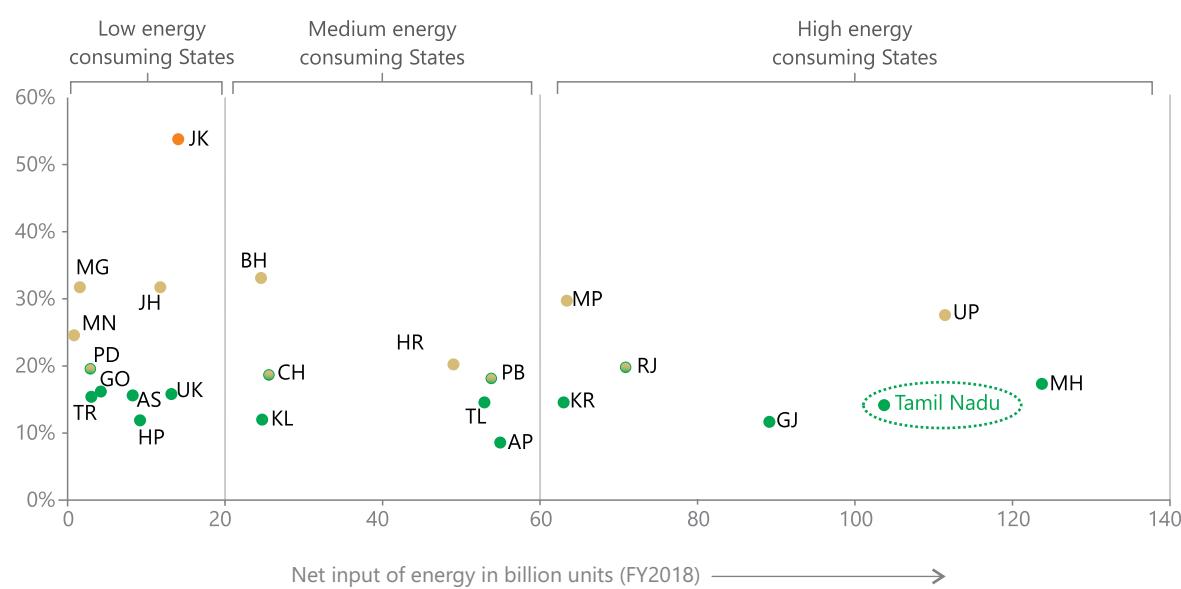
- ▲ The State has achieved neither the target for ACS-ARR gap nor the target for AT&C Loss% in 2018–19.
- ▲ The State has taken over of DISCOM debt under UDAY to the tune of Rs 22,815 crore during 2016–17.
- ▲ As on 31 March 2019, the total borrowings by the DISCOMs (including borrowings from the State Government of Rs 17101 crore) are Rs 1,13,438 crore (23.7% of the total DISCOM borrowings of all States).

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	17.47	13.50
ACS-ARR Gap (Rs per unit)	1.88	-0.07

Note: (–) ACS-ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

TN-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Tamil Nadu has recommended that the overall divisible pool of taxes be substantially increased by bringing cesses and surcharges into it.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population (2011)	25
ii)	Population control based on inverse of population growth from 1971 to 2011	25
iii)	Income distance measured from minimum level of High Middle Income Countries	25
iv)	Contribution to Central Taxes <ul style="list-style-type: none"> Contribution of each State to personal income tax collection Collection of SGST plus IGST settled to each State Direct and indirect tax contributions to have equal weights 	25

Fiscal Indicators

- ▲ Tamil Nadu's Debt-GSDP ratio has increased from 17.2% in 2012–13 to 22.6% in 2018–19.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2003 and has adhered to its FRBM limit in recent years.
- ▲ It needs to continue on the credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	24.5	24.8	25.0	25.2	25.2	25.0	25.0
Actually achieved	16.9	17.3	17.2	17.9	18.9	21.8	22.3
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	NA	3.0
Actually achieved	2.3	1.9	2.1	2.5	2.8	4.3	2.7

Not Applicable (NA): Target was not fixed because the liabilities of the Tamil Nadu Generation and Distribution Corporation were taken over under UDAY.

Source: Government of Tamil Nadu

Poverty Reduction

- ▲ With 17.6 percentage point reduction in poverty between 2004–05 and 2011–12, the State has made significant progress in SDG–1.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 67 (as compared to the national average 60) and ranks 4th among the Indian States.
- ▲ The State is a front-runner in SDG-1 No Poverty, SDG-3 Good Health and Well-being, SDG-4 Quality Education, SDG-6 Clean Water and Sanitation, SDG-7 Affordable and Clean Energy, SDG-8 Decent Work and Economic Growth, SDG-10 Reduced Inequality, and SDG-15 Life on Land, and SDG-16 Peace, Justice and Strong Institutions..
- ▲ However, the State needs to improve on SDG-2 Zero Hunger, SDG-5 Gender Equality, and SDG-13 Climate Action.

Tourism

- ▲ The State offers vast and unexploited potential for domestic and international tourism.
- ▲ According to the Tourism Statistics at a Glance 2020, Tamil Nadu ranked first amongst all States in attracting foreign tourist visits in the country in 2019 (22% of foreign tourist visits were made to Tamil Nadu in 2019).
- ▲ The State ranked second amongst all States in attracting domestic tourists in 2019 (21.3% of all domestic tourist visits were made to Tamil Nadu in 2019).

Energy

- ▲ Of TN's total solar energy potential of 18 GW, about 1.0 GW has already been harnessed.¹
- ▲ While TN is a pioneer in the production of renewable energy (wind and solar), grid management needs more focus.
- ▲ Better grid management in renewables could generate substantial streams of future revenue.

Effective Democratic Decentralisation

- ▲ TN is among the few States to have moved to accrual based accounting of ULBs.
- ▲ It has also devolved the power to levy property tax to ULBs.

Promotion of Aquaculture to Enhance Revenue

- ▲ Despite a coastline of around 1,076 km, the aquaculture sector in TN is much smaller than that of its neighbour, Andhra Pradesh.
- ▲ Given the prevailing trend of declining Tax and NTR to GDP ratio, aquaculture can become an important revenue generator for TN.
- ▲ Forestry and Tourism are also sectors with significant potential for the State.

FDI into Infrastructure

- ▲ Airports, roads, and ports may be expanded to provide necessary logistical support to industries.
- ▲ The State needs to establish cable-landing stations (such as those at Vizag and Mumbai) for increasing bandwidth for high data speed and create a digital ecosystem for industrial growth.
- ▲ For such purposes, TN should work towards attracting more FDI. Currently 7% of the total FDI into India flows to TN.²

Local Bodies

- As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Power Sector

- The State needs to upgrade its performance in UDAY Barometers, viz., Smart Metering (200–500 kWh), Smart Metering (above 500 kWh), and Distribution Transformer Metering (Urban).
- TN needs to be cognizant of its power purchase costs that have risen more than 5% in the last two years.³

Public Sector Undertakings⁴

- Tamil Nadu has 68 working PSUs, of which 29 had accounts in arrears.
- The State PSUs registered a turnover of Rs1,10,850.43 crore as per their latest finalised accounts. This turnover was equal to 8.54% of GSDP, indicating the important role played by State PSUs in the economy.
- The PSUs accumulated losses of Rs 78,854.25 crore as per their latest finalised accounts.
- The overall budgetary support of the State to PSUs increased from Rs 13,918 crore in 2012–13 to Rs 46,127 crore in 2016–17.
- Given the outstanding liabilities and substantial budgetary support to SPSUs, the State needs to closely monitor them to avoid contingent liabilities imposing additional fiscal burden on the State.
- A time bound programme of restructuring the SPSUs should be adopted soon to remove the major hurdles in their performance.

Declining Industrial Growth

- According to the study on State finances undertaken by the Madras School of Economics for FC-XV, growth in industry slowed down from 10.9% (2005–2011) to 4.6% (2011–2017) led by shrinking of manufacturing and construction activities.
- This is a major concern because both sectors are significant for employment generation.

Poor Learning Outcomes⁵

- The State is below the all India average on two key learning outcomes.

	<i>Learning outcome I^a</i>	<i>Learning outcome II^b</i>
Tamil Nadu	10.2	25.9
India	27.3	28.2

^a Percentage Children in Class III (of government and private schools) who can read Class II Text (2018)

^b Percentage Children in Class III (of government and private schools) who can at least do subtraction (2018)

Demographic Challenges

- According to Census 2011, at 48.5%, TN has one of the highest urbanisation rates across Indian States. It therefore faces attendant challenges of urban poverty, infrastructure deficit, and pollution.

- ▲ Approximately 14 lakh persons have migrated to TN from other States in 2001–2011.⁶ The development strategy of TN must aim at ensuring that its migrant population remains more of an asset than a liability.
- ▲ With 10.4% of its population 60 plus in years, TN ranks third after Kerala (12.6%) and Goa (11.2%) as an ageing State.

Million-Plus Cities

- ▲ Million-plus cities in TN include urban agglomerations of Chennai, Coimbatore, Madurai, and Tiruchirappalli.
- ▲ Better infrastructure and logistics in these cities could improve investment climate and ensure quality of life for the citizens, thus developing them as economic centres.
- ▲ While cities like Chennai have ample internal resources, local bodies need to generate more Own Tax Receipts (OTR) for creating, upgrading, and maintaining critical infrastructure for better investment climate. Upgrading of roads, bridges, rail, and sewerage systems, urban flood management, solid waste management, improvement of slums, open spaces and parks, etc., need to be viewed comprehensively through the sustainable cities framework. This will entail putting the ULBs in the driver's seat.

Freshwater Deficit⁷

- ▲ Tamil Nadu is home to nearly 6% of India's population which survives on only 3% of the nation's freshwater resources.
- ▲ The average annual rainfall in TN is only 921 mm (compared to national average of 1,200 mm).
- ▲ The per capita water availability is 750 cubic metres per year (where availability below 1,700 cubic metres per capita per annum indicates 'water stress').
- ▲ Water stress and seasonal fluctuations result in uncertainty in agriculture production.
- ▲ The State has a net irrigated area of 2.84 million hectare (ha) (2016–17). Its irrigation intensity is low as compared to the national average.
- ▲ Net sown area declined from 61.7 lakh ha (47.4% of total area) in 1970–71 to 43.5 lakh ha (38.9% of total area) in 2016–17 due to urbanisation and drought.
- ▲ The State needs a sustainable framework to ensure management of fresh water as a critical resource.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Tamil Nadu is part of the group which includes Gujarat, Telangana, Maharashtra, Kerala, Karnataka, Haryana, and Goa.

Reform Signposts

- ▲ Though TN is one of the most progressive States of India contributing substantially to the national GDP and reporting good social indicators, it compares poorly to some of the other States in its class.
- ▲ The State's fiscal indicators have deteriorated drastically from 2012–13 (latest year of analysis used for FC-XIV projections) to 2018–19 (latest year available for FC-XV).
- ▲ Tamil Nadu moved from a revenue surplus to a revenue deficit State post 2012–13.

- ▲ Profligacy during 2014–2016 (in the run up to the elections in May 2016) had perhaps had a telling effect on the fiscal indicators of the State.
- ▲ Capital expenditure–GSDP ratio has fallen between 2011 and 2019 (except UDAY year of 2016–17).
- ▲ Revenue deficit–fiscal deficit (RD–FD) ratio has approached 50% in the recent years implying that most of the borrowings were being used to finance revenue deficit.
- ▲ The State experienced low growth in the major sources of revenue (VAT/GST, Stamp Duty and Registration, and State Excise) during the period 2014–2016.

Reasons for Low Growth in Revenue

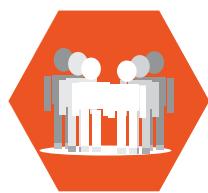
2012–13	Electricity duty is a meagre amount; therefore, its reduction did not affect growth.
2013–14	During 2012–13, Excise duty constituted 17% of OTR. The State abolished Vend fee and Special Privilege fee and reduced the Annual Privilege fee. These steps reduced Excise by around 60%, despite increased VAT on liquor. Dip in Excise duty and other taxes impeded OTR growth.
2015–16	The State Budget 2015–16 announced prior to elections in May 2016, made many concessions and exemptions in VAT. This was the major reason for poor VAT growth.
2016–17	Stamp duty and Registration fees constituted 11% OTR during 2015–16. During 2016–17, Madras High Court’s ban on sale of unapproved residential plots reduced the collection of Stamp duty and Registration fees, pulling down OTR growth.
2017–18	Supreme Court ban on liquor sales on national highways led to the closure of a 1,000 outlets, dealing a blow to State Excise.

- ▲ Post 2017–18, TN has taken significant steps to increase its OTR.
 - » Government of Tamil Nadu has increased Excise duty and levied special fee on liquor.
 - » VAT/GST on petroleum products was increased in March 2017.
 - » After a decade, TN increased in water tariff (in 2017) and sewerage charges (in 2018) building an annual increase of @5% for domestic and @10% for commercial consumers into the tariff structure.
 - » After nearly 20 years TN increased property taxes in Chennai in 2018, subject to the condition that the general revision of property tax would not be more than 50% for residential and 100% for non-residential buildings.
- ▲ Consequent to above efforts in 2017–18 and 2018–19, TN achieved 13% growth in OTR and 15% growth in ORR in 2018–19.
- ▲ **The State may use this additional capacity to reverse the pandemic-driven out-migration of labour and spur industrial activity to revive the State’s economy by innovatively deploying such additional resources.**
- ▲ **The State needs to revert to its pre-2014 RD–FD ratio and invest the borrowings fully into capital expenditure.**
- ▲ **It also needs to improve the OTR–GSDP ratio further.**

Notes

- 1 GOI (2017), *Energy Statistics 2017*, Ministry of New and Renewable Energy, Government of India.
- 2 GOI (2019), *Fact Sheet on Foreign Direct Investment (April 2000 to March 2019)*, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
- 3 GOI (2019), *Newsletter on UDAY*, January, Ministry of Power, Government of India.
- 4 CAG (2017), *Report 5: Report of the Comptroller and Auditor General of India on Public Sector Undertaking for the year ended 31st March 2017*, Government of Tamil Nadu.
- 5 ASER (2019), *Annual Status of Education Report 2018*, ASER Centre.
- 6 Government of Tamil Nadu Memorandum to FC-XV.

TL-1.A: Overview



POPULATION
35.0 million
2.9%
Of population across all States



AREA
1,12,112 sq km
3.4%
Of area across all States



FOREST COVER
20,582 sq km
18.4%
Of the State's own area is under forest
0.8%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,25,047
Rs 1,40,422



TAX TO GSDP
7.5%
6.3%
Average across all States

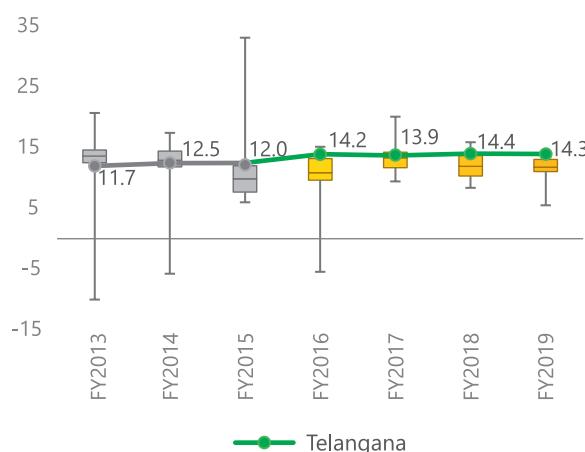


CHILDREN PER WOMAN
1.8
2.2
Average across all States

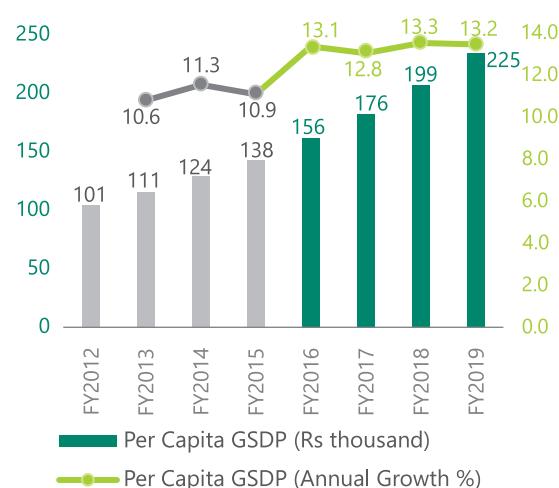


URBANISATION RATE
N.A.
31.1%
All India average

TL-1.B: Growth rate of GSDP (at current prices, %)



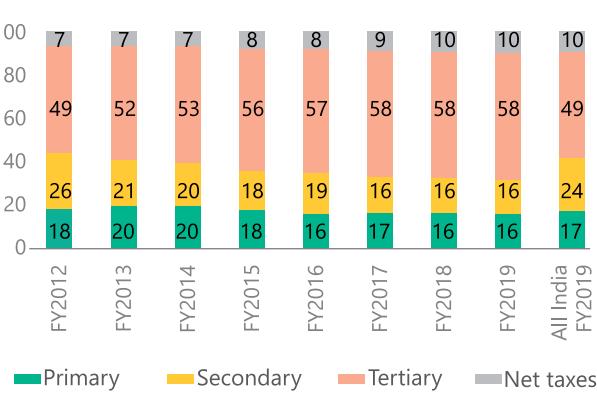
TL-1.C: Per capita GSDP (at current prices)



TL-1.D: GSDP Current, 2011–12 series (Rs crore)

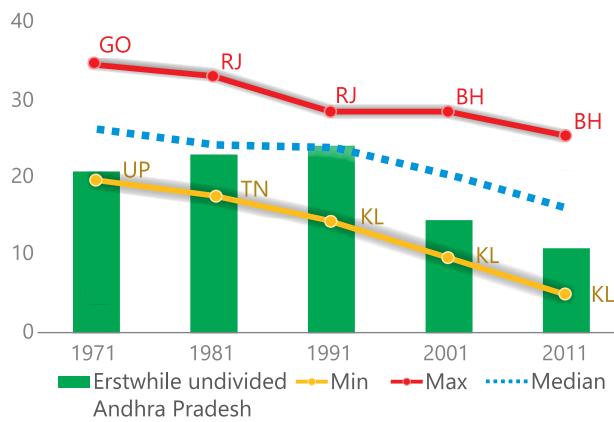
	State	All GS	Share (%) of State in GS
2011–12	3,59,434	77,44,945	4.6
2012–13	4,01,594	88,27,195	4.6
2013–14	4,51,580	1,00,07,392	4.5
2014–15	5,05,849	1,09,93,257	4.6
2015–16	5,77,902	1,21,91,256	4.7
2016–17	6,58,325	1,37,80,737	4.8
2017–18	7,53,127	1,54,20,126	4.9
2018–19	8,61,031	1,72,83,813	5.0

TL-1.E: Sectoral Contribution to GSDP (at current prices, %)

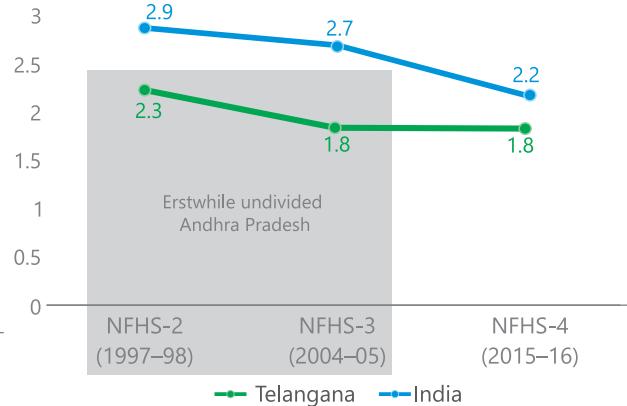


FC-XV VOLUME IV, THE STATES

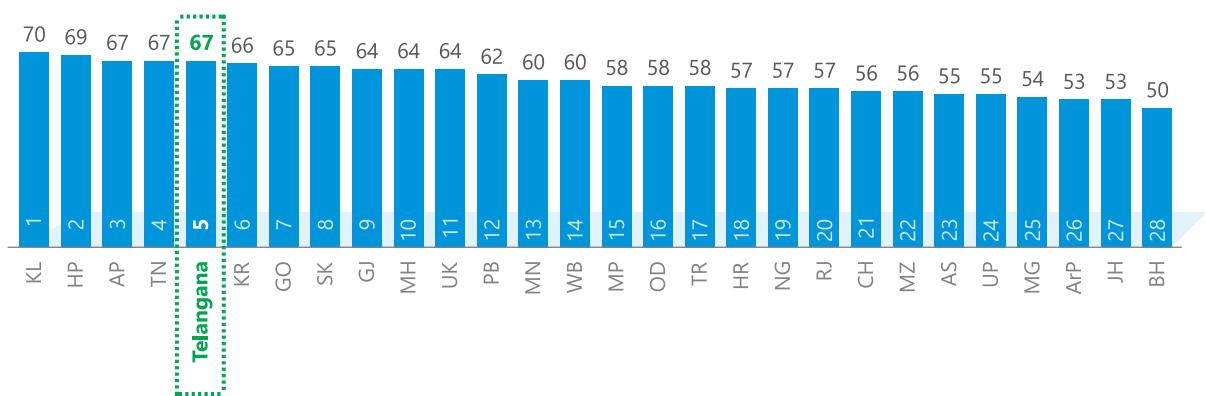
TL-2.A: Decadal Growth in Population (%)



TL-2.B: Total Fertility Rate (children per woman)

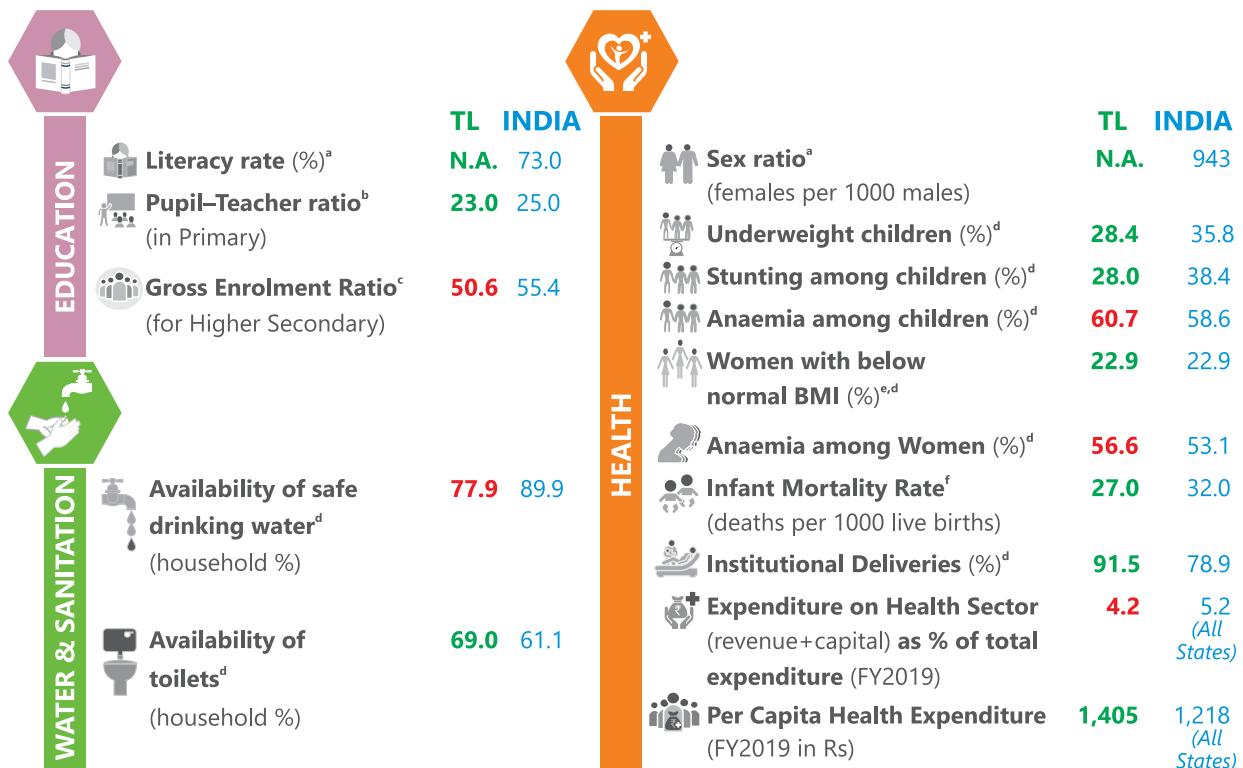


TL-2.C: SDG Index of NITI Aayog (2019)



Note: NFHS-2 and NFHS-3 data for Andhra Pradesh pertains to the erstwhile undivided State.

TL-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

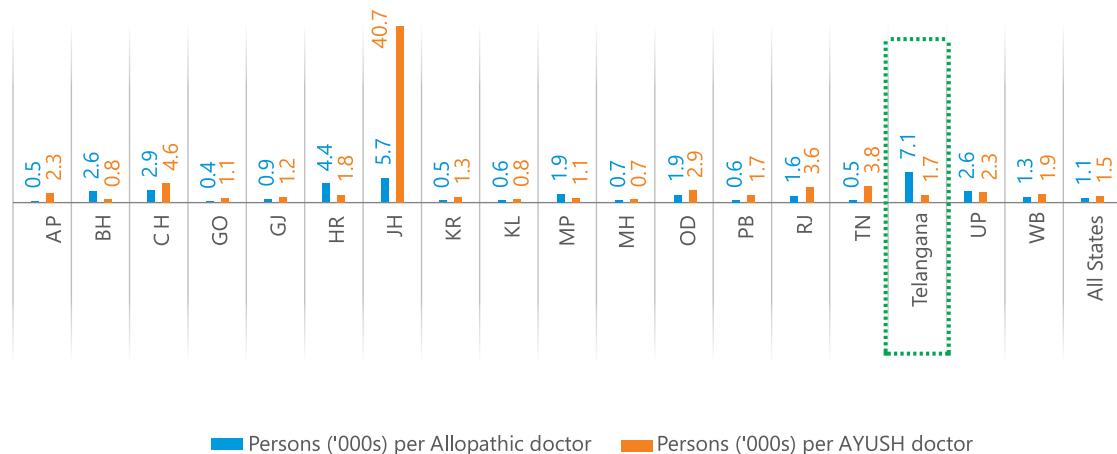
^e Body Mass Index | ^f SRS, 2018

TL-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012 Telangana did not exist in the comparison period. However, AP offers a good approximation.



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

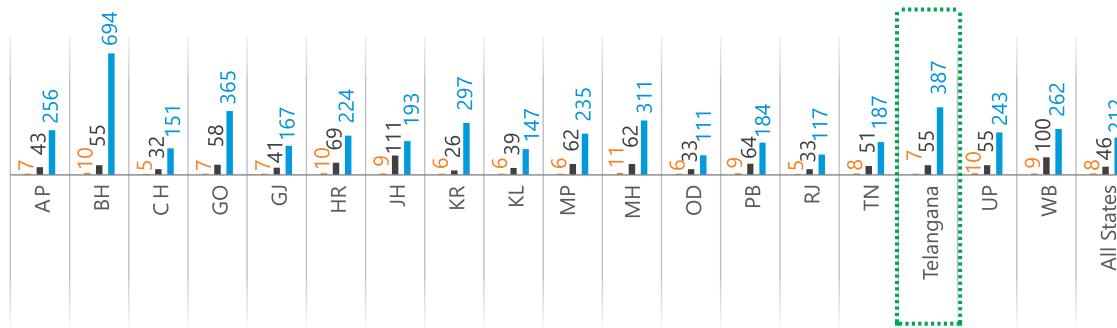
TL-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

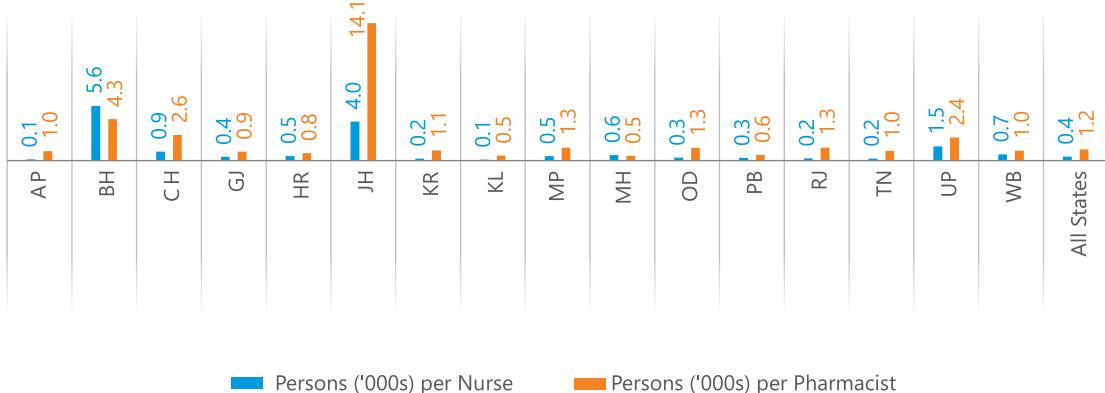
TL-3.B: Persons ('000s) per Sub-centre/PHC/CHC



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

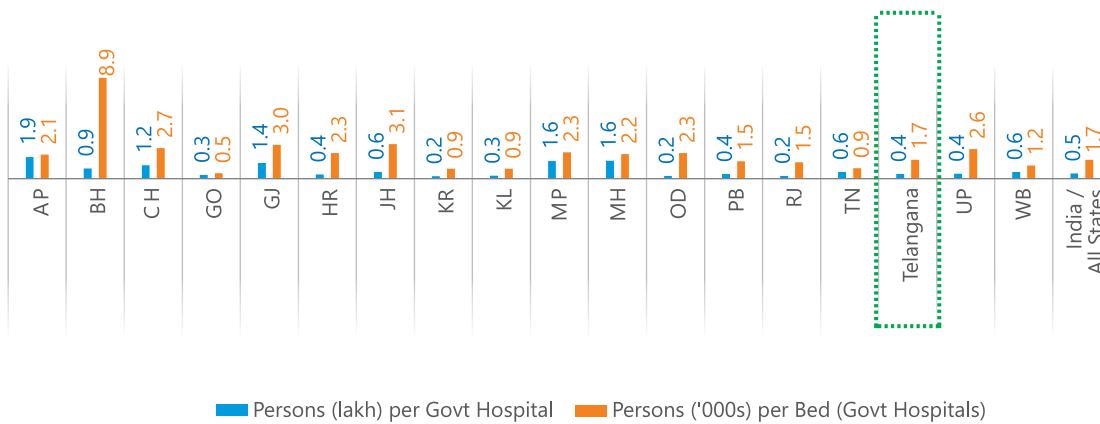
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TL-3.C: Persons ('000s) per Nurse/ Pharmacist



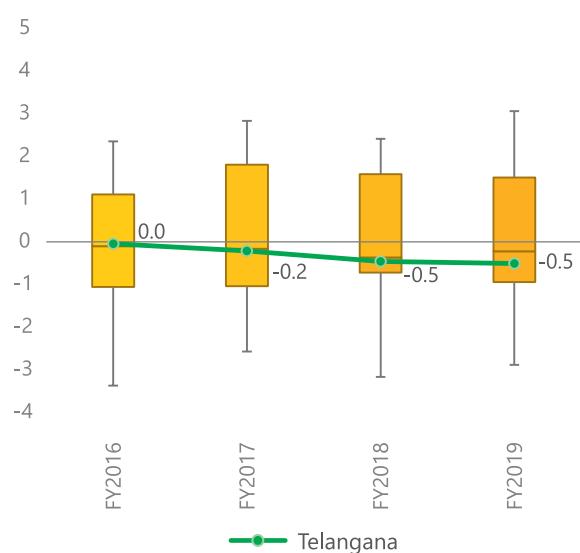
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TL-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

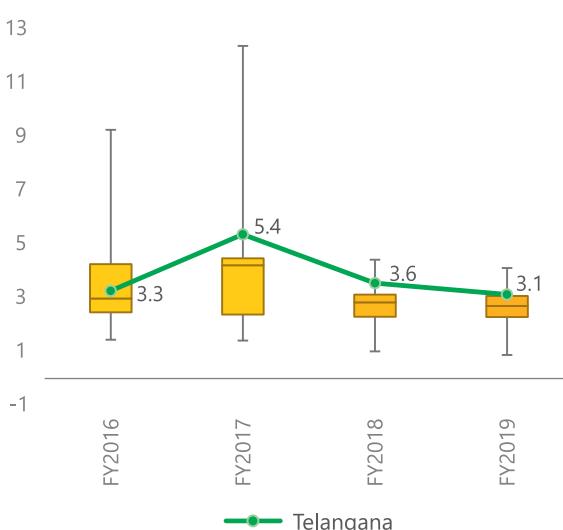


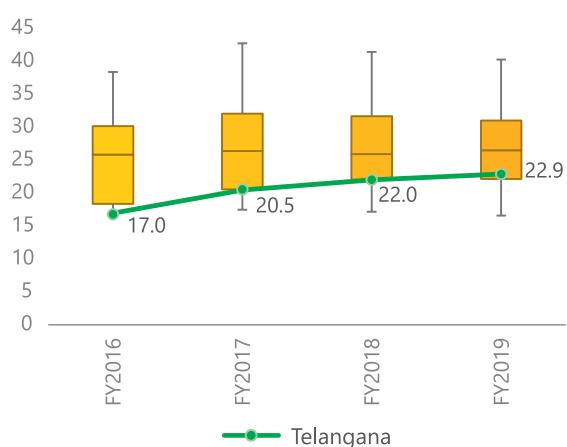
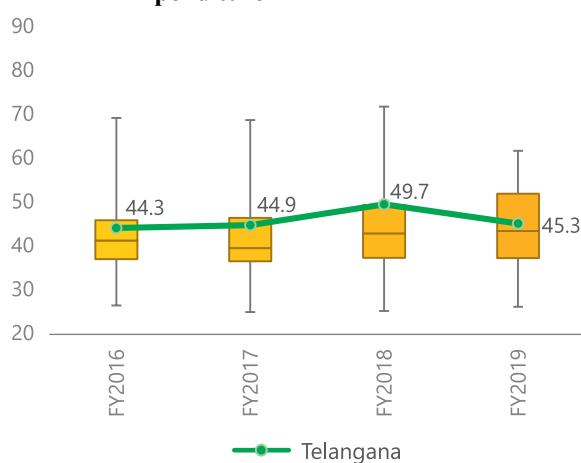
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TL-4.A: Revenue Deficit as % of GSDP

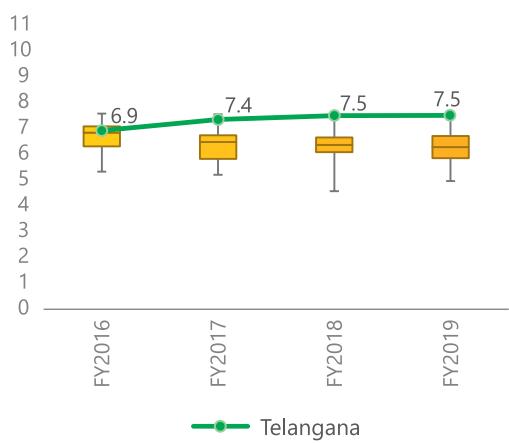
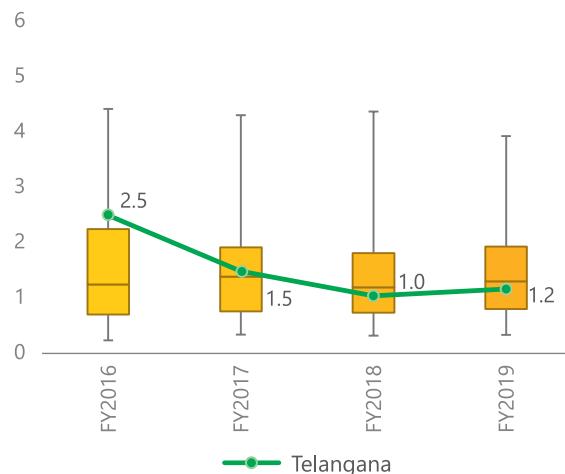
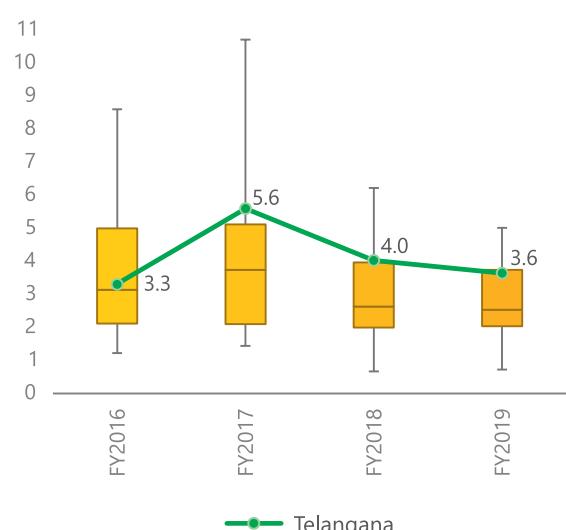


TL-4.B: Fiscal Deficit as % of GSDP



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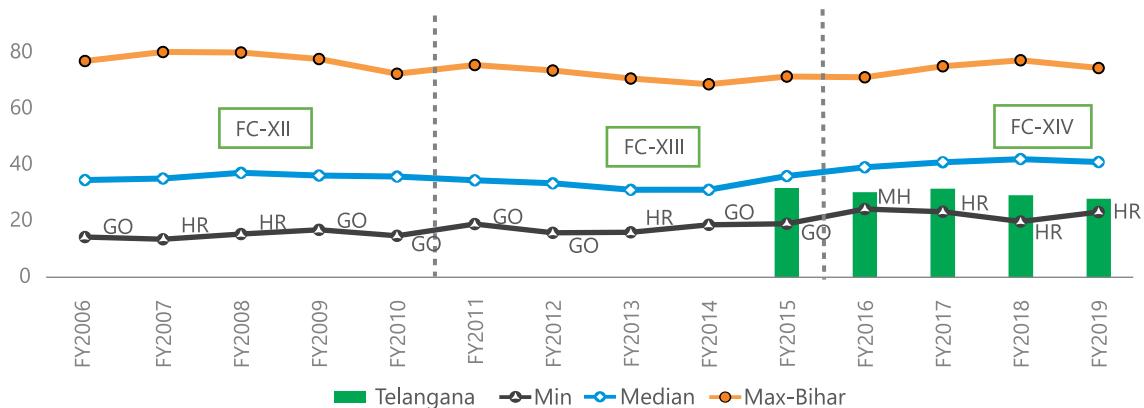
TL-4.E: OTR as % of GSDP**TL-4.F: NTR as % of GSDP****TL-4.G: Capital Expenditure to GSDP Ratio****TL-4.H: Key Fiscal Indicators—State vs GS**

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ES	2.7	3.1
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GS	4.0	4.7
Committed Expenditure	5.1	5.8
Capital Expenditure	3.6	2.5
FD	3.1	2.5
RD	-0.5	0.2
OD	22.9	25.0

TL-4.I: TRE and ORR Gap

TGR %, 2015–2019	TRE	TRR	ORR
Telangana	8.2	9.8	11.1
GS average	11.9	11.8	11.1

TL-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 10 have been devolved to the RLBs.
- Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 17 have been devolved to the ULBs.

Auditing Status

- Audit of accounts of RLBs and ULBs has been completed till 2017–18.

Property Tax Board

- Government of Telangana has not set up the PTB recommended by FC-XIII.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
6	12	4	5

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

First SFC (2020–21 to 2024–25)

- After the creation of the new State, the First SFC was constituted in 2015. However, its report is yet to be submitted.

Other Observations

- The State Government did not provide information on current norms of resource devolution to local bodies.
- The State Government is not strictly complying with the constitutional provisions of constituting SFCs and the timely implementation of their recommendations.

Debt and Losses

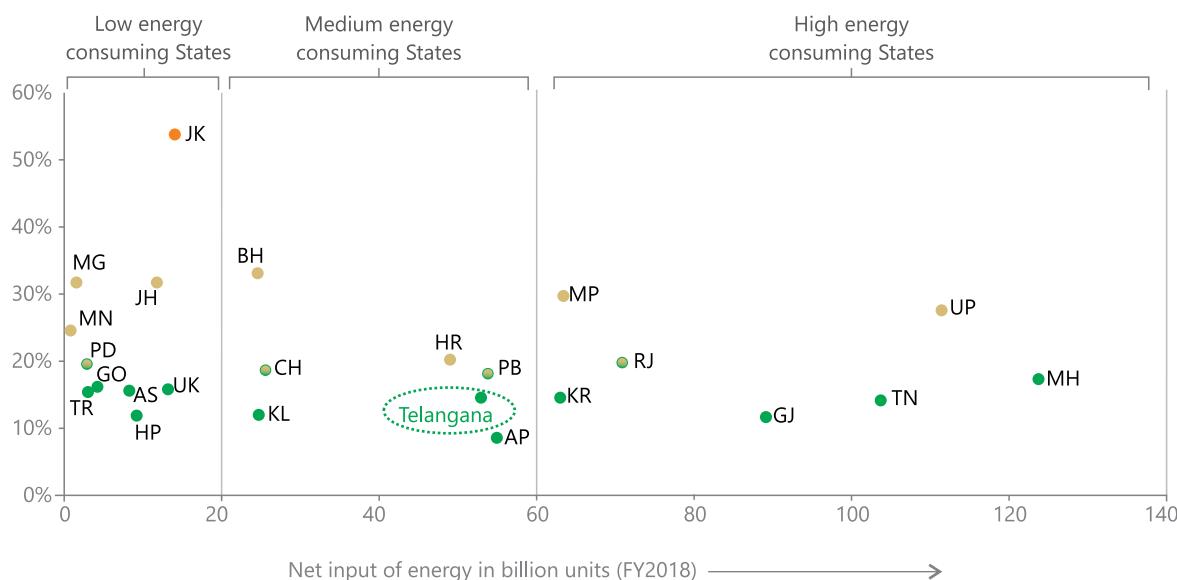
- ▲ Total borrowings of DISCOMs as on 31 March 2019 are Rs 17,121 crore of which State Government borrowing is Rs 11 crore.
- ▲ Under UDAY, the State Government has taken over outstanding loans of DISCOMs to the tune of Rs 8,923 crore in 2016–17 through the issuance of bonds.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	20.0	10.0
ACS–ARR Gap (Rs per unit)	1.5	0

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

TL-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Telangana proposed that the share of States in divisible pool be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Weights (%)
i)	Population (2011)	20.0
ii)	Area	20.0
iii)	Income Distance	30.0
iv)	Fiscal Self Reliance	10.0
v)	Quality of Public Expenditure	7.5
vi)	Demographic Performance	12.5

Low Dependence on Central Transfers

- ▲ In 2018–19, the Central transfers constituted less than 27% of TRR of the State Government, indicating greater reliance on own resources than most other States.
- ▲ The State also achieved a relatively high OTR–GSDP ratio of 7.5% in the same year.
- ▲ The State should continue its efforts to sustain the higher revenue from its own sources—both tax and non-tax.

Health Indicators

- ▲ Telangana is ahead of the national average in most of the key health indicators. A few are listed below (for others, see TL-2.B and D).
 - » According to SRS 2018, Under-5 (0 to 4 years) mortality per 1,000 live births: 30 (national average, 36)
 - » Percentage children covered by basic vaccination (12–23 months): 68 (national average, 62)
 - » Percentage children wasted: 18.1 (national average, 21.0)
 - » Maternal mortality per 100,000 deliveries (SRS, 2016–18): 63 (national average, 113)

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ Telangana ranks 5th among the Indian States on the SDG Index 2019.
- ▲ The State is a frontrunner on SDG–3 Good Health and Wellbeing, SDG–8 Decent Work and Economic Growth, and SDG–10 Reduced Inequality.
- ▲ However, it needs to improve its performance on SDG–1 No Poverty, SDG–2 Zero Hunger, SDG–6 Clean Water and Sanitation, SDG–9 Industry, Innovation and Infrastructure, and SDG–16 Peace, Justice and Strong Institutions.

Ease of Doing Business

- ▲ The State Government has implemented numerous investor-friendly policies such as TS-iPASS (for single window clearance), T-HUB (to encourage start-ups), etc.
- ▲ These and other similar initiatives catapulted Telangana to the third spot in EoDB rankings of all States in 2019 (Andhra Pradesh was 1st).
- ▲ The State should continue such steps in order to promote industrial development.

Updated Land Records

- ▲ Besides Maharashtra, Telangana is the only other state to have computerised more than 99% of its land records data.
- ▲ Accurate and efficient direct benefit transfers depend in large measure on correct and updated land records information.
- ▲ Ensuring public access to land records online substantially reduces the risk of fraud and deception during land transactions.

Fiscal Discipline

- ▲ The FD–GSDP ratio of the State jumped from 3.3% in 2015–16 to 5.4% in 2016–17 and thereafter declined to 3.1% in 2018–19.
- ▲ Further, Debt–GSDP ratio rose from 17% to 22.9% between 2015–16 and 2018–19.
- ▲ Over and above 3% FD–GSDP ratio, the State resorted to additional borrowings under Article 293(3) of the Constitution in 2016–17 (0.50%), 2017–18 (0.50%), and 2018–19 (0.25%).
- ▲ The State therefore needs to bring down its deficits and debt to sustainable levels.

FRBM Compliance

- ▲ The FRBM Act, 2005 enacted by the erstwhile undivided Andhra Pradesh had been in force in Telangana since the creation of the State on 2 June 2014 and it was amended by the State Government in 2016–17.
- ▲ The State did not adhere to FRBM targets of FD–GSDP ratio during the period 2015–16 to 2017–18.
- ▲ However, the Debt–GSDP ratio remained within the target during the same period.

Ratios as %	2015–16	2016–17	2017–18
Debt–GSDP			
As prescribed by the State FRBM	25.0	25.0	25.0
Actually achieved	17.0	20.5	22.0
FD–GSDP			
As prescribed by the State FRBM	3.0	3.5	3.5
Actually achieved	3.3	5.4	3.6

Source: Government of Telangana

Observations by Auditor General, Telangana

- ▲ If off-budget borrowings of the State amounting to Rs 29,965 crore in 2016–17 are accounted for, the Debt–GSDP ratio would jump by more than 5 percentage points to 24.9% in the same year.
- ▲ The State registered revenue surplus of Rs 1,386 crore during 2016–17. The revenue surplus was overstated by Rs 6,778 crore on account of irregular accounting.
- ▲ Thus, the State had, in fact, revenue deficit of Rs 5,392 crore in 2016–17.
- ▲ Fiscal deficit (Rs 35,281 crore) was understated by Rs 2,500 crore due to crediting of borrowed funds as Revenue Receipts.
- ▲ The huge investments made in irrigation have not yet resulted in commensurate returns in terms of crop yield improvements.
- ▲ The downside risks on the State's fiscal situation remain a major challenge.

High Cost of Kaleswaram Project

- ▲ At an estimated cost of Rs 80,000 crore, the Kaleswaram lift irrigation project (a flagship programme of the Government of Telangana) aims to serve over 18 lakh acres of farmland.
- ▲ Lift irrigation invariably notches up a massive electricity bill, bringing to question, the financial viability of the project in the absence of a guaranteed revenue stream.

- ▲ The State should try to generate adequate revenue (say, through user charges) to at least cover the operations and maintenance cost of the project.

Intrastate Development Disparity

- ▲ Of the 33 districts of Telangana, only four districts—Rangareddy, Hyderabad, Medchal–Malkajgiri, and Sangareddy)—contribute 52% of the GSDP.
- ▲ All secondary and tertiary activities are concentrated in these districts.
- ▲ Telangana should invest in the development of other urban centres in the interest of inclusive and balanced development across all districts.

Unemployment Rate

- ▲ Incidence of unemployment (usual principal and subsidiary status) among persons aged 15 years and above was the 5th highest in Telangana (across GS) in 2017–18.¹
- ▲ Thus, labour intensive sectors need to be promoted in the State to generate higher employment.

Education

- ▲ Educational outcomes of Telangana are either poorer than the national average (such as reading abilities) or have substantially deteriorated over a period of time (such as arithmetic abilities).

	% Children in Grade III who can read Grade II text		% Children in Grade III who can at least do subtraction	
	2016	2018	2016	2018
Telangana	18.6	18.1	42.2	34.5
India	25.2	27.3	27.7	28.2

Source: ASER (2018), *Annual Survey of Education Report, 2018*, ASER Centre.

- ▲ In 2016–17, the expenditure on education (general education, technical education, and capital outlay on education, sports, art and culture) as a percentage of GSDP was only 1.8% against GS average of 2.6%.

Backwardness

- ▲ Of the 33 districts of Telangana, three are identified as aspirational.
- ▲ Of these, one district figures among the 35 districts in the country most severely affected by left-wing extremism, creating serious obstacles in its development path.
- ▲ The State may like to target the development of bottom 20% blocks as aspirational blocks, on the lines of aspirational districts.

Power Sector

- ▲ To avoid fiscal risk, the State needs to substantially improve its performance on these two vital UDAY barometers along with smart metering and feeder segregation.
- ▲ Robust systemic reforms are required to ensure that the power subsidy reaches intended beneficiaries without leakage.

Local Bodies

- ▲ Measures need to be taken to devolve the remaining functions to local bodies.
- ▲ First SFC constituted in 2015 has not submitted its report despite a lapse of more than four years.

- ▲ The State needs to expedite the constitution of PTB.
- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Public Sector Undertakings²

- ▲ Out of 47 working PSUs (15 PSUs exclusive to the State, 28 PSUs formed due to bifurcation of the State, and 4 PSUs under demerger), 42 had arrears of 102 accounts (as on 30 September 2017) with the extent of arrears ranging from 1 to 9 years.
- ▲ As on 31 March 2017, the State Government invested Rs 58,746.19 crore (8.9% of GSDP in 2016–17) in 43 working PSUs.
- ▲ If PSU accounts are not audited on time, it could pose a serious downside risk to the State Government given the substantial budgetary support.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. Telangana is part of the group which includes Gujarat, Tamil Nadu, Maharashtra, Kerala, Karnataka, Haryana, and Goa.
- ▲ Critical fiscal parameters of Telangana have been compared to others in its class (barring Goa which is too small).

Reform Signposts

- ▲ Though Telangana is among the developed States of India, in terms of per capita income, it is placed 5th in its class.
- ▲ According to NFHS-4 (2015–16), Telangana is the only State in its class to report a lower percentage of households with access to safe drinking water (77.9%) than the national average (89.9%).
- ▲ Telangana reported the second highest buoyancy of OTR (1.22 in FY 2018–19) in its cohort.
- ▲ Among the States in this class, the ORR–TRR ratio (2018–19) is highest for Haryana (77%) followed by Telangana (73.6%) (compared to class average of 69.5).
- ▲ ORR/TRE is observed to be highest for Telangana (76.9%) followed by Maharashtra (76.1%), and Gujarat (70.4%).
- ▲ Between 2015 and 2019, Telangana reported a healthy sign of higher TGR of ORR (11.1%) than TRE (8.2%).
- ▲ For Telangana, 86.6% of ORR comes from OTR which is mostly drawn from the four Hyderabad-centric high growth districts mentioned earlier.
- ▲ **Revenues from Stamp duty are very low (8% of OTR against 15% in Maharashtra). This presents scope for vast improvement.**
- ▲ **The current level of loan debt repayments is also a cause for worry, which needs to be addressed promptly.**
- ▲ The interest repayment at 13% of TRE in 2018–19, is higher than the class average and growing fast.

- ▲ The State resorted to borrowing for critical social infrastructure like drinking water and irrigation. The mounting interest payments for such huge off-budget borrowings (without a provision for cost recovery) is expected to create fiscal challenges very soon.
- ▲ **Finally, off-budget borrowings through parastatals need to be accounted for in order to avoid possible fiscal shocks.**

Notes

- 1 GOI (2018), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.
- 2 CAG (2017), *Report No 2 of 2017 - Public Sector Undertakings Telangana*, report of the Comptroller and Auditor General of India, published by the Government of Telangana.

TR-1.A: Overview



POPULATION
3.7 million
0.3%
Of population across all States



AREA
10,486 sq km
0.3%
Of area across all States



FOREST COVER
7,726 sq km
73.7%
Of the State's own area is under forest
0%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,25,461
Rs 1,40,422

Average across all States



TAX TO GSDP
3.5%
6.3%

Average across all States



CHILDREN PER WOMAN

1.7
2.2

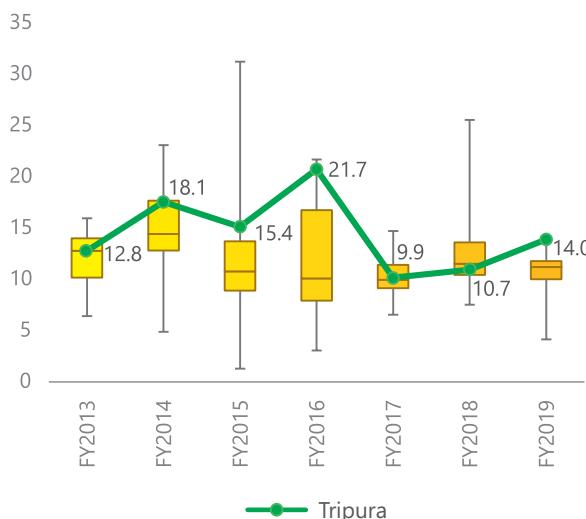
Average across all States



URBANISATION RATE
26.2%
31.1%

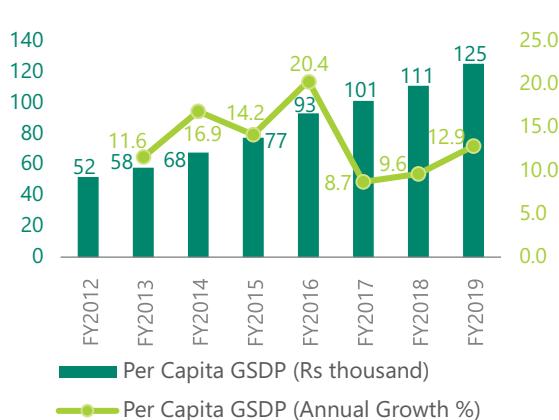
All India average

TR-1.B: Growth rate of GSDP (at current prices, %)



TR-1.C: Per capita GSDP (at current prices)

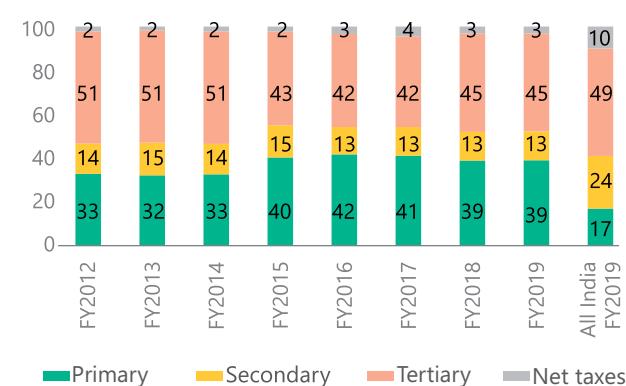
TR-1.C: Per capita GSDP (at current prices)



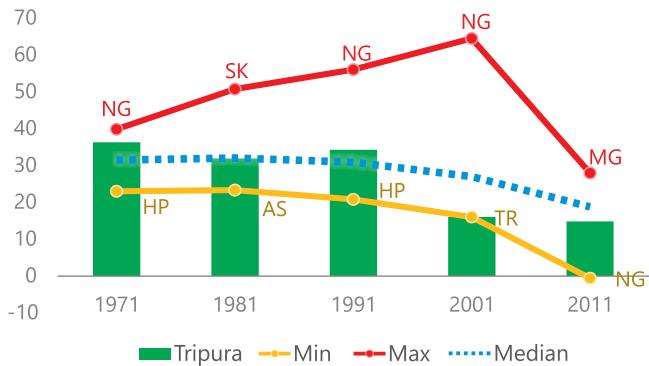
TR-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All NEHS	Share (%) of State in NEHS
2011–12	19,208	5,03,182	3.8
2012–13	21,663	5,63,081	3.9
2013–14	25,593	6,37,264	4.0
2014–15	29,533	6,95,474	4.3
2015–16	35,938	7,88,321	4.6
2016–17	39,479	8,67,648	4.6
2017–18	43,716	9,74,240	4.5
2018–19	49,845	10,82,901	4.6

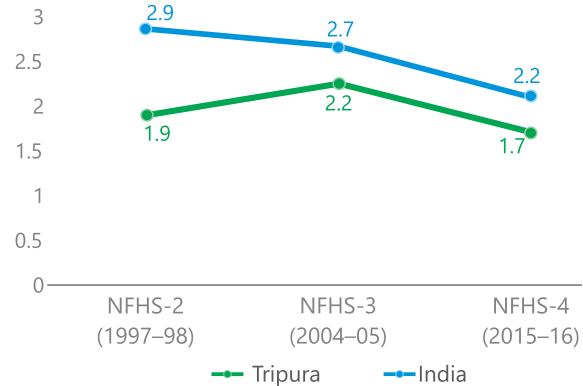
TR-1.E: Sectoral Contribution to GSDP (at current prices, %)



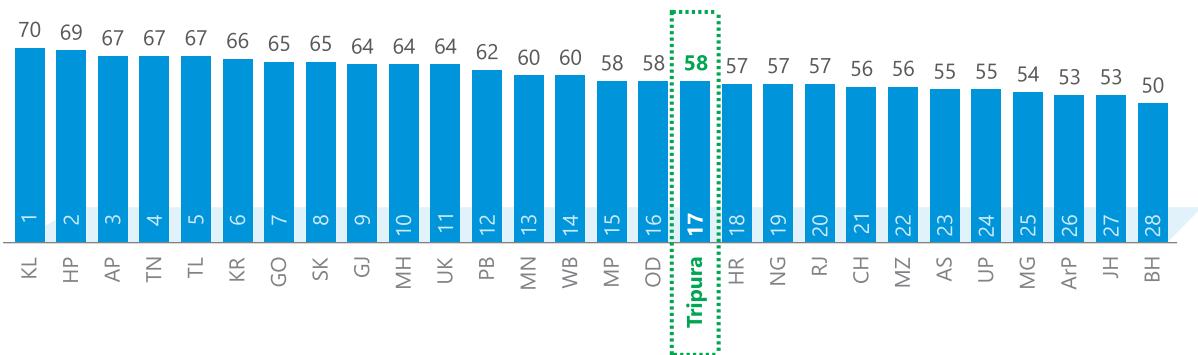
TR-2.A: Decadal Growth in Population (%)



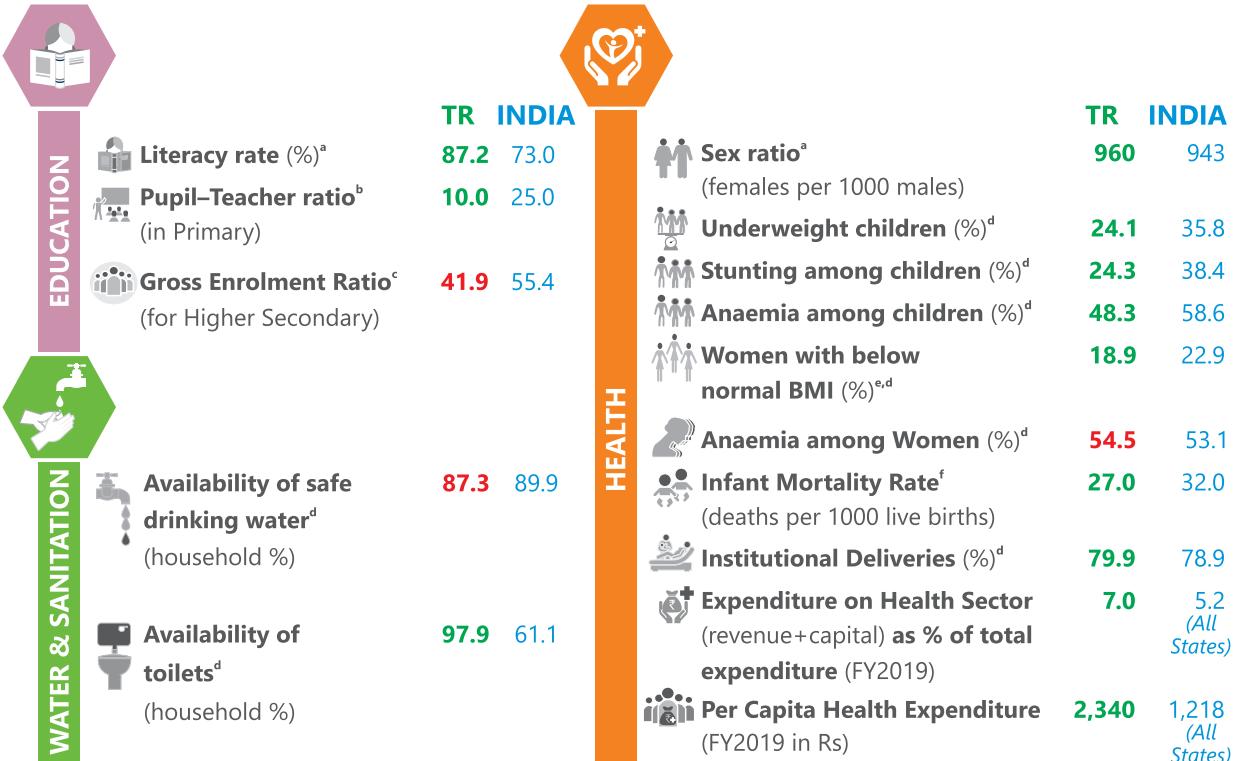
TR-2.B: Total Fertility Rate (children per woman)



TR-2.C: SDG Index of NITI Aayog (2019)



TR-2.D: Key Social Indicators

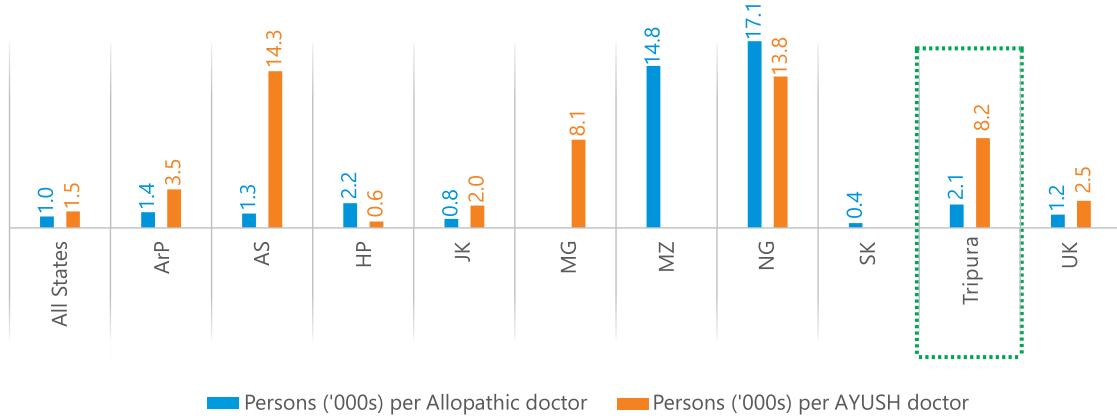
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018

TR-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



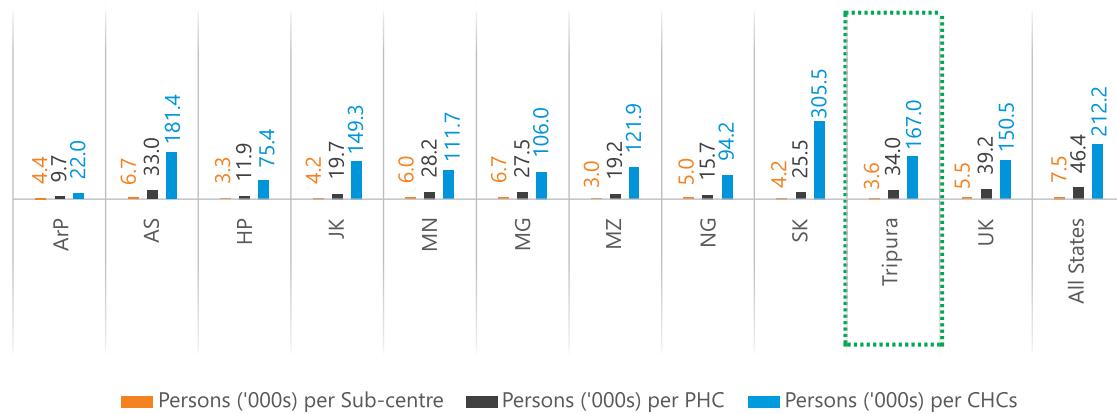
Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

TR-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



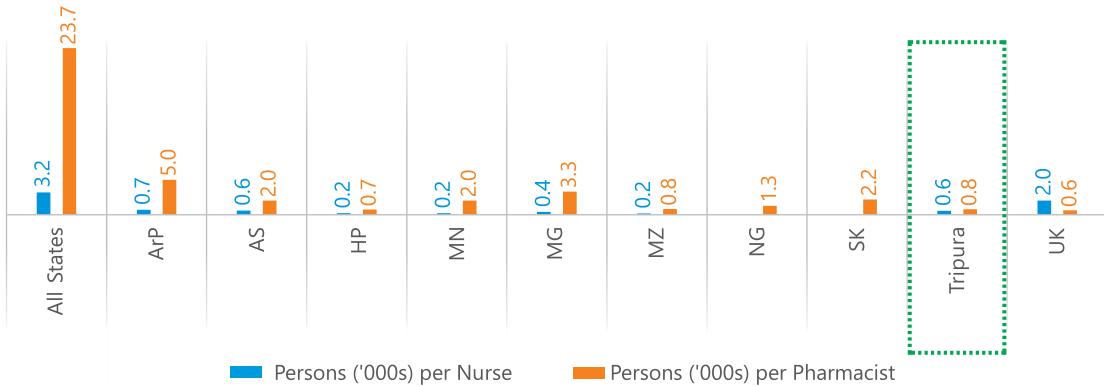
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TR-3.B: Persons ('000s) per Sub-centre/PHC/CHC



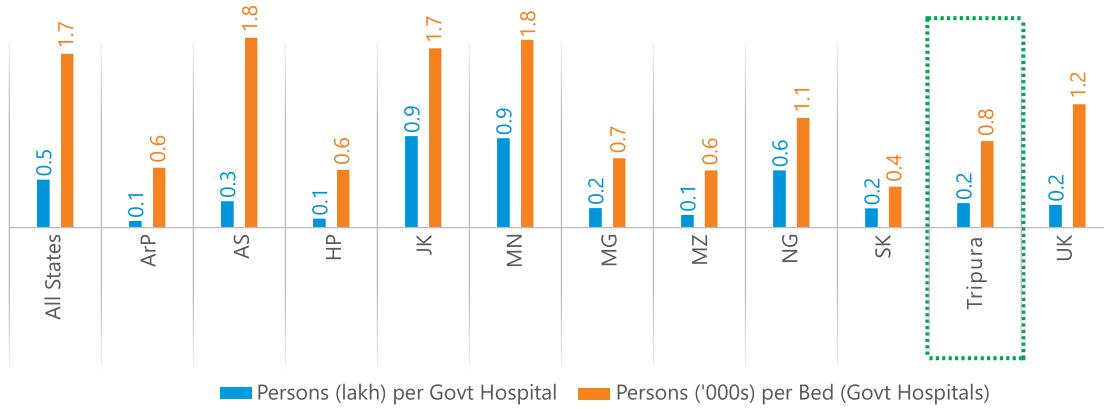
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TR-3.C: Persons ('000s) per Nurse/ Pharmacist



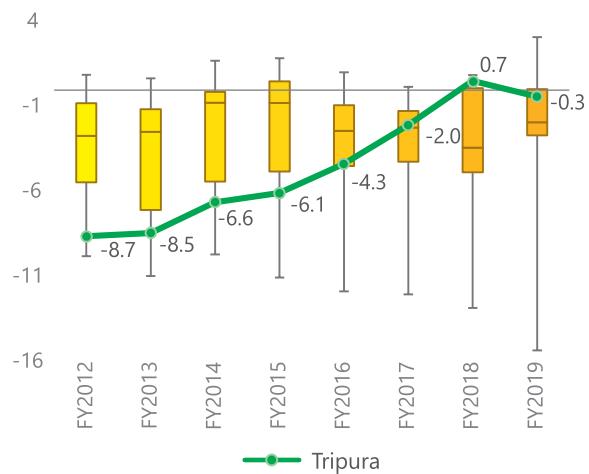
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TR-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

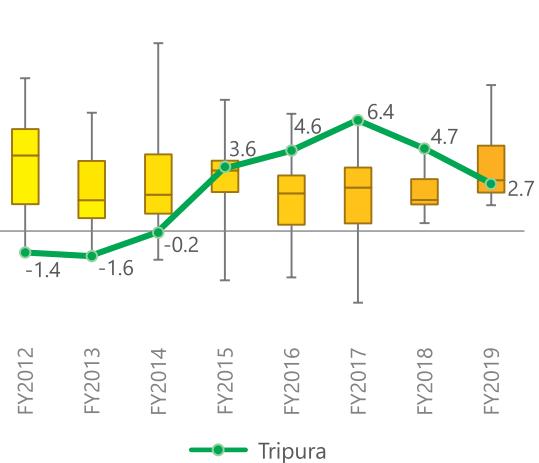


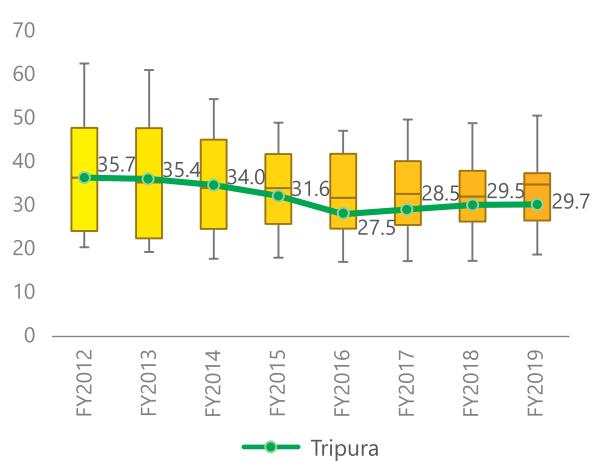
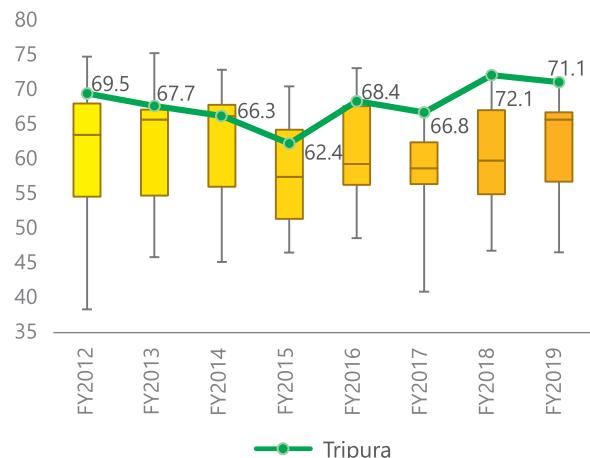
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

TR-4.A: Revenue Deficit as % of GSDP

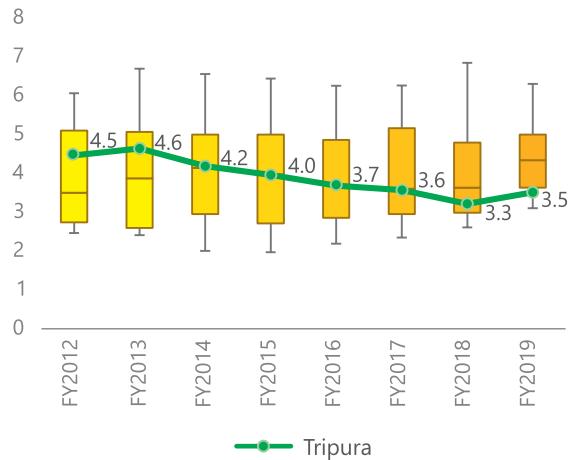
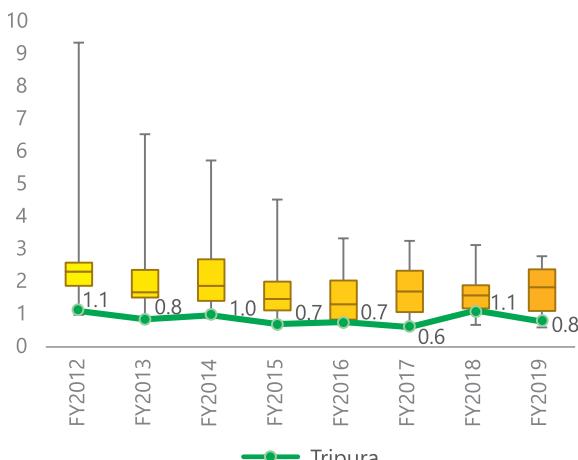
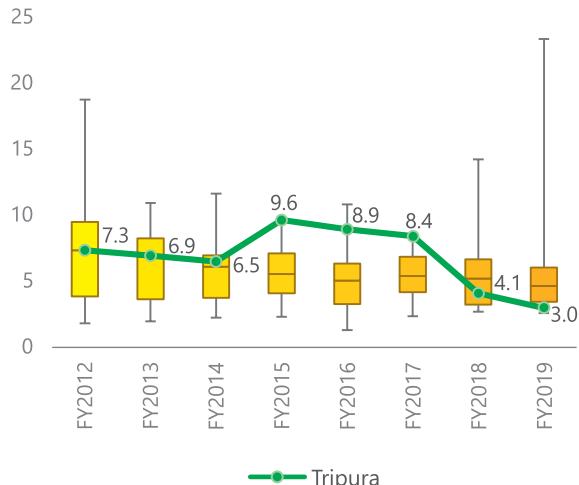


TR-4.B: Fiscal Deficit as % of GSDP



TR-4.C: Outstanding Debt as % of GSDP**TR-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

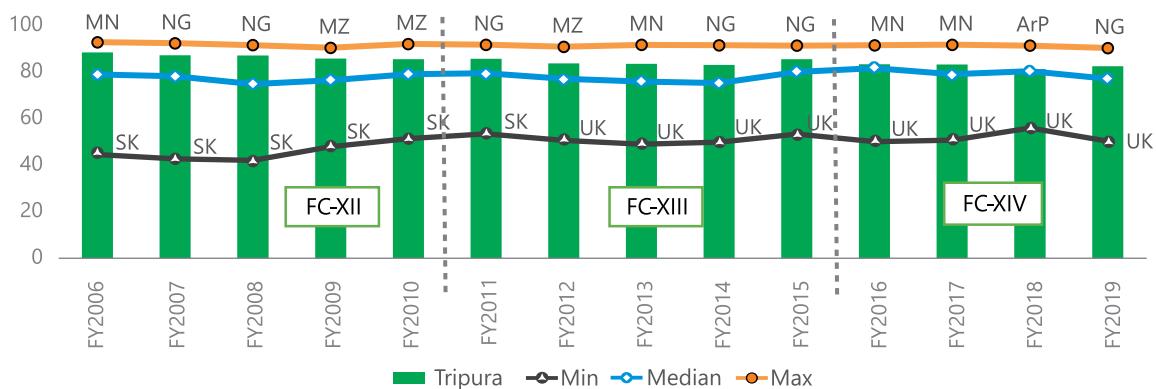
TR-4.E: OTR as % of GSDP**TR-4.F: NTR as % of GSDP****TR-4.G: Capital Expenditure to GSDP Ratio****TR-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	1,25,461	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	24.1	23.3
OTR	3.5	5.0
NTR	0.8	2.0
TE	26.8	26.7
ES	3.1	5.0
SS	10.5	8.7
GS	9.8	8.5
Committed Expenditure	17.0	14.4
Capital Expenditure	3.0	4.3
FD	2.7	3.4
RD	-0.3	-0.9
OD	29.7	29.6

TR-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Tripura	14.0	8.5	10.0
NEHS	12.6	12.1	10.7

TR-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



The Third Tier

- ▲ Besides 634 PRIs and 20 ULBs, the State has one ADC, the Tripura Tribal Areas Autonomous District Council or TTAADC, under the Sixth Schedule of the Constitution of India.

Functions Devolved

- ▲ Of the 29 functions under the Eleventh Schedule of the Constitution, 5 have been devolved to PRIs.
- ▲ Of 18 functions as envisaged in Twelfth Schedule of the Constitution, 13 have been devolved to ULBs.

Auditing Status

- ▲ RLB accounts have been audited till 2017–18.
- ▲ TTAADC accounts have been audited till 2017–18.
- ▲ Information on the auditing of ULB accounts is not available.

Property Tax Board

- ▲ PTB has been constituted by the State Government.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
8	13	13	9

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India

Third SFC (2009–10 to 2014–15)

- ▲ The Third SFC did not recommend any specific devolution percentage for local bodies from the State's OTR and NTR.
- ▲ Instead, it computed the pre-devolution gap by assessing expenditure required for the establishment, maintenance, and development of RLBs.

- ▲ Then, based on the projected OTR and NTR of Tripura and the expenditure gap therein, it recommended that a specified amount be devolved per annum towards the bridging the pre-devolution gap during 2010–11 to 2014–15.

Fourth SFC (2015–16 to 2019–20)

- ▲ The report of the Fourth SFC is currently being examined by the Government of Tripura.
- ▲ While the award period of the Fourth SFC report is complete, the ATR has not been tabled yet.

Debt and Losses

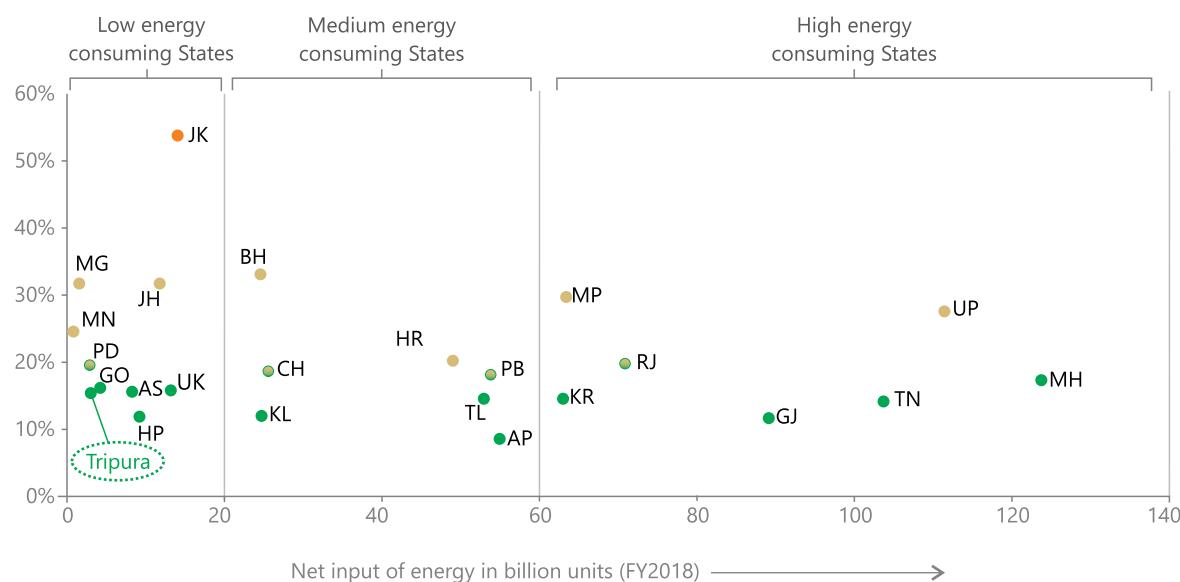
- ▲ The Tripura State Electricity Corporation Ltd. (TSEC), the successor to the Department of Power, Government of Tripura, is fully state-owned entity in charge of power generation, transmission, and distribution in the State.
- ▲ While the State is a signatory to UDAY agreement for operational efficiency of TSEC, it has not incurred any debt under the scheme.
- ▲ Total borrowing of TSEC as on 31 March 2019 is Rs 465 crore of which State Government borrowing is Rs 77 crore.
- ▲ While Tripura achieved the UDAY ACS–ARR gap target in 2018–19, it lagged far behind on AT&C losses.

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	35.48	20.0
ACS–ARR Gap (Rs per unit)	–0.06	0.03

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

TR-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Tripura has recommended that vertical tax devolution to States be increased from 42% to 50% in light of rising share of cesses and surcharges and discontinuation of central grants such as normal, special, and special plan assistance.
- ▲ Tripura has also recommended that at least 10% of the total devolution of taxes to the States be earmarked for North Eastern and Himalayan States (NEHS).

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population	10
ii)	Demographic Change	10
iii)	Income Distance	50
iv)	Area	5
v)	Forest Cover	10
vi)	Accessibility and Availability of Infrastructure	5
vii)	International Border	10

GSDP Growth

- ▲ The State had a nominal GSDP TGR of 14.9% from 2011–12 to 2018–19 (all States average 11.9%).
- ▲ However, the growth rate has been quite volatile, rising from 15.4% in 2014–15 to 21.7% in 2015–16 before dipping to 9.9% in 2016–17. The peak in 2015–16 was mainly because two gas-based 726 MW power plants were commissioned in 2013–14 and 2014–15. These increased GSDP under the heads ‘Mines and Minerals’ and ‘Electricity, gas, water supply & other utility services’.

Physical and Digital Connectivity

- ▲ Tripura has the potential to develop an IT hub in the Northeast as it has good internet connectivity.
- ▲ It has a full-fledged airport and road density of 1,815 km per 1,000 sq km as against national average of 952.8 km/sq km.
- ▲ However, road connectivity with rest of India can be improved.
- ▲ In addition to air connectivity, if Tripura can establish sea link through Bangladesh, it could become a trade gateway linking India and the Northeast to the Association of South East Asian Nations.

Human Development Indicators

- ▲ Of the 17 SDGs, Tripura has been classified as a front-runner in SDG–1 Poverty Reduction, SDG–10 Reduced Inequality, SDG–15 Life on Land, and SDG–16 Peace, Justice and Strong Institutions by the SDG India Index Baseline Report, 2018 of the NITI Aayog.
- ▲ Tripura reduced incidence of poverty by 26.6% between 2004–05 and 2011–12 (highest rate of reduction across all States) to 14% of its population (Tendulkar estimates).

- ▲ Other human development indicators are also better than national averages (see TR-2.D).
- ▲ With good connectivity and educational indicators, its capital Agartala has the potential to develop biotechnology firms and medical tourism.

Tourism

- ▲ With 8 of the 10 historical monuments of the Northeast in Tripura, the State has ample scope for developing tourism.
- ▲ Government of Tripura has requested Archaeological Survey of India to establish an office in the State.
- ▲ Aspiring to be a trade and tourism gateway to the Northeast, the State Government is exploring ways to start a direct Delhi–Agartala flight.
- ▲ While Tripura does not have many hotels, e-commerce platforms for homestays are operational in Tripura. These should be promoted to enhance tourism.

Natural Resources

- ▲ Tripura is a power surplus State with adequate natural gas resources, which could be harnessed for sale to neighbouring States to generate revenue streams.
- ▲ Tripura is a large producer of rubber but the rubber processing units are not developed in the State.
- ▲ The State could develop industries based on bamboo, rubber, tobacco, and food processing industries.
- ▲ There should be an online portal to facilitate hassle-free access to the bamboo-processing subsidy.

Fiscal Discipline

- ▲ While Tripura had fiscal surplus in 2013–14, its FD–GSDP ratio shot up in 2015–2017 before reducing to 2.69% in 2018–19.
- ▲ Tripura had very high Debt–GSDP ratio of 29.7% in 2018–19.
- ▲ This needs to be reduced in line with recommendations of FC-XV.

Ratios in %	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
FD–GSDP						
Tripura	-0.2	3.6	4.6	6.4	4.7	2.7
NEHS	2.8	3.5	2.1	3.1	2.9	3.4
Debt–GSDP						
Tripura	34.0	31.6	27.5	28.5	29.5	29.7
NEHS	28.7	29.2	28.5	29.2	29.0	29.6

Source: Finance Accounts.

High Dependence on Union Government

- ▲ 82.23% of the State's TRR comes from the Union Government.
- ▲ Tripura has very low ORR/GSDP ratio (4.3%) compared to NEHS (7.0%) and all States average (7.5%).

Particulars (2018–19, %)	Tripura	NEHS	All States
OTR/GSDP	3.5	5.0	6.3
NTR/GSDP	0.7	2.0	1.2
ORR/GSDP	4.3	7.0	7.5

- ▲ The buoyancy of OTR from 2011–12 to 2018–19 was only 0.63 against NEHS average of 0.95.
- ▲ Collections by the State from VAT/GST, Stamp Duty, and Excise as percentage of GSDP are lower than the NEHS average.
- ▲ The State should try to increase revenues from these sources while developing innovative sources of revenue.

States	As percentage of GSDP				
	VAT/GST	Stamp Duty	Excise	Electricity Duty	Others
Tripura	2.7	0.1	0.4	0	0.3
NEHS	3.5	0.2	0.7	0.1	0.5
All States	4.2	0.7	0.8	0.2	0.5

High Committed Expenditure

- ▲ Tripura has committed expenditure (including GIA Salary) of 71.5% of TRE (against NEHS average of 67.6% in 2018–19) with a TGR of 14.7% between 2011–12 and 2018–19 (NEHS average 12.1).
- ▲ The State needs to reduce committed expenditure and re-prioritise and revamp its expenditure so that more space is left for development expenditure.

Low Share of Secondary Sector

- ▲ The secondary sector contributes 13.0% of Tripura's GSDP. The contribution from manufacturing sector is only 3.43%. This compares poorly with other NEHS such as HP, Uttarakhand, Sikkim, and Assam.

Local Bodies

- ▲ State should ensure timely constitution of SFCs and act upon their recommendations.
- ▲ Property tax rates are specified by the State Government and local bodies don't have the flexibility to change it.
- ▲ Measures should be taken to devolve all functions as prescribed in the Constitution to PRIs, ULBs, and TTAADC.

Public Sector Undertakings¹

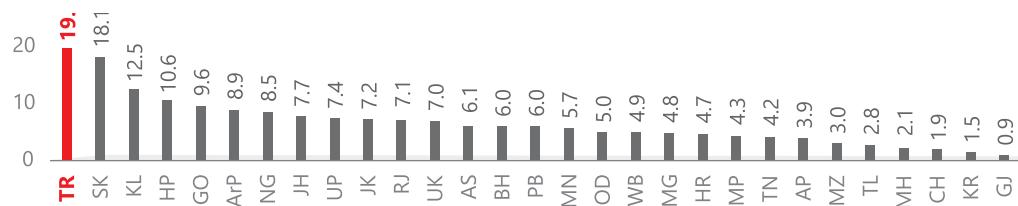
- ▲ Only 2 out of 13 working SPSUs had prepared their up-to-date accounts as on 30 September 2017.
- ▲ The remaining 11 had a backlog of 20 accounts for periods ranging from 1 to 3 years.
- ▲ The State Government had invested Rs 237.23 crore in nine SPSUs during the years for which these SPSUs had not finalised their accounts.
- ▲ Without account finalisation and audit, whether the investments and expenditure incurred were properly accounted for and their purpose achieved, could not be verified.

- ▲ The paid-up capital of 13 working SPSUs as on 30 September 2017 was Rs 1,324.59 crore and accumulated losses were Rs 773.39 crore.
- ▲ Accumulation of huge losses by these SPSUs has eroded public wealth.
- ▲ The non-auditing of accounts could pose serious downside risks given the substantial budgetary support.
- ▲ TESC could operate only seven power generating units with 115 MW capacity out of the installed capacity of 152 MW in 12 units due to inefficiencies in ageing generating stations.
- ▲ The Company lost net potential sales revenue of Rs 79.38 crore during 2012–13 to 2016–17 due to non-achievement of generation targets fixed by Central Electricity Authority.

High Unemployment Rate

- ▲ Tripura had the highest unemployment rate in the country of 19.7% (as against the all India level of 5%).²

TR-5.B: Unemployment rate in major States in India, Usual Principal Status Approach, in %



Source: GOI (2016), *Fifth Annual Employment–Unemployment Survey 2015–16*, Labour Bureau, Ministry of Labour and Employment, Government of India.

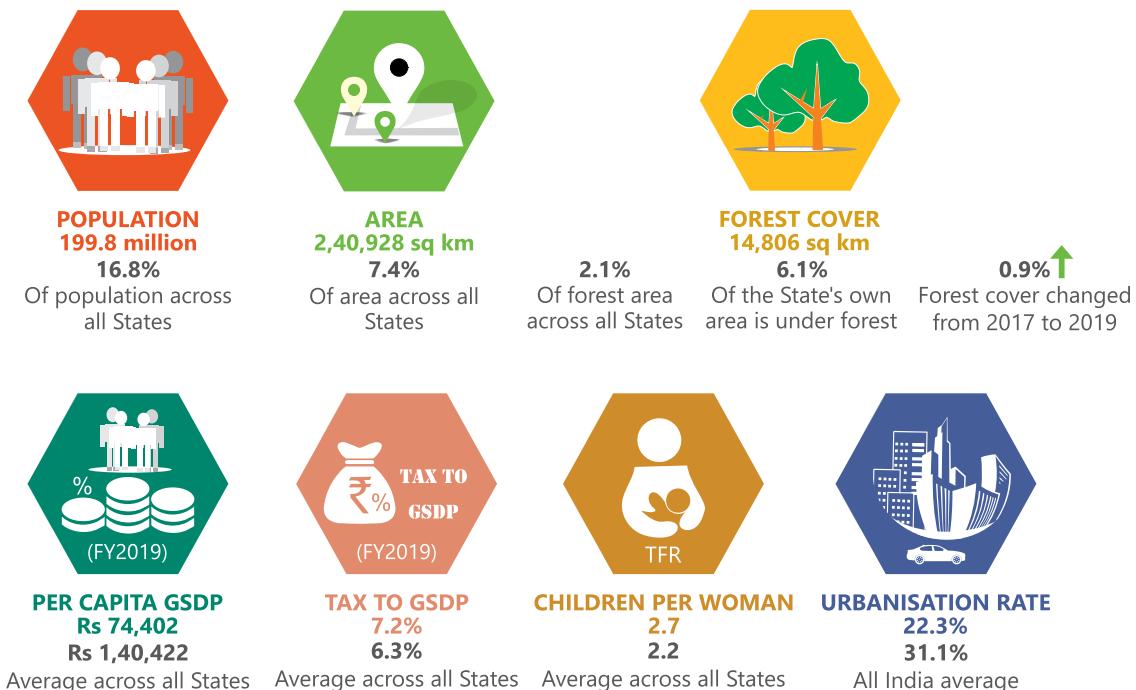
Reform Signposts

- ▲ Tripura had very high Debt–GSDP ratio of 29.7% in 2018–19. This needs to be reduced in line with recommendations of FC-XV.
- ▲ Tripura has very low ORR/GSDP ratio as compared to NEHS average. Its dependence on the Union Government is very high as 82.23% of its TRR comes from the Centre. Collections by the State from VAT/GST, Stamp Duty, and Excise as percentage of GSDP are lower than the NEHS average. **As the State is blessed with natural resources it needs to encourage and boost its secondary sector with favourable policies. This will also help the State to enhance own revenues.**
- ▲ Tripura has very high committed expenditure which has also grown at a relatively higher rate in the last few years. **The State needs to reduce committed expenditure and re-prioritise and revamp its spends to create fiscal space for development expenditure.**

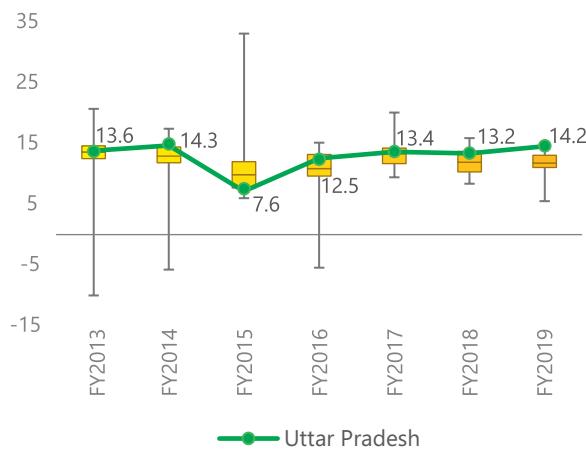
Notes

- 1 CAG (2018), *Report No 1 of 2018 - Public Sector Undertakings Tripura*, report by the Comptroller and Auditor General of India, published by the Government of Tripura.
2. GOI (2016), *Fifth Annual Employment–Unemployment Survey 2015–16*, Labour Bureau, Ministry of Labour and Employment, Government of India.

UP-1.A: Overview



UP-1.B: Growth rate of GSDP (at current prices, %)



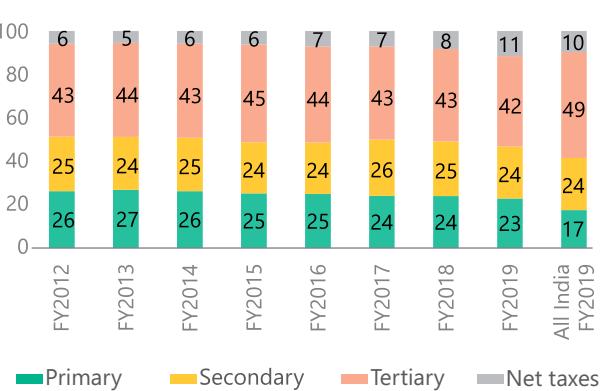
UP-1.C: Per capita GSDP (at current prices)



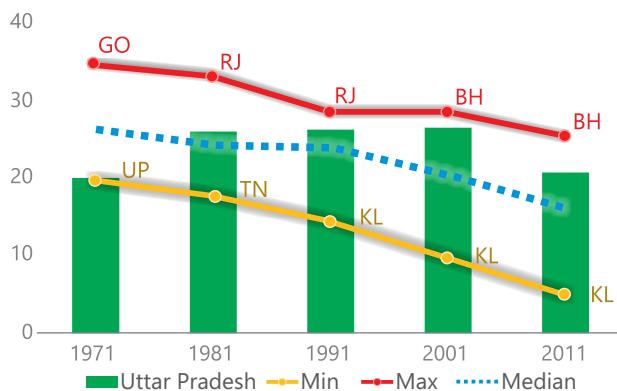
UP-1.D: GSDP Current, 2011–12 series (Rs crore)

	State	All GS	Share (%) of State in GS
2011–12	7,24,050	77,44,945	9.3
2012–13	8,22,393	88,27,195	9.3
2013–14	9,40,356	1,00,07,392	9.4
2014–15	10,11,790	1,09,93,257	9.2
2015–16	11,37,808	1,21,91,256	9.3
2016–17	12,90,289	1,37,80,737	9.4
2017–18	14,60,443	1,54,20,126	9.5
2018–19	16,68,229	1,72,83,813	9.7

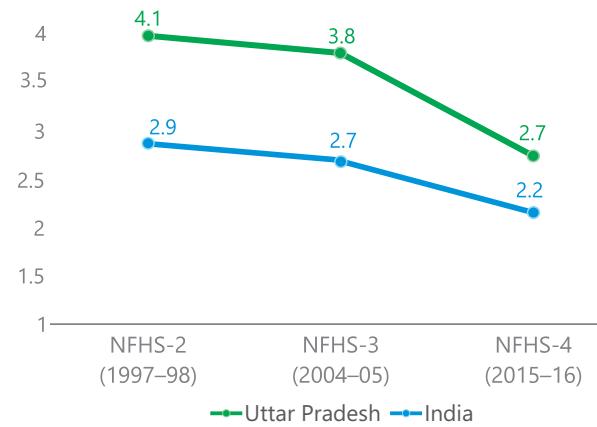
UP-1.E: Sectoral Contribution to GSDP (at current prices, %)



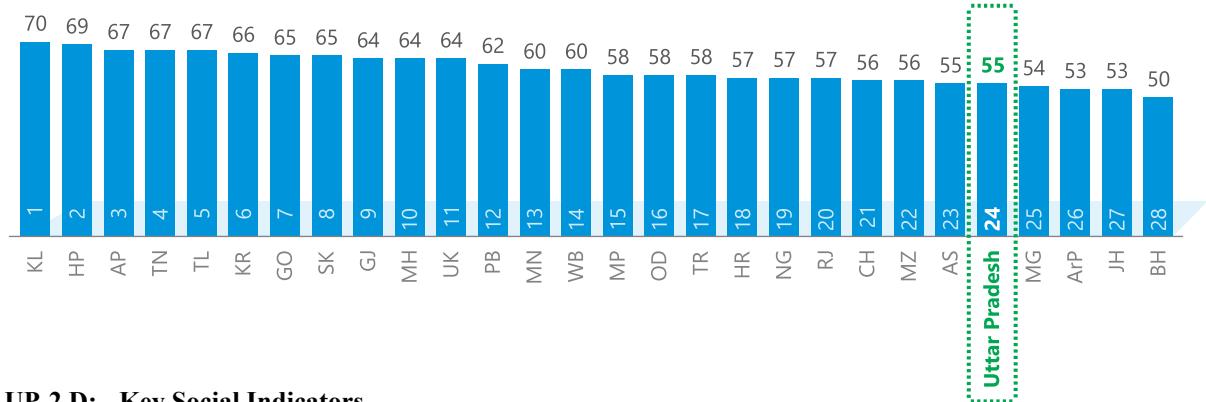
UP-2.A: Decadal Growth in Population (%)



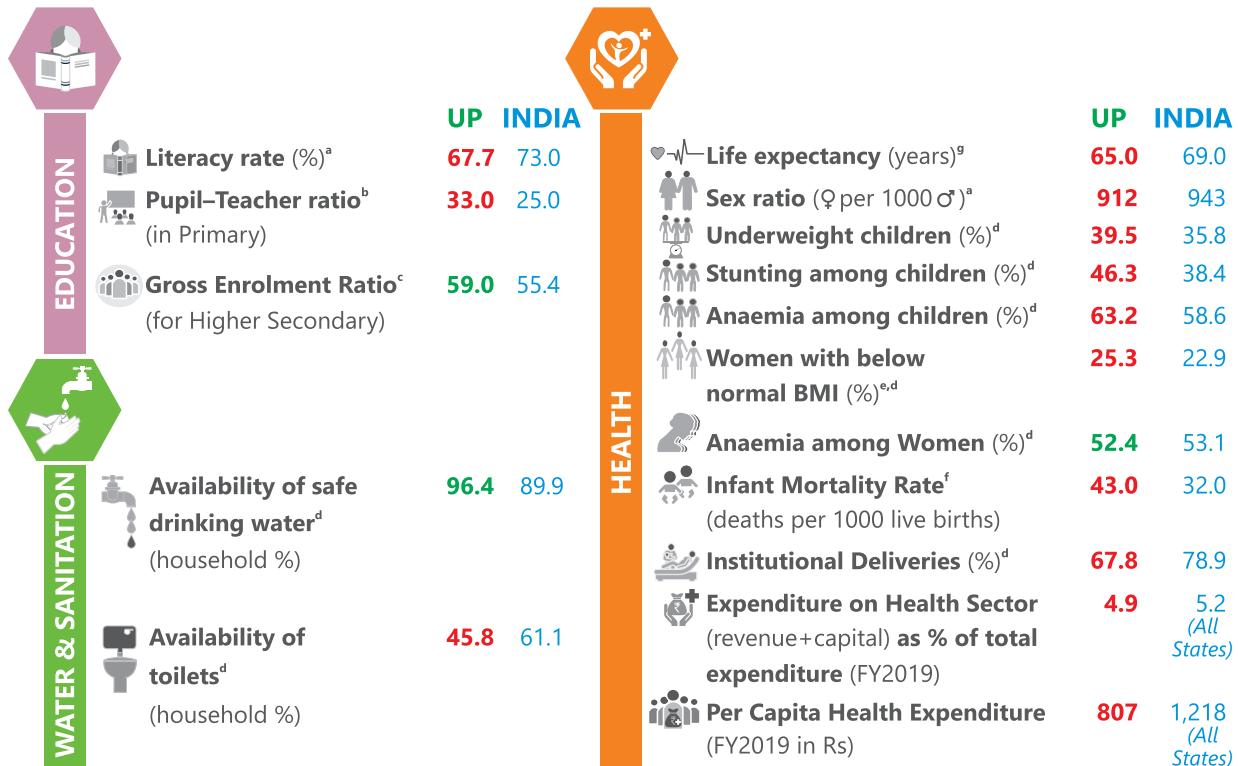
UP-2.B: Total Fertility Rate (children per woman)



UP-2.C: SDG Index of NITI Aayog (2019)



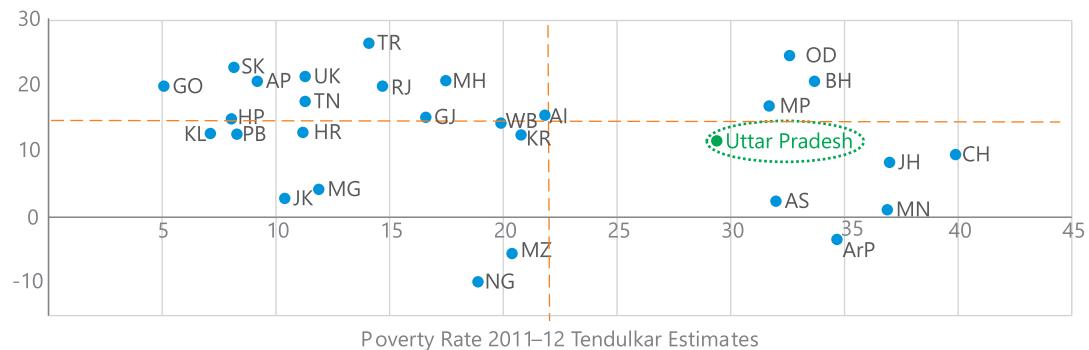
UP-2.D: Key Social Indicators



^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

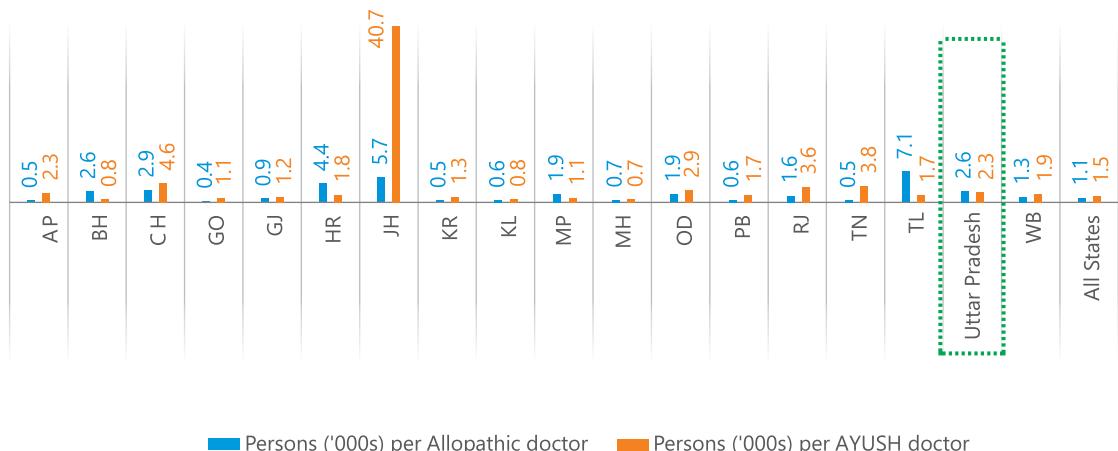
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

UP-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

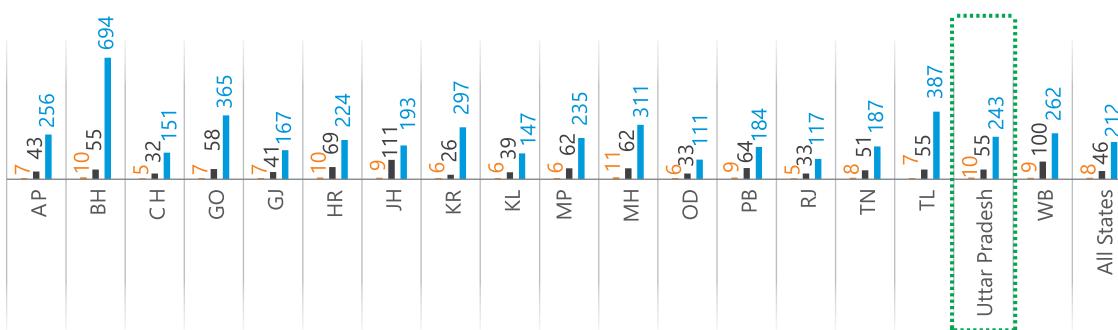
UP-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

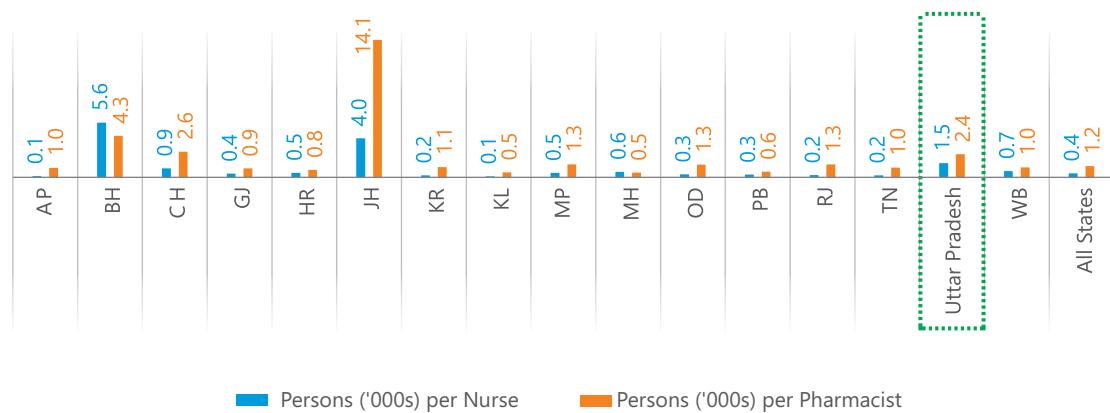
UP-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

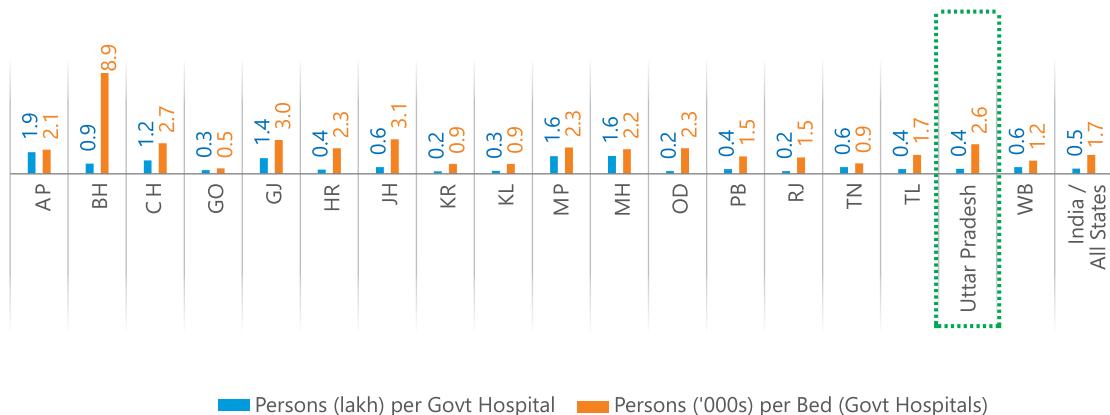
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UP-3.C: Persons ('000s) per Nurse/ Pharmacist



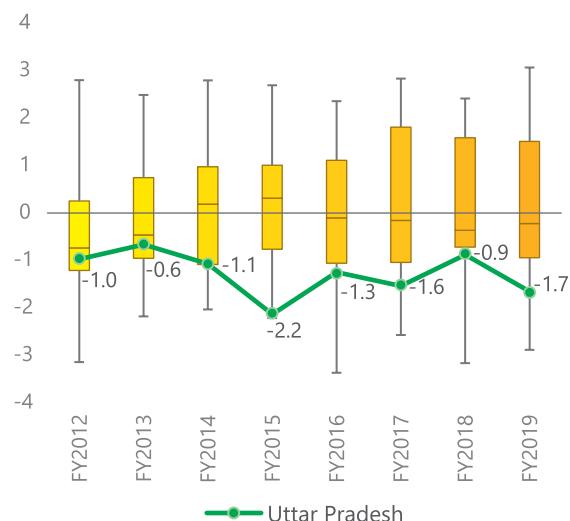
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UP-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

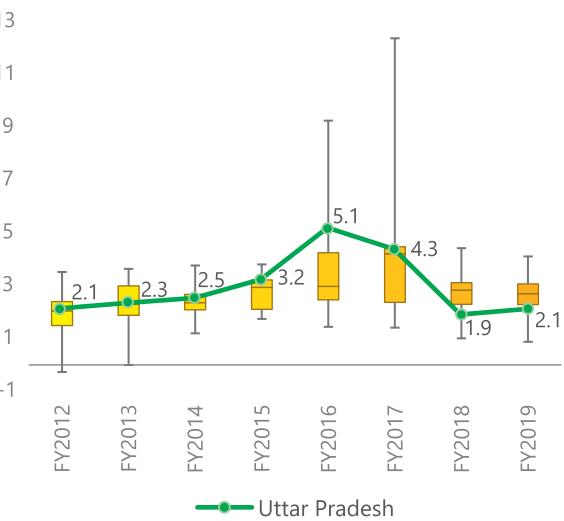


Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

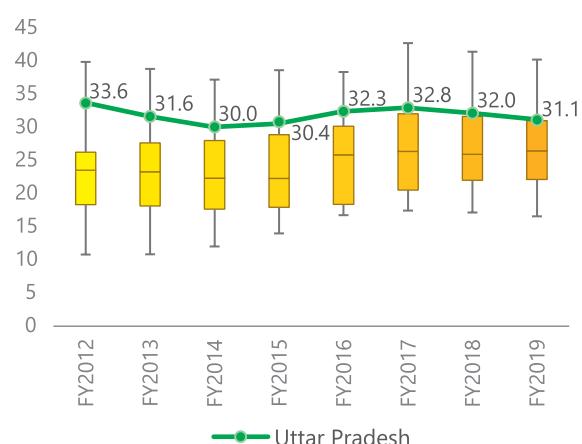
UP-4.A: Revenue Deficit as % of GSDP



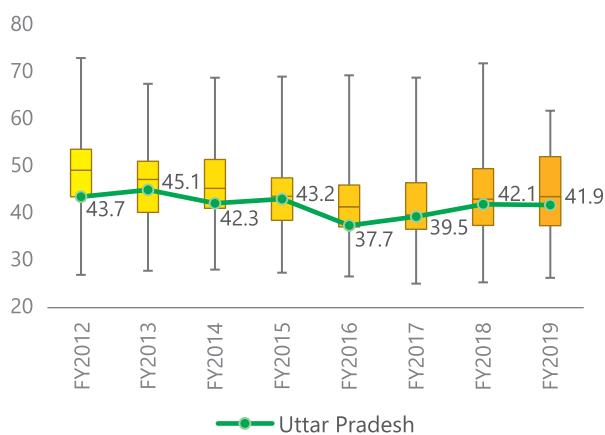
UP-4.B: Fiscal Deficit as % of GSDP



UP-4.C: Outstanding Debt as % of GSDP

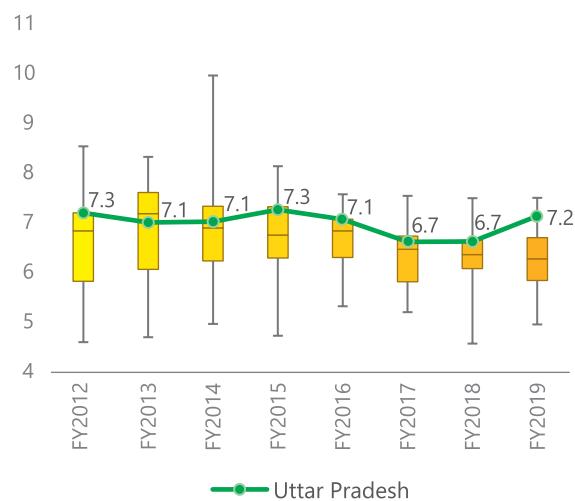


UP-4.D: Committed Expenditure as a % of Revenue Expenditure

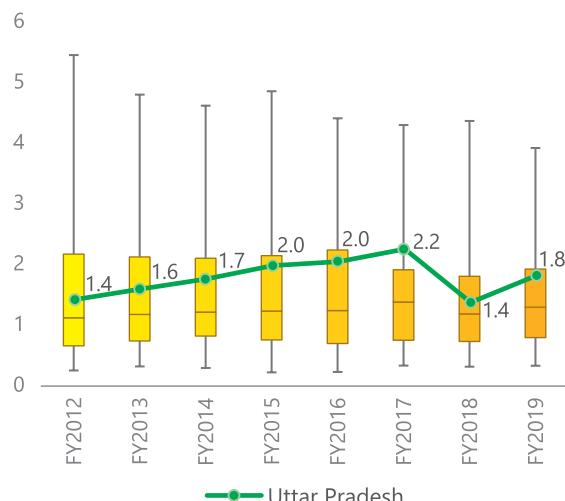


Note: Committed expenditure includes salaries, interest payments, and pensions

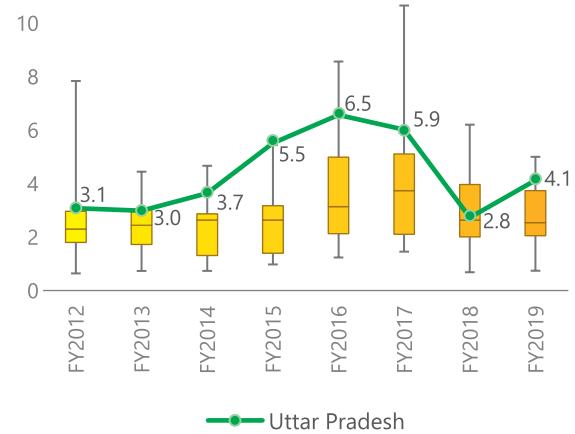
UP-4.E: OTR as % of GSDP



UP-4.F: NTR as % of GSDP



UP-4.G: Capital Expenditure to GSDP Ratio



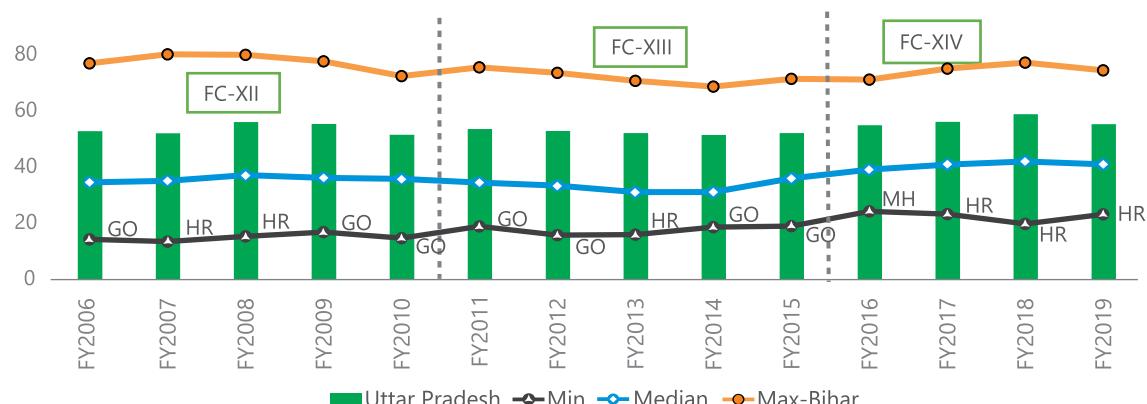
UP-4.H: Key Fiscal Indicators—State vs GS

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	74,402	1,41,099
Indicators as a percentage of GSDP		
TRR	19.8	13.4
OTR	7.2	6.4
NTR	1.8	1.1
TE	22.2	16.1
ES	4.0	3.1
SS	5.5	5.4
GS	7.8	4.7
Committed Expenditure	7.6	5.8
Capital Expenditure	4.1	2.5
FD	2.1	2.5
RD	-1.7	0.2
OD	31.1	25.0

UP-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Uttar Pradesh	13.8	14.2	12.2
GS Average	13.6	13.1	10.3

UP-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ Census of India 2011 reports the total population of Uttar Pradesh to be 19.98 crore, of which 77.72% resides in rural areas.
- ▲ Of the 2.41 lakh Gram Panchayats (GPs) in India, 24.48% (0.59 lakh) are located in Uttar Pradesh.
- ▲ Of the 29 functions envisaged in the Eleventh Schedule of the Constitution, 26 functions have been devolved to RLBs/PRIs in Uttar Pradesh.¹
- ▲ Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 12 have been devolved to ULBs.

Auditing Status

- ▲ Chief Audit & Account Officers Co-Operative Society and Panchayat, Lucknow is entrusted with the task of auditing PRI Accounts of Uttar Pradesh. Accounts of PRIs have been audited up to 2016–17.
- ▲ Director, Local Fund Audit is responsible for auditing accounts of ULBs. Accounts of ULBs are audited up to 2016–17.

Property Tax Board

- ▲ As recommended by FC-XIII, Government of Uttar Pradesh set up its PTB in 2011.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
13	6	16	17

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2011–12 to 2015–16)

- ▲ The Fourth SFC recommended that 15% of UP's tax and non-tax revenues (net of cost of collection) be devolved.

Fifth SFC (2015–16 to 2020–21)

- ▲ 12.5% of net tax revenue to be distributed to local bodies. This translates to 7.5% going to ULBs (60% of 12.5%) and 5% to PRIs (40% of 12.5%).

Debt and Losses

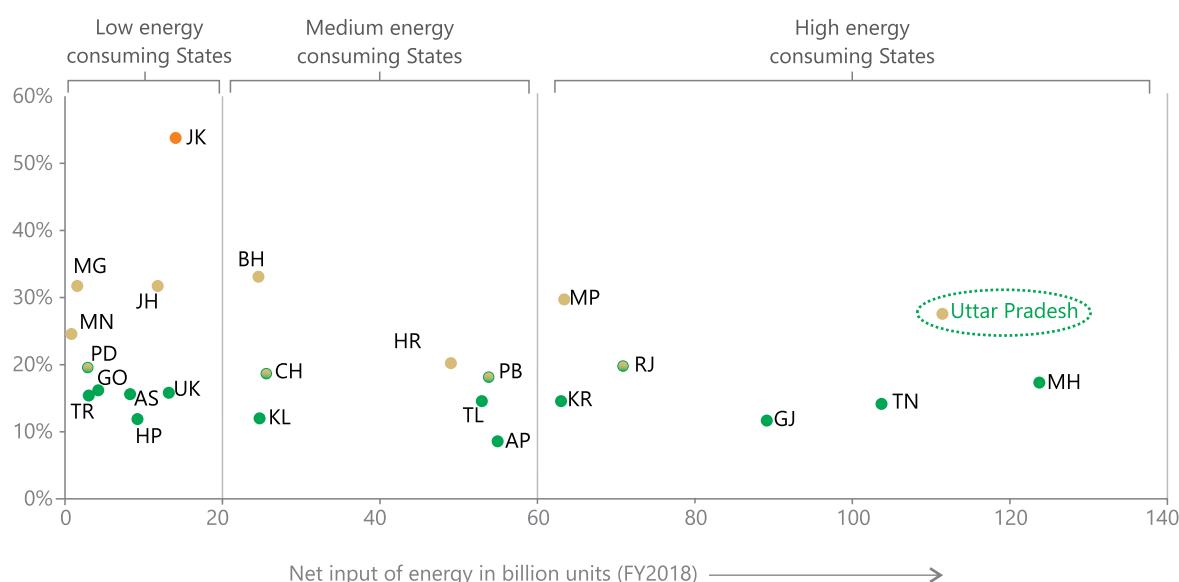
- ▲ Uttar Pradesh has neither met target for AT&C losses nor for ACS–ARR gap in the year 2018–19.
- ▲ The State has taken over of DISCOM debt under UDAY to the tune of Rs 39,134 crore during 2015–2017.
- ▲ As on 31 March 2019, the total borrowings by the DISCOMs (including borrowings from the State Government of Rs 2,780 crore) are Rs 59,212 crore (12.4% of the total DISCOM borrowings of all States).

Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	33.15	19.36
ACS–ARR Gap (Rs per unit)	0.60	0.22

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

UP-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Uttar Pradesh has recommended that the State share in the overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population	30
ii)	Income Distance	50
iii)	Area	5
iv)	Fiscal discipline	15

Achievement on SDG-1 No Poverty

- ▲ The State has shown significant improvement in SDG-1 with poverty declining from 40.9% in 2004–05 to 29.4% in 2011–12 (according to Tendulkar Methodology).

Tourism and Linked Sectors

- ▲ Tourism (both Pilgrimage and Heritage) is vital for the State economy as are the related sectors of handloom, handicraft, education, hospitality, etc., generating both growth and employment.
- ▲ According to *Tourism Statistics at a Glance 2020*,² with 15.1% of all foreign visits to India also being made to UP, it is ranked third across all States in terms of international tourism (2019).
- ▲ Similarly, with 23.1% of all domestic tourist visits being made to UP, it is ranked first across all States in terms of domestic tourism (2019).

Increasing Tax–GSDP Ratio

- ▲ The tax–GSDP ratio of UP is 7.20% in 2018–19 (among the highest across GS). The State shall continue to pursue this path of high buoyancy.
- ▲ High OTR–GSDP ratio indicates increase in tax efforts.

Micro, Small, and Medium Enterprises

- ▲ According to the Ministry of MSMEs, 14.2% of all Indian MSMEs (the largest number across all States) are located in UP.
- ▲ The State needs to facilitate access to credit, technology, raw materials, and marketing avenues for MSMEs to encourage entrepreneurship, generate employment and livelihood opportunities, and enhance their competitiveness in the changing economic scenario.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2004, amending it in 2011 (twice) and 2016.
- ▲ Uttar Pradesh has not been adhering to its debt limit in the recent years.
- ▲ It needs a credible debt path and careful calibration of expenditure for generating future stream of income.
- ▲ The State needs to note this issue and review the matter seriously to take timely action to avoid fiscal slippages.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	46.9	45.1	43.4	41.9	31.0	31.0	30.5
Actually achieved	33.6	31.6	30.0	30.4	32.3	32.8	32.0
FD–GSDP							
As prescribed by the State FRBM	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Actually achieved	2.1	2.3	2.5	3.2	5.1	4.3	1.9

Source: Government of Uttar Pradesh Memorandum.

Public Sector Undertakings³

- ▲ As on 31 March 2018, Uttar Pradesh had 107 State PSUs (six Statutory Corporations and 101 State-owned companies, which included 46 non-functional ones) under the audit jurisdiction of the Comptroller and Auditor General of India.
- ▲ As on 31 March 2018, the total investment (capital and long term loans) in 107 PSUs was Rs 1,99,807.67 crore.
- ▲ The power sector received 85.6% of the total investment of Rs 69,554.02 crore made from 2015–16 to 2017–18.
- ▲ Of the 61 functional PSUs, 54 had arrears in their accounts as on 30 September 2018.
- ▲ The overall loss of Rs 18,127.40 crore incurred by power sector PSUs in 2015–16 increased to Rs 18,535 crore in 2017–18.
- ▲ Given the outstanding liabilities, substantial budgetary support to SPSUs, and huge arrears in accounts, the State needs to be cautious about contingent liabilities.
- ▲ A time-bound programme of restructuring the PSUs should be adopted to tackle the major hurdles in their performance.

Power Sector

- ▲ The State is a high consumer of power and its AT&C losses are much higher than the target.
- ▲ The State's performance on the key barometers of UDAY is poor and it needs to take definite steps towards improving (see table below).

Parameter	Target period as per MoU	Target	Achievement (as on 31 March 2018)
Financial Performance			
Billing efficiency (%)	2015–16	76.4	78.3 (achieved)
	2016–17	78.3	78.9 (achieved)
	2017–18	80.8	79.2 (partially achieved)
Collection efficiency (%)	2015–16	88.5	78.6 (not achieved)
	2016–17	91.6	88.4 (partially achieved)
	2017–18	94.5	91.4 (partially achieved)

Parameter	Target period as per MoU	Target	Achievement (as on 31 March 2018)
Tariff revision in time	2015–16	November 2014	November 2014
	2016–17	November 2015	December 2015
	2017–18	November 2016	June 2017
Operational Performance			
Distribution transformer metering (in no.s)	100% by 30 September 2017	3.8 lakh	2.0 lakh (not achieved)
Feeder metering (in no.s)	100% by 30 September 2016	16,072	16,072 (achieved)
Feeder segregation (in no.s)	2016–17	1,660 (30%)	0 (not achieved)
	2017–18	3,597 (65%)	374 (not achieved)
Rural feeder audit, 11 kV (in no.s)	2016–17	847 (10%)	2,515 (achieved)
	2017–18	2,542 (30%)	6,505 (achieved)
Smart metering, 200 kWh–500 kWh (in no.s)	2017–18	1.6 lakh	0 (not achieved)
Implementation of UDAY by DISCOMs			
Smart metering equal to or above 500 kWh (in no.s)	2016–17	1.1 lakh	0 (not achieved)
	2017–18	1.1 lakh	0 (not achieved)
Electricity access to unconnected households (in no.s)	2019–20	143.5	Under implementation
Distribution of LEDs under UJALA scheme (in no.s)	2016–17	50 lakh	148.3 lakh (achieved)
	2017–18	80 lakh	82.3 lakh (achieved)

Source: CAG (2018), *Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ending 31 March 2017*, Government of Uttar Pradesh.

Ranking on the SDG Index of NITI Aayog (2019)

- ▲ The State has an SDG Index value of 55 (as compared to the national average 60) and ranks 24th among the Indian States.
- ▲ Uttar Pradesh needs to improve on SDG–2 Zero Hunger, SDG–3 Good Health and Well Being, SDG–5 Gender Equality, SDG–10 Reduced Inequality, and SDG–13 Climate Action.

Social Indicators

- ▲ Although, the State has shown significant improvement in key outcomes of health and education in NFHS–4 (over NFHS–3), the State lags behind the national average on all counts (see UP-2.D).

High Pollution (PM 10) as Monitored under NAMP

- ▲ Cities with million-plus population have far exceeded the NAMP threshold for PM 10 (of less than 90 micrograms per cubic metre).

- ▲ The State needs to chalk out a plan to improve the ease of breathing in such cities while they emerge as economic centres and investment hubs.

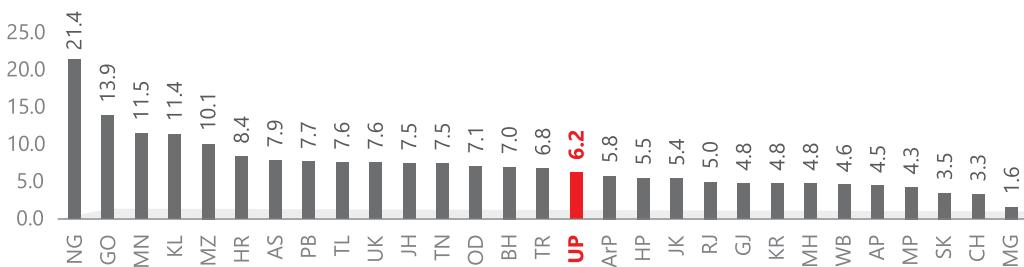
PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Agra	198	185	209	197.3
Allahabad (Prayagraj)	196	140	231	189.0
Ghaziabad	235	280	245	253.3
Kanpur	217	224	218	219.7
Lucknow	214	246	217	225.7
Meerut	157	153	177	162.3
Varanasi	256	244	189	229.7

Unemployment

- ▲ Among major Indian States, UP has one of the highest rates of unemployment 6.2% (as against the all India level of 6%).⁴
- ▲ Uttar Pradesh has a substantial youth population not only in need of education and health services but also job opportunities.
- ▲ Towards this goal, the ongoing programmes for skill development and employment generation should be effectively implemented.

UP-5.B: Usual Status (Principal and Subsidiary) Unemployment (%) by State, 2017–18



Source: GOI (2019), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.

Local Bodies

- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Reform Cohort of the State

- For the purpose of analysis, the States were grouped on the basis of per capita income. UP is part of the group which includes Bihar, Jharkhand, MP, and Odisha.

Reform Signposts

- Among the five States in the class, Bihar and UP were the worst performers as far as trend growth rate of VAT in 2011–2016 is concerned.
- Performance of UP compares well with other States in its class as far as collections in Stamp Duty and Excise are concerned. However, the State needs to improve on its VAT/GST collections.

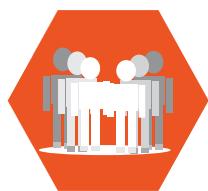
States of Cohort	As % of GSDP					As % of OTR				
	VAT/ GST	Stamp Duty	Excise	Elec. Duty	Others	VAT/ GST	Stamp Duty	Excise	Elec. Duty	Others
2018–19										
Bihar	4.1	0.8	0	0.1	0.6	74.4	14.2	0	0.9	10.5
Jharkhand	3.9	0.2	0.4	0.1	0.4	79.1	3.1	7.3	1.4	9.0
Madhya Pradesh	3.5	0.7	1.2	0.3	0.6	55.9	10.4	18.7	5.1	9.9
Odisha	3.9	0.3	0.8	0.7	0.5	63.5	4.1	12.9	10.7	8.7
Uttar Pradesh	4.2	0.9	1.4	0.2	0.5	58.2	13.1	19.9	2.5	6.3
Cohort Average	3.9	0.7	1.0	0.2	0.5	61.6	10.9	15.7	3.8	8.0
All States	4.1	0.7	0.8	0.2	0.5	65.8	10.4	12.4	3.5	7.7

- On social indicators UP compares poorly not just with national averages but also the indicators reported by low income States. It needs to improve both expenditure and efficiency to ensure best outcomes in the shortest possible time. Accordingly, the State may prepare a roadmap with annual targets and earmarked financial allocations during the five-year award period of FC-XV.
- Thus, FC-XV recommends that UP comprehensively deal with these issues over the next five years along with fiscal reforms and investment in social sector to bridge the gap between its socioeconomic indicators and the national average.**

Notes

- 1 CAG (2015), *Panchayati Raj Institutions and Urban Local Bodies*, report by Comptroller and Auditor General of India, published by Government of Uttar Pradesh.
- 2 GOI (2020), *Tourism Statistics at a Glance 2020*, Ministry of Tourism, Government of India.
- 3 CAG (2020), *Report No 1 of 2020, report of Comptroller and Auditor General of India on Public Sector Undertakings for the year ended 31st March 2018*, Government of Uttar Pradesh.
- 4 GOI (2019), *Annual Report of Periodic Labour Force Survey, 2017–18*, Ministry of Statistics and Programme Implementation, Government of India.

UK-1.A: Overview



POPULATION
10.1 million
0.9%
Of population across all States



AREA
53,483 sq km
1.6%
Of area across all States



FOREST COVER
24,303 sq km
45.4%
Of the State's own area is under forest
0%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 2,20,257
Rs 1,40,422

Average across all States



TAX TO GSDP
5.0%
6.3%

Average across all States



CHILDREN PER WOMAN
2.1
2.2

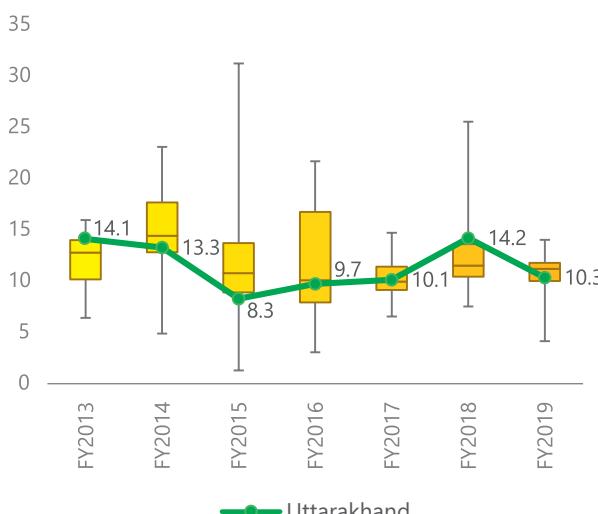
Average across all States



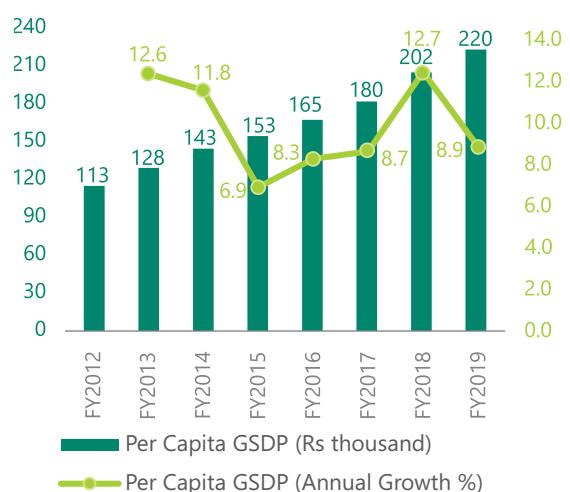
URBANISATION RATE
30.6%
31.1%

All India average

UK-1.B: Growth rate of GSDP (at current prices, %)



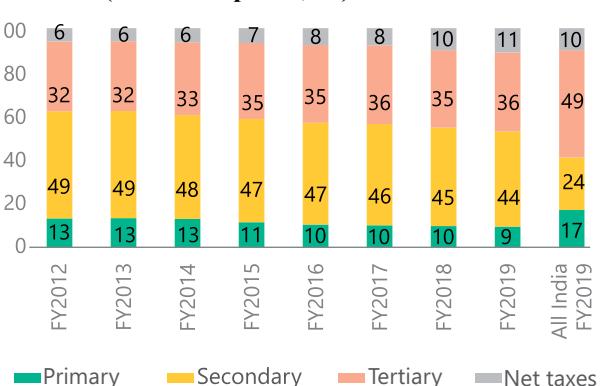
UK-1.C: Per capita GSDP (at current prices)



UK-1.D: GSDP Current, 2011–12 series (Rs crore)

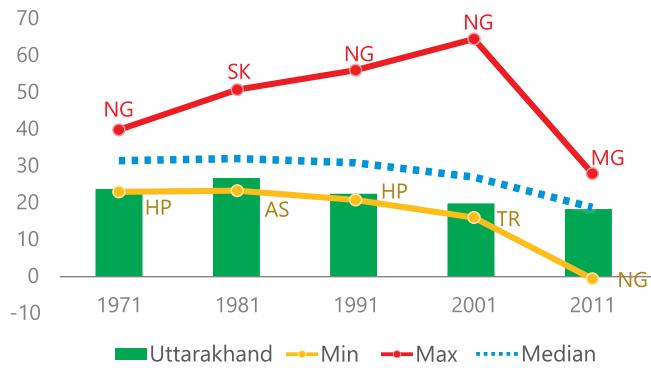
	State	All NEHS	Share (%) of State in NEHS
2011–12	1,15,328	5,03,182	22.9
2012–13	1,31,613	5,63,081	23.4
2013–14	1,49,074	6,37,264	23.4
2014–15	1,61,439	6,95,474	23.2
2015–16	1,77,163	7,88,321	22.5
2016–17	1,95,125	8,67,648	22.5
2017–18	2,22,836	9,74,240	22.9
2018–19	2,45,895	10,82,901	22.7

UK-1.E: Sectoral Contribution to GSDP (at current prices, %)

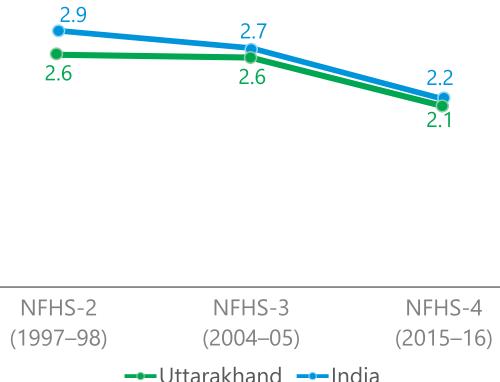


FC-XV VOLUME IV, THE STATES

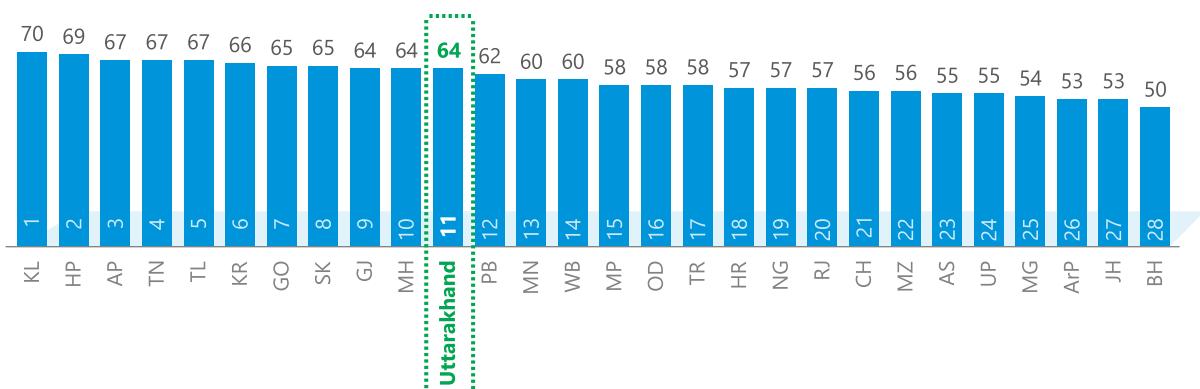
UK-2.A: Decadal Growth in Population (%)



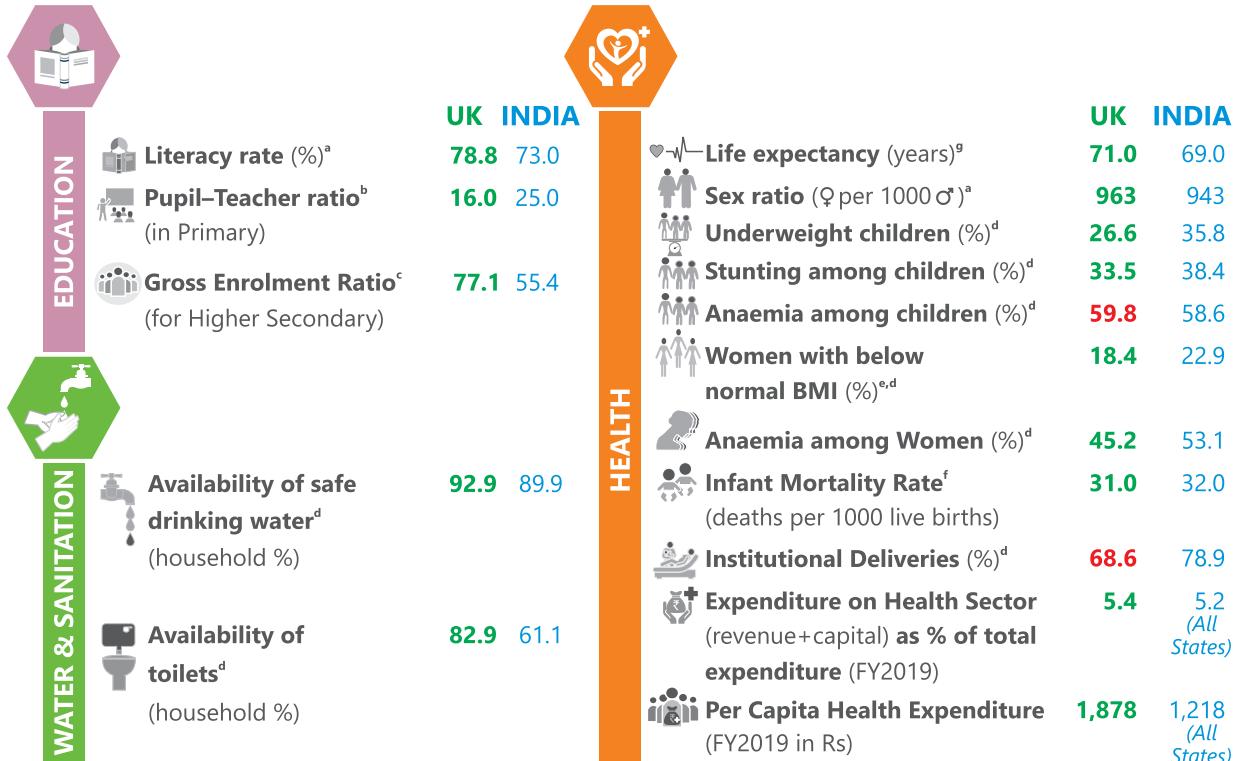
UK-2.B: Total Fertility Rate (children per woman)



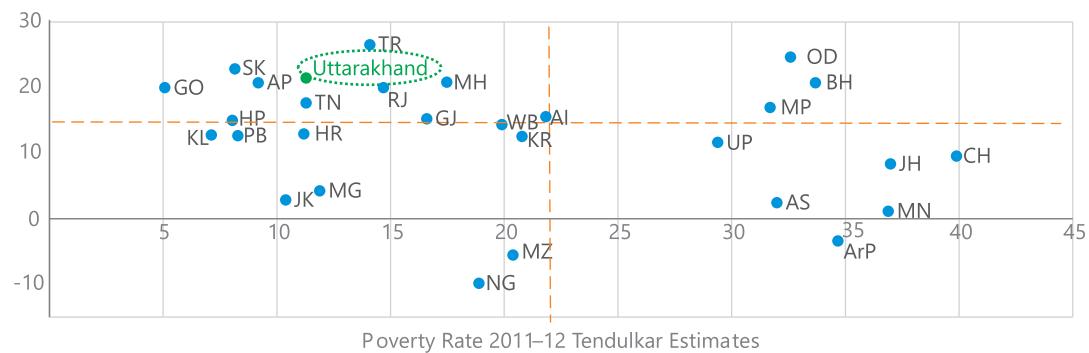
UK-2.C: SDG Index of NITI Aayog (2019)



UK-2.D: Key Social Indicators

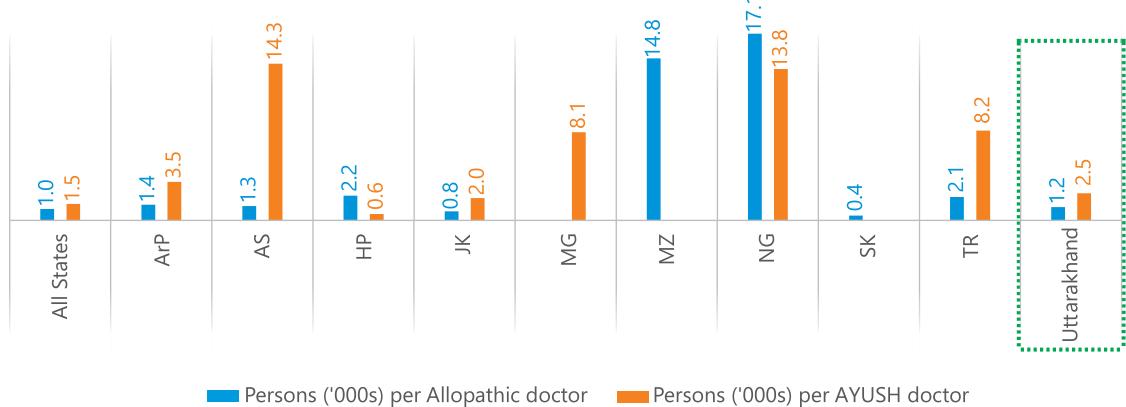
^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

UK-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

UK-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



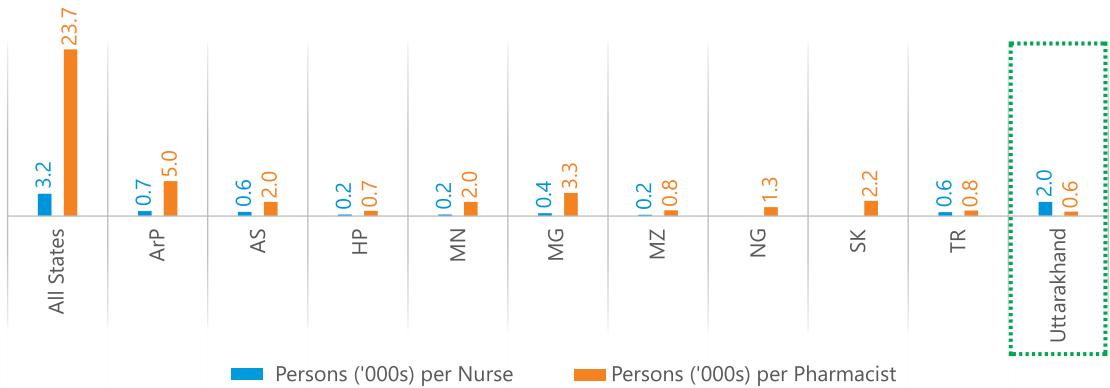
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UK-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



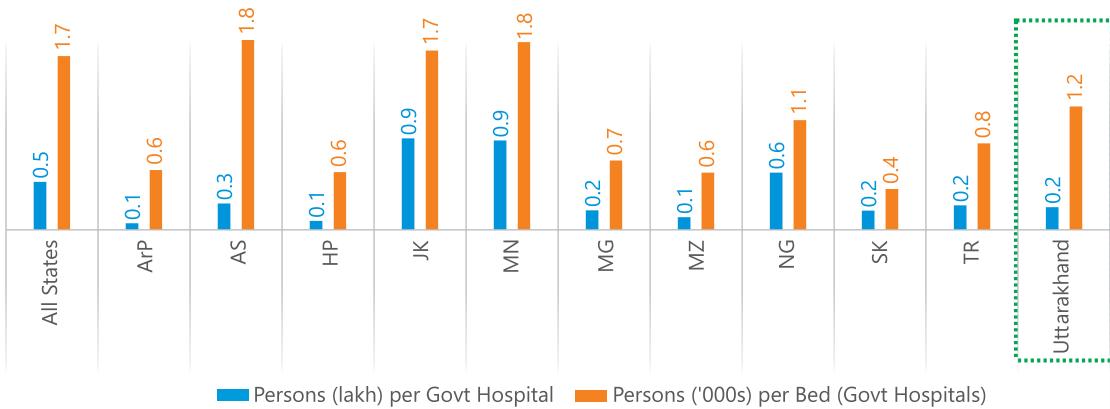
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UK-3.C: Persons ('000s) per Nurse/ Pharmacist



Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UK-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed

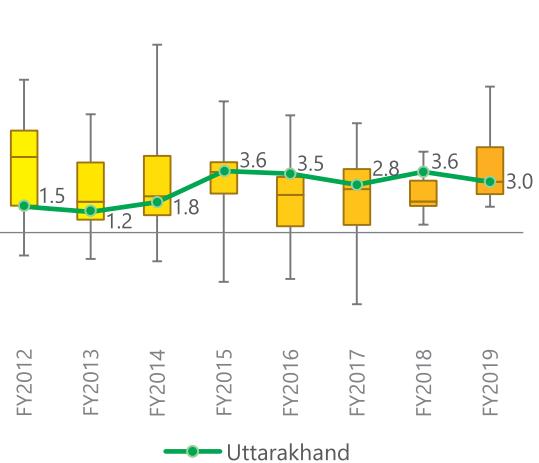


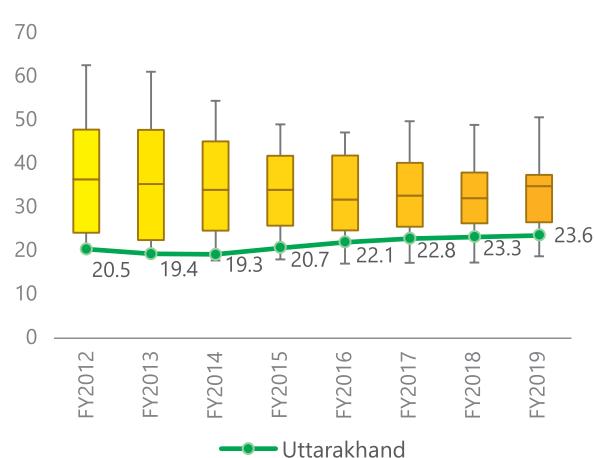
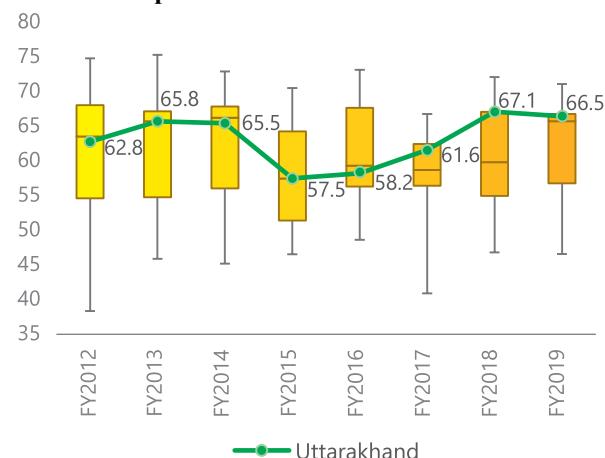
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

UK-4.A: Revenue Deficit as % of GSDP

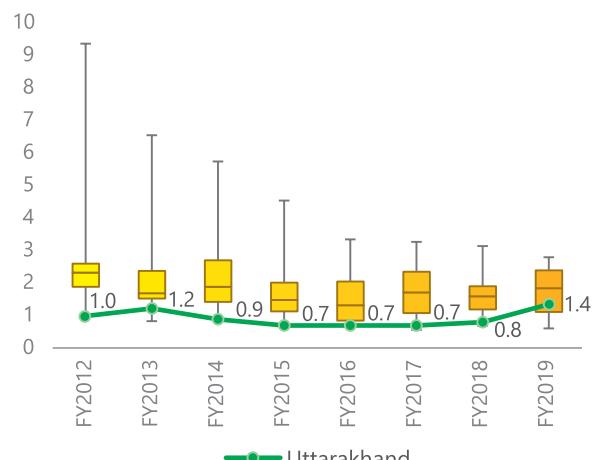
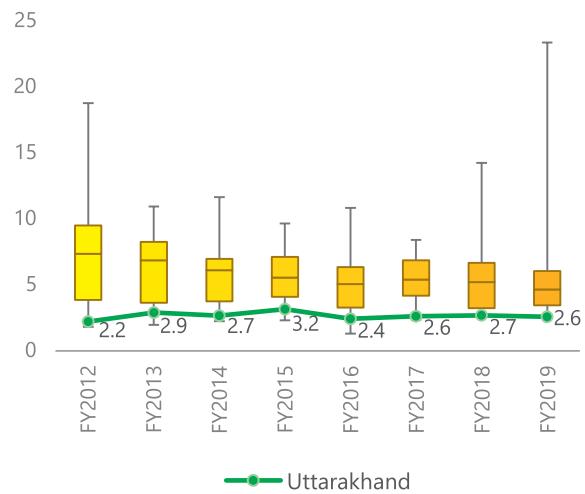


UK-4.B: Fiscal Deficit as % of GSDP



UK-4.C: Outstanding Debt as % of GSDP**UK-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

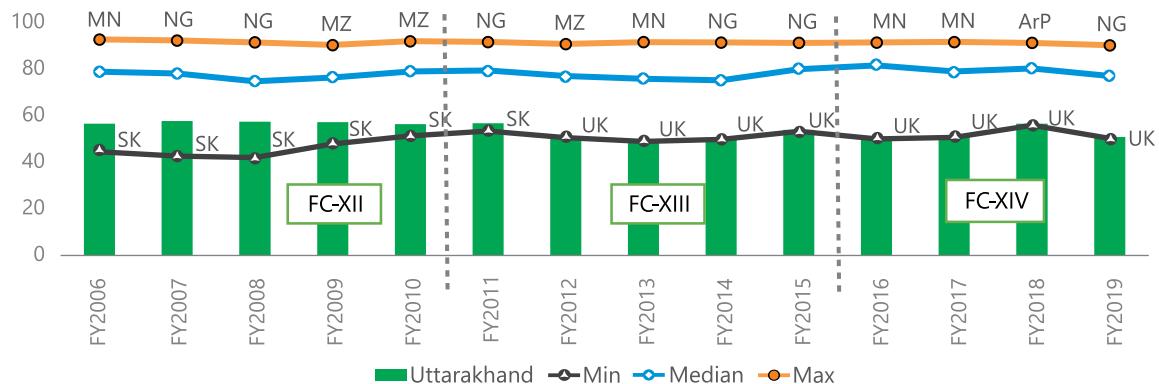
UK-4.E: OTR as % of GSDP**UK-4.F: NTR as % of GSDP****UK-4.G: Capital Expenditure to GSDP Ratio****UK-4.H: Key Fiscal Indicators—State vs NEHS**

Fiscal indicators (2018–19)	State	NEHS
Per Capita GSDP in Rs per annum	2,20,257	1,30,427
<i>Indicators as a percentage of GSDP</i>		
TRR	12.7	23.3
OTR	5.0	5.0
NTR	1.4	2.0
TE	15.7	26.7
ES	2.0	5.0
SS	5.2	8.7
GS	5.3	8.5
Committed Expenditure	8.7	14.4
Capital Expenditure	2.6	4.3
FD	3.0	3.4
RD	0.4	-0.9
OD	23.6	29.6

UK-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
Uttarakhand	14.6	12.1	11.2
NEHS	12.6	12.1	10.7

UK-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- ▲ Of the 29 functions envisaged in Eleventh Schedule of the Constitution, none have been devolved to RLBs.
- ▲ Of the 18 functions envisaged in Twelfth Schedule of the Constitution, 8 have been fully devolved to ULBs and 5 partially devolved.

Auditing Status

- ▲ Auditing of RLB and ULB accounts has been completed till 2017–18.

Property Tax Board

- ▲ The State set up PTB in March 2013.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
16	11	9	12

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2016–17 to 2020–21)

- ▲ The Fourth Commission recommended that 11% of the State's OTR be devolved to local bodies.
- ▲ Share of ULBs be 55% and of PRIs be 45%.
- ▲ The State, must constitute SFCs, act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024.

Debt and Losses

- ▲ Uttarakhand has signed an UDAY MoU for operational parameters only, without any debt takeover commitment.
- ▲ The State neither achieved AT&C loss target in 2018–19 nor the ACS–ARR gap target.

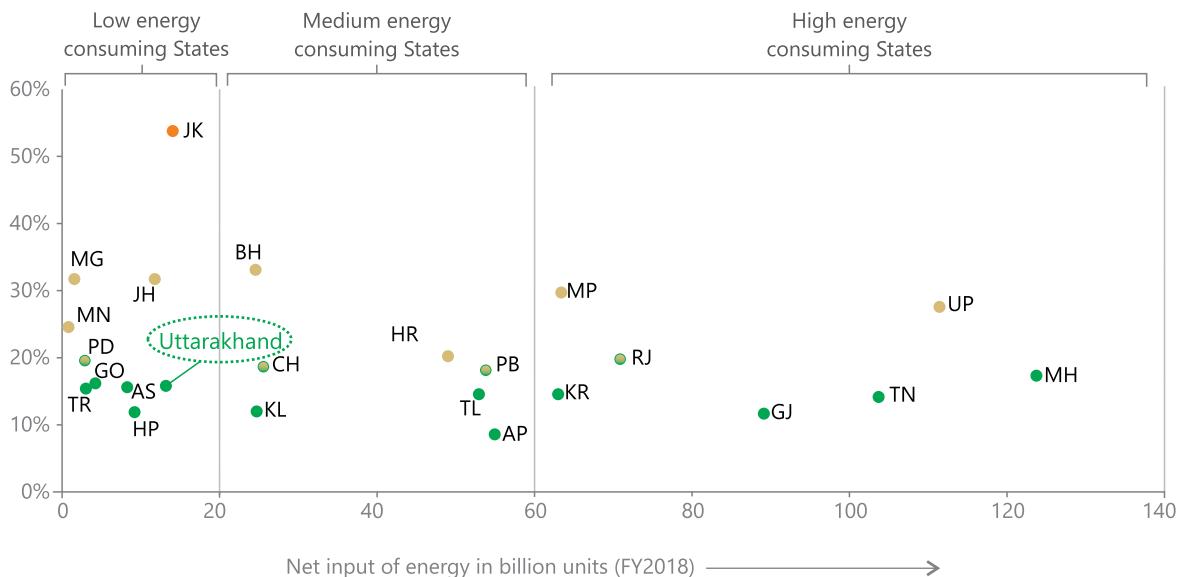
Key UDAY barometers (2018–19)	Achievement	Target
AT&C Losses (%)	16.20	15.0
ACS–ARR Gap (Rs per unit)	0.38	–0.03

Note: (–) ACS–ARR gap indicates that per unit average revenue realised is greater than average cost of supply.

Source: Ministry of Power, Government of India.

- ▲ The State needs to substantially improve its performance on UDAY barometers to avoid future fiscal risk.

UK-5.A: AT&C Losses (%), FY2018



Source: GOI (2019), *Newsletter of UDAY*, January, Ministry of Power, Government of India.

Vertical Devolution

- ▲ Uttarakhand has recommended that the vertical devolution be raised from 42% to 50% of net proceeds of taxes.

Formula for Horizontal Devolution

S.No.	Criteria	Sub-Weights (%)	Total Weight
i)	Economic Considerations		40
	a. Income Distance	25	
	b. Credit–Deposit ratio	15	
ii)	Population		25
	a. Population 2011	15	
iii)	b. Replacement rate achievement	10	
	Ecosystem services and conservation of ecosystem		15
iv)	Area weighted by share of hilly area		20

Low Debt–GSDP Ratio and FRBM Compliance

- ▲ The State has lower debt–GSDP ratio than other North Eastern and Himalayan States (NEHS).
- ▲ It has also maintained a debt–GSDP ratio far below the target prescribed by its FRBM Act.
- ▲ However, the debt has increased slightly in recent years.
- ▲ The State should continue to maintain sustainable debt and FD to GSDP ratio on lines with the new FRBM Act.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	41.1	40.0	38.5	37.5	–	–	–
Actually achieved	20.5	19.4	19.3	20.7	22.1	22.8	23.3
FD–GSDP							
As prescribed by the State FRBM	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Actually achieved	1.5	1.2	1.8	3.6	3.5	2.8	3.6

Source: Government of Uttarakhand.

High Share of Secondary Sector in GSDP

- ▲ The State has a well-established industrial sector. It receives 43.51% of its GSDP from secondary sector (second highest among NEHS after Sikkim).
- ▲ The share of GSDP from manufacturing is also quite high at 33.36% in 2018–19.
- ▲ The State also has second highest per capita GSDP across NEHS (after Sikkim).

Tourism

- ▲ Tourism has potential to generate employment opportunities in the State and help resolve the problem of outmigration. Some measures to boost tourism are mentioned below:
 - » Poor connectivity has been the main bottleneck to developing tourism in the State. Road network connecting Uttarakhand with neighbouring areas needs immediate improvement. Intra-State road network and support infrastructure development while prioritising last mile connectivity is also important.
 - » Heli-taxi services to offbeat hill-stations may be started on PPP mode.
 - » Uttarakhand has various Eco-Spiritual, Wellness and Religious (EWR) hotspots. Places like Kasauni, Almora, Nainital, Bageshwar, Pithoragarh, and Champawat have the right mix of experiences and should be developed as EWR hotspots.
 - » Destinations in the State may be converted into adventure-oriented theme locations such as Har ki Dun Trek, Valley of Flowers, Chandrashila trek etc. Development and formalisation of integrated adventure circuits may be done through incentives or PPP mode.
 - » Eco-tourism along with rural tourism should be ensured to increase the period of stay at destinations. Homestays, individual as well as community-based, may be promoted as viable alternate source of income for local people. Since homestays are primarily run by women, they are also instrumental in their economic empowerment. The State Government may take active measures to link homestays with e-commerce players.

Power Sector

- ▲ Uttarakhand was conceived of as an energy State or ‘Urja Pradesh’ owing to its rich hydrological resources that could be commercially exploited. It is blessed with estimated hydropower

potential of approximately 25,000 MW. Out of this only 3,987 MW has been harnessed so far and 2,578 MW is under execution by Central power PSUs, State-owned utilities, and Independent Power Producers (IPPs).

- ▲ Overall 33 hydroelectric projects, with total capacity of about 4,084 MW and project cost of Rs 22,607 crore have been stalled due to environment concerns.
- ▲ The State should speed up the execution of the ongoing hydel projects to exploit the potential and to increase revenue earnings.

Declining Revenues from GST

- ▲ The State reported an OTR–GSDP ratio of 4.96% in 2018–19 (NEHS average 4.95%).
- ▲ Its collections from Stamp Duty, Excise, and Electricity Duty have remained higher than the NEHS average.

States	As percentage of GSDP (2018–19)				
	VAT/GST	Stamp Duty	Excise	Electricity Duty	Others
Uttarakhand	2.7	0.4	1.2	0.2	0.5
NEHS	3.5	0.2	0.7	0.1	0.5
All States	4.2	0.7	0.8	0.2	0.5

- ▲ However, the State witnessed sharp decline in collections from GST or VAT from 3.67% of GSDP in 2016–17 to 2.55% in 2017–18. The collections reduced by 20.68% in 2017–18.
- ▲ It received a GST compensation of Rs 1,283 crore in 2017–18, Rs 2,037 crore in 2018–19, and Rs 2,477 crore in 2019–20.

Committed Expenditure

- ▲ The State has high committed expenditure (including grants-in-aid Salary). Its total expenditure on salaries, pension, and interests accounted for 71.16% of TRE in 2018–19 (NEHS average 67.62%, all States average 50.6%).

States	As % of TRE			
	IP	Pension	Salary	Committed
Uttarakhand	13.9	16.8	40.5	71.2
NEHS	9.0	14.3	44.3	67.6
All States	12.2	12.1	26.3	50.6

- ▲ Measures should be taken to reduce burden of committed expenditure so that more space is left for development spends.

Low Per Capita Expenditure

- ▲ At Rs 28,839 in 2018-19, Uttarakhand has the second lowest per capita revenue expenditure after Assam, across the NEHS (average per capita revenue expenditure Rs 29,220).
- ▲ In 2018-19, its per capita revenue expenditure on health (Rs 1,710) too was lower than NEHS (Rs 1,987).
- ▲ The State should prioritise social sector expenditure, using its fiscal space wisely to enhance development.

Migration

- ▲ Lack of economic development in hill States results in large-scale out-migration. The State Government reports 1,048 'Ghost Villages' in Uttarakhand. This has security implications for border areas.
- ▲ Migration from Uttarakhand, though partly aspirational, is predominantly due to distress caused by poor employment opportunities, education facilities, health facilities, etc.
- ▲ Most of the rural migrants from the hill States find employment in unskilled low paying jobs as domestic servants, security guards, office attendants, etc., in the plains. Remittances are significant for the survival of the poor households and largely spent on daily consumption. There is hardly any multiplier effect in the village economy.
- ▲ The State needs to actively promote horticulture, floriculture, hydropower, tourism, and wellness services to generate employment opportunities and arrest out-migration.

Inequality

- ▲ Huge inter-district and intra-district disparity has been observed. The per capita income of districts lying in the plains, like Haridwar, Dehradun, and Udhampur is much higher than the hill districts of Uttarkashi, Tehri Garhwal, and Rudraprayag.
- ▲ Disparity in physical infrastructure like roads is also observed across districts, depending on the terrain and locational disadvantages.
- ▲ Poor connectivity of villages is associated with low penetration of government services like health, education, agriculture extension, etc., in the hill areas and reluctance on the part of the government employees to serve in there.
- ▲ Sustained efforts and investment in physical and social infrastructure are required to reduce intra-State development disparity.

Drinking Water

- ▲ Supply of drinking water in hilly areas remains a challenge. The problem worsens during peak tourism months when 5–6 crore of floating population imposes on the State's resources.
- ▲ Uttarakhand receives 1,600 mm of average rainfall annually and needs a roof top rain water harvesting project to hold and utilise this water.

Local Bodies

- ▲ The remaining functions should be devolved to local bodies as envisaged in the Constitution.

Natural Calamities

- ▲ Uttarakhand, by virtue of its geo-tectonic setting, physiographic condition, and extreme seasonal precipitation, is vulnerable to a number of disasters that include earthquakes, landslides, floods, flash floods, cloudbursts, and drought.
- ▲ Raised river bed and melting of glaciers have made many habitations on the banks of major rivers prone to floods and incidence of excessive rainfall in years to come can devastate many areas.
- ▲ The State needs active adaptation and mitigation efforts especially with the rising threats of climate change.
- ▲ Risk insurance instruments may be explored that provide support to the community and lead to sharing and spreading of risks across stakeholders.

Public Sector Undertakings¹

- ▲ Across the 22 working State PSUs, accounts of 19 were in arrears in 2016–17.
- ▲ The State Government had invested Rs127.1 crore—in the form of share capital, loans, and grants—across six PSUs for which accounts were yet to be finalised.
- ▲ The non-auditing of accounts could pose serious downside risks given the substantial budgetary support.

Reform Signposts

- ▲ Uttarakhand has moderate debt to GSDP ratio. **However, the debt has been increasing in recent years. This trend should be reversed.**
- ▲ Uttarakhand has a large industrial base and it receives a high share of its GSDP from the secondary sector. However, the State has not done well in terms of GST collections in recent years. **The State needs to find innovative ways of increasing its OTR further.**
- ▲ The State has high committed expenditure. **Measures should be taken to reduce burden of committed expenditure so that more fiscal space is left for development spends.**

Notes

- 1 CAG (2018), *Report No 1 of 2018: Report of the Comptroller and Auditor General of India for the year ended 31 March 2017*, Government of Uttarakhand.

WB-1.A: Overview



POPULATION
91.3 million
7.7%
Of population across all States



AREA
88,752 sq km
2.7%
Of area across all States



FOREST COVER
16,902 sq km
19.0%
Of the State's own area is under forest
0.3%
Forest cover changed from 2017 to 2019



PER CAPITA GSDP
Rs 1,10,728
Rs 1,40,422



TAX TO GSDP
5.6%
6.3%



CHILDREN PER WOMAN

1.8
2.2



URBANISATION RATE
31.9%
31.1%

Average across all States

Average across all States

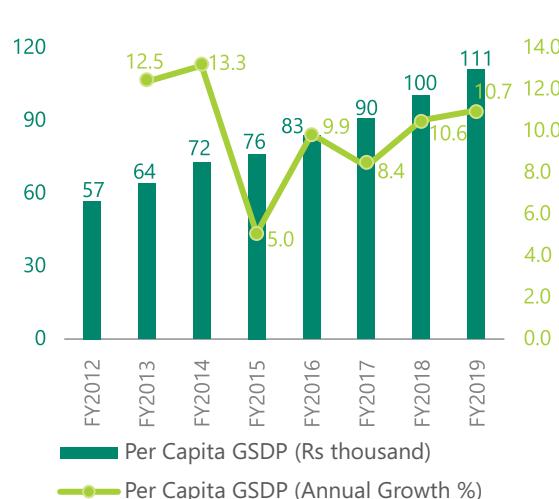
Average across all States

All India average

WB-1.B: Growth rate of GSDP (at current prices, %)



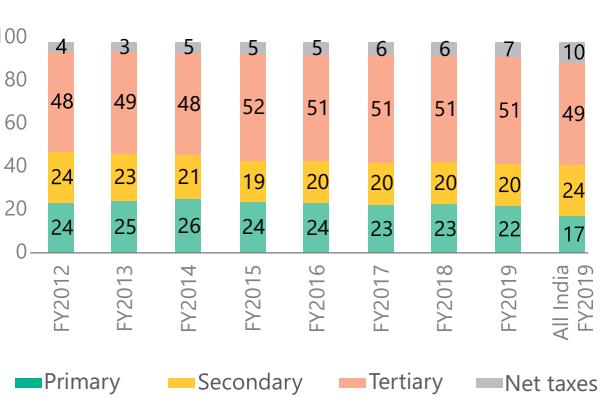
WB-1.C: Per capita GSDP (at current prices)



WB-1.D: GSDP Current, 2011–12 series (Rs crore)

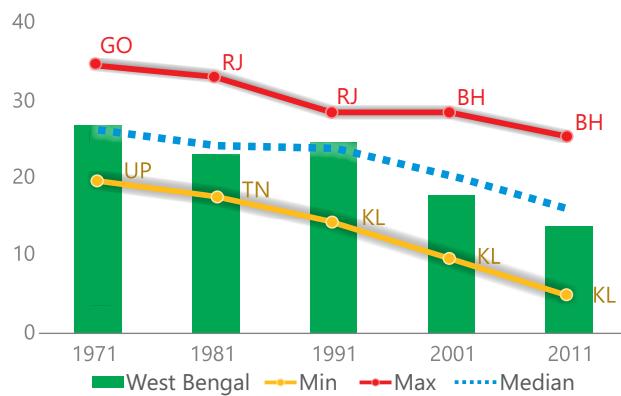
	State	All GS	Share (%) of State in GS
2011–12	5,20,845	77,44,945	6.7
2012–13	5,91,464	88,27,195	6.7
2013–14	6,76,848	1,00,07,392	6.8
2014–15	7,18,082	1,09,93,257	6.5
2015–16	7,97,300	1,21,91,256	6.5
2016–17	8,72,527	1,37,80,737	6.3
2017–18	9,74,700	1,54,20,126	6.3
2018–19	10,89,898	1,72,83,813	6.3

WB-1.E: Sectoral Contribution to GSDP (at current prices, %)

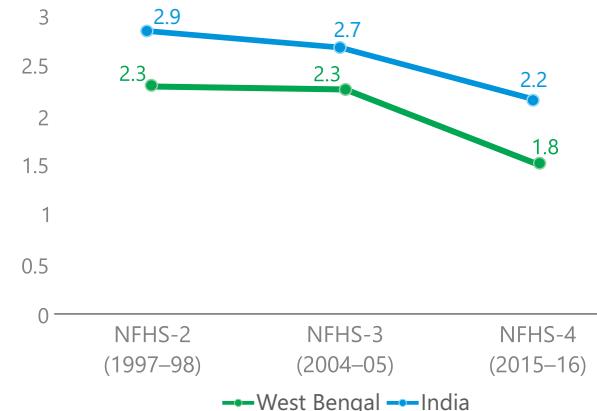


FC-XV VOLUME IV, THE STATES

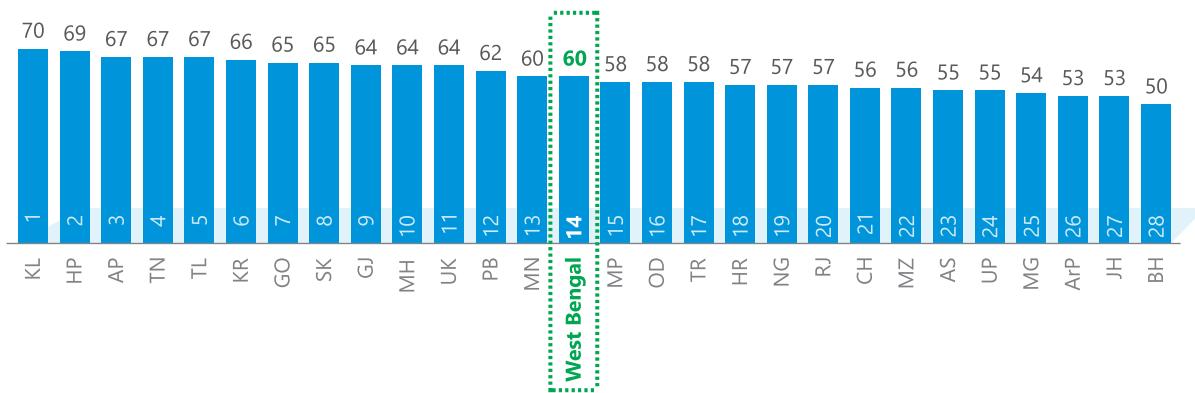
WB-2.A: Decadal Growth in Population (%)



WB-2.B: Total Fertility Rate (children per woman)



WB-2.C: SDG Index of NITI Aayog (2019)



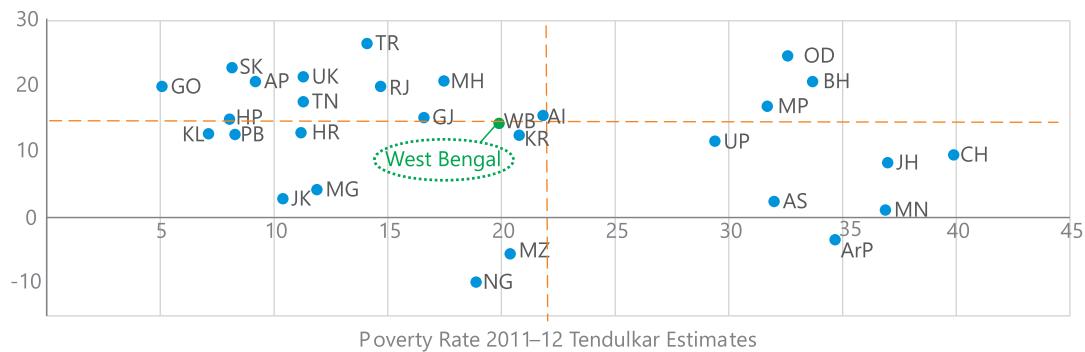
WB-2.D: Key Social Indicators

EDUCATION	WB		INDIA		WB	INDIA	
	Literacy rate (%) ^a	76.3	Pupil-Teacher ratio ^b (in Primary)	20.0		Life expectancy (years) ^g	71.2
	Gross Enrolment Ratio ^c (for Higher Secondary)	50.9		55.4		Sex ratio (♀ per 1000 ♂) ^a	950
WATER & SANITATION	Availability of safe drinking water ^d (household %)	94.6	89.9		Underweight children (%) ^d	31.6	35.8
	Availability of toilets ^d (household %)	74.9	61.1		Stunting among children (%) ^d	32.5	38.4
					Anaemia among children (%) ^d	54.2	58.6
					Women with below normal BMI (%) ^{e,d}	21.3	22.9
					Anaemia among Women (%) ^d	62.5	53.1
					Infant Mortality Rate ^f (deaths per 1000 live births)	22.0	32.0
					Institutional Deliveries (%) ^d	75.2	78.9
					Expenditure on Health Sector (revenue+capital) as % of total expenditure (FY2019)	5.4	5.2 (All States)
					Per Capita Health Expenditure (FY2019 in Rs)	983	1,218 (All States)

^a Census, 2011 | ^b DISE, 2016–17 (Analytical Tables) | ^c DISE, 2016–17 (Flash Statistics) | ^d NFHS-4, 2015–16 |

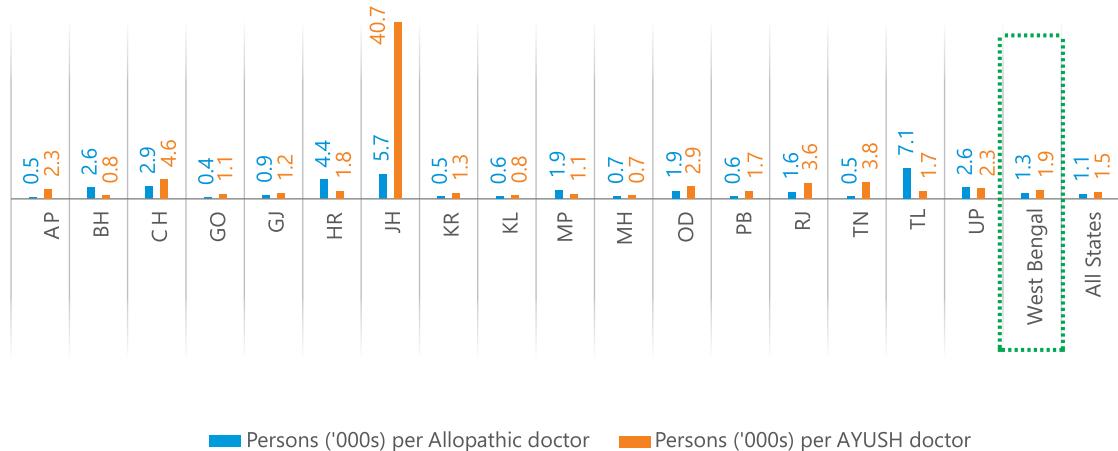
^e Body Mass Index | ^f SRS, 2018 | ^g SRS 2013–2017 | ♀: Female, ♂: Male

WB-2.E: Poverty Reduction (percentage points) between FY2005 and FY2012



Note: Positive values on Y axis denote reduction in poverty in FY2012 over FY2005

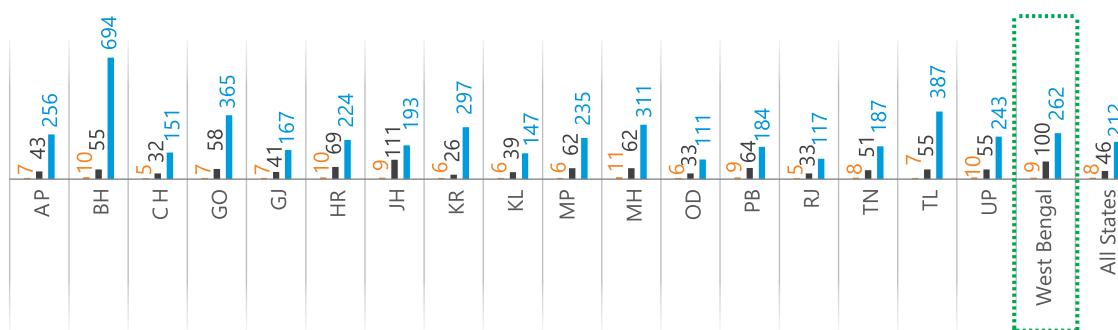
WB-3.A: Persons ('000s) per Allopathic and AYUSH Doctor



■ Persons ('000s) per Allopathic doctor ■ Persons ('000s) per AYUSH doctor

Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

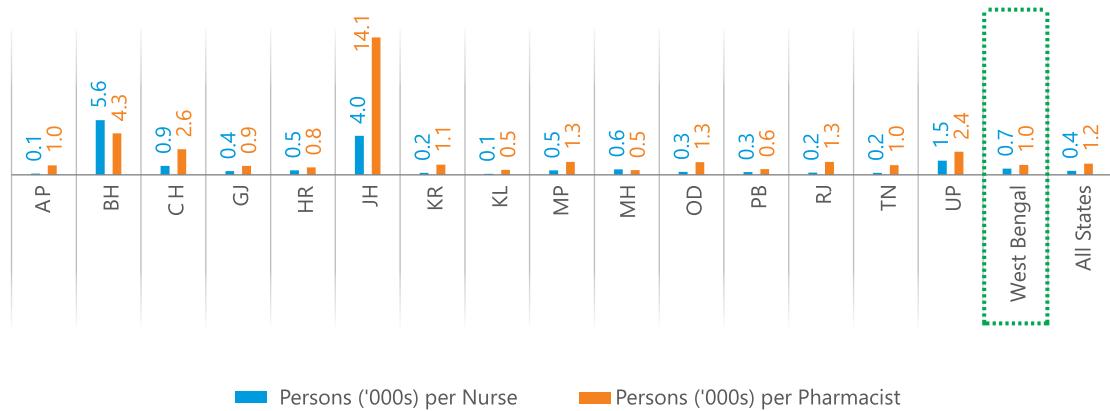
WB-3.B: Persons ('000s) per Sub-centre/PHC/CHCs



■ Persons ('000s) per Sub-centre ■ Persons ('000s) per PHC ■ Persons ('000s) per CHCs

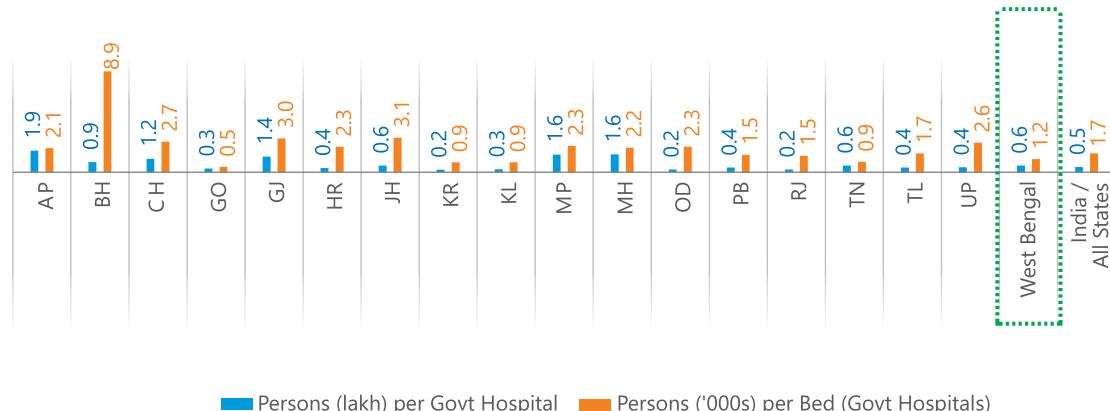
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

WB-3.C: Persons ('000s) per Nurse/ Pharmacist



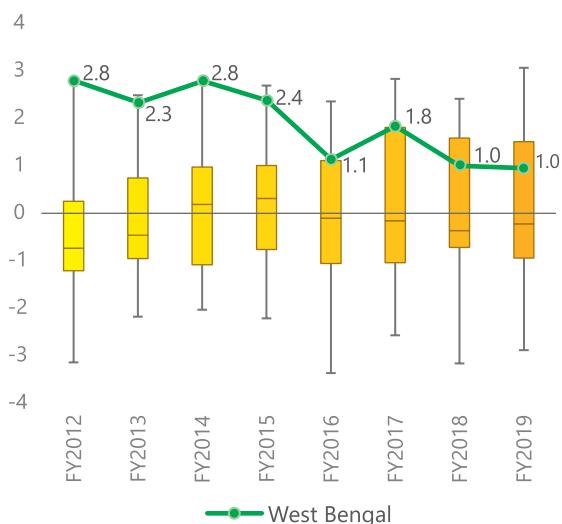
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

WB-3.D: Persons (lakh) per Government Hospital and Persons ('000s) per Bed



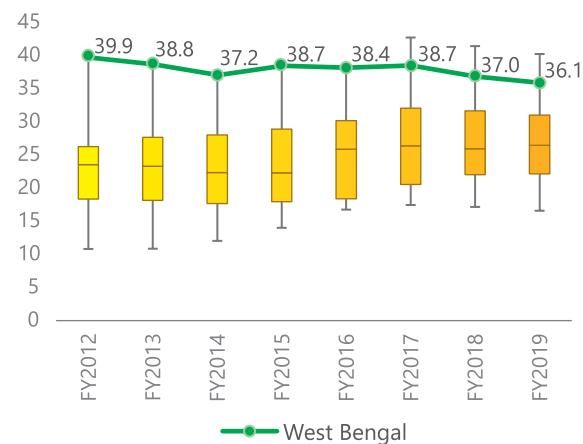
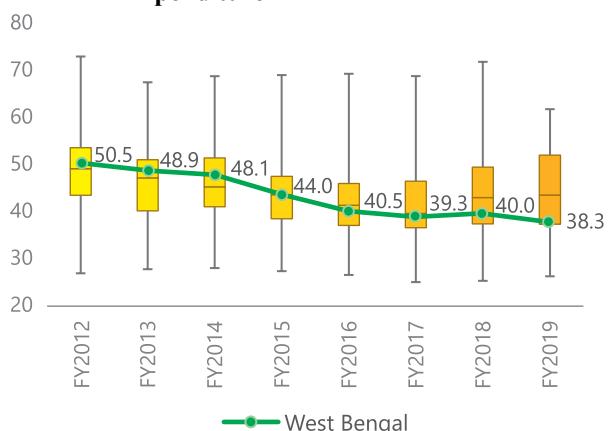
Source: GOI (2019), *National Health Profile 2019*, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.

WB-4.A: Revenue Deficit as % of GSDP

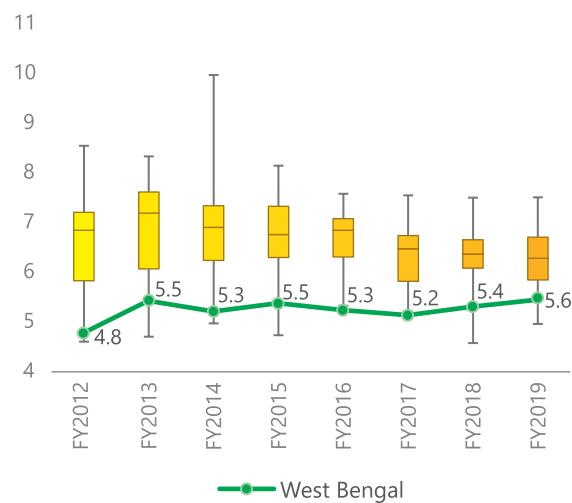
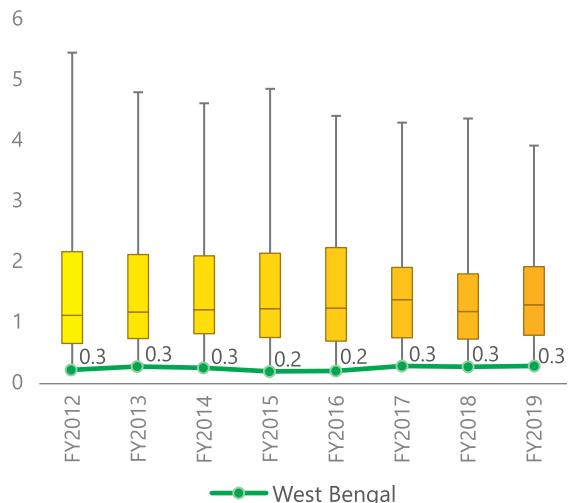
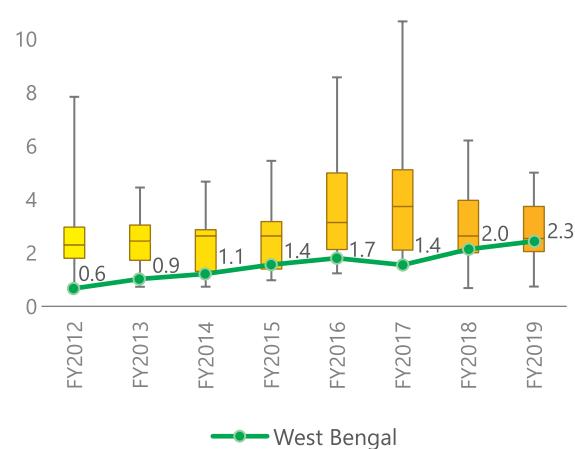


WB-4.B: Fiscal Deficit as % of GSDP



WB-4.C: Outstanding Debt as % of GSDP**WB-4.D: Committed Expenditure as a % of Revenue Expenditure**

Note: Committed expenditure includes salaries, interest payments, and pensions

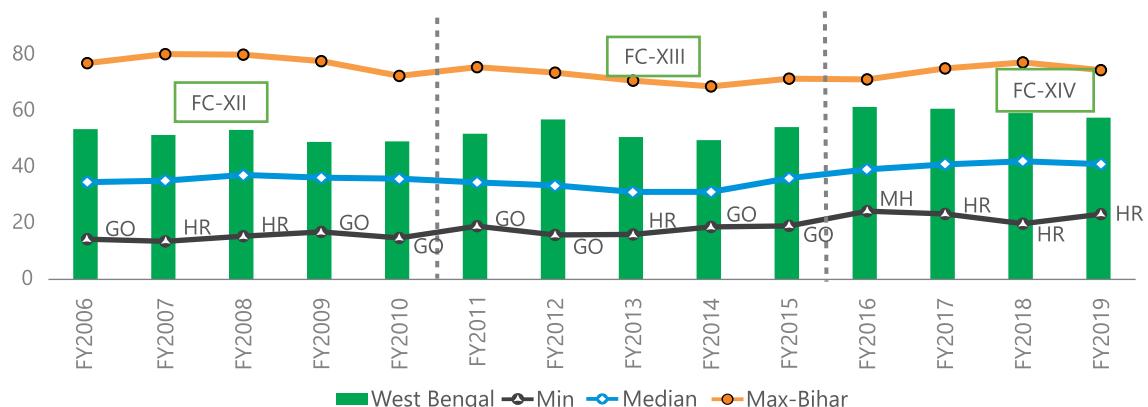
WB-4.E: OTR as % of GSDP**WB-4.F: NTR as % of GSDP****WB-4.G: Capital Expenditure to GSDP Ratio****WB-4.H: Key Fiscal Indicators—State vs GS**

Fiscal indicators (2018–19)	State	GS
Per Capita GSDP in Rs per annum	1,10,728	1,41,099
<i>Indicators as a percentage of GSDP</i>		
TRR	13.4	13.4
OTR	5.6	6.4
NTR	0.3	1.1
TE	16.6	16.1
ES	2.8	3.1
SS	6.4	5.4
GS	5.2	4.7
Committed Expenditure	5.5	5.8
Capital Expenditure	2.3	2.5
FD	3.1	2.5
RD	1.0	0.2
OD	36.1	25.0

WB-4.I: TRE and ORR Gap

TGR %, 2011–2019	TRE	TRR	ORR
West Bengal	11.7	14.4	11.9
GS Average	13.6	13.1	10.3

WB-4.J: Central Transfer {Tax Devolution & Grants-in-aid (FC and Non-FC)} as % of TRR



Functions Devolved

- Of the 29 functions envisaged in the Eleventh Schedule of the Constitution of India, 28 functions were devolved to RLBs/PRIIs.
- Of the 18 functions envisaged in the Twelfth Schedule of the Constitution, 17 were devolved to ULBs.¹

Auditing Status

- The PRIIs maintain accounts in accordance with the formats prescribed in the State financial rules for them.
- The Examiner of Local Accounts (ELA) conducts audit of annual accounts as per the mandate stipulated under the West Bengal Municipal Act, 1993.
- Accounts of PRIIs and ULBs have been audited until 2017–18.

Property Tax Board

- West Bengal Valuation Board functioning since 1978 also operates as the State PTB.

Devolution Index Rank across All States

Functions Rank	Functionaries Rank	Finances Rank	Aggregate Devolution in Policy Rank
9	13	8	7

Source: GOI (2016), *Devolution Index Report 2015–16*, Ministry of Panchayati Raj, Government of India.

Fourth SFC (2015–16 to 2019–20)

- According to the *Overview of State Finance Commission Reports* by the National Institute of Public Finance and Policy, the recommendations of the Fourth SFC currently under implementation in the State are as follows:
 - Rs 900 crore be devolved to the local bodies for 2016–17 from State's own tax revenues with an annual increase of 3% from 2017–18 to 2019–20.

- » Of the funds devolved to RLBs and ULBs, 60% be earmarked for capital expenditure and remaining 40% for maintenance of assets, payment of electricity bill, O&M of water supply schemes, etc.

Debt and Losses

- ▲ West Bengal is not a signatory under UDAY
- ▲ As of 31 March 2019, the total borrowing by DISCOMs in West Bengal was Rs 12,803 crore (including borrowing from the State Government of Rs 271 crore), which was 2.7% of the total borrowings by DISCOMs of all States.
- ▲ According to the AG, West Bengal, the West Bengal State Electricity Board has not been able to achieve the target of AT&C losses prescribed by the West Bengal Electricity Regulatory Commission (WBERC).

AT&C Loss (%)	2012–13	2013–14	2014–15	2015–16	2016–17
Admissible by WBERC	17.5	17.5	17.5	17.5	17.5
Achieved by WBSEB	31.6	30.5	30.0	29.8	29.0

Source: AG, Government of West Bengal

Vertical Devolution

- ▲ West Bengal has recommended that the State share in overall divisible pool of taxes be increased to 50%.

Formula for Horizontal Devolution

S.No.	Criteria	Suggested Weights (%)
i)	Population adjusted for minorities and backward sections	27.5
ii)	Area adjusted with locational complexities	7.5
iii)	Income distance (scaled using 1971 Population)	50.0
iv)	Fiscal discipline	7.5
v)	Distance from Index for Social Progress	7.5

Foreign Direct Investment

- ▲ The State needs to attract more FDI, particularly into Artificial Intelligence and Machine Learning. Its capital Kolkata lags behind in investment as compared to other metros.
- ▲ Kolkata currently attracts only 1% of the total FDI in India.²

Ease of Doing Business

- ▲ In terms of EoDB, West Bengal is ranked 9th (out of 36 States and UTs) in 2019 up from 11th rank (out of 32 States and UTs) in 2015.
- ▲ The West Bengal Single Window System (Management Control and Miscellaneous Provisions) Act, 2017 was enacted to promote EoDB.

- ▲ For various G2B services and applications, Single Window portal ‘Silpa Sathi’ has been launched.

Efforts in Deepening Tax Base

- ▲ According to AG, West Bengal, the State has taken significant steps in the implementation of e-governance measures to simplify tax returns. The State has achieved the highest growth in number of new registrations under GST in the whole country.

Tourism Potential

- ▲ The State offers vast and unexploited tourism potential (for both domestic and foreign visitors), which could be exploited to expand employment opportunities and spur economic growth.
- ▲ According to the *Tourism Statistics at a Glance 2020*, West Bengal attracted 5.3% of all visits made by foreigners to India in 2019.³
- ▲ The State ranked 6th (2019) amongst all States and UTs in domestic tourism by virtue of attracting 4% of all Indian tourists.⁴

Fiscal Indicators

- ▲ Interest payments are a huge liability on the Government of West Bengal. Between 2012–13 and 2018–19, interest payment as percentage of TRE has been in the range of 18%–23%. The State has one of the highest interest burdens in the country along with Punjab.

FRBM Compliance

- ▲ The State implemented its FRBM Act in 2010 and has not been adhering to its FRBM limit of Debt–GSDP ratio in recent years. However, FD–GSDP ratio is well within the target limits in 2016–17 and 2017–18. Hence, the State needs a credible debt path and careful calibration of expenditure for generating future streams of income.

Ratios as %	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Debt–GSDP							
As prescribed by the State FRBM	40.6	39.1	37.7	35.9	34.3	25.0	25.0
Actually achieved	39.9	38.8	37.2	38.7	38.4	38.7	37.0
FD–GSDP							
As prescribed by the State FRBM	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Actually achieved	3.4	3.2	3.7	3.8	2.6	2.9	3.0

Source: Government of West Bengal Memorandum

Low NTR–GSDP RATIO

- ▲ The State has low NTR–GSDP ratio as compared to GS. The State needs to take measures to enhance cost recoveries from provision of economic and social services.

NTR–GSDP Ratio 2018–19

West Bengal	GS	Quartile 1	Median	Quartile 3	All States
0.3	1.1	0.8	1.3	1.93	1.2

Public Sector Undertakings⁵

- ▲ As on 31 March 2017, there were 92 State Public Sector Undertakings (PSUs) in West Bengal. These comprised of 73 working PSUs (including nine Statutory Corporations) and 19 non-working PSUs (including one Statutory Corporation). Employing around 47,000 employees, the total turnover of these working State PSUs was 89.4% of the aggregate investment of Rs 39,443.4 crore. The return on equity in these entities stood at -1.77%.
- ▲ Of the 73 working PSUs in West Bengal, the accounts of 40 were in arrears for periods ranging from one to nine years. Of the 19 non-working PSUs, 13 had arrears for one to 11 years.
- ▲ As on 31 March 2017, total investment of the Government in 92 PSUs was Rs 40,611.43 crore. Power sector accounted for 72.40% of total investment in 2016–17. During 2016–17, the State Government provided financial support of Rs 3,894.34 crore to PSUs towards equity, loans, and grants/ subsidies.
- ▲ Audit reports were not laid before the Legislature in time. Audit reports pertaining to 2011–12 and 2012–13 were laid together in July 2014. Similarly, audit reports of 2013–14 and 2014–15 were laid together in July 2016. The pattern indicates that the State Government had reduced the laying of audit reports to a biennial exercise. This is in contravention of the constitutional and statutory obligations of the State Government.
- ▲ Given the outstanding liabilities and substantial budgetary support to SPSUs, the State needs to closely monitor them to avoid contingent liabilities imposing additional fiscal burden on the State. A time bound programme of restructuring the SPSUs should be adopted soon to remove the major hurdles in their performance.

Local Bodies

- ▲ As enshrined in Article 280(3) (bb) and (c) of the Constitution, the Finance Commission of India makes grant recommendations to local bodies based on the recommendations of SFCs. The State Government must constitute SFCs, act upon their recommendations, and lay the explanatory memorandum pertaining to the action taken thereon before the State legislature on or before March 2024.

Locational Complexities

- ▲ As highlighted by the State Government Memorandum, West Bengal is situated in the eastern part of India and shares its borders with Jharkhand, Bihar, Odisha, Sikkim, and Assam. The State also shares 2,509 km of sensitive international borders with Bangladesh, Bhutan, and Nepal.
- ▲ The State has a varied topography with highest mountains, wetlands, Sunderbans, inaccessible hilly and forest areas, coastal areas, and the plains.
- ▲ The borders of West Bengal are highly porous and impose an additional burden of surveillance.

Rank on the SDG Index of NITI Aayog (2019)

- ▲ With an SDG Index of 60—the same as the national average, West Bengal is placed 14th among the 28 Indian States.
- ▲ The State is a front runner in SDG-3 Good Health and Well Being, SDG-6 Clean Water and Sanitation, SDG-8 Decent Work and Economic Growth, SDG-9 Industry, Innovation and Infrastructure, SDG-10 Reduced Inequality, SDG-15 Life on Land, and SDG-16 Peace, Justice and Strong Institutions. However, the State needs to improve on SDG-2 Zero Hunger, SDG-5 Gender Equality, SDG-11 Sustainable Cities and Communities, SDG-13 Climate Action, and SDG-14 Life Below Water.

High Pollution (PM 10) as Monitored under NAMP

- ▲ Cities with million-plus population have far exceeded the NAMP threshold for PM 10 (of less than 90 micrograms per cubic metre). The State needs to chalk out a plan to increase the ease of breathing in these cities while they emerge as economic centres and investment hubs.

PM10 Micrograms Per Cubic Metre

City	2016	2017	2018	Average
Asansol	211	163	146	173.3
Kolkata	113	120	148	127.0

Swachhta Campaign

- ▲ As per *Swachh Survekshan 2018* conducted by Ministry of Housing and Urban Affairs, West Bengal was home to 18 of the 25 poorest performing cities in the country.
- ▲ Since its 28th rank by total weighted score (combining weighted score for both >1 lakh and < 1 lakh population ULBs) among the 30 States surveyed in 2018 (28 States + NCT of Delhi and Jammu & Kashmir), West Bengal has not participated in the subsequent surveys.

Reform Cohort of the State

- ▲ For the purpose of analysis, the States have been grouped on the basis of per capita income. West Bengal is part of the group which includes Chhattisgarh, AP, Rajasthan, and Punjab.

Reform Signposts

- ▲ Though almost all FCs in the last two decades have recommended various fiscal reforms in the State, West Bengal has not improved its fiscal status.
- ▲ Capital expenditure is very low in West Bengal. In 2011, the capital outlay of West Bengal was the lowest in the country at 0.6% of GSDP as against the group average of 1.3%. However the State has shown significant improvement in the recent years.
- ▲ The State has placed objective, transparent and efficient systems in tax collection and revenue mobilisation.
 - » **e-Nathikaran:** The centralised web-based registration system has been introduced in phases since December 2014, replacing the standalone Computerisation of Registration of Documents (CoRD) systems. e-Nathikaran is running in all registration offices in the State in Public Private Partnership mode under BOOT. The State has implemented Online Integration of Registration with the Land and Land Records Department, Kolkata Municipal Corporation, and West Bengal Valuation Board.
 - » **Financial implications:** The collection of revenue from Stamp Duty and Registration Fees has gone up from Rs 2,732 crore in 2011–12 to Rs 5,620 crore in 2018–19.
 - » **Reforms in country spirits segment:** The Administered Price Control and the system of grant of Exclusive Privilege Areas to the bottling plants for the sale of country spirits was abolished 2010–11. This has led to significant growth in consumption of country spirits.
- ▲ **Thus, FC-XV recommends that the State comprehensively consider these and related issues (including fiscal reform) to ensure a sustainable stream of improved resources by investing in durable capital infrastructure. Matching investments in critical social sector initiatives could improve the socioeconomic indicators of West Bengal over the next five years bringing them closer to the national average.**

Notes

- 1 CAG (2015), *Panchayati Raj Institutions and Urban Local Bodies*, report by Comptroller and Auditor General of India, published by Government of West Bengal.
- 2 GOI (2019), *Fact Sheet on Foreign Direct Investment (April 2000 to March 2019)*, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
- 3 GOI (2020), *Tourism Statistics at a Glance 2020*, Ministry of Tourism, Government of India.
- 4 Ibid.
- 5 CAG (2018), *Report No.2 of 2020: Public Sector Undertakings, for the year ended 31 March 2017*, report by the Comptroller and Auditor General of India, published by Government of West Bengal.

REFERENCES AND DATA SOURCES

Indicator	Short source reference	Detailed citation
Macroeconomic Indicators		
GSDP	MOSPI	GSDP Series, Base 2011–12, as on 31 July 2020, National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. www.mospi.gov.in
Sectoral contribution to GSDP measured by Gross State Value Added (GSVA) and Net State Value Added (NSVA) by economic activities	MOSPI	National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.
Per capita GSDP	MOSPI	www.mospi.gov.in National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.
Population	Census 2011	GOI (2011), Census of India 2011, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India. MoSPI estimates (2011–12 to 2018–19)
Total Fertility Rate	NFHS 2/3/4	NFHS-2 GOI (2000): National Family Health Survey 1998–99, led by Ministry of Health and Family Welfare, Government of India. NFHS-3 GOI (2007), National Family Health Survey 2005–06, led by Ministry of Health and Family Welfare, Government of India. NFHS-4 GOI (2017), National Family Health Survey 2015–16, led by Ministry of Health and Family Welfare, Government of India.
Socioeconomic, Education, and Health indicators		
SDG Index	SDG Index	GOI (2019), SDG India Index and Dashboard 2019–20, NITI Aayog, Government of India.
Literacy rate	Census 2011	GOI (2011), Census of India 2011, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India.
Life Expectancy	SRS 2013–2017	GOI (2013 to 2017), Sample Registration System, Bulletin, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India.
Pupil–teacher ratio (Primary)	DISE 2016–17	NIEPA (2017), Elementary Education in India: Where Do We Stand?, State Report Cards 2016–17, National Institute of Educational Planning and Administration, New Delhi.
Underweight children (%)	NFHS-4	GOI (2017), National Family Health Survey 2015–16, led by Ministry of Health and Family Welfare, Government of India.
Stunting among children (%)	NFHS-4	Ibid.
Anaemia among children (%)	NFHS-4	Ibid.
Underweight women (%)	NFHS-4	Ibid.
Anaemia among women (%)	NFHS-4	Ibid.
Infant Mortality Rate (deaths per 1,000 live births)	SRS 2018	GOI (2018), Sample Registration System, Statistical Report 2018, Office of the Registrar General and Census Commissioner of India, Ministry of Home Affairs, Government of India.

Indicator	Short source reference	Detailed citation
Households (%) with improved source of drinking water	NFHS-4	GOI (2017), National Family Health Survey 2015–16, led by Ministry of Health and Family Welfare, Government of India. Ibid.
Household (%) with toilet facility	NFHS-4	Ibid.
Deprived households (%)	SECC 2011	GOI (2011), Socio Economic and Caste Census 2011, Ministry of Rural Development, Government of India. Tendulkar Estimates, Planning Commission
Incidence of poverty (percentage household below poverty line)	Tendulkar Methodology/ Estimates	
Expenditure on health sector (revenue +capital) as a percentage of total expenditure	CAG State Governments	Finance Accounts State Budget Documents
Per capita health expenditure (Rs)	CAG State Governments	Finance Accounts State Budget Documents

Fiscal Indicators

All fiscal indicators are compiled from State finance accounts and budget documents.

Health Infrastructure Indicators

Availability of health centres and healthcare professionals	CBHI	GOI (2019), National Health Profile 2019, 14th Issue, Central Bureau of Health Intelligence, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India.
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ANNEXES—GENERAL INDICATORS (GI)

Annex-GI.1: Area, Forest Area, Population, Sex Ratio, Urbanization Rate and Literacy Rate as per Census 2011 and FSI 2019

SN	Name of the State	Area ('000 sq km)	Population (million)	Sex (females per 1000 males)	Urbanization (%)	Literacy (%)	Forest Area (sq km)
1	Andhra Pradesh	162.923	49.577	993	33.5	67.0	29137
2	Arunachal Pradesh	83.743	1.384	938	22.7	65.4	66688
3	Assam	78.438	31.206	958	14.1	72.2	28327
4	Bihar	94.163	104.099	918	11.3	61.8	7306
5	Chhattisgarh	135.192	25.545	991	23.2	70.3	55611
6	Goa	3.702	1.459	973	62.2	88.7	2237
7	Gujarat	196.244	60.440	919	42.6	78.0	14857
8	Haryana	44.212	25.351	879	34.8	75.6	1602
9	Himachal Pradesh	55.673	6.865	972	10.0	82.8	15434
10	Jammu & Kashmir	222.236	12.541	889	27.2	67.2	23612
11	Jharkhand	79.716	32.988	949	24.1	66.4	23611
12	Karnataka	191.791	61.095	973	38.6	75.4	38575
13	Kerala	38.852	33.406	1084	47.7	94.0	21144
14	Madhya Pradesh	308.252	72.627	931	27.6	69.3	77482
15	Maharashtra	307.713	112.374	929	45.2	82.3	50778
16	Manipur	22.327	2.856	985	30.2	79.2	16847
17	Meghalaya	22.429	2.967	989	20.1	74.4	17119
18	Mizoram	21.081	1.097	976	51.5	91.3	18006
19	Nagaland	16.579	1.979	931	29.0	79.6	12486
20	Odisha	155.707	41.974	979	16.7	72.9	51619
21	Punjab	50.362	27.743	895	37.5	75.8	1849
22	Rajasthan	342.239	68.548	928	24.9	66.1	16630
23	Sikkim	7.096	0.611	890	25.0	81.4	3342
24	Tamil Nadu	130.060	72.147	996	48.5	80.1	26364
25	Telangana	112.122	35.004	0	0.0	N.A	20582
26	Tripura	10.486	3.674	960	26.2	87.2	7726
27	Uttar Pradesh	240.928	199.812	912	22.3	67.7	14806
28	Uttarakhand	53.483	10.086	963	30.6	78.8	24303
29	West Bengal	88.752	91.276	950	31.9	76.3	16902
All States/India		3276.501	1190.732	943	31.1	73.0	704982

Annex-GI.2: Health and Social Indicators as per NFHS 2015–16

SN	Name of the State	Underweight Children	Stunting Among Children	% Women whose BMI is below Normal	Anaemia Among Women	Institutional Deliveries	% Household with improved source of Drinking Water	% Household with Toilet Facility	IMR (SRS 2018)
1	Andhra Pradesh	31.9	31.4	17.6	60.0	91.5	72.7	61.3	29.0
2	Arunachal Pradesh	19.4	29.4	8.5	43.2	52.2	87.5	90.8	37.0
3	Assam	29.8	36.4	25.7	46.0	70.6	83.8	88.9	41.0
4	Bihar	43.9	48.3	30.4	60.3	63.8	98.2	33.5	32.0
5	Chhattisgarh	37.7	37.6	26.7	47.0	70.2	91.1	41.3	41.0
6	Goa	23.8	20.1	14.7	31.3	96.9	96.3	89.1	7.0
7	Gujarat	39.3	38.5	27.2	54.9	88.5	90.9	71.0	28.0
8	Haryana	29.4	34.0	15.8	62.7	80.4	91.6	89.8	30.0
9	Himachal Pradesh	21.2	26.3	16.2	53.5	76.4	94.9	85.7	19.0
10	Jammu & Kashmir	16.6	27.4	12.1	49.4	85.6	89.2	79.3	22.0
11	Jharkhand	47.8	45.3	31.5	65.2	61.9	77.7	30.0	30.0
12	Karnataka	35.2	36.2	20.7	44.8	94.0	89.3	65.8	23.0
13	Kerala	16.1	19.7	9.7	34.3	99.8	94.3	99.2	7.0
14	Madhya Pradesh	42.8	42.0	28.4	52.5	80.8	84.7	42.8	48.0
15	Maharashtra	36.0	34.4	23.5	48.0	90.3	91.5	71.2	19.0
16	Manipur	13.8	28.9	8.8	26.4	69.1	41.6	98.7	11.0
17	Meghalaya	28.9	43.8	12.1	56.2	51.4	67.9	92.4	33.0
18	Mizoram	12.0	28.1	8.4	24.8	79.7	91.4	99.1	5.0
19	Nagaland	16.7	28.6	12.3	27.9	32.8	80.6	98.3	4.0
20	Odisha	34.4	34.1	26.5	51.0	85.3	88.8	35.0	40.0
21	Punjab	21.6	25.7	11.7	53.5	90.5	99.1	92.9	20.0
22	Rajasthan	36.7	39.1	27.0	46.8	84.0	85.5	54.0	37.0
23	Sikkim	14.2	29.6	6.4	34.9	94.7	97.6	99.7	7.0
24	Tamil Nadu	23.8	27.1	14.6	55.0	98.9	90.6	61.7	15.0
25	Telangana	28.4	28.0	22.9	56.6	91.5	77.9	69.0	27.0
26	Tripura	24.1	24.3	18.9	54.5	79.9	87.3	97.9	27.0
27	Uttar Pradesh	39.5	46.3	25.3	52.4	67.8	96.4	45.8	43.0
28	Uttarakhand	26.6	33.5	18.4	45.2	68.6	92.9	82.9	31.0
29	West Bengal	31.6	32.5	21.3	62.5	75.2	94.6	74.9	22.0
All States/India		35.8	38.4	22.9	53.1	78.9	89.9	61.1	32.0

Annex-GI.3: Total Fertility Rate

<i>SN</i>	<i>Name of the State</i>	<i>NFHS-2</i>	<i>NFHS-3</i>	<i>NFHS-4</i>
1	Andhra Pradesh	2.3	1.8	1.8
2	Arunachal Pradesh	2.5	3.0	2.1
3	Assam	2.3	2.4	2.2
4	Bihar	3.7	4.0	3.4
5	Chhattisgarh	2.8	2.6	2.2
6	Goa	1.8	1.8	1.7
7	Gujarat	2.7	2.4	2.0
8	Haryana	2.9	2.7	2.1
9	Himachal Pradesh	2.1	1.9	1.9
10	Jammu & Kashmir	2.7	2.4	2.0
11	Jharkhand	2.8	3.3	2.6
12	Karnataka	2.1	2.1	1.8
13	Kerala	2.0	1.9	1.6
14	Madhya Pradesh	3.3	3.1	2.3
15	Maharashtra	2.5	2.1	1.9
16	Manipur	3.0	2.8	2.6
17	Meghalaya	4.6	3.8	3.0
18	Mizoram	2.9	2.9	2.3
19	Nagaland	3.8	3.7	2.7
20	Odisha	2.5	2.4	2.1
21	Punjab	2.2	2.0	1.6
22	Rajasthan	3.8	3.2	2.4
23	Sikkim	2.8	2.2	1.2
24	Tamil Nadu	2.2	1.8	1.7
25	Telangana	NA	NA	1.8
26	Tripura	1.9	2.2	1.7
27	Uttar Pradesh	4.1	3.8	2.7
28	Uttarakhand	2.6	2.6	2.1
29	West Bengal	2.3	2.3	1.8
All States/India		2.9	2.7	2.2

Annex-GI.4: Pupil Teacher Ratio (Primary) and Gross Enrolment Ratio (Higher Secondary)

<i>SN</i>	<i>Name of the State</i>	<i>Pupil Teacher Ratio (Primary School)</i>	<i>Gross Enrolment Ratio (Higher Secondary)</i>
1	Andhra Pradesh	22.0	60.6
2	Arunachal Pradesh	12.0	51.2
3	Assam	24.0	39.7
4	Bihar	44.0	28.8
5	Chhattisgarh	20.0	54.5
6	Goa	19.0	78.7
7	Gujarat	22.0	43.2
8	Haryana	25.0	60.8
9	Himachal Pradesh	12.0	92.0
10	Jammu & Kashmir	10.0	52.9
11	Jharkhand	28.0	37.1
12	Karnataka	16.0	41.9
13	Kerala	16.0	79.4
14	Madhya Pradesh	22.0	47.1
15	Maharashtra	24.0	70.7
16	Manipur	9.0	64.4
17	Meghalaya	19.0	40.6
18	Mizoram	12.0	54.6
19	Nagaland	6.0	36.3
20	Odisha	18.0	40.1
21	Punjab	20.0	72.2
22	Rajasthan	20.0	60.3
23	Sikkim	4.0	64.2
24	Tamil Nadu	20.0	83.7
25	Telangana	23.0	50.6
26	Tripura	10.0	41.9
27	Uttar Pradesh	33.0	59.0
28	Uttarakhand	16.0	77.1
29	West Bengal	20.0	50.9
All States/India		25.0	55.4

Annex-GI.5: Poverty Ratio Rate (%)

<i>SN</i>	<i>Name of the State</i>	<i>2004–05</i>	<i>2011–12</i>
1	Andhra Pradesh	29.9	9.2
2	Arunachal Pradesh	31.1	34.7
3	Assam	34.4	32.0
4	Bihar	54.4	33.7
5	Chhattisgarh	49.4	39.9
6	Goa	25.0	5.1
7	Gujarat	31.8	16.6
8	Haryana	24.1	11.2
9	Himachal Pradesh	22.9	8.1
10	Jammu & Kashmir	13.2	10.3
11	Jharkhand	45.3	37.0
12	Karnataka	33.4	20.9
13	Kerala	19.7	7.1
14	Madhya Pradesh	48.6	31.6
15	Maharashtra	38.1	17.4
16	Manipur	38.0	36.9
17	Meghalaya	16.1	11.9
18	Mizoram	15.3	20.4
19	Nagaland	9.0	18.9
20	Odisha	57.2	32.6
21	Punjab	20.9	8.3
22	Rajasthan	34.4	14.7
23	Sikkim	31.1	8.2
24	Tamil Nadu	28.9	11.3
25	Telangana	NA	0.0
26	Tripura	40.6	14.0
27	Uttar Pradesh	40.9	29.4
28	Uttarakhand	32.7	11.3
29	West Bengal	34.3	20.0
All States/India		37.2	21.9

Annex-GI.6: Statewise AT&C Losses and ACS-ARR GAP
(Achievement data excluding Regulatory Income and UDAY grants)

SN	Name of the State	AT&C Losses 2018–19		ACS – ARR GAP 2018–19	
		Target	Achievement	Target	Achievement
1	Andhra Pradesh	8.95	25.67	–0.03	2.69
2	Arunachal Pradesh	39.00	55.50	0.00	4.27
3	Assam	16.10	19.87	0.19	0.02
4	Bihar	21.00	30.94	0.41	0.39
5	Chhattisgarh	15.00	27.33	–0.52	0.35
6	Goa	15.00	15.69	–0.15	0.39
7	Gujarat	13.00	13.98	–0.06	–0.02
8	Haryana	15.00	18.08	0.12	–0.05
9	Himachal Pradesh	12.75	11.39	–0.05	–0.07
10	Jammu & Kashmir	25.00	49.94	0.49	1.72
11	Jharkhand	15.00	28.60	0.00	0.58
12	Karnataka	14.02	19.82	0.00	0.68
13	Kerala	11.00	9.10	–0.06	0.11
14	Madhya Pradesh	17.00	36.01	0.03	1.41
15	Maharashtra	14.98	14.73	–0.39	–0.16
16	Manipur	15.00	29.79	–0.36	0.10
17	Meghalaya	21.50	35.22	0.35	0.85
18	Mizoram	20.30	16.20	0.00	1.18
19	Nagaland	32.00	40.06	2.11	4.09
20	Odisha	NA	29.17	NA	0.60
21	Punjab	14.00	11.28	–0.09	–0.05
22	Rajasthan	15.00	28.26	–0.12	1.50
23	Sikkim	15.00	31.83	–0.09	0.02
24	Tamil Nadu	13.50	17.47	–0.07	1.88
25	Telangana	10.00	19.99	0.00	1.45
26	Tripura	20.00	35.48	0.03	–0.06
27	Uttar Pradesh	19.36	33.15	0.22	0.60
28	Uttarakhand	14.50	16.20	–0.03	0.38
29	West Bengal	NA	23.00	NA	0.30
National Average		22.03			0.72

*The States of West Bengal and Odisha are non participating States under UDAY,

NA: Not Available

Source: Ministry of Power, Government of India

Annex-GI.7: Health (per '000 persons)

SN	Name of the State	Allopathic Doctor	Ayush Doctor	Nurse	Pharmacist	Sub Centre	Primary Health Centre	Community Health Centre
1	Andhra Pradesh	0.5	2.2	0.1	1.0	6.6	43.1	255.9
2	Arunachal Pradesh	1.4	3.5	0.7	5.0	4.4	9.7	22.0
3	Assam	1.3	14.3	0.6	2.0	6.7	33.0	181.4
4	Bihar	2.6	0.8	5.6	4.3	10.5	54.8	694.0
5	Chhattisgarh	2.9	4.6	0.9	2.6	4.9	32.2	151.2
6	Goa	0.4	1.1	NA	0.4	6.8	58.4	364.8
7	Gujarat	0.9	1.2	0.4	0.9	6.6	41.0	166.5
8	Haryana	4.4	1.8	0.5	0.8	9.8	68.9	224.3
9	Himachal Pradesh	2.2	0.6	0.2	0.7	3.3	11.9	75.4
10	Jammu & Kashmir	0.8	2.0	NA	NA	4.2	19.7	149.3
11	Jharkhand	5.7	40.7	4.0	14.1	8.6	110.7	192.9
12	Karnataka	0.5	1.3	0.2	1.1	6.5	25.9	296.6
13	Kerala	0.6	0.8	0.1	0.5	6.2	39.3	147.2
14	Madhya Pradesh	1.9	1.1	0.5	1.3	6.5	62.0	235.0
15	Maharashtra	0.6	0.7	0.6	0.5	10.6	61.6	311.3
16	Manipur	2.3	NA	0.2	2.0	6.0	28.2	111.7
17	Meghalaya	5.1	8.1	0.4	3.3	6.7	27.5	106.0
18	Mizoram	14.8	NA	0.2	0.8	3.0	19.2	121.9
19	Nagaland	17.1	13.8	NA	1.3	5.0	15.7	94.2
20	Odisha	1.9	2.9	0.3	1.3	6.3	32.6	111.3
21	Punjab	0.6	1.7	0.3	0.6	9.4	64.2	183.7
22	Rajasthan	1.6	3.6	0.2	1.3	4.8	33.0	116.6
23	Sikkim	0.4	NA	1.9	2.2	4.2	25.5	305.5
24	Tamil Nadu	0.5	3.8	0.2	1.0	8.3	50.8	187.4
25	Telangana	7.1	1.7	NA	NA	7.4	54.7	386.7
26	Tripura	2.1	8.2	0.6	0.8	3.6	34.0	167.0
27	Uttar Pradesh	2.6	2.3	1.5	2.4	9.7	55.2	243.1
28	Uttarakhand	1.2	2.5	2.0	0.6	5.5	39.2	150.5
29	West Bengal	1.3	1.9	0.7	1.0	8.8	100.0	262.3
	All States/India	1.0	1.5	0.4	1.2	7.5	46.4	212.2

Health Data from National Health Profile 2019

Allopathic Doctors are the Registered doctors with State Medical Councils/Medical Council of India from the year upto 2010 to 2018 (As on 31st December of concerned year)

Nagaland the registration are captured from 2015

Mizoram the registration are captured from 2014

Tripura the registration are captured from 2013

Telangana the registrations are captured from 2015

Haryana the registrations are captured till 2011

All other states are captured till 2018

Annex-GI.8: Life Expectancy of population in Major States (years)

State/Union Territory	2012–16			2013–17		
	Male	Female	Total	Male	Female	Total
Andhra Pradesh	68.0	71.4	69.6	68.3	71.2	69.7
Assam	64.4	66.8	65.5	65.4	67.3	66.2
Bihar	68.9	68.5	68.7	69.2	68.6	68.9
Chhattisgarh	63.6	66.8	65.2	63.8	66.6	65.2
Delhi	72.7	75.9	74.2	73.3	76.3	74.7
Gujarat	67.4	71.8	69.5	67.6	72.0	69.7
Haryana	67.2	72.0	69.4	67.6	72.3	69.7
Himachal Pradesh	69.4	75.5	72.3	69.8	75.6	72.6
Jammu and Kashmir	71.6	76.2	73.5	72.1	76.7	74.1
Jharkhand	67.8	68.0	67.9	68.8	68.4	68.6
Karnataka	67.6	70.7	69.1	67.7	70.8	69.2
Kerala	72.2	77.9	75.1	72.5	77.8	75.2
Madhya Pradesh	63.7	67.2	65.4	64.2	67.9	66.0
Maharashtra	70.8	73.7	72.2	71.2	73.9	72.5
Odisha	66.2	69.1	67.6	67.1	69.9	68.4
Punjab	71.0	74.2	72.5	71.0	74.0	72.4
Rajasthan	66.1	70.7	68.3	66.3	70.9	68.5
Tamil Nadu	69.5	73.4	71.4	69.9	73.7	71.7
Uttar Pradesh	63.9	65.6	64.8	64.3	65.6	65.0
Uttarakhand	68.5	74.8	71.5	68.8	74.2	71.0
West Bengal	69.8	71.9	70.8	70.4	72.2	71.2
All INDIA	67.4	70.9	68.7	67.8	70.4	69.0

*Quinquennial Survey.

Source: Sample Registration System, Bulletin, Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, Government of India.

ANNEXES—FINANCIAL INDICATORS (FI)

Annex-FI.1: GSDP (Rs Crore)

<i>SN</i>	<i>Name of the State</i>	<i>201–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>
1	Andhra Pradesh	379402	411404	464272	524976	604229	684416	793186	862957
2	Arunachal Pradesh	11063	12547	14581	17959	18509	19845	22432	24603
3	Assam	143175	156864	177745	195723	227959	254382	283165	315881
4	Bihar	247144	282368	317101	342951	371602	421052	468746	530363
5	Chhattisgarh	158074	177511	206833	221118	225163	250882	274042	304063
6	Goa	42367	38120	35921	47814	55054	62976	69352	73170
7	Gujarat	615606	724495	807623	921773	1029010	1167156	1329095	1502899
8	Haryana	297539	347032	399268	437145	495504	561610	649592	734163
9	Himachal Pradesh	72720	82820	94764	103772	114239	125634	138351	153845
10	Jammu & Kashmir	78256	87138	95619	98367	117168	124848	139240	155956
11	Jharkhand	150918	174724	188567	218525	206613	236250	269816	297204
12	Karnataka	606010	695413	816666	913923	1045168	1209136	1357579	1544399
13	Kerala	364048	412313	465041	512564	561994	634886	701577	781653
14	Madhya Pradesh	315562	380925	439483	479939	541068	649823	724729	809592
15	Maharashtra	1280369	1459629	1649647	1779138	1966225	2198324	2382570	2632792
16	Manipur	12915	13743	16182	18129	19531	21294	25789	27869
17	Meghalaya	19918	21872	22938	23235	25117	27439	29508	33481
18	Mizoram	7259	8362	10293	13509	15139	17192	18740	19520
19	Nagaland	12177	14121	16612	18401	19524	21722	24492	27283
20	Odisha	230987	261700	296475	314250	328550	392708	440517	492229
21	Punjab	266628	297734	332147	355102	390087	426988	470834	526376
22	Rajasthan	434837	493551	551031	615642	681482	760750	835170	942586
23	Sikkim	11165	12338	13862	15407	18034	20687	25971	28723
24	Tamil Nadu	751486	854825	968530	1072678	1176500	1302639	1465051	1630208
25	Telangana	359434	401593	451580	505848	577902	658325	753127	861031
26	Tripura	19208	21663	25593	29533	35938	39479	43716	49845
27	Uttar Pradesh	724050	822393	940356	1011790	1137808	1290289	1460443	1668229
28	Uttarakhand	115328	131613	149074	161439	177163	195125	222836	245895
29	West Bengal	520485	591464	676848	718082	797300	872527	974700	1089898
All States		8248127	9390276	10644655	11688732	12979577	14648384	16394367	18366714
Genl. States		7744945	8827195	10007392	10993257	12191256	13780737	15420126	17283813
NE & HS		503182	563081	637264	695474	788321	867648	974240	1082901

Annex-FI.2: Annual Growth Rate of GSDP %

SN	Name of the State	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	8.4	12.9	13.1	15.1	13.3	15.9	8.8
2	Arunachal Pradesh	13.4	16.2	23.2	3.1	7.2	13.0	9.7
3	Assam	9.6	13.3	10.1	16.5	11.6	11.3	11.6
4	Bihar	14.3	12.3	8.2	8.4	13.3	11.3	13.1
5	Chhattisgarh	12.3	16.5	6.9	1.8	11.4	9.2	11.0
6	Goa	–10.0	–5.8	33.1	15.1	14.4	10.1	5.5
7	Gujarat	17.7	11.5	14.1	11.6	13.4	13.9	13.1
8	Haryana	16.6	15.1	9.5	13.4	13.3	15.7	13.0
9	Himachal Pradesh	13.9	14.4	9.5	10.1	10.0	10.1	11.2
10	Jammu & Kashmir	11.4	9.7	2.9	19.1	6.6	11.5	12.0
11	Jharkhand	15.8	7.9	15.9	–5.5	14.3	14.2	10.2
12	Karnataka	14.8	17.4	11.9	14.4	15.7	12.3	13.8
13	Kerala	13.3	12.8	10.2	9.6	13.0	10.5	11.4
14	Madhya Pradesh	20.7	15.4	9.2	12.7	20.1	11.5	11.7
15	Maharashtra	14.0	13.0	7.8	10.5	11.8	8.4	10.5
16	Manipur	6.4	17.7	12.0	7.7	9.0	21.1	8.1
17	Meghalaya	9.8	4.9	1.3	8.1	9.2	7.5	13.5
18	Mizoram	15.2	23.1	31.2	12.1	13.6	9.0	4.2
19	Nagaland	16.0	17.6	10.8	6.1	11.3	12.7	11.4
20	Odisha	13.3	13.3	6.0	4.6	19.5	12.2	11.7
21	Punjab	11.7	11.6	6.9	9.9	9.5	10.3	11.8
22	Rajasthan	13.5	11.6	11.7	10.7	11.6	9.8	12.9
23	Sikkim	10.5	12.3	11.1	17.1	14.7	25.5	10.6
24	Tamil Nadu	13.8	13.3	10.8	9.7	10.7	12.5	11.3
25	Telangana	11.7	12.4	12.0	14.2	13.9	14.4	14.3
26	Tripura	12.8	18.1	15.4	21.7	9.9	10.7	14.0
27	Uttar Pradesh	13.6	14.3	7.6	12.5	13.4	13.2	14.2
28	Uttarakhand	14.1	13.3	8.3	9.7	10.1	14.2	10.3
29	West Bengal	13.6	14.4	6.1	11.0	9.4	11.7	11.8
All States		13.8	13.4	9.8	11.0	12.9	11.9	12.0
Genl. States		14.0	13.4	9.9	10.9	13.0	11.9	12.1
NE & HS		11.9	13.2	9.1	13.4	10.1	12.3	11.2

Annex-FI.3: Per Capita GSDP (Rs)

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	76997	83001	93121	104679	119777	134879	155402	168083
2	Arunachal Pradesh	79019	87861	100076	120776	122092	128283	142068	152718
3	Assam	45538	49254	55098	59894	68868	75869	83871	92533
4	Bihar	23525	26459	29251	31142	33218	37052	40065	44652
5	Chhattisgarh	61305	67750	77687	81735	81907	89816	96548	105424
6	Goa	289192	258441	241893	319827	365806	415411	454172	476370
7	Gujarat	101075	117398	129158	145484	160284	179427	199492	222487
8	Haryana	116408	133875	151871	163958	183249	204795	233574	260286
9	Himachal Pradesh	105376	118960	134934	146488	159842	174249	191278	211325
10	Jammu & Kashmir	61852	67838	73322	74301	87172	91491	100505	110890
11	Jharkhand	45318	51620	54813	62496	58139	65405	73628	79936
12	Karnataka	98567	111891	129986	143902	162796	186308	206929	232874
13	Kerala	108666	122471	137515	150824	164554	184979	203396	225484
14	Madhya Pradesh	43023	51073	57965	62285	69110	81768	89901	99025
15	Maharashtra	113192	127606	142634	152158	166351	184125	197666	216376
16	Manipur	44649	46491	53565	58721	61906	66050	78284	82792
17	Meghalaya	66304	71268	73168	72563	76788	82127	86459	96016
18	Mizoram	65347	73708	88843	115366	127004	141614	159491	164586
19	Nagaland	61159	70185	81670	89541	94001	104586	117919	129981
20	Odisha	54855	61809	69644	73421	76350	90833	101467	112907
21	Punjab	95379	105129	115765	122165	132467	143124	155781	171907
22	Rajasthan	62907	70385	77464	85315	93094	102444	110864	123343
23	Sikkim	181842	198686	221083	243392	281780	319740	397107	435204
24	Tamil Nadu	103743	117204	131893	145094	158072	174054	194834	215784
25	Telangana	100733	111430	124057	137586	155626	175530	198814	225047
26	Tripura	51999	58016	67814	77434	93248	101385	111151	125461
27	Uttar Pradesh	35917	40180	45250	47953	53113	59322	66132	74402
28	Uttarakhand	113456	127755	142778	152560	165202	179524	202284	220257
29	West Bengal	56693	63786	72272	75916	83456	90426	100014	110728
All States		68771	77330	86585	93914	103008	114855	126832	140422
Genl. States		68936	77609	86914	94315	103322	115399	127374	141099
NE & HS		66326	73212	81730	87999	98395	106856	118824	130427

Annex-FI.4: Own Tax Revenue as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	7.2	7.4	7.0	7.0	6.6	6.5	6.2	6.7
2	Arunachal Pradesh	2.9	2.5	3.0	2.6	2.9	3.6	3.6	4.3
3	Assam	5.3	5.3	5.1	4.8	4.4	4.7	4.7	5.0
4	Bihar	5.1	5.8	6.3	6.1	6.8	5.6	4.9	5.5
5	Chhattisgarh	6.8	7.3	6.9	7.1	7.6	7.6	7.3	7.0
6	Goa	6.0	7.7	10.0	8.1	7.2	6.8	6.8	6.7
7	Gujarat	7.2	7.4	7.0	6.7	6.1	5.5	5.4	5.3
8	Haryana	6.9	6.8	6.4	6.3	6.2	6.1	6.3	5.8
9	Himachal Pradesh	5.6	5.6	5.4	5.7	5.9	5.6	5.1	4.9
10	Jammu & Kashmir	6.1	6.7	6.6	6.4	6.3	6.3	6.8	6.3
11	Jharkhand	4.6	4.7	5.0	4.7	5.6	5.6	4.6	5.0
12	Karnataka	7.7	7.7	7.7	7.7	7.2	6.9	6.4	6.3
13	Kerala	7.1	7.3	6.9	6.9	6.9	6.6	6.6	6.5
14	Madhya Pradesh	8.5	8.0	7.6	7.6	7.4	6.8	6.2	6.3
15	Maharashtra	6.8	7.1	6.6	6.5	6.4	6.2	7.0	7.1
16	Manipur	2.9	2.4	2.9	2.9	2.8	2.8	3.1	3.8
17	Meghalaya	3.5	3.9	4.1	4.0	4.2	4.3	4.9	5.4
18	Mizoram	2.5	2.7	2.2	2.0	2.4	2.6	2.9	3.7
19	Nagaland	2.5	2.4	2.0	2.1	2.2	2.4	2.6	3.1
20	Odisha	5.8	5.7	5.7	6.3	6.9	5.8	6.3	6.2
21	Punjab	7.1	7.6	7.2	7.2	6.8	6.5	6.5	6.0
22	Rajasthan	5.8	6.2	6.1	6.3	6.3	5.8	6.1	6.1
23	Sikkim	2.6	3.5	3.8	3.4	3.1	3.2	2.7	3.1
24	Tamil Nadu	7.9	8.3	7.6	7.3	6.8	6.6	6.4	6.5
25	Telangana	NA	NA	NA	NA	6.9	7.4	7.5	7.5
26	Tripura	4.5	4.6	4.2	4.0	3.7	3.6	3.3	3.5
27	Uttar Pradesh	7.3	7.1	7.1	7.3	7.1	6.7	6.7	7.2
28	Uttarakhand	4.9	4.9	4.9	5.2	5.3	5.6	4.6	5.0
29	West Bengal	4.8	5.5	5.3	5.5	5.3	5.2	5.4	5.6
All States		6.8	7.0	6.7	6.7	6.5	6.2	6.2	6.3
Genl. States		6.9	7.1	6.8	6.8	6.6	6.3	6.3	6.4
NE & HS		5.0	5.1	5.0	4.9	4.9	5.0	4.8	5.0

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.5: Non-Tax Revenue as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	1.6	2.0	1.7	1.7	0.8	0.8	0.5	0.5
2	Arunachal Pradesh	3.3	2.3	2.8	2.5	2.1	2.7	1.6	2.5
3	Assam	2.0	1.6	1.5	1.2	1.2	1.7	1.4	2.6
4	Bihar	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.8
5	Chhattisgarh	2.6	2.6	2.5	2.2	2.3	2.3	2.3	2.5
6	Goa	5.5	4.8	4.6	4.9	4.4	4.3	4.4	3.9
7	Gujarat	0.9	0.8	0.9	1.0	1.0	1.1	1.1	0.9
8	Haryana	1.6	1.3	1.2	1.1	1.0	1.1	1.4	1.1
9	Himachal Pradesh	2.6	1.7	1.9	2.0	1.6	1.4	1.7	1.8
10	Jammu & Kashmir	2.6	2.5	3.0	2.0	3.3	3.3	3.1	2.8
11	Jharkhand	2.0	2.0	2.0	2.0	2.8	2.3	2.9	2.8
12	Karnataka	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.4
13	Kerala	0.7	1.0	1.2	1.4	1.5	1.5	1.6	1.5
14	Madhya Pradesh	2.4	1.8	1.8	2.2	1.6	1.4	1.3	1.6
15	Maharashtra	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.6
16	Manipur	2.4	1.7	1.6	1.0	0.8	0.8	0.7	0.6
17	Meghalaya	1.8	2.2	2.6	1.5	0.9	2.5	1.2	1.3
18	Mizoram	2.3	2.5	1.9	1.8	2.0	2.1	2.1	2.3
19	Nagaland	1.9	1.5	1.3	1.5	1.3	1.6	1.6	0.9
20	Odisha	2.8	3.1	2.8	2.6	2.7	2.0	1.9	2.9
21	Punjab	0.5	0.9	1.0	0.8	0.7	1.4	0.9	1.4
22	Rajasthan	2.1	2.5	2.5	2.1	1.6	1.5	1.9	2.0
23	Sikkim	9.4	6.5	5.7	4.5	2.3	2.2	2.5	2.3
24	Tamil Nadu	0.8	0.8	1.0	0.8	0.8	0.8	0.7	0.9
25	Telangana	NA	NA	NA	NA	2.5	1.5	1.0	1.2
26	Tripura	1.1	0.8	1.0	0.7	0.7	0.6	1.1	0.7
27	Uttar Pradesh	1.4	1.6	1.7	2.0	2.0	2.2	1.4	1.8
28	Uttarakhand	1.0	1.2	0.9	0.7	0.7	0.7	0.8	1.3
29	West Bengal	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3
All States		1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Genl. States		1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.1
NE & HS		2.1	1.8	1.8	1.4	1.5	1.6	1.6	2.0

Note: In respect of Andhra Pradesh, the data up to 2014-15 is for the undivided State.

Annex-FI.6: Central Transfers as % of Total Revenue Receipts

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	30.5	26.9	28.1	37.0	49.4	50.1	49.3	45.6
2	Arunachal Pradesh	87.7	89.6	85.6	89.9	91.2	89.4	91.4	89.6
3	Assam	61.7	65.1	63.7	68.9	69.7	66.6	68.1	62.0
4	Bihar	73.7	70.8	68.8	71.6	71.3	75.2	77.3	74.6
5	Chhattisgarh	42.9	40.3	39.3	45.7	51.6	54.2	56.0	55.2
6	Goa	15.8	18.4	18.7	19.1	25.1	27.1	29.8	32.3
7	Gujarat	21.3	20.4	20.7	22.9	25.3	29.2	29.7	31.2
8	Haryana	17.8	16.1	19.7	21.0	25.0	23.4	19.9	23.3
9	Himachal Pradesh	58.6	61.5	56.0	55.0	63.6	66.7	65.4	66.4
10	Jammu & Kashmir	72.8	69.5	66.3	71.3	68.6	71.7	71.3	72.3
11	Jharkhand	55.4	52.5	49.8	53.5	57.4	60.4	61.7	59.0
12	Karnataka	27.6	26.2	25.6	28.1	31.9	33.4	36.3	37.2
13	Kerala	25.5	22.3	23.6	26.6	31.3	31.4	30.5	32.8
14	Madhya Pradesh	45.0	46.6	45.5	47.0	53.8	56.8	60.1	57.3
15	Maharashtra	21.0	20.6	19.9	22.8	24.3	27.0	24.2	27.1
16	Manipur	88.0	91.7	89.9	91.2	91.5	91.8	90.7	88.5
17	Meghalaya	77.1	75.9	75.3	80.0	81.7	79.1	80.4	77.1
18	Mizoram	90.9	90.4	91.1	90.8	90.2	89.1	89.1	87.0
19	Nagaland	90.4	91.2	91.5	91.4	91.5	90.9	90.7	90.4
20	Odisha	50.6	47.4	48.4	51.1	54.7	58.4	57.4	55.2
21	Punjab	22.9	21.3	22.3	27.1	29.3	30.0	34.5	37.1
22	Rajasthan	39.4	36.3	36.8	43.2	46.5	48.6	47.9	44.9
23	Sikkim	63.6	67.2	69.5	72.5	74.1	76.0	74.2	73.8
24	Tamil Nadu	23.5	21.3	23.1	28.9	30.7	31.6	28.6	31.1
25	Telangana	NA	NA	NA	NA	28.6	29.7	27.6	26.4
26	Tripura	83.4	83.2	82.7	85.2	83.1	83.0	81.0	82.2
27	Uttar Pradesh	52.0	51.3	50.6	51.3	54.1	55.3	58.0	54.5
28	Uttarakhand	50.7	49.1	49.9	53.3	50.1	50.8	56.0	50.4
29	West Bengal	55.3	49.2	48.1	52.6	59.6	58.9	57.5	55.9
All States		40.2	38.4	38.3	42.0	45.4	47.1	47.2	46.4
Genl. States		36.8	34.8	35.0	38.8	42.6	44.4	44.4	43.8
NE & HS		69.1	69.8	68.0	71.5	71.7	71.7	72.6	70.1

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.7: Total Revenue Receipts as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	12.7	12.8	12.1	13.7	14.7	14.5	13.2	13.3
2	Arunachal Pradesh	49.7	45.9	39.9	50.9	57.0	59.4	61.4	65.8
3	Assam	19.2	19.6	18.1	19.5	18.6	19.3	19.1	20.1
4	Bihar	20.8	21.1	21.7	22.9	25.9	25.1	25.1	24.8
5	Chhattisgarh	16.4	16.7	15.5	17.2	20.5	21.4	21.8	21.4
6	Goa	13.6	15.3	18.0	16.1	15.5	15.2	15.9	15.6
7	Gujarat	10.2	10.4	9.9	10.0	9.5	9.4	9.3	9.0
8	Haryana	10.3	9.7	9.5	9.3	9.6	9.3	9.7	9.0
9	Himachal Pradesh	20.0	18.8	16.6	17.2	20.5	20.9	19.8	20.1
10	Jammu & Kashmir	31.7	30.1	28.4	29.4	30.5	33.6	34.8	32.8
11	Jharkhand	14.9	14.2	13.9	14.4	19.7	19.9	19.6	18.9
12	Karnataka	11.5	11.2	11.0	11.4	11.4	11.0	10.8	10.7
13	Kerala	10.4	10.7	10.6	11.3	12.3	11.9	11.8	11.9
14	Madhya Pradesh	19.8	18.5	17.2	18.5	19.5	19.0	18.6	18.6
15	Maharashtra	9.5	9.8	9.1	9.3	9.4	9.3	10.2	10.6
16	Manipur	43.8	49.6	45.0	44.1	42.4	42.9	40.2	37.9
17	Meghalaya	23.4	25.3	27.3	27.7	28.0	32.6	31.4	29.0
18	Mizoram	52.7	54.3	46.3	40.8	44.1	43.0	45.8	46.3
19	Nagaland	45.9	43.9	39.1	41.6	41.2	43.5	45.0	41.9
20	Odisha	17.4	16.8	16.5	18.1	21.0	18.9	19.3	20.2
21	Punjab	9.8	10.8	10.6	11.0	10.6	11.2	11.3	11.8
22	Rajasthan	13.1	13.6	13.5	14.8	14.7	14.3	15.2	14.6
23	Sikkim	32.9	30.7	31.2	29.0	21.0	22.3	20.1	20.6
24	Tamil Nadu	11.3	11.6	11.2	11.4	11.0	10.8	10.0	10.7
25	Telangana	NA	NA	NA	NA	13.2	12.6	11.8	11.8
26	Tripura	33.7	32.5	29.9	31.3	26.2	24.4	23.0	24.1
27	Uttar Pradesh	18.1	17.7	17.9	19.1	20.0	19.9	19.1	19.8
28	Uttarakhand	11.9	12.0	11.6	12.5	12.0	12.8	12.2	12.7
29	West Bengal	11.3	11.5	10.8	12.0	13.8	13.5	13.5	13.4
	All States	13.3	13.3	12.9	13.6	14.1	14.0	13.9	14.0
	Genl. States	12.7	12.7	12.3	13.1	13.6	13.4	13.3	13.4
	NE & HS	23.0	22.7	21.2	22.4	22.4	23.4	23.1	23.3

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.8: Revenue Expenditure: General Services as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	4.0	4.0	4.0	4.1	4.7	4.8	4.9	4.7
2	Arunachal Pradesh	10.5	10.4	11.2	10.6	12.7	12.8	14.4	14.4
3	Assam	6.6	6.6	6.0	6.4	5.5	6.6	7.7	6.6
4	Bihar	7.1	6.5	6.8	7.6	7.4	7.2	7.0	7.2
5	Chhattisgarh	3.6	3.6	3.7	4.0	4.5	4.5	4.6	4.9
6	Goa	3.7	4.7	5.6	4.8	4.5	4.4	4.9	5.0
7	Gujarat	3.5	3.3	3.3	3.2	3.2	3.0	3.1	3.1
8	Haryana	3.4	3.4	3.4	3.8	3.7	3.8	4.1	3.8
9	Himachal Pradesh	7.5	7.8	7.2	7.1	7.5	7.5	7.7	7.3
10	Jammu & Kashmir	12.0	11.7	11.4	11.9	11.3	11.7	11.8	14.2
11	Jharkhand	5.1	4.9	5.2	4.8	5.8	5.5	6.1	5.9
12	Karnataka	2.6	2.8	3.0	3.0	2.9	2.5	2.5	2.7
13	Kerala	5.5	5.5	5.7	6.1	6.4	6.5	6.5	6.5
14	Madhya Pradesh	5.0	4.6	4.6	4.6	4.7	4.2	4.4	4.6
15	Maharashtra	3.3	3.2	3.2	3.3	3.2	3.2	3.3	3.2
16	Manipur	16.2	16.3	14.9	15.0	14.9	15.9	14.0	14.2
17	Meghalaya	6.8	6.6	7.4	8.0	8.4	8.4	9.0	9.9
18	Mizoram	16.4	16.4	15.9	12.5	12.4	11.9	11.7	13.5
19	Nagaland	18.4	17.5	15.9	16.5	17.9	17.3	17.0	17.8
20	Odisha	4.5	4.5	4.4	4.4	4.3	4.0	4.4	4.7
21	Punjab	6.2	6.1	6.0	6.4	6.2	6.6	7.2	6.9
22	Rajasthan	4.3	4.1	4.2	4.5	4.5	5.1	5.2	5.8
23	Sikkim	13.8	11.0	10.3	10.2	6.8	6.7	5.8	6.7
24	Tamil Nadu	3.8	3.7	3.7	3.9	3.8	3.9	4.1	4.4
25	Telangana	NA	NA	NA	NA	4.0	3.8	4.1	4.0
26	Tripura	10.2	9.9	8.9	8.9	8.2	8.4	9.6	9.8
27	Uttar Pradesh	7.2	7.2	6.5	6.3	6.3	6.8	7.1	7.8
28	Uttarakhand	3.7	3.9	3.9	4.4	4.5	4.9	5.4	5.3
29	West Bengal	6.1	5.9	6.0	5.9	5.7	5.7	5.3	5.2
All States		4.7	4.6	4.5	4.6	4.6	4.7	4.8	4.9
Genl. States		4.5	4.4	4.3	4.4	4.4	4.4	4.6	4.7
NE & HS		8.0	7.9	7.5	7.8	7.5	8.0	8.5	8.5

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.9: Revenue Expenditure: Social Services as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	5.2	5.2	4.9	6.0	7.7	7.4	7.5	7.5
2	Arunachal Pradesh	13.7	13.0	13.2	14.0	14.8	16.5	18.8	19.3
3	Assam	8.2	8.2	8.5	9.4	7.8	9.0	7.6	8.1
4	Bihar	7.7	8.3	8.4	9.4	9.8	9.8	9.9	11.1
5	Chhattisgarh	6.8	6.6	7.0	7.1	7.4	8.6	9.0	7.9
6	Goa	4.8	6.0	7.6	6.1	5.9	5.5	6.2	5.9
7	Gujarat	4.0	4.1	4.0	4.0	4.1	3.9	3.7	3.6
8	Haryana	4.3	4.3	3.9	4.4	4.4	4.6	4.3	4.1
9	Himachal Pradesh	7.4	7.6	7.4	7.4	7.2	7.9	7.7	7.6
10	Jammu & Kashmir	8.5	8.4	8.7	9.0	10.0	9.7	9.8	12.0
11	Jharkhand	4.9	4.8	4.4	5.5	7.2	7.9	7.3	6.4
12	Karnataka	4.2	4.5	4.1	4.4	4.5	4.6	4.4	4.5
13	Kerala	4.5	4.6	4.5	4.7	4.9	5.3	5.1	4.9
14	Madhya Pradesh	6.5	6.5	6.4	6.8	8.0	7.4	8.1	7.3
15	Maharashtra	4.3	4.3	4.4	4.4	4.2	4.2	4.0	4.2
16	Manipur	11.4	11.4	10.1	11.4	10.3	9.8	10.2	9.7
17	Meghalaya	9.4	8.6	9.2	10.9	10.2	11.9	11.3	12.9
18	Mizoram	19.1	20.3	18.2	16.5	14.9	13.7	14.2	15.3
19	Nagaland	10.1	10.9	10.8	10.6	11.4	11.2	11.1	12.2
20	Odisha	6.5	6.0	6.6	6.9	7.8	7.3	6.9	7.6
21	Punjab	3.6	3.9	3.5	4.0	3.9	3.8	3.4	3.5
22	Rajasthan	5.1	5.1	5.7	6.1	6.4	6.5	6.4	7.0
23	Sikkim	9.4	7.9	9.5	8.5	7.0	6.6	6.0	7.3
24	Tamil Nadu	4.5	4.6	4.7	4.7	4.7	4.3	4.1	4.3
25	Telangana	NA	NA	NA	NA	5.3	5.4	5.0	4.6
26	Tripura	10.4	9.6	9.7	11.0	9.5	9.8	10.2	10.5
27	Uttar Pradesh	6.7	6.6	6.5	6.1	7.3	7.2	5.9	5.5
28	Uttarakhand	5.4	4.9	5.1	5.9	5.8	5.6	5.1	5.2
29	West Bengal	6.2	5.9	5.7	5.7	6.0	6.6	6.2	6.4
All States		5.3	5.3	5.3	5.5	5.8	5.8	5.5	5.5
Genl. States		5.1	5.1	5.1	5.3	5.6	5.6	5.3	5.4
NE & HS		8.1	7.9	8.0	8.7	8.2	8.6	8.1	8.7

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.10: Revenue Expenditure: Economic Services as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	3.0	3.4	3.1	6.0	3.4	4.8	2.9	2.7
2	Arunachal Pradesh	15.8	14.8	15.0	15.2	17.8	18.0	15.4	16.8
3	Assam	3.3	3.3	3.3	3.6	2.7	3.5	4.2	3.2
4	Bihar	4.1	4.5	4.4	4.2	5.3	5.6	5.0	5.3
5	Chhattisgarh	3.5	4.5	4.7	6.4	7.1	5.7	6.4	8.1
6	Goa	4.5	5.2	5.8	4.7	4.9	4.2	4.1	4.2
7	Gujarat	2.2	2.2	1.9	2.1	2.0	1.9	2.0	2.1
8	Haryana	3.0	3.3	3.2	3.0	3.8	3.7	2.8	2.6
9	Himachal Pradesh	4.2	4.1	3.8	4.6	4.8	4.8	4.1	4.2
10	Jammu & Kashmir	8.5	8.7	8.1	8.9	9.7	10.5	7.8	9.8
11	Jharkhand	3.9	3.7	2.8	4.2	4.7	5.7	5.5	4.8
12	Karnataka	3.2	3.1	3.3	3.3	3.2	3.3	3.2	3.1
13	Kerala	1.7	1.9	1.7	2.0	2.0	1.7	1.6	1.6
14	Madhya Pradesh	4.1	4.4	3.9	4.9	4.7	5.7	4.5	4.7
15	Maharashtra	1.9	1.9	1.7	2.1	1.9	2.0	2.3	2.0
16	Manipur	9.7	9.6	8.3	11.1	10.8	11.0	9.7	9.1
17	Meghalaya	8.1	7.7	7.6	8.0	6.8	10.0	8.3	7.8
18	Mizoram	15.4	17.2	13.7	12.9	9.5	10.7	10.9	9.6
19	Nagaland	11.5	11.3	7.9	9.6	9.6	11.3	13.5	10.1
20	Odisha	3.8	3.9	4.2	4.7	5.5	5.0	4.7	4.8
21	Punjab	2.3	3.1	2.9	2.6	2.5	2.4	2.4	3.4
22	Rajasthan	2.9	3.5	3.7	4.7	4.7	5.1	5.9	5.0
23	Sikkim	5.5	5.3	4.9	5.3	6.2	4.7	4.0	3.9
24	Tamil Nadu	1.9	2.1	2.0	2.5	2.5	2.6	2.5	2.4
25	Telangana	NA	NA	NA	NA	3.8	3.2	2.3	2.7
26	Tripura	3.9	4.1	4.1	4.7	3.7	3.7	3.4	3.1
27	Uttar Pradesh	2.5	2.6	2.7	3.4	4.2	3.6	4.4	4.0
28	Uttarakhand	1.8	1.5	1.4	2.4	2.2	2.0	1.9	2.0
29	West Bengal	1.7	2.0	1.8	2.8	3.1	3.0	2.9	2.8
All States		2.7	2.9	2.8	3.5	3.4	3.4	3.3	3.3
Genl. States		2.6	2.8	2.7	3.4	3.3	3.3	3.2	3.1
NE & HS		5.0	4.9	4.5	5.3	5.1	5.5	5.0	5.0

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.11: Capital Expenditure as % of GSDP

<i>SN</i>	<i>Name of the State</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>
1	Andhra Pradesh	2.5	2.3	2.1	2.2	2.5	2.3	2.1	2.5
2	Arunachal Pradesh	18.8	9.6	11.6	8.3	10.8	7.8	14.2	23.4
3	Assam	1.8	2.0	2.3	2.3	1.3	2.4	2.8	3.6
4	Bihar	4.4	4.1	4.7	5.4	6.6	6.5	6.2	4.2
5	Chhattisgarh	3.4	3.8	2.8	3.0	3.6	3.9	3.8	3.0
6	Goa	2.8	2.5	2.8	2.6	3.0	2.6	3.1	3.0
7	Gujarat	2.3	3.1	2.9	2.7	2.4	2.0	2.0	2.0
8	Haryana	2.0	1.8	1.2	1.0	4.1	2.0	2.3	2.2
9	Himachal Pradesh	3.2	2.9	2.5	2.8	2.9	5.4	3.1	3.3
10	Jammu & Kashmir	7.6	6.1	4.8	5.3	6.3	6.7	7.5	5.4
11	Jharkhand	2.2	2.8	2.6	2.9	7.6	5.2	5.1	4.1
12	Karnataka	2.9	2.4	2.2	2.2	2.0	2.5	2.6	2.5
13	Kerala	1.3	1.4	1.2	1.0	1.5	1.8	1.5	1.2
14	Madhya Pradesh	7.9	4.4	3.6	5.1	3.7	5.0	4.5	3.8
15	Maharashtra	1.5	1.3	1.3	1.2	1.2	1.4	1.2	1.4
16	Manipur	13.1	10.9	8.0	7.4	6.3	7.0	5.6	6.2
17	Meghalaya	4.6	4.4	4.9	5.1	5.1	4.8	3.4	4.5
18	Mizoram	8.7	7.6	6.1	6.9	4.7	5.5	10.9	9.8
19	Nagaland	10.3	8.9	7.3	5.6	5.4	5.0	5.2	5.9
20	Odisha	2.2	2.2	2.8	3.6	5.3	4.8	5.2	5.0
21	Punjab	0.7	0.7	0.7	1.0	2.3	10.7	0.7	0.7
22	Rajasthan	1.9	2.7	2.6	2.7	8.6	3.9	2.6	2.2
23	Sikkim	6.0	6.9	6.7	6.5	3.7	3.6	5.9	4.7
24	Tamil Nadu	2.9	2.3	2.0	2.1	1.8	3.6	1.8	1.9
25	Telangana	0.0	0.0	0.0	0.0	3.3	5.6	4.0	3.6
26	Tripura	7.3	6.9	6.5	9.6	8.9	8.4	4.1	3.0
27	Uttar Pradesh	3.1	3.0	3.7	5.5	6.5	5.9	2.8	4.1
28	Uttarakhand	2.2	2.9	2.7	3.2	2.4	2.6	2.7	2.6
29	West Bengal	0.6	0.9	1.1	1.4	1.7	1.4	2.0	2.3
All States		2.5	2.4	2.3	2.6	3.3	3.5	2.6	2.6
Genl. States		2.4	2.3	2.2	2.5	3.2	3.4	2.5	2.5
NE & HS		4.4	4.0	3.7	4.0	3.6	4.2	4.2	4.3

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.12: Total Expenditure (Revenue and Capital) as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	14.8	15.0	14.1	18.2	18.4	19.3	17.3	17.4
2	Arunachal Pradesh	58.7	47.8	51.0	48.1	56.0	55.2	62.8	73.9
3	Assam	20.3	20.5	20.3	22.3	17.5	21.8	22.4	21.6
4	Bihar	23.2	23.4	24.4	26.6	29.1	29.0	28.1	27.8
5	Chhattisgarh	17.7	19.0	18.7	20.9	23.0	23.1	24.3	24.2
6	Goa	15.8	18.4	21.8	18.1	18.2	16.7	18.3	18.1
7	Gujarat	12.0	12.7	12.2	12.1	11.7	10.9	10.9	10.8
8	Haryana	12.8	12.8	11.7	12.3	16.0	14.2	13.6	12.7
9	Himachal Pradesh	22.3	22.5	20.8	21.9	22.4	25.6	22.6	22.4
10	Jammu & Kashmir	36.6	34.9	33.1	35.1	37.4	38.6	36.8	41.4
11	Jharkhand	16.1	16.2	15.1	17.5	25.3	24.2	24.0	21.1
12	Karnataka	13.6	13.4	13.1	13.5	13.2	13.4	13.1	13.2
13	Kerala	14.0	14.4	14.2	15.0	15.5	16.1	15.7	15.4
14	Madhya Pradesh	24.6	21.0	19.5	22.2	22.1	23.4	22.5	21.3
15	Maharashtra	11.1	10.8	10.7	11.1	10.9	11.1	11.3	11.5
16	Manipur	51.9	49.6	43.3	47.4	44.1	45.5	41.5	41.2
17	Meghalaya	28.8	27.2	29.1	32.0	30.3	35.2	32.0	35.1
18	Mizoram	59.7	61.5	53.9	48.7	41.5	41.7	47.6	48.2
19	Nagaland	50.3	48.6	41.9	42.3	44.3	44.8	46.8	45.9
20	Odisha	17.2	16.8	18.2	19.9	23.2	21.3	21.5	22.3
21	Punjab	13.1	14.0	13.2	14.1	15.2	23.7	13.9	15.0
22	Rajasthan	14.2	15.5	16.3	18.1	24.2	20.6	20.1	19.9
23	Sikkim	34.9	31.3	31.6	30.8	23.9	21.9	21.9	22.9
24	Tamil Nadu	14.1	13.6	13.3	14.1	13.8	15.3	13.3	14.0
25	Telangana	0.0	0.0	0.0	0.0	16.5	18.0	15.4	14.9
26	Tripura	32.4	31.0	29.7	34.8	30.8	30.8	27.8	26.8
27	Uttar Pradesh	20.2	20.1	20.5	22.4	25.2	24.3	21.0	22.2
28	Uttarakhand	13.5	13.5	13.6	16.3	15.5	15.6	15.7	15.7
29	West Bengal	14.7	14.8	14.7	15.9	16.6	16.8	16.5	16.6
All States		15.6	15.5	15.3	16.6	17.4	17.7	16.6	16.7
Genl. States		14.9	14.9	14.7	16.0	17.0	17.2	16.0	16.1
NE & HS		25.6	24.9	24.0	26.1	24.6	26.5	26.0	26.7

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.13: Committed Expenditure (Interest, Pension and Salary) as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	6.0	6.0	5.9	6.2	7.4	7.5	7.3	7.1
2	Arunachal Pradesh	21.7	21.6	22.4	20.5	22.0	23.2	26.0	23.5
3	Assam	11.8	12.2	12.4	12.9	11.9	11.3	13.2	12.1
4	Bihar	9.8	9.3	9.1	9.3	9.1	8.7	8.8	8.7
5	Chhattisgarh	6.9	6.0	6.1	6.5	7.2	6.9	7.2	8.6
6	Goa	5.7	7.1	8.4	7.2	6.8	6.5	7.5	7.4
7	Gujarat	3.8	3.6	3.5	3.4	3.3	3.2	3.3	3.3
8	Haryana	5.7	5.7	5.3	5.8	5.7	5.8	5.9	5.6
9	Himachal Pradesh	14.3	14.7	13.4	13.5	13.1	13.4	13.7	13.0
10	Jammu & Kashmir	19.9	19.2	18.9	19.2	19.1	19.1	18.8	23.6
11	Jharkhand	7.2	6.7	6.9	6.3	7.5	7.3	8.1	7.7
12	Karnataka	2.9	3.1	3.1	3.1	3.0	2.7	2.7	2.8
13	Kerala	8.5	8.1	8.1	8.3	8.5	8.7	9.5	8.6
14	Madhya Pradesh	7.2	6.7	6.7	6.8	6.5	5.8	5.9	6.2
15	Maharashtra	3.5	3.4	3.4	3.4	3.3	3.2	3.3	3.2
16	Manipur	25.4	26.5	23.4	22.7	22.4	22.6	21.0	20.7
17	Meghalaya	11.4	10.5	11.4	12.5	12.7	12.4	13.4	14.8
18	Mizoram	27.9	28.5	26.4	21.5	21.1	19.9	19.1	20.9
19	Nagaland	27.0	26.4	24.9	25.7	27.2	25.2	24.9	26.6
20	Odisha	7.0	6.8	6.6	6.9	7.2	6.6	7.1	7.3
21	Punjab	9.1	9.0	8.6	9.1	8.9	8.9	9.5	8.9
22	Rajasthan	6.7	6.6	6.7	7.0	7.1	7.8	8.5	9.7
23	Sikkim	11.1	11.3	11.3	11.7	11.2	10.6	9.0	10.8
24	Tamil Nadu	6.1	5.8	6.0	6.3	6.3	6.4	6.4	6.5
25	Telangana	0.0	0.0	0.0	0.0	5.8	5.6	5.6	5.1
26	Tripura	17.4	16.3	15.4	15.7	15.0	15.0	17.1	17.0
27	Uttar Pradesh	7.5	7.7	7.1	7.3	7.0	7.2	7.7	7.6
28	Uttarakhand	7.1	7.0	7.1	7.5	7.6	8.0	8.8	8.7
29	West Bengal	7.1	6.8	6.5	6.3	6.0	6.0	5.8	5.5
All States		6.4	6.2	6.1	6.2	6.2	6.1	6.3	6.3
Genl. States		5.9	5.7	5.6	5.7	5.7	5.7	5.9	5.8
NE & HS		13.7	13.7	13.4	13.6	13.4	13.2	14.0	14.4

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.14: Revenue Deficit(+) / Surplus(−) as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	−0.4	−0.1	0.0	2.3	1.2	2.5	2.0	1.6
2	Arunachal Pradesh	−9.8	−7.8	−0.6	−11.0	−11.8	−12.0	−12.8	−15.3
3	Assam	−0.6	−1.0	−0.1	0.5	−2.4	0.1	0.5	−2.1
4	Bihar	−2.0	−1.8	−2.0	−1.7	−3.4	−2.6	−3.2	−1.3
5	Chhattisgarh	−2.0	−1.5	0.4	0.7	−1.1	−2.2	−1.2	−0.2
6	Goa	−0.7	0.6	1.0	−0.6	−0.2	−1.1	−0.7	−0.5
7	Gujarat	−0.5	−0.8	−0.6	−0.6	−0.2	−0.5	−0.4	−0.2
8	Haryana	0.5	1.3	1.0	1.9	2.4	2.8	1.6	1.5
9	Himachal Pradesh	−0.9	0.7	1.7	1.9	−1.0	−0.7	−0.2	−1.0
10	Jammu & Kashmir	−2.7	−1.3	−0.1	0.4	0.5	−1.7	−5.5	3.1
11	Jharkhand	−0.9	−0.8	−1.4	0.1	−2.0	−0.8	−0.7	−1.9
12	Karnataka	−0.8	−0.3	0.0	−0.1	−0.2	−0.1	−0.3	0.0
13	Kerala	2.2	2.3	2.4	2.7	1.7	2.4	2.4	2.2
14	Madhya Pradesh	−3.1	−2.0	−1.3	−1.3	−1.1	−0.6	−0.6	−1.1
15	Maharashtra	0.2	−0.3	0.3	0.7	0.3	0.4	−0.1	−0.5
16	Manipur	−5.0	−10.9	−9.7	−4.0	−4.6	−4.4	−4.2	−2.9
17	Meghalaya	0.9	−2.5	−3.1	−0.8	−2.8	−2.2	−2.9	1.6
18	Mizoram	−1.8	−0.3	1.5	1.0	−7.3	−6.8	−9.1	−7.9
19	Nagaland	−5.8	−4.3	−4.5	−4.8	−2.4	−3.6	−3.4	−1.9
20	Odisha	−2.4	−2.2	−1.1	−1.9	−3.1	−2.4	−3.0	−2.9
21	Punjab	2.6	2.5	2.0	2.1	2.2	1.7	2.0	2.5
22	Rajasthan	−0.8	−0.7	0.2	0.5	0.9	2.4	2.2	3.1
23	Sikkim	−4.0	−6.3	−6.3	−4.7	−0.8	−4.0	−4.1	−2.4
24	Tamil Nadu	−0.2	−0.2	0.2	0.6	1.0	1.0	1.5	1.4
25	Telangana	NA	NA	NA	NA	0.0	−0.2	−0.5	−0.5
26	Tripura	−8.7	−8.5	−6.6	−6.1	−4.3	−2.0	0.7	−0.3
27	Uttar Pradesh	−1.0	−0.6	−1.1	−2.2	−1.3	−1.6	−0.9	−1.7
28	Uttarakhand	−0.6	−1.4	−0.7	0.6	1.0	0.2	0.9	0.4
29	West Bengal	2.8	2.3	2.8	2.4	1.1	1.8	1.0	1.0
All States		−0.3	−0.2	0.1	0.4	0.0	0.3	0.1	0.1
Genl. States		−0.2	−0.1	0.2	0.4	0.1	0.4	0.2	0.2
NE & HS		−1.8	−1.8	−0.8	−0.3	−1.4	−1.2	−1.3	−0.8

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.15: Fiscal Deficit(+) / Surplus(−) as % of GSDP

SN	Name of the State	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
1	Andhra Pradesh	2.1	2.2	2.0	4.0	3.7	4.5	4.1	4.1
2	Arunachal Pradesh	9.0	1.8	11.0	−2.9	−1.0	−4.2	1.4	8.0
3	Assam	1.1	1.0	2.1	2.8	−1.3	2.4	3.3	1.5
4	Bihar	2.4	2.3	2.6	3.3	3.2	3.9	3.1	2.6
5	Chhattisgarh	0.5	1.5	2.4	3.6	2.4	1.6	2.5	2.7
6	Goa	2.1	3.0	3.8	2.0	2.7	1.5	2.3	2.5
7	Gujarat	1.8	2.3	2.3	2.0	2.2	1.4	1.6	1.8
8	Haryana	2.4	3.0	2.1	2.9	6.4	4.7	2.9	3.0
9	Himachal Pradesh	2.2	3.6	4.2	4.0	1.9	4.6	2.8	2.3
10	Jammu & Kashmir	4.7	4.8	4.8	5.7	6.9	4.9	2.0	8.6
11	Jharkhand	1.3	1.9	1.2	3.0	5.6	4.3	4.4	2.2
12	Karnataka	2.0	2.1	2.1	2.1	1.8	2.4	2.3	2.5
13	Kerala	3.5	3.6	3.6	3.6	3.2	4.2	3.8	3.4
14	Madhya Pradesh	1.8	2.5	2.2	2.4	2.6	4.3	3.1	2.7
15	Maharashtra	1.6	0.9	1.6	1.8	1.4	1.8	1.0	0.9
16	Manipur	8.1	0.0	−1.7	3.3	1.7	2.6	1.3	3.3
17	Meghalaya	5.3	1.8	1.7	4.2	2.2	2.5	0.5	6.1
18	Mizoram	6.6	6.9	7.3	7.7	−2.7	−1.5	1.7	1.8
19	Nagaland	4.4	4.6	2.8	0.7	3.1	1.3	1.8	4.0
20	Odisha	−0.3	0.0	1.6	1.7	2.1	2.4	2.1	2.1
21	Punjab	3.2	3.1	2.6	3.1	4.5	12.4	2.7	3.1
22	Rajasthan	0.8	1.7	2.8	3.1	9.3	6.1	3.0	3.7
23	Sikkim	1.6	0.5	0.4	1.8	2.9	−0.4	1.8	2.2
24	Tamil Nadu	2.3	1.9	2.1	2.5	2.8	4.3	2.7	2.9
25	Telangana	0.0	0.0	0.0	0.0	3.3	5.4	3.5	3.1
26	Tripura	−1.3	−1.6	−0.2	3.6	4.6	6.4	4.7	2.7
27	Uttar Pradesh	2.1	2.3	2.5	3.2	5.1	4.3	1.9	2.1
28	Uttarakhand	1.5	1.2	1.8	3.6	3.5	2.8	3.6	3.0
29	West Bengal	3.4	3.2	3.7	3.8	2.6	2.9	3.0	3.1
All States		2.0	2.1	2.3	2.8	3.2	3.6	2.5	2.5
Genl. States		2.0	2.1	2.3	2.8	3.3	3.7	2.5	2.5
NE & HS		2.5	2.1	2.8	3.5	2.1	3.1	2.9	3.4

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.16: Outstanding Debt as % of GSDP

<i>SN</i>	<i>Name of the State</i>	<i>2011–12</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>	<i>2018–19</i>
1	Andhra Pradesh	20.4	20.8	20.7	22.2	28.0	28.5	26.6	29.8
2	Arunachal Pradesh	36.5	35.4	33.8	34.1	31.8	28.3	32.1	34.9
3	Assam	22.0	19.5	17.9	18.1	17.1	17.3	17.4	18.8
4	Bihar	27.4	27.1	27.4	28.9	31.4	32.9	33.4	31.9
5	Chhattisgarh	10.8	10.9	12.0	14.0	16.8	17.6	19.3	22.0
6	Goa	22.6	29.5	35.3	29.0	28.3	26.7	26.8	27.9
7	Gujarat	24.5	23.0	22.7	21.9	21.5	20.8	19.3	19.0
8	Haryana	18.3	18.7	19.1	20.2	24.4	26.1	25.3	25.1
9	Himachal Pradesh	38.8	36.8	35.8	36.8	36.1	37.6	36.9	35.3
10	Jammu & Kashmir	46.3	46.2	46.7	49.1	47.2	49.8	49.0	50.7
11	Jharkhand	20.3	20.0	19.9	19.9	27.4	28.3	28.6	28.2
12	Karnataka	17.0	16.8	16.6	17.3	16.8	17.5	17.2	17.5
13	Kerala	25.6	26.3	26.7	27.7	28.6	29.9	30.6	30.9
14	Madhya Pradesh	25.9	23.6	22.0	22.6	23.5	23.7	23.8	23.9
15	Maharashtra	19.2	18.4	17.8	18.0	17.9	18.0	18.1	16.6
16	Manipur	49.4	49.5	43.6	40.6	41.6	41.4	37.1	37.5
17	Meghalaya	25.6	22.7	27.3	29.1	28.5	32.7	32.1	31.7
18	Mizoram	62.7	61.2	54.5	48.5	42.3	39.1	39.0	37.5
19	Nagaland	55.5	52.8	50.3	43.2	45.7	44.0	42.5	42.7
20	Odisha	18.4	16.6	15.1	16.1	18.2	18.2	22.1	22.0
21	Punjab	31.2	31.0	30.8	31.6	33.0	42.7	41.4	40.3
22	Rajasthan	24.5	23.9	23.6	24.0	30.7	33.5	33.7	33.0
23	Sikkim	22.9	22.4	22.1	22.6	22.0	22.6	21.0	22.1
24	Tamil Nadu	16.9	17.2	17.2	17.9	19.0	21.8	22.3	22.6
25	Telangana	NA	NA	NA	NA	17.0	20.5	22.0	22.9
26	Tripura	35.7	35.4	34.0	31.6	27.5	28.5	29.5	29.7
27	Uttar Pradesh	33.6	31.6	30.0	30.4	32.3	32.8	32.0	31.1
28	Uttarakhand	20.5	19.4	19.3	20.7	22.1	22.8	23.3	23.6
29	West Bengal	39.9	38.8	37.2	38.7	38.4	38.7	37.0	36.1
All States		23.9	23.2	22.7	23.3	24.4	25.6	25.4	25.3
Genl. States		23.4	22.8	22.4	23.0	24.2	25.3	25.2	25.0
NE & HS		31.0	29.5	28.7	29.2	28.5	29.2	29.0	29.6

Note: In respect of Andhra Pradesh, the data up to 2014–15 is for the undivided State.

Annex-FI.17: Expenditure on Health Sector (Revenue + Capital) : 2018–19

<i>SN</i>	<i>Name of the State</i>	<i>Expenditure on Health Sector as % to Total Expenditure</i>	<i>Per Capita Health Expenditure (Rs)</i>
1	Andhra Pradesh	4.9	1441
2	Arunachal Pradesh	6.1	6937
3	Assam	6.8	1360
4	Bihar	5.0	616
5	Chhattisgarh	5.1	1303
6	Goa	7.2	6207
7	Gujarat	6.1	1478
8	Haryana	4.3	1422
9	Himachal Pradesh	6.5	3074
10	Jammu & Kashmir	6.9	3145
11	Jharkhand	5.4	913
12	Karnataka	4.7	1429
13	Kerala	5.9	2048
14	Madhya Pradesh	4.5	947
15	Maharashtra	4.3	1069
16	Manipur	5.3	1813
17	Meghalaya	9.1	3055
18	Mizoram	6.2	4907
19	Nagaland	5.0	2968
20	Odisha	5.2	1308
21	Punjab	4.1	1059
22	Rajasthan	6.3	1552
23	Sikkim	6.2	6165
24	Tamil Nadu	5.5	1653
25	Telangana	4.2	1405
26	Tripura	7.0	2340
27	Uttar Pradesh	4.9	807
28	Uttarakhand	5.4	1878
29	West Bengal	5.3	983
All States		5.2	1218
Genl. States		5.0	1148
NE & HS		6.5	2256

Annex-FI.18: Indicative Debt Path of State Governments as % of GSDP

State	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26
Andhra Pradesh	35.0	34.1	34.0	33.4	32.7	32.1
Arunachal Pradesh	40.0	38.4	38.0	36.9	35.8	34.8
Assam	27.1	27.7	29.1	29.7	30.2	30.4
Bihar	41.2	40.2	40.8	40.4	39.9	39.3
Chhattisgarh	28.1	28.8	30.2	30.8	31.3	31.6
Goa	33.3	32.5	32.5	31.9	31.2	30.6
Gujarat	30.6	30.0	30.9	30.6	30.3	29.8
Haryana	31.9	31.2	31.4	30.9	30.4	29.9
Himachal Pradesh	39.8	38.3	37.8	36.8	35.7	34.7
Jharkhand	37.2	36.7	37.5	37.4	37.1	36.8
Karnataka	26.1	26.1	27.1	27.2	27.2	27.1
Kerala	35.9	34.7	34.5	33.7	32.8	32.0
Madhya Pradesh	31.3	31.7	32.9	33.3	33.6	33.7
Maharashtra	25.7	26.0	27.5	28.1	28.5	28.5
Manipur	42.8	41.5	41.8	41.2	40.4	39.6
Meghalaya	40.5	39.9	40.3	39.8	39.1	38.4
Mizoram	37.0	35.8	35.6	34.8	34.0	33.2
Nagaland	45.2	43.0	42.1	40.6	39.1	37.7
Odisha	29.4	30.0	31.3	31.8	32.2	32.5
Punjab	46.3	45.2	45.4	44.9	44.2	43.4
Rajasthan	41.1	39.9	40.2	39.6	38.9	38.2
Sikkim	27.4	27.5	28.1	28.1	28.0	27.9
Tamil Nadu	28.9	28.7	29.3	29.1	28.9	28.7
Telangana	29.5	29.3	29.7	29.5	29.3	29.0
Tripura	36.3	34.9	35.1	34.5	33.7	32.8
Uttar Pradesh	40.9	40.0	40.5	40.2	39.7	39.1
Uttarakhand	33.2	33.1	33.9	34.0	33.9	33.7
West Bengal	42.9	42.1	42.6	42.2	41.7	41.2
All States	33.1	32.6	33.3	33.1	32.8	32.5

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