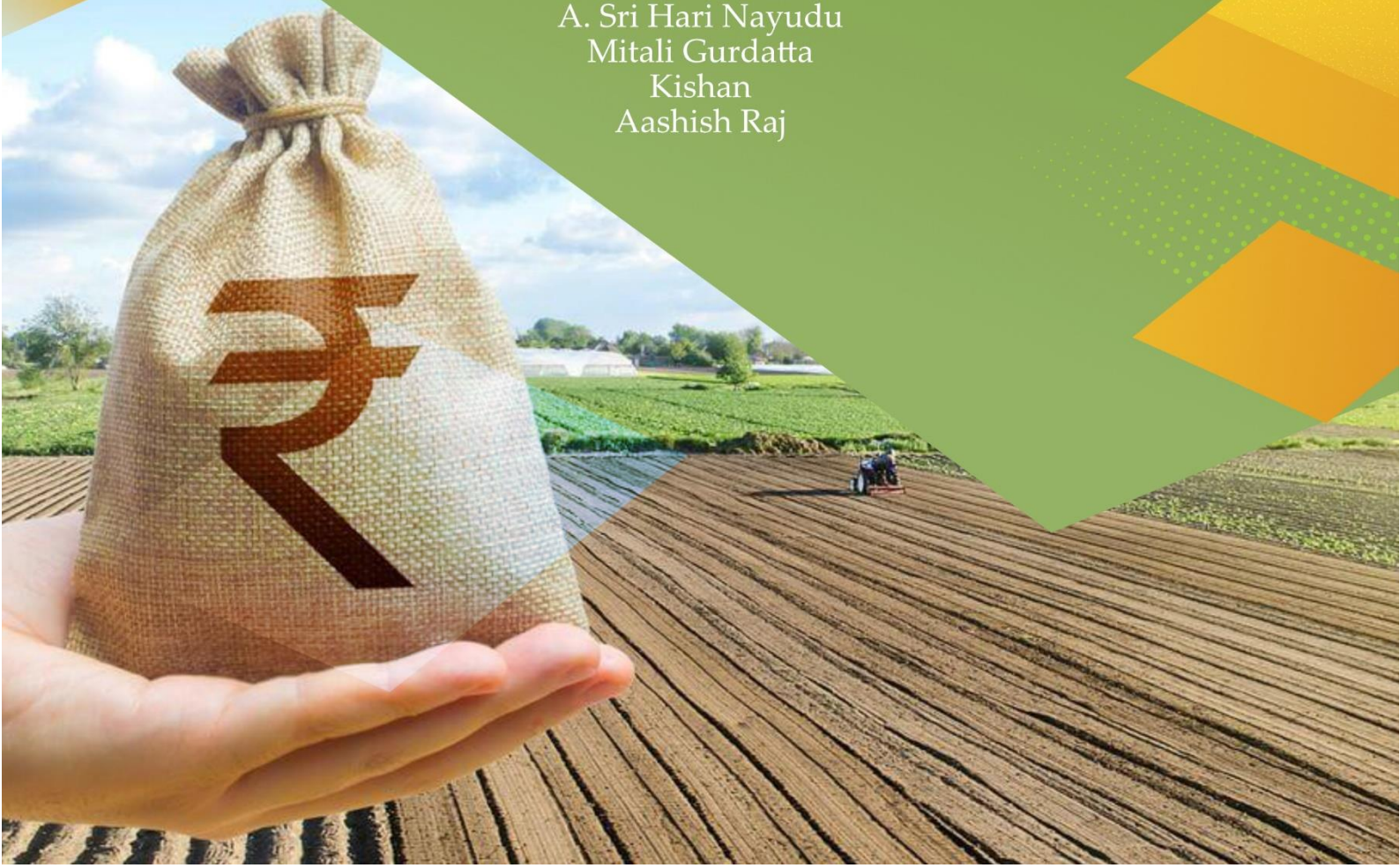


Rationalisation of Explicit Subsidies at State Level

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Preface

“**Rationalisation of Explicit Subsidies at State Level**” is an attempt to construct a framework to assess explicit subsidies in Indian government spending decision. The study documents the level of explicit subsidies for seven states, for the period 2018-19 to 2022-23BE. The study highlights the burden of explicit subsidies on State finances especially in the context of increasing debt burden and shrinking fiscal space. . The study was sponsored by NITI Aayog, Government of India.

The study was carried out by a team led by Dr. H K Amar Nath; other members of the team included – Dr. Sri Hari Nayudu, Mitali Gurdatta, Kishan and Aashish Raj. The governing body of the institute does not take any responsibility for the views expressed in the report. Any such responsibility is to be ascribed to authors only.

R. Kavita Rao

Director

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The team would like to place on record the help of Mr. Rohit Dutta and Ms. Meena in enabling us to get timely data from the budget documents and designing this report.

The study methodology involved both quantitative and qualitative analysis. The qualitative analysis required discussions with key stakeholders including State Government officials. These discussions provided extremely useful guidance to our work. A word of thanks to NIPFP database for providing the budgetary data required for the study, and NIPFP administration for their support. IT related assistance from Roby Thomas and Rohit Dutta of NIPFP is gratefully acknowledged. We also acknowledge the support received from Ms. Usha Mathur for able secretarial and editorial assistance. The authors are solely responsible for any errors or omissions.

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Disclaimer

NIPFP, New Delhi has received the financial assistance under the Research Scheme of NITI Aayog to prepare this report. While due care has been exercised to prepare the report using the data from various sources, NITI Aayog does not confirm the authenticity of data and accuracy of the methodology to prepare the report. NITI Aayog shall not be held responsible for finding or opinions expressed in the document. This responsibility completely rests with the authors, NIPFP, New Delhi.

List of Abbreviations

| | |
|-----------|--|
| FRBM | Fiscal Responsibility and Budget Management |
| NITI Ayog | National Institution for Transforming India |
| RBI | Reserve Bank of India |
| GSDP | Gross State Domestic Product |
| DISCOM | Distribution company |
| UDAY | Ujwal DISCOM Assurance Yojana |
| GDP | Gross Domestic Product |
| GST | Goods and Services Tax |
| FC | Finance commission |
| RD | Revenue Deficit |
| CSS | Centrally Sponsored Schemes |
| CS | Central Sector |
| SNA | Single Nodal Account |
| PFM | Public Finance Managemnt |
| PSU | Public Sector Units |
| NGO | Non –Governmental Organisation |
| WTO | World Trade Organisation |
| IMF | International Monetary Fund |
| GFS | Government Financial Statistics |
| OECD | Organisation for Economic Co-operation and Development |
| US | United States |
| UN | United Nation |
| ESA | European System of Accounts |
| R&D | Research and Development |
| APR | Administered Price Regime |
| ERC | Expenditure Reforms Commission |
| UIDAI | Unique Identification Authority of India |
| CAG | Comptroller and Auditor General of India |
| NFSA | National Food Security Act |
| PDS | Public Distribution System |
| PMGKAY | Pradhan Mantri Garib Kalyan Anna Yojana |
| DDG | Detailed Demand for Grants |
| YSR | Y. S. Rajasekhara Reddy |
| SHG | Self Help Group |
| PMFBY | Pradhan Mantri Fasal Bima Yojana |
| PSF | Price Stabilisation Fund |
| VCIC | Visakhapatnam–Chennai Industrial Corridor |
| CBIC | Chennai Bangalore Industrial Corridor |

| | |
|---------|---|
| DWCRA | Development of Women and Children in Rural Areas |
| NREDCAP | New & Renewable Energy Development Corporation of Andhra Pradesh Ltd. |
| RTC | Road Transportation Corporation |
| APRTC | Andhra Pradesh State Road Transport Corporation |
| DBT | Direct Benefit Transfer |
| NSAP | National Social Assistance Scheme |
| PSPCL | Punjab State Power Corporation Limited |
| AAP | Aam Aadmi Party |
| PMAY | Pradhan Mantri Awas Yojana |
| WBSEDCL | West Bengal State Electricity Distribution Company Limited |
| PMKVY | Pradhan Mantri Kaushal Vikas Yojana |
| OBC | Other Backward class |
| MPI | Multidimensional poverty index |
| GSVA | Gross State Value added |
| OPS | Old pension scheme |
| OTR | One time registration |

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Rationalisation of Explicit Subsidies at State Level

Executive Summary

In the process of achieving socio-economic objectives, the governments provide various goods and services to the citizens and organisations. The majority of them are autonomous or subsidised. Historically, subsidies (often viewed as the converse of a tax) are used as a potent welfare-augmenting instrument of fiscal policy across the world. Subsidies are used by the governments to achieve the desired level of efficient allocation, distribution, and stabilisation functions by altering any one or all of the variables like the prices, incomes, consumption, or production.

In view of the revenue constraints, fiscal rules and fiscal sustainability of the government, it is important to analyse the nature, quantum of subsidies and their impact on fiscal space. Lack of effective expenditure controls not only threatens macroeconomic stability, fiscal prudence, but also undermines faith in government's effective utilisation and management of public resources. Hence, India adopted fiscal rules in the form of Fiscal Responsibility and Budget Management (2003) at central level, and same law was ratified and enacted at state level. After the adoption of fiscal rules, major fiscal indicators of the state governments started showing significant improvement over the years.

The pandemic deteriorated the state government's fiscal imbalances. The deficits need to be curtailed and brought down within the range of FRBM Rules at the earliest to achieve fiscal sustainability.

Very interestingly, the revenue expenditures at state level, to a larger extent comprise committed expenditures, which leave the state with very little fiscal space. Here, the sum of expenditures on salaries, interest payments, pensions, and local body grants are considered as committed expenditures. Salaries, pensions are already fixed and interest payments are obligations. Therefore, fiscal space meant for untied expenditures is very less in the hand of the states. Apart from these fixed committed expenditures, the states also face another type of committed expenditure on account of inter-governmental fiscal transfers. Apart from the transfers under tax devolution, most of the transfers require states matching grants or come with conditionalities. Hence, the state's hands are tied further to that extent. Under centrally sponsored schemes, the states matching contribution has increased over time. Finally, two main conclusions emerge when we analyse the fiscal data of the states. First, the state's revenues are

very volatile after the pandemic, and most of the states breached the prescribed FRBM limits in 2020-21 and 2021-22. Second, there is little fiscal space available to states due to the committed expenditures. Hence, rationalisation of expenditure and subsidies is the need of the hour.

The present study aims to fill this gap. The study estimated explicit subsidies for select Indian states. To the best of our knowledge, there are no recent studies in the Indian context which have looked at aspects of explicit subsidies and populist schemes in a holistic manner.

The concept of subsidy used in Budget Document refers to the explicit payment made to producers to alter their price or output decisions or to consumers to encourage them to consume more because it is "meritorious" to do so. On the contrary, the National Accounting concept is broader as it includes, in addition of arising from the losses of departmental enterprises. Subsidies in this study are defined as "money granted by State or public body to individuals, firms or organizations (who has to bear a part of the cost) to bring down the cost by way of tax exemption, part payment by government, lower interest charges and so on. Or to bring down the final price of those goods and services, which have large externalities or lead to distributive justice". This definition is broader than the term used by the Comptroller and Auditor General of India in computing State Subsidies.

The primary data source for the analysis are the Demand for Grants (DDGs) of the state budgets. The data is collected for all schemes and all years from major head to object head (which is the primary unit of account). The data then is reorganised according to major head, sub-major head, minor head, sub-minor head, detailed head and object head wise and then classified as under Grants-in-Aid, subsidies, assistance and scholarships.

The study tried to minimise the subjectivity in categorising data into various sub-categories. The categorisation is only based on a uniform set of principles across the schemes, years and states. Many of the state schemes, central sector schemes and centrally sponsored schemes (CSS) expenditure consists of many components (Grants-in-aid non-salary, salary, transfer payments to individuals, organisations and contributions). Only the components which are related to subsidies are considered for calculation of subsidies. On the other hand, certain schemes are directly in nature of subsidy at minor head level. Similarly Assistance given to PSUs, cooperatives and other private institutions are considered provided they are meant for giving concessions individuals or resulting in the provision of private goods by these agencies. However, the grants in aid given to local bodies for salaries, provision of meritorious services

and other statutory grants or assignments are not treated as subsidies in the present context. Grants in aid given to educational institutions are excluded. At most care has been taken to consider all such explicit subsidies whether they are indicated as subsidies, assistance or grants in aid.

Estimation and finding of subsidies for each sample state is given in a separate section. The states with the highest explicit subsidies as per cent of revenue receipts and revenue expenditure in the latest estimated year are Punjab and Andhra Pradesh, followed by West Bengal and Rajasthan, indicating that these states are liberal in extending subsidies to welfare schemes. The states witnessing a low-level dependence on subsidies are UP and Odisha. Higher portion of revenue receipts goes for financing subsidies in the sample states, except in Odisha and Uttar Pradesh. If one considers 2021-22RE, nearly one-fourth of revenue receipts is being spent on subsidies in the states of Andhra Pradesh, Rajasthan, Punjab, and West Bengal whereas Odisha and Uttar Pradesh spend only 15% of revenue receipts on explicit subsidies. Nagaland, a special category state, spends just 1% of revenue expenditure on subsidies. Interestingly Uttar Pradesh and Odisha are revenue surplus states where as other states are revenue deficit states. Not reimbursing the subsidies bill to PSU s and implementing agencies like power corporations and Transport corporations regularly is a major issue in some of the states. The arrears in reimbursement of subsidy bill to these PSUS, result in increase in contingent liabilities of the state.

Rationalisation of Explicit Subsidies at State Level

1. Introduction

In the process of achieving socio-economic objectives, the governments provide various goods and services to the citizens and organisations. The majority of them are autonomous (in Keynesian sense) and some are subsidised. Historically, subsidies (often viewed as the converse of a tax) are used as a potent welfare-augmenting instrument of fiscal policy across the world (Srivastava and Sen, 1997). Subsidies per se are not good or bad, but their socio-economic outcomes, impact on economic agents, and fiscal impacts on the Government makes this topic highly contested. Why should citizens be concerned about subsidies? Since it's a zero-sum game of government expenditure priorities, scarce public resources should be used to maximise the public interest. Nothing speaks louder about a government's actual intentions and activities than how it spends its money, which is public money.

What is a subsidy? And Why subsidies? The word subsidy is derived from the Latin word "Subsidium" (the troops stationed in reserve, in other words, the force supporting and giving assistance from behind). In medieval times they were referred to as payments made to the king. But now, it is understood as payment from the government to different agents of the economy. There are many synonyms used in the rhetoric of subsidies. The words like state aid, support, assistance, and incentive are used mostly and contextually.

Subsidies are used by the governments to achieve the desired level of efficient allocation, distribution, and stabilisation functions by altering any one or all of the variables like the prices, incomes, consumption, or production.

Subsidies can be analysed in two ways. First, on the nature of subsidies, like the merits or demerits and warranted or unwarranted subsidies, and second, on the sustainability of government expenditure borne by the limited available resources. In view of the financial constraints of the government especially in context of Fiscal Responsibility Budget Management (FRBM) commitments, it is important to analyse the nature of subsidies and estimate its quantum. This would be an important precursor for any process of rationalising subsidies and finding space for emerging new priorities.

To the best of our knowledge, there are no recent studies in the Indian context which have looked at aspects of subsidies and populist schemes in a holistic manner. The present study

aims fill this gap and provide a methodology for estimating explicit subsidies for Indian states. The result apply for 7 select states.

It is in this context, NITI Aayog commissioned a research study on rationalization of explicit subsidy at state level. The terms of reference of the research study are:

1. Estimate value and magnitude of explicit subsidy according to expenditure classification.
2. Analyze subsidies that are essential, and suggest policy options for rationalising.
3. Study to cover seven (7) states namely; Andhra Pradesh, Odisha, Uttar Pradesh, Punjab, Rajasthan, West Bengal and Nagaland.

Objective of the study: Given the broad ideas and economic context discussed above, the following objectives need full-fledged analysis.

- I. To analyse how subsidies are viewed in the literature.
- II. To develop a methodology for estimation of explicit subsidy
- III. To estimate volume and magnitude of explicit subsidies according to the expenditure classification at the sub-national level.

The study is divided into following sections: Section two provides a snapshot of evolution of fiscal trends at the state level. Section three, presents an overview of the debates on economic and Legal aspects surrounding subsidies including on estimation of subsidies in India. Section four is devoted to methodology of Estimation of explicit subsidies in the context of budgetary transactions at State level. Section five provides an estimation of Subsidies by applying the methodology to select state.

2. Macro and Fiscal issues at the State Governments

The “budget” is the expression of interest and testimony of the government. The fiscal position of the state is presented through budgets primarily to meet accountability and to increase transparency. Ideally, the government designs the budget in such a way that optimally allocates scarce resources after taking into account all the socio, economic and political considerations. But, lack of effective expenditure controls not only threatens macroeconomic stability and fiscal prudence, but also undermines faith in government's effective utilisation and management of public resources. Hence, India adopted fiscal rules in the form of FRBM (2003) at central level, and same law was ratified and enacted at state level.

After the adoption of fiscal rules, major fiscal indicators of the state governments started showing significant improvement. In the FY 2006-07, around 20 states reported revenue surplus, and the states reported a consolidated surplus in revenue account (0.3%) for the first time after almost two decades (RBI, 2007-08). But however, the global financial crisis seriously affected the state finances during 2010-11. According to the Reserve Bank of India (RBI) state finances report 2021-22, “the states have maintained the consolidated gross fiscal deficit below FRBM limit of 3% of Gross State Domestic Product (GSDP) since 2005-06, except for the years 2009-10, 2015-16 and 2016-17. The deviation in 2009-10 is due to global financial crisis and in 2015-16 and 2016-17 due to Ujwal DISCOM Assurance Yojana (UDAY)”.

The pandemic deteriorated the government’s fiscal balances across the world and across the levels of government (i.e., an increase in Revenue deficit, fiscal deficit and primary deficits on the one hand and a decrease in spending on the creation of capital assets on the other). The Indian states are no exception and their finances are seriously affected due to the pandemic. The governments are borrowing to finance much of their expenditures. For most states, the limits of FRBM have been crossed in recent years.

2.1.Gross State Domestic Product:

The Indian states were on positive growth trajectory before the pandemic. Though, some states faced the transitional effects of the implementation of Goods and Service tax in 2017, but, overall the states were growing healthy. The COVID-19 has brought economies to a halt with lockdowns, loss of lives and livelihoods. The pandemic seriously affected the economic growth of all the states. Many states have registered negative growth rates in 2020-21 (see table-2.1). The governments had to respond with additional expenditures on health and to save livelihoods. This increased the expenditure burden on the states exchequer. With opening up the economy in post-lockdown period, the most state economies

recovered and registered a positive growth in 2021-22. In most states, the growth path followed a V-shaped recovery. However, the GSDP growth rates in 2021-22 look high on account of positive recovery and due to base effect. Our sample states (Andhra Pradesh, Punjab, Rajasthan, Odisha, Uttar Pradesh, West Bengal and Nagaland) pandemic impact is uneven.

Andhra Pradesh GSDP was on a declining path from 2017-18 (14.86%) to 2019-20 (5.97%). The pandemic reduced it further in 2020-21 (3.34%). The state recovered well in 2021-22 (18.50%) with high growth. The growth momentum continued in 2022-23RE with 16.22% growth rate. The state is expected to grow at 9.01% in 2023-24BE. On the other hand, Odisha (-0.43%), Punjab (-1.25%), Uttar Pradesh (-3.45%), West Bengal (-1.97%) registered negative growth rates in 2020-21.

But, all these states recovered well and registered high growth rates, Odisha (23.47%), Punjab (10.10%), Uttar Pradesh (-16.76%), West Bengal (-18%) in 2021-22. The states continued their growth momentum and achieved high growth rates in 2022-23RE. All the sample states are growing healthy and bounced back on growth path. There is kind of growth optimism across the states and are projected to grow above 10% in 2023-24BE, except Nagaland (4.89%). Nagaland surprisingly registered 5% growth rate during the pandemic year 2020-21 and 12.13% growth in 2021-22RE. But, there is a sharp fall in the growth of the state in 2022-23RE (1.72).

Table-2.1: Gross State Domestic Product (Growth Rate %)

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 RE | 2023-24 BE |
|-----------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Andhra Pradesh | 14.86 | 11.14 | 5.97 | 3.34 | 18.50 | 16.22 | 9.01 |
| Bihar | 11.33 | 12.64 | 10.33 | 0.80 | 15.04 | 16.81 | 8.86 |
| Chhattisgarh | 7.41 | 12.69 | 8.35 | 0.90 | 16.87 | 12.60 | 11.24 |
| Goa | 10.12 | 3.61 | 4.42 | 0.90 | 9.11 | 10.67 | 9.39 |
| Gujarat | 13.87 | 12.27 | 8.38 | 1.21 | 19.60 | 15.54 | 13.32 |
| Haryana | 13.79 | 9.29 | 4.87 | 1.32 | 17.36 | 14.18 | 13.07 |
| Jharkhand | 14.21 | 13.30 | 1.51 | -3.09 | 14.12 | 10.84 | 11.21 |
| Karnataka | 10.40 | 10.74 | 9.12 | 0.87 | 20.78 | 14.20 | 4.13 |
| Kerala | 10.51 | 12.36 | 3.13 | -5.16 | 17.63 | 12.23 | 11.23 |
| Madhya Pradesh | 11.77 | 14.42 | 11.65 | 3.64 | 18.15 | 16.43 | 4.86 |
| Maharashtra | 7.03 | 9.14 | 3.48 | -1.12 | 18.29 | 13.48 | 10.00 |
| Odisha | 12.26 | 13.06 | 7.90 | -0.43 | 23.47 | 15.80 | 12.47 |
| Punjab | 10.31 | 8.81 | 4.78 | -1.25 | 10.10 | 9.27 | 9.50 |
| Rajasthan | 9.46 | 9.51 | 9.54 | 2.08 | 19.50 | 16.04 | 11.50 |
| Tamil Nadu | 12.47 | 11.27 | 6.93 | 3.73 | 14.22 | 13.74 | 20.60 |
| Telangana | 13.93 | 14.32 | 10.81 | -0.91 | 18.17 | 16.27 | 9.48 |
| Uttar Pradesh | 11.72 | 9.94 | 7.43 | -3.45 | 16.76 | 6.85 | 19.09 |
| West Bengal | 11.71 | 13.09 | 6.97 | -1.97 | 18.00 | 14.01 | 10.59 |
| Arunachal Pradesh | 12.93 | 12.71 | 18.53 | 3.06 | 14.67 | 6.72 | 0.00 |
| Assam | 11.31 | 9.24 | 12.13 | 1.95 | 16.69 | 19.52 | 15.00 |
| Himachal Pradesh | 10.28 | 7.10 | 7.26 | -1.56 | 11.81 | 11.35 | 9.71 |
| Manipur | 21.11 | 6.20 | 8.85 | 4.92 | 8.31 | 9.33 | 21.87 |
| Meghalaya | 7.54 | 9.04 | 8.06 | -0.15 | 8.96 | 10.44 | 11.54 |
| Mizoram | 12.76 | 13.03 | 14.04 | -2.98 | 1.48 | 22.84 | 18.79 |
| Nagaland | 12.29 | 8.75 | 12.02 | 5.06 | 12.13 | 1.72 | 4.89 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 RE | 2023-24 BE |
|-------------|---------|---------|---------|---------|---------|---------------|---------------|
| Sikkim | 25.54 | 9.36 | 10.70 | 1.14 | 15.80 | 9.78 | 17.09 |
| Tripura | 10.73 | 13.97 | 8.69 | 0.49 | 19.04 | 10.00 | 10.00 |
| Uttarakhand | 12.86 | 4.57 | 3.89 | -1.00 | 14.90 | 11.19 | 10.72 |

Source: State Budget Documents respective years. # Gross State Domestic Product current prices

2.2.Revenues:

Table-2.2 explains the revenue receipts position of the states, which are expressed as a percentage of GSDP. In our sample states (Andhra Pradesh, Nagaland, Odisha, Punjab, Rajasthan, Uttar Pradesh, and West Bengal), pandemic impact is again uneven. Andhra Pradesh revenue receipts as a percentage of GSDP declined from 13.36% in 2017-18 to 11.99% in 2019-20 and witnessed a marginal increase in the pandemic year to 12.24%. On the other hand, Odisha, Punjab and West Bengal witnessed a growth in revenue receipts in 2020-21. This is mainly on account of high fiscal transfers from centre. Andhra Pradesh, Punjab, Rajasthan and West Bengal are awarded generous Revenue deficit grants in the 15th FC period, which should have helped these states to collect high revenues in the 2021-22RE.

However, Rajasthan (from 14.03 to 13.17%), Uttar Pradesh (from 21.55 to 18.04%) witnessed a reduction in revenue receipts during the pandemic year 2020-21 compared to 2019-20. This is mainly due to low revenue mobilisation at state level. Nagaland revenues are highly determined by the fiscal transfers from the Centre. The revenues receipts decreased from 45.17% in 2017-18 to 36.60% in 2020-21 and are expected to increase to 42.25% in 2023-24BE.

Here, there are two effects happening simultaneously during the pandemic year: one, the dip in the actual revenues (the numerator effect). Second, the ratio is altered due to low GSDP growth (Denominator effect). For the General category states, the revenue receipts as a percentage of GSDP vary from 10 to 25%. Whereas for special category states, the range is 20 to 80%. For example, Arunachal Pradesh's revenue receipts ratio was 61.29% in 2017-18 but declined to 55.33% in 2020-21. Again, this ratio increased to 81.21% in 2022-23RE and is expected to stabilise at 69.07% in 2023-24BE. This is primarily due to low own revenues and high intergovernmental fiscal transfers. Majority of the general category states showed a reduction in their revenue receipts.

According to Rao and Kumar (2017), India's tax-GDP ratios are low and have stagnated at around 16% over two decades. The same is also true at the sub-national level in India. The

study further argued that any improvement in the tax-GDP ratio would create additional fiscal space, which is crucial to expand investments into capital infrastructures.

Table-2.2: Total Revenue Receipts as % of GSDP

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Andhra Pradesh | 13.36 | 13.12 | 11.99 | 12.24 | 13.28 | 14.27 | 13.39 | 14.36 |
| Arunachal Pradesh | 61.29 | 63.94 | 49.59 | 55.33 | 59.83 | 81.21 | 69.46 | 69.07 |
| Assam | 19.12 | 20.52 | 18.59 | 18.64 | 19.77 | 20.69 | 22.67 | 20.12 |
| Bihar | 25.06 | 24.96 | 21.33 | 21.83 | 23.51 | 26.39 | 25.48 | 24.72 |
| Chhattisgarh | 21.13 | 20.46 | 18.53 | 18.17 | 19.60 | 20.31 | 21.40 | 20.82 |
| Goa | 15.94 | 15.92 | 15.14 | 15.06 | 17.30 | 18.98 | 19.97 | 20.23 |
| Gujarat | 9.28 | 9.11 | 8.83 | 7.83 | 8.52 | 8.26 | 8.67 | 8.10 |
| Haryana | 9.81 | 9.44 | 9.27 | 9.11 | 8.97 | 10.70 | 9.76 | 9.71 |
| Himachal Pradesh | 19.75 | 20.86 | 19.32 | 21.34 | 21.30 | 18.88 | 19.97 | 17.76 |
| Jharkhand | 19.55 | 18.37 | 18.83 | 18.67 | 20.32 | 20.65 | 21.93 | 23.25 |
| Karnataka | 11.03 | 11.17 | 10.89 | 9.64 | 9.97 | 10.07 | 9.47 | 9.68 |
| Kerala | 11.83 | 11.78 | 11.10 | 12.66 | 12.86 | 13.41 | 12.70 | 11.96 |
| Madhya Pradesh | 18.57 | 18.10 | 15.91 | 15.22 | 16.36 | 16.96 | 15.42 | 16.27 |
| Maharashtra | 10.36 | 10.86 | 10.66 | 10.26 | 10.72 | 11.26 | 12.22 | 11.59 |
| Manipur | 40.16 | 38.56 | 35.84 | 41.50 | 41.59 | 57.79 | 69.11 | 61.02 |
| Meghalaya | 31.43 | 30.20 | 0.00 | 30.77 | 37.73 | 39.10 | 42.24 | 41.66 |
| Mizoram | 44.26 | 41.25 | 38.65 | 31.93 | 37.23 | 28.96 | 40.62 | 31.99 |
| Nagaland | 45.17 | 43.12 | 38.44 | 36.60 | 38.42 | 41.65 | 42.66 | 42.25 |
| Odisha | 19.32 | 19.97 | 18.88 | 19.49 | 23.14 | 22.77 | 21.35 | 21.42 |
| Punjab | 11.25 | 12.15 | 11.47 | 13.02 | 13.39 | 15.14 | 14.66 | 14.15 |
| Rajasthan | 15.29 | 15.12 | 14.03 | 13.17 | 15.10 | 16.11 | 15.26 | 14.85 |
| Sikkim | 20.07 | 20.84 | 15.40 | 17.63 | 13.06 | 12.49 | 13.00 | 12.62 |
| Tamil Nadu | 9.98 | 10.66 | 10.01 | 9.63 | 10.05 | 9.31 | 10.46 | 9.55 |
| Telangana | 11.84 | 11.83 | 10.79 | 10.72 | 11.46 | 14.85 | 13.59 | 15.29 |
| Tripura | 23.03 | 24.15 | 20.32 | 24.43 | 30.35 | 23.11 | 0.00 | 0.00 |
| Uttar Pradesh | 19.36 | 20.85 | 21.55 | 18.04 | 19.35 | 24.37 | 23.38 | 23.40 |
| Uttarakhand | 12.31 | 13.56 | 12.84 | 16.13 | 15.82 | 18.60 | 17.20 | 17.03 |
| West Bengal | 13.47 | 13.24 | 12.12 | 12.84 | 13.06 | 11.56 | 12.52 | 12.37 |

Source: State Government Budgets 2022-23.

However, the state's residual tax powers are limited in the post-Goods and Services Tax (GST) scenario. At present, Excise, Stamp and registration are the only taxes that are generating sizable revenues. Even here, the scope to generate additional tax revenues are marginal as most of the states are tapping these residual tax avenues to their full potential (as we can see that many of the states increased excise and stamp duty rates in 2021-22). Under these circumstances, it's highly difficult to expand the state's fiscal space from the revenue side. Hence, rationalisation of expenditure is the need of the hour. The rationalisation of expenditure is not, in any way, curtailing or reducing expenditure.

2.3.Revenue Deficit grants:

According to the 15th Finance Commission report, revenue deficit grants are awarded to those states whose fiscal needs remain to meet even after maximising their own revenues and tax devolution due to some structural factors (cost disabilities and fiscal capabilities). These are not formula-based horizontal devolutions.

The 14th FC, after taking into account of revenue gap, own revenue receipts, and tax devolution, awarded Rs. 194821 Crore as revenue deficit grants for eleven states during the award period 2015-16 to 2019-20 (see Table-2.3). In our study sample, Andhra Pradesh, and Nagaland are awarded Revenue Deficit (RD) grants for all the years. West Bengal was awarded only for two years 2015-16 and 2016-17.

The 15th FC recommended revenue deficit grants of Rs. 294514 Crore for seventeen States during the award period 2021-22 to 2025-26 (see Table-2.4). In our study sample, all the states, except Odisha and Uttar Pradesh are awarded RD grants. Nagaland is getting the RD grants for the entire award period, while the remaining states, Andhra Pradesh (till 2023-23), Punjab (till 2024-25), Rajasthan (till 2022-23), and West Bengal (till 2024-25), the RD grants are awarded only for few years.

The RD grants will be reported under fiscal transfers and hence, are part of revenue receipts. The RD grants are untied transfers and to that extent will enhance the fiscal space of the state. All other central transfers (except tax devolutions) are at some level conditional or specific purpose grants and the states cannot have much say in their spending.

Table-2.3: Grants-in-aid for Revenue Deficit under 15th FC

| State | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2021-26 |
|-----------------------|--------------|--------------|-------------|-------------|-------------|--------------|
| Andhra Pradesh | 17257 | 10549 | 2691 | Nil | Nil | 30497 |
| Assam | 6376 | 4890 | 2918 | Nil | Nil | 14184 |
| Haryana | 132 | Nil | Nil | Nil | Nil | 132 |
| Himachal Pradesh | 10249 | 9377 | 8058 | 6258 | 3257 | 37199 |
| Karnataka | 1631 | Nil | Nil | Nil | Nil | 1631 |
| Kerala | 19891 | 13174 | 4749 | Nil | Nil | 37814 |
| Manipur | 2524 | 2310 | 2104 | 1701 | 1157 | 9796 |
| Meghalaya | 1279 | 1033 | 715 | 110 | Nil | 3137 |
| Mizoram | 1790 | 1615 | 1474 | 1079 | 586 | 6544 |
| Nagaland | 4557 | 4530 | 4447 | 4068 | 3647 | 21249 |
| Punjab | 10081 | 8274 | 5618 | 1995 | Nil | 25968 |
| Rajasthan | 9878 | 4862 | Nil | Nil | Nil | 14740 |
| Sikkim | 678 | 440 | 149 | Nil | Nil | 1267 |
| Tamil Nadu | 2204 | Nil | Nil | Nil | Nil | 2204 |

| State | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2021-26 |
|--------------------|--------------|--------------|-------------|------------|------------|--------------|
| Tripura | 4546 | 4423 | 4174 | 3788 | 2959 | 19890 |
| Uttarakhand | 7772 | 7137 | 6223 | 4916 | 2099 | 28147 |
| West Bengal | 17607 | 13587 | 8353 | 568 | Nil | 40115 |
| Total of States | 18452 | 86201 | 51673 | 24483 | 13705 | 29451 |

Source: Report of XV Finance Commission

2.4.Expenditures:

There is a consensus in the literature that the states have more expenditure responsibilities than Union Government (Rao, 2005). When there are fiscal rules (FRBM targets), revenue uncertainties (due to GST implementation), and low revenue collections (due to pandemic or low tax effort), the states took recourse to expenditure compression or expenditure reorientation/switching (RBI, 2021-22). This trend is clearly visible in revenue and capital expenditures for most of the states (see table 2.4 and 2.5).

Revenue expenditures were either stable or linearly growing over time in most of the states before pandemic. The pandemic created a kind of “ratchet effect” situation. There was fall in revenues but expenditures could not be curtailed. Moreover, expenditures grown further due to pandemic control related expenditures. States could not do anything but to finance the additional expenditures through borrowings, curtailing/reducing capital expenditure, expenditure switching or reorientation.

The Table-2.5 and 2.6 explains the revenue and capital expenditure position of the states. In our sample states of Andhra Pradesh, Rajasthan and West Bengal revenue expenditures have decreased in 2021-22 but reverted back to pre-pandemic levels in 2022-23RE and projected similar trend in 2023-24BE.

In Odisha, Punjab and Uttar Pradesh, there is rise in revenue expenditure in the post pandemic years. Some component of this is due higher interest payment obligations. The expenditures generally have downward rigidity and upward mobility. This can be seen in the post-pandemic years, where the revenue expenditure settled at the pandemic level or increased in most states.

Table-2.4: Total Revenue Expenditure as % of GSDP

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Andhra Pradesh | 15.42 | 14.72 | 14.85 | 15.96 | 14.04 | 15.54 | 15.60 | 15.91 |
| Arunachal Pradesh | 48.50 | 49.07 | 40.69 | 42.29 | 44.66 | 61.97 | 54.38 | 60.98 |
| Assam | 19.59 | 18.39 | 18.98 | 18.25 | 20.01 | 20.01 | 25.68 | 19.63 |
| Bihar | 21.89 | 23.66 | 21.21 | 23.76 | 23.57 | 25.76 | 29.07 | 24.20 |
| Chhattisgarh | 19.92 | 20.25 | 21.32 | 20.14 | 18.46 | 20.15 | 20.81 | 20.14 |
| Goa | 15.20 | 15.42 | 15.43 | 15.94 | 17.22 | 18.50 | 19.37 | 19.56 |
| Gujarat | 8.88 | 8.90 | 8.71 | 9.21 | 8.19 | 8.22 | 8.38 | 7.75 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Haryana | 11.47 | 11.05 | 11.59 | 12.12 | 11.30 | 11.69 | 11.57 | 11.21 |
| Himachal Pradesh | 19.53 | 19.83 | 19.31 | 21.40 | 20.66 | 20.90 | 23.13 | 19.96 |
| Jharkhand | 18.88 | 16.44 | 18.19 | 19.71 | 18.29 | 18.97 | 19.45 | 20.02 |
| Karnataka | 10.69 | 11.13 | 10.82 | 10.83 | 10.67 | 10.85 | 9.74 | 9.66 |
| Kerala | 14.25 | 13.99 | 12.88 | 16.01 | 16.12 | 15.71 | 14.66 | 14.08 |
| Madhya Pradesh | 17.93 | 17.04 | 16.21 | 17.13 | 15.94 | 17.28 | 15.31 | 16.24 |
| Maharashtra | 10.27 | 10.40 | 11.30 | 11.82 | 11.25 | 11.94 | 12.78 | 12.00 |
| Manipur | 35.96 | 35.59 | 34.34 | 39.73 | 37.31 | 42.35 | 52.89 | 44.95 |
| Meghalaya | 28.54 | 31.87 | 0.00 | 33.12 | 36.00 | 37.49 | 38.65 | 36.88 |
| Mizoram | 35.49 | 34.25 | 37.83 | 35.12 | 34.71 | 25.36 | 38.88 | 30.49 |
| Nagaland | 41.78 | 41.16 | 39.16 | 35.40 | 33.76 | 37.30 | 39.67 | 40.42 |
| Odisha | 16.29 | 17.12 | 18.43 | 17.79 | 16.57 | 20.24 | 19.07 | 18.31 |
| Punjab | 13.26 | 14.71 | 14.13 | 16.28 | 16.55 | 17.14 | 18.41 | 17.67 |
| Rajasthan | 17.52 | 18.29 | 17.67 | 17.49 | 17.22 | 17.87 | 17.55 | 16.42 |
| Sikkim | 15.99 | 18.40 | 19.67 | 20.03 | 18.11 | 21.88 | 20.37 | 19.69 |
| Tamil Nadu | 11.46 | 12.10 | 12.07 | 13.07 | 12.30 | 11.44 | 11.75 | 10.87 |
| Telangana | 11.38 | 11.32 | 11.45 | 13.09 | 12.30 | 14.56 | 13.36 | 14.95 |
| Tripura | 23.69 | 23.86 | 24.70 | 26.40 | 31.42 | 23.73 | 0.00 | 0.00 |
| Uttar Pradesh | 18.49 | 19.06 | 17.57 | 18.18 | 17.61 | 22.27 | 20.75 | 20.60 |
| Uttarakhand | 13.21 | 13.98 | 13.73 | 15.66 | 14.30 | 17.71 | 16.39 | 15.74 |
| West Bengal | 14.47 | 14.19 | 13.79 | 15.39 | 15.41 | 13.21 | 15.07 | 14.16 |

Source: Basic Data from State Budgets and Finance Accounts

Regarding capital expenditure, Odisha and Uttar Pradesh increased capital expenditure drastically in the post pandemic years. Punjab decreased capital spending is below 2% over the sample period from 2017 (except for the year 2019-20). Andhra Pradesh, Rajasthan and West Bengal could not able to increase their capital spending over the sample period but the states adjusted the capital spending to the pre-pandemic levels in the years 2021-22 and 2022-23RE.

Capital expenditures are low and mostly below 5 percent in most general category states. This almost equals the state's fiscal deficits, implying that all capital expenditures are more or less sourced from borrowings. In cases with a revenue surplus, the surplus can be used to meet capital expenditure. But now, given the kind of deficit scenario that exists in the post-pandemic, the state are meeting entire capital expenditure from borrowings.

Table-2.5: Total Capital Expenditure as % of GSDP

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Andhra Pradesh | 1.72 | 2.29 | 1.32 | 1.98 | 1.44 | 2.29 | 1.28 | 2.16 |
| Arunachal Pradesh | 14.19 | 22.61 | 12.30 | 16.56 | 18.29 | 22.81 | 22.09 | 14.74 |
| Assam | 2.72 | 3.57 | 3.80 | 3.51 | 4.88 | 3.81 | 5.06 | 4.20 |
| Bihar | 6.17 | 3.99 | 2.11 | 3.10 | 3.51 | 3.99 | 5.03 | 3.41 |
| Chhattisgarh | 3.54 | 2.80 | 2.49 | 2.60 | 2.58 | 3.48 | 3.73 | 3.67 |
| Goa | 3.02 | 3.01 | 2.21 | 2.73 | 3.25 | 5.21 | 5.44 | 5.00 |
| Gujarat | 1.98 | 1.88 | 1.59 | 1.64 | 1.44 | 1.63 | 1.71 | 2.74 |
| Haryana | 2.12 | 2.19 | 2.41 | 0.79 | 1.27 | 2.25 | 1.47 | 1.64 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Himachal Pradesh | 2.71 | 3.09 | 3.29 | 3.39 | 3.44 | 2.93 | 3.24 | 2.43 |
| Jharkhand | 4.43 | 3.50 | 3.18 | 2.82 | 2.73 | 4.13 | 3.74 | 5.02 |
| Karnataka | 2.30 | 2.35 | 2.21 | 2.79 | 2.44 | 2.31 | 2.35 | 2.50 |
| Kerala | 1.25 | 0.94 | 1.04 | 1.67 | 1.56 | 1.49 | 1.46 | 1.29 |
| Madhya Pradesh | 4.26 | 3.54 | 3.15 | 3.16 | 3.59 | 3.97 | 3.44 | 3.90 |
| Maharashtra | 1.14 | 1.36 | 1.37 | 1.13 | 1.50 | 1.82 | 2.05 | 1.90 |
| Manipur | 5.54 | 6.32 | 3.87 | 7.80 | 9.60 | 21.92 | 23.09 | 22.18 |
| Meghalaya | 3.33 | 4.40 | 0.00 | 4.99 | 7.27 | 6.00 | 8.00 | 8.17 |
| Mizoram | 10.30 | 8.53 | 5.49 | 4.64 | 4.08 | 6.75 | 9.05 | 4.73 |
| Nagaland | 5.23 | 6.01 | 4.06 | 5.36 | 5.41 | 7.85 | 8.73 | 4.83 |
| Odisha | 4.79 | 4.71 | 3.77 | 3.35 | 3.44 | 5.38 | 5.00 | 6.00 |
| Punjab | 0.50 | 0.47 | 3.32 | 0.83 | 1.37 | 1.74 | 1.33 | 1.48 |
| Rajasthan | 2.48 | 2.15 | 1.47 | 1.50 | 1.98 | 2.61 | 2.06 | 2.41 |
| Sikkim | 5.80 | 4.55 | 2.29 | 4.76 | 3.57 | 4.17 | 6.81 | 4.62 |
| Tamil Nadu | 1.38 | 1.49 | 1.47 | 1.83 | 1.79 | 1.73 | 1.63 | 1.57 |
| Telangana | 3.19 | 2.64 | 1.77 | 1.69 | 2.60 | 2.29 | 2.08 | 2.65 |
| Tripura | 4.07 | 2.97 | 1.63 | 1.53 | 3.96 | 4.67 | 0.00 | 0.00 |
| Uttar Pradesh | 2.71 | 3.95 | 3.53 | 3.18 | 3.73 | 6.05 | 6.18 | 6.05 |
| Uttarakhand | 2.69 | 2.69 | 2.26 | 2.76 | 2.77 | 3.92 | 3.46 | 3.92 |
| West Bengal | 1.99 | 2.15 | 1.35 | 1.13 | 1.28 | 1.93 | 1.38 | 1.98 |

Source: Basic Data from State Budgets and Finance Accounts

2.5. Committed Expenditure:

Another important issue to be highlighted with respect to the revenue expenditure of the state is the committed expenditure. Very interestingly, the revenue expenditures at state level, to a larger extent comprise committed expenditures, which leave the state with very little fiscal space. Here, the sum of expenditures on salaries, interest payments, pensions, and local body grants are considered as committed expenditures. Salaries, pensions are already fixed and interest payments are obligations. When we look at the composition of expenditure on meritorious services like education, health, etc., salaries and establishment takes away the majority share. Therefore, fiscal space meant for untied expenditures is very less in the hand of the states.

On the other hand, states do not have any say in local body grants from centre as they just have to transfer them to local bodies. When we deduct the committed expenditure from the revenue expenditure, the residual revenue expenditure can be considered as actual fiscal space.

Table-2.7 explains the states committed expenditure as a percentage of revenue receipts. For most of the states, the committed expenditures are in the range of 60 to 80 percent during 2017-20. The share of committed expenditure further increased during the pandemic. The data form 2021-22 is not available yet. This shows that the states are highly constrained by their expenditure choices due to fiscal compulsions. Given the limited fiscal space, the ideal thing

that the states should is to plan their expenditure very prudently and efficiently. To achieve that, the states should introspect on all the expenditure commitments they have made under all the schemes. The expenditures should be rationalised based on sound economic principles. This will not only create additional fiscal space but also helps the state achieve fiscal sustainability under fiscal rules.

Table-2.6 Committed Expenditure¹ as % of Revenue Receipts

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-----------------------|--------------|--------------|--------------|--------------|
| ANDHRA PRADESH | 57.80 | 55.15 | 64.12 | 67.88 |
| BIHAR | 38.45 | 38.50 | 44.02 | 47.77 |
| CHHATTISGARH | 41.32 | 44.82 | 55.03 | 56.80 |
| GOA | 22.32 | 23.68 | 24.46 | 25.30 |
| GUJARAT | 37.38 | 38.52 | 38.78 | 45.82 |
| HARYANA | 64.02 | 64.70 | 71.77 | 76.24 |
| JHARKHAND | 43.74 | 41.85 | 46.16 | 49.68 |
| KARNATAKA | 26.29 | 28.52 | 31.73 | 38.54 |
| KERALA | 82.46 | 74.01 | 80.09 | 71.85 |
| MADHYA PRADESH | 34.21 | 36.02 | 41.54 | 47.48 |
| MAHARASHTRA | 32.41 | 29.87 | 21.95 | 28.89 |
| ODISHA | 38.93 | 38.12 | 23.15 | 22.77 |
| PUNJAB | 85.13 | 75.63 | 82.85 | 81.51 |
| RAJASTHAN | 58.23 | 67.81 | 70.88 | 77.10 |
| TAMIL NADU | 50.34 | 58.67 | 62.98 | 62.29 |
| TELANGANA | 49.37 | 45.20 | 48.93 | 54.24 |
| UTTAR PRADESH | 43.16 | 41.04 | 40.95 | 50.67 |
| WEST BENGAL | 46.74 | 43.71 | 49.97 | 54.81 |
| ARUNANCHAL PRADESH | 42.82 | 36.20 | 45.26 | 43.38 |
| ASSAM | 70.33 | 60.79 | 70.02 | 64.24 |
| HIMACHAL PRADESH | 70.74 | 65.69 | 70.77 | 68.14 |
| MANIPUR | 53.95 | 55.15 | 62.90 | 56.34 |
| MEGHALAYA | 43.29 | 50.86 | 36.22 | 52.77 |
| MIZORAM | 42.54 | 45.24 | 52.10 | 65.20 |
| NAGALAND | 57.02 | 63.56 | 68.93 | 71.73 |
| SIKKIM | 45.78 | 53.26 | 90.79 | 74.03 |
| TRIPURA | 74.94 | 71.17 | 84.22 | 68.51 |
| UTTARAKHAND | 72.00 | 70.09 | 73.14 | 61.64 |

Source: Basic Data from State Budgets and Finance Accounts

Apart from these fixed committed expenditures, the states also face another type of committed expenditure on account of inter-governmental fiscal transfers. Apart from the transfers under tax devolution, most of the transfers require states matching grants or come with

¹ Committed expenditure includes salaries, pensions, interest payments and finance commission grants to local bodies.

conditionalities. Hence, the state's hands are tied further to that extent. Under centrally sponsored schemes, the states matching contribution has increased over time. It was mostly around 10 to 20 % in the 11th and 12th FC period. It was gradually increased to 25% in some schemes. By 14th FC period, the states matching share is fixed at 40%.

Before 2014, the Centrally Sponsored Schemes (CSS) and Central Sector Schemes (CS) transfers were routed through society route. To enhance transparency, all the CSS and CS transfers are given in the treasury route from 2014. The implication of this can be seen on both revenue and expenditure side. All transfers are now accounted under revenue receipts, so revenues will grow to that extent. At the same time, the expenditures are divided and accounted under both revenue and capital expenditures. This resulted in the increase in the revenue deficits and capital accounts (RBI, 2014-15). Another issue the states face is the timing of central transfer's release. When the money is delayed and is not released till the last quarter, states are not able to pump expenditures adequately and facing budget execution issues. However this problem is being solved with the introduction of a Single Nodal Account (SNA) and other Public Finance Management (PFM) reforms.

Table-2.7 CSS Expenditure as percentage of Total Expenditure

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------|---------|---------|---------|---------|
| ANDHRA PRADESH | 15.70 | 11.73 | 12.27 | 11.82 |
| BIHAR | 14.07 | 15.64 | 15.66 | 14.46 |
| CHHATTISGARH | 19.43 | 14.56 | 12.85 | 12.35 |
| GOA | 3.24 | 2.69 | 0.00 | 0.00 |
| GUJARAT | 8.43 | 7.62 | 7.29 | 6.37 |
| HARYANA | 3.67 | 4.25 | 3.86 | 4.43 |
| JHARKHAND | 16.92 | 16.07 | 15.38 | 13.90 |
| KARNATAKA | 9.03 | 6.91 | 7.83 | 5.94 |
| KERALA | 4.14 | 4.48 | 4.03 | 5.10 |
| MADHYA PRADESH | 20.12 | 16.88 | 13.61 | 13.66 |
| MAHARASHTRA | 6.54 | 7.07 | 5.53 | 5.67 |
| ODISHA | 19.01 | 16.11 | 15.02 | 15.50 |
| PUNJAB | 6.62 | 5.55 | 4.21 | 4.35 |
| RAJASTHAN | 12.83 | 9.56 | 10.65 | 9.00 |
| TAMIL NADU | 8.17 | 9.37 | 7.39 | 6.49 |
| TELANGANA | 7.76 | 6.44 | 6.38 | 5.84 |
| UP | 12.11 | 11.85 | 10.05 | 12.84 |
| WEST BENGAL | 13.72 | 12.19 | 13.30 | 12.83 |
| ARUNANCHAL PRADESH | 24.95 | 23.56 | 28.10 | 22.12 |
| ASSAM | 24.20 | 21.60 | 22.65 | 0.00 |
| HIMACHAL PRADESH | 12.45 | 13.47 | 16.08 | 12.82 |
| MANIPUR | 29.33 | 26.14 | 33.15 | 33.89 |
| MEGHALAYA | 30.41 | 19.88 | 24.20 | 19.56 |
| MIZORAM | 21.98 | 17.14 | 26.03 | 17.61 |
| NAGALAND | 29.64 | 20.27 | 24.13 | 27.01 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-------------|---------|---------|---------|---------|
| SIKKIM | 23.87 | 24.76 | 12.36 | 15.60 |
| TRIPURA | 22.81 | 19.46 | 22.13 | 21.31 |
| UTTARAKHAND | 0.00 | 14.50 | 13.79 | 14.27 |

Source: Basic Data from State Budgets and Finance Accounts

Table-2.6 Committed Expenditure under CSS as percentage of total expenditure for all states for the years 2017-18 and 2020-21. These expenditures vary from state to state depending the implementation of the CSS at state levels. The share of CSS is low at around 3 to 4% in states like Haryana, Goa, and Gujarat but the share is around 15 to 16% in states like Andhra Pradesh and Madhya Pradesh. Amarnath and Singh (2019) analysed the additional gains from higher tax devolution (under the 14th FC period) against the additional burden due to the withdrawal of certain CSS and CS schemes and the changes in the sharing pattern of major Centrally Sponsored Schemes calling for a greater contribution from the states. The study found that increased states share in CSS took away all the gains accrued due to higher tax devolution, and the net gain is only marginal.

2.6. Debt and Deficits:

As mentioned above, India adopted fiscal rules in the form of FRBM in 2004. Recently, India also reviewed its fiscal rules under the FRBM Review Committee (under the chairmanship of Dr. N.K.Singh) in 2017. The committee was very hopeful about the state's fiscal sustainability in the coming years (with revenue deficit of 0.8% and fiscal deficit of 2.5% and the combined debt-gdp ratio of 60% by 2023). But, the pandemic pushed away the fiscal sustainability to distant dream.

Table-2.8: Indicative Deficit and Debt Path for State Governments (As % of GSDP)

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---------|---------|---------|---------|---------|---------|
| Revenue deficit* | -0.1 | -0.5 | -0.8 | -1.2 | -1.7 | -2.5 |
| Fiscal deficit | 4.5 | 4 | 3.5 | 3 | 3 | 3 |
| Upper limit- (If all States use the full borrowing space available) | | 4.5 | 4 | 3.5 | 3.5 | 3 |
| Lower limit- (States, on an average, reach the current FRBM limit) | | 3 | 3 | 3 | 3 | 3 |
| Total Liabilities | 33.1 | 32.6 | 33.3 | 33.1 | 32.8 | 32.5 |

Source: Report of XV Finance Commission.

To face the pandemic, the Government of India, under Atmanirbhar package, allowed states an additional fiscal deficit of 2 percent over and above 3 percent of Gross State Domestic Product (up to 5 percent) is permitted now for the year 2020-21 (RE). Of the additional 2 per cent (0.5% unconditional and 1.5% conditional). The conditional component is linked to specific reforms

related to distribution of electricity, one nation, one ration card scheme, ease of doing business, and urban local bodies.

The 15th FC report, after considering the pandemic impact on the state's fiscal balances, recommended relaxations in state borrowing limits. Table-2.9 explains the Indicative Deficit and Debt Path for State Governments from 2020-21 to 2025-26. The nominal net borrowing limit has been fixed at 4% of GSDP for 2021-22, 3.5% for 2022-23 and 3% for 2023-24 to 2025-26. In addition, 0.5% additional borrowing is allowed for power distribution sector reforms for 2021-22 to 2024-25.

The 15th FC also recommended that "If a State is not able to fully utilise its sanctioned borrowing limit, as specified above, in any particular year during the first four years of our award period (2021-22 to 2024-25), it will have the option of availing this unutilised borrowing amount (calculated in rupees) in any of the subsequent years within our award period."

Table-2.9 and 2.10 explain the revenue and fiscal deficit position of the states. Many states breached FRBM limits of revenue and fiscal deficits in 2020-21 and 2021-22. Odisha always maintain revenue surplus and even during the pandemic year 2020-21 (1.69%). The states like Uttar Pradesh, which is a revenue surplus state plunged into deficit (-0.14% in 2020-21) due to pandemic due to shortfall in revenue mobilisation. Another reason for the increasing revenue deficit is the expansion of welfare expenditure during pandemic lockdowns. Continuation of these welfare expenditure beyond pandemic recovery will be a stress on state finances. In 2022-23RE, 13 states reported revenue deficit.

Table-2.9: Total Revenue Deficit Surplus (+)/Deficit (-) As % of GSDP

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Andhra Pradesh | -2.05 | -1.59 | -2.86 | -3.71 | -0.76 | -1.27 | -2.21 | -1.55 |
| Arunachal Pradesh | 12.79 | 14.87 | 8.89 | 13.04 | 15.18 | 19.24 | 15.09 | 8.09 |
| Assam | -0.48 | 2.13 | -0.38 | 0.39 | -0.23 | 0.68 | -3.01 | 0.48 |
| Bihar | 3.16 | 1.31 | 0.12 | -1.93 | -0.06 | 0.64 | -3.59 | 0.52 |
| Chhattisgarh | 1.21 | 0.21 | -2.79 | -1.97 | 1.14 | 0.16 | 0.58 | 0.69 |
| Goa | 0.74 | 0.49 | -0.29 | -0.88 | 0.07 | 0.48 | 0.60 | 0.67 |
| Gujarat | 0.39 | 0.22 | 0.12 | -1.38 | 0.33 | 0.05 | 0.30 | 0.35 |
| Haryana | -1.65 | -1.61 | -2.32 | -3.02 | -2.34 | -0.98 | -1.81 | -1.51 |
| Himachal Pradesh | 0.23 | 1.03 | 0.01 | -0.06 | 0.64 | -2.03 | -3.16 | -2.20 |
| Jharkhand | 0.67 | 1.93 | 0.63 | -1.04 | 2.02 | 1.68 | 2.49 | 3.23 |
| Karnataka | 0.34 | 0.05 | 0.07 | -1.19 | -0.70 | -0.78 | -0.27 | 0.02 |
| Kerala | -2.41 | -2.22 | -1.78 | -3.35 | -3.26 | -2.30 | -1.96 | -2.11 |
| Madhya Pradesh | 0.64 | 1.06 | -0.30 | -1.91 | 0.42 | -0.32 | 0.11 | 0.03 |
| Maharashtra | 0.09 | 0.47 | -0.64 | -1.57 | -0.53 | -0.68 | -0.57 | -0.42 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Manipur | 4.20 | 2.97 | 1.49 | 1.77 | 4.28 | 15.45 | 16.22 | 16.07 |
| Meghalaya | 2.88 | -1.67 | 0.00 | -2.35 | 1.73 | 1.61 | 3.58 | 4.78 |
| Mizoram | 8.77 | 7.00 | 0.82 | -3.19 | 2.45 | 3.60 | 2.00 | 1.16 |
| Nagaland | 3.39 | 1.95 | -0.72 | 1.20 | 4.67 | 4.34 | 3.00 | 1.83 |
| Odisha | 3.03 | 2.85 | 0.45 | 1.69 | 6.57 | 2.53 | 2.28 | 3.10 |
| Punjab | -2.01 | -2.56 | -2.66 | -3.26 | -3.16 | -1.99 | -3.74 | -3.52 |
| Rajasthan | -2.23 | -3.17 | -3.64 | -4.32 | -2.12 | -1.76 | -2.29 | -1.58 |
| Sikkim | 4.09 | 2.44 | -4.27 | -2.39 | -18.11 | -21.88 | -20.37 | -19.69 |
| Tamil Nadu | -1.47 | -1.44 | -2.06 | -3.45 | -2.25 | -2.12 | -1.30 | -1.33 |
| Telangana | 0.46 | 0.51 | -0.66 | -2.37 | -0.84 | 0.29 | 0.23 | 0.34 |
| Tripura | -0.66 | 0.28 | -4.39 | -1.98 | -1.07 | -0.61 | 0.00 | 0.00 |
| Uttar Pradesh | 0.87 | 1.78 | 3.97 | -0.14 | 1.74 | 2.11 | 2.63 | 2.81 |
| Uttarakhand | -0.90 | -0.43 | -0.89 | 0.47 | 1.52 | 0.89 | 0.81 | 1.29 |
| West Bengal | -1.01 | -0.94 | -1.67 | -2.55 | -2.35 | -1.65 | -2.55 | -1.80 |

Source: Basic Data from State Budgets and Finance Accounts

In 2021-22, fiscal deficit increased in 21 states due to pandemic. Probably, Odisha is the only state in India to report fiscal surplus in the recent years (3.12% for the year 2021-22).

But, the states are trying to come back to fiscal sustainability path at the earliest. For that, the deficits need to be curtailed and brought down within the range of fiscal rules at the earliest. This can be done either increasing revenues, rationalisation of expenditures or both. Given the limited scope for additional revenue mobilisation at the state level, the only option is to rationalising expenditures.

Table-2.10: Total Fiscal Deficit Surplus (+)/Deficit (-) As % of GSDP

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|-----------------------|---------|---------|---------|---------|---------|------------|------------|------------|
| Andhra Pradesh | -4.12 | -4.06 | -4.29 | -5.77 | -2.21 | -3.64 | -3.62 | -3.80 |
| Arunachal Pradesh | -1.39 | -7.80 | -3.44 | -3.51 | -3.11 | -3.56 | -7.76 | -6.64 |
| Assam | -3.26 | -1.54 | -4.30 | -3.14 | -4.38 | -3.19 | -8.15 | -3.70 |
| Bihar | -3.05 | -2.62 | -2.10 | -5.08 | -3.78 | -3.47 | -8.79 | -2.98 |
| Chhattisgarh | -2.41 | -2.61 | -5.21 | -4.55 | -1.50 | -3.33 | -3.17 | -2.99 |
| Goa | -2.32 | -2.51 | -2.52 | -3.61 | -3.18 | -4.71 | -4.82 | -4.31 |
| Gujarat | -1.61 | -1.77 | -1.52 | -2.47 | -1.16 | -1.64 | -1.48 | -1.75 |
| Haryana | -2.99 | -3.14 | -4.17 | -3.97 | -3.65 | -2.98 | -3.29 | -2.96 |
| Himachal Pradesh | -2.79 | -2.36 | -3.56 | -3.64 | -2.99 | -4.98 | -6.40 | -4.63 |
| Jharkhand | -4.42 | -2.05 | -2.59 | -3.85 | -0.76 | -2.81 | -2.31 | -2.76 |
| Karnataka | -2.33 | -2.60 | -2.37 | -4.13 | -3.34 | -3.26 | -2.73 | -2.60 |
| Kerala | -3.83 | -3.42 | -2.93 | -5.31 | -5.08 | -3.91 | -3.61 | -3.50 |
| Madhya Pradesh | -3.13 | -2.60 | -3.55 | -5.19 | -3.34 | -4.56 | -3.58 | -4.02 |
| Maharashtra | -1.02 | -0.97 | -2.33 | -2.34 | -2.07 | -2.50 | -2.69 | -2.46 |
| Manipur | -1.32 | -3.35 | -2.38 | -6.05 | -5.32 | -6.50 | -6.88 | -6.11 |
| Meghalaya | -0.80 | -6.30 | 0.00 | -7.50 | -6.24 | -4.51 | -4.45 | -3.42 |
| Mizoram | -1.65 | -1.61 | -4.90 | -7.71 | -1.51 | -3.07 | -6.95 | -3.47 |
| Nagaland | -1.83 | -4.08 | -4.81 | -4.17 | -0.74 | -3.50 | -5.73 | -3.00 |

| State | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 BE | 2022-23 RE | 2023-24 BE |
|----------------------|---------|---------|---------|---------|---------|------------|------------|------------|
| Odisha | -2.12 | -2.04 | -3.50 | -1.83 | 3.12 | -3.00 | -2.85 | -3.00 |
| Punjab | -2.65 | -3.13 | -3.13 | -4.26 | -4.77 | -3.78 | -5.21 | -4.98 |
| Rajasthan | -3.04 | -3.78 | -3.77 | -5.82 | -3.96 | -4.36 | -4.33 | -3.98 |
| Sikkim | -1.78 | -2.26 | -6.62 | -7.15 | -2.46 | -4.00 | -4.70 | -4.54 |
| Tamil Nadu | -2.72 | -2.90 | -3.45 | -5.20 | -3.96 | -3.89 | -3.17 | -3.25 |
| Telangana | -3.56 | -3.14 | -3.34 | -5.21 | -4.19 | -4.01 | -3.30 | -2.70 |
| Tripura | -4.74 | -2.69 | -6.02 | -3.51 | -5.19 | -5.29 | 0.00 | 0.00 |
| Uttar Pradesh | -1.93 | -2.22 | 0.65 | -3.33 | -2.05 | -3.96 | -3.97 | -3.48 |
| Uttarakhand | -3.49 | -3.18 | -3.20 | -2.30 | -1.37 | -3.07 | -2.68 | -2.70 |
| West Bengal | -2.97 | -3.11 | -3.12 | -3.87 | -3.70 | -3.64 | -3.98 | -3.83 |

Source: Basic Data from State Budgets and Finance Accounts

The above analysis highlights the importance of having effective expenditure controls and fiscal rules in the budgets to maintain macroeconomic stability, fiscal prudence, effective and efficient utilisation of public money. It is also observed that there are many challenges on the fiscal front (pandemic, fiscal rules, low growth rates, and the implementation of GST, etc.). The pandemic created a “ratchet effect” kind of situation. As there was a fall in revenues, but expenditures were growing. The additional expenditures are met through borrowings, curtailing/reducing capital expenditure, expenditure switching, or reorientation. As a result, many states crossed FRBM limits in 2020-21 and 2021-22.

In the post-GST scenario, the state’s residual tax powers are limited, and the residual taxes are exploited to the maximum extent. Under these circumstances, it’s highly difficult to expand the state’s fiscal space from the revenue side. Hence, the study strongly argues for the rationalisation of expenditure. The rationalisation of expenditure is not, in any way, curtailing or reducing expenditure. Given the limited fiscal space, the ideal thing is that, the states should do is plan their expenditure prudently and efficiently. To achieve that, the states should introspect on all the expenditure commitments that they have made under all the schemes. The expenditures should be rationalised based on sound economic principles. This will not only create additional fiscal space but also helps the state achieve fiscal sustainability under fiscal rules. But, the level of committed expenditures under salaries, pensions and on account of inter-governmental fiscal transfers leaves the state with very little fiscal space. Hence, the state’s hands are tied further to that extent.

Finally, two main conclusions emerge when we analyse the fiscal data of the states. First, the state’s revenues are very volatile after the pandemic, and most of the states breached the prescribed FRBM limits in 2020-21 and 2021-22. Second, there is little fiscal space available to states due to the committed expenditures. Hence, rationalisation of expenditure is the need of the hour.

3. Subsidies: Definition, Meaning, Measurement and Effects

In a market-oriented constitutional setup, the circular flow of the economy can be represented as $Y = C + I + G + (X - M)$. Where C is consumption, I is Investments, G is government sector, and (X-M) are exports and Imports. The G factor is very important in the whole system to achieve consumption, investments, and in the end, higher output/growth. It is the key factor in influencing C and I, since it is autonomous and also influences the curve of the business cycle. Now, the question is, how will the G operate? This is mainly operated through budgets and the government's economic policies. The Budgets reflect the size and magnitude of the government in the economy. The size of the government is instrumental in the functioning and potential growth of the economy. The size of the government in an economy is determined by the political and economic structure of the country/ state and the constitutional mandate. However, the impact of Government expenditure on the growth of the economy depends on the quality and composition. There is enough literature on multiplier effect of Government expenditure and its impact on the economy. The multiplier effect of revenue expenditure on economic growth is lesser than that of capital expenditure or expenditure on infrastructure (Bose and Bhanumurthy, 2015)². Now that subsidies are part of revenue expenditure in government accounting, the volume of subsidies impact the growth of the economy.

Rationalisation of government subsidies has been prominent on the public policy agenda in India since 1990, when the first comprehensive estimate of subsidies as unrecovered costs was made by Mundie and Rao (1991)³. Even before that, although the full extent of (implicit and explicit) subsidies was not known, occasional concerns about the burgeoning amount of some of the major explicit subsidies - food, fertiliser, and export (as also implicit subsidies in specific public services like irrigation)- were expressed.

Since then, two White Papers on subsidies have been brought out by the Government of India, the first in 1997 and the latest in 2004, emphasizing the need for rationalisation of this significant component of government expenditure. There have been other documents of the government that have expressed similar imperatives regarding specific. Subsidies or subsidies as a whole, have drawn attention to their magnitude (thereby implying the need for carefully

² Bose, S., & Bhanumurthy, N. R. (2015). Fiscal Multipliers for India. *Margin: The Journal of Applied Economic Research*, 9(4), 379–401. <https://doi.org/10.1177/0973801015598585>

³ Mundie, Sudipto and M. Govinda Rao, (1991), "Volume and Composition of Government Subsidies in India, 1987-88", *Economic and Political Weekly*, May 4

thought-out policies). With all this, not much actual policy change has been observed keeping this issue alive for an agenda of economic reforms.

Much of the hidden subsidies are in service provision of Public goods and meritorious goods, since the present debate is on growing explicit subsidies, notably for populism the study limits estimation of explicit subsidies at the state level. It is observed that the explicit subsidies as exhibited in budget documents do not show the full extent of subsidies because there are large hidden subsidies in the form of grants in aid and assistance to Public Sector Units(PSUs) or routed through outside government agencies like local bodies, Non Government Organisations(NGOs), and PSUs. Hence, this study tries to focus on all form of explicit subsidies under different categories of expenditures by looking at the object head expenditures at the state level.

3.1 Definition of Subsidies

Subsidies are generally considered as converse of an indirect tax and these constitute an important fiscal instrument for modifying market-determined outcomes. While taxes reduce disposable income, subsidies inject money into circulation. Subsidies affect the economy through the commodity market by lowering the relative price of the subsidised commodity, thereby generating an increase in its demand. With an indirect tax, the price of the taxed commodity increases, and the quantity at which the market for that commodity is cleared, falls, other things remaining the same. Taxes appear on the revenue side of government budgets, and subsidies on the expenditure side.

Subsidies can have a major impact in augmenting the welfare of society provided these are designed and administered efficiently to serve a clearly stated set of objectives. However, subsidies can also be very costly if they are poorly designed and inefficiently administered. Subsidies in areas such as education, health and environment are advocated on grounds that their benefits are spread well beyond the immediate recipients, and are shared by the population at large, present and future. Subsidies are also used with redistributive objectives, particularly for ensuring minimum consumption levels of food and other basic needs.

The dictionary meaning of the word subsidy (Concise Oxford Dictionary) explains the term as: "Money granted by State, public body, etc., to keep down the prices of commodities, etc." The Joint Economic Committee of the U.S. Congress (1972) had defined Subsidy as government assistance for which no equivalent compensation is received in return, but the assistance is conditioned "on a particular performance by the recipient."

The internationally comparable definitions are those prepared by the United Nations Statistics Division, World Trade Organization (WTO), IMF-Government Financial Statistics (GFS), and The Organisation for Economic Co-operation and Development (OECD).

Oxford online dictionary defines a subsidy as: “a sum of money granted from public funds to help an industry or business keep the price of a commodity or service low.”

U.S. Congress, Joint Economic Committee (1972): In the most general terms, a subsidy can be defined as any government assistance, in cash or in kind, to private sector producers or consumers for which" the government receives no equivalent compensation in return, but conditions the assistance on a particular performance by the recipient".

UN SNA ⁴: National accounts Statistics define subsidies as follows: “Subsidies are current unrequited payments that government units make to enterprises on the basis of the level of their production activities or the quantities or values of the services which they produce, sell or import. They are receivable by resident producers or importers”. This definition is limited to production process and to entrepreneurs.

World Trade Organisation (WTO): WTO “definition of a Subsidy” spells out the conditions under which a subsidy is deemed to exist. First of all, there must be a “financial contribution by a government or any public body” Article 1.1(a) (1) the different forms of financial transfers that were mentioned above are listed explicitly, namely

- a. direct transfers of funds, including potential transfers, such as loan guarantees,
- b. Foregone revenues that are otherwise due and
- c. Goods and services provided by the government other than general infrastructure.

Under the last point, government purchases are also mentioned.

International Monetary Fund (IMF-GFS): Goods and services acquired and transferred in kind without being used by the general government unit in a production process are classified as transfer payments, such as subsidies (25), grants (26), social benefits (27), or other expense (28) (only transfers not elsewhere classified (282) Current transfers not elsewhere classified (2821) and Capital transfers not elsewhere classified (2822) depending on the reason for the transfer).

⁴ United Nations (1993). System of National accounts. Chapter VII,d.3: para. 7.72.
See <http://unstats.un.org/unsd/sna1993/toclev8.asp?l1=7&l2=4>, visited on 20 Jun 2022

Subsidies are payable to producers, not final consumers, and are current transfers only, not capital transfers. Transfers that government units make directly to households as consumers and transfers to non-profit institutions serving households are recorded as either social benefits (27) or transfers not elsewhere classified (282), depending on the reason for the payment. Most transfers made to other general government units are included in grants (26).

European System of Accounts (ESA 2010): Subsidies are reported under Chapitre-4 of European System of Accounts 2010, “Distributive transactions”, which covers transactions whereby the value added generated by production is distributed to labour, capital and government, and transactions redistributing income and riches. Subsidies (D.3) are current unrequited payments which general government or the institutions of the European Union make to resident producers. Subsidies are classified into: subsidies on products (D.31): import subsidies (D.311) + other subsidies on products (D.319), other subsidies on production (D.39). Social contributions and benefits (D.6) and Current transfers within general government (D.73) are excluded from the ambit of subsidies and classified as a separate category.

Social benefits are transfers to households, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs, made through collectively organised schemes, or outside such schemes by government units and NPISHs; they include payments from general government to producers which individually benefit households and which are made in the context of social risks or needs.

Current transfers within general government (D.73) include transfers between the different subsectors of general government (central government, state government, local government and social security funds) with the exception of taxes, subsidies, investment grants and other capital transfers which are similar to grants in aid to local governments and state governments in India.

Subsidies are not payable to final consumers. Current transfers that governments make directly to households as consumers are treated as social benefits. Subsidies also do not include grants that governments may make to enterprises in order to finance their capital formation or compensate them for damage to their capital assets, such grants being treated as capital transfers.

The SNA subsidy definition, for instance, does not include grants governments provide to finance the capital formation of enterprises or to compensate them for the damage or loss of their investment. While the public supply of goods or services is not included in the SNA

subsidy definition. Transfer payments made by governments to cover losses of state-owned enterprises are considered to be subsidies according to the definition.

World Bank focuses on “Non-contributory programs” which refer specifically to publicly financed non-contributory transfers to “those deemed eligible by society on the basis of their vulnerability or poverty” (Farrington & Slater 2006, p. 500). In their mapping of social protection programming across 39 sub-Saharan African countries, Cirillo & Tebaldi (2016) document 12 different types of non-contributory social assistance programs, including unconditional cash transfers, conditional cash transfers, social pensions, food, and in-kind transfers, school feeding programs, public works programs, fee waivers, targeted subsidies, and social service provision.

Economists have even though the term should be differently defined for different contexts. Thus, Stephan Barg (1996) has suggested three different definitions for Economic, Fiscal, and Environment issues respectively, which are as follows:

Economic definition: "A Government directed, marketing distorting intervention which decreases the cost of producing a specific good or service, or increases the price which may be charged for it".

This definition focuses on the use of government's taxation, expenditure or regulatory power to transfer a benefit from one group to another and how government policies should operate through the market-place, relating the topic such as improving economic efficiency, reducing unemployment and establishing appropriate policies.

Fiscal Definition: "A Government expenditure, provision for exemption from general taxation, or assumption of liability which decreases the cost of producing a specific good or service, or which increases the price which may be charged for it".

This definition focuses transfer from a government to the group or individual receiving the subsidy. It is most relevant when examining specific existing or proposed programs to see who will bear the costs or receive the benefits. Many commonly-discussed subsidies or instruments that create subsidies fall under this definition. (Some examples: Cash payments, low-interest loans or interest Subsidy, Subsidised services, R&D grants to industry, government-funded research, tax expenditures, training assistance, and assumption of liability (e.g., Loan guarantee, site clean-up), and artificial assignment of liability (e.g., Super-fund imposition of joint and several liabilities)

Environmental Definition: "An environmental subsidy consists of the value of uncompensated environmental damage arising from any flow of goods or services." It can be seen that environmental subsidies have been defined in the broadest way incorporating any flow of benefits that arise from environmental degradation, even if they are not government-directed, and do not pass through a market mechanism, and reflect direct costs. For example, harvesting a forest without reforestation or recognizing non timber values involves an unpaid leading to environmental damage. This amounts to subsidization of these harvesters, to the extent of the unpaid cost, by the user of the environment, i.e. the society.

3.2 Empirical Definitions

Subsidies are defined in various forms according to their use. Subsidies are classified as explicit and implicit subsidies. Explicit subsidies are directly mentioned in budget documents and reach the beneficiary either in cash or kind.

Mundie and Rao (1991) have defined subsidies as "Government Subsidies may be defined as the differences between the cost of delivering various publicly provided goods and services and the recoveries arising from such deliveries". Thus, in a budgetary context, it may be defined as "Unrecovered Cost in the public provision of private goods".

Beers, Cees van and Andre de Moor (2001), "Subsidies comprise all measures that keep prices for consumers below market level or keep prices for producers above market level or that reduce cost for consumers and producers by giving direct or indirect support."

Two types of economic policy intervention stand out particularly in this definition. Government support consumption by regulating domestic prices and keeping them below world market prices. Subsidised consumer prices increase domestic consumption, and this excess demand may induce additional imports and decrease foreign exchange revenues. Or governments may choose to subsidise production, for instance, by imposing a minimum price above the market level. Producers expand supply and accelerate resource depletion, while public budgets are tapped to pay for surpluses. Both producer and consumer subsidies, either through overproduction or overconsumption, may be cause of environmental degradation.

Thomas, Kenneth P. (2007), defines subsidy as an investment incentive is a subsidy given to affect the location of investment. The goal may be to attract new investment or to retain an existing facility. Further, he explains, "A subsidy, in turn, is money given to a firm by government. This can take many forms: cash grants, tax measures, loan at below-market rates, loan at a below-market interest rates, loan guarantees, capital injections, guaranteed excessive

rate of profit, below-cost or free inputs including land and power, and purchasing goods from firms at inflated prices. This list is not exhaustive, but includes the type of support used in virtually all subsidies."

According to **Reddy, K.S. (1987)**, in a developing country where market system is not competitive and its income distribution is skewed the interplay of forces of demand and supply does not always lead to socially desirable results. For instance, if market forces are allowed to operate freely, prices of important consumer and intermediate commodities will be beyond the reach of most consumers and producers. Hence, Government intervention in the market is needed to moderate these adverse influences. One of the policy instruments in this direction is the provision of subsidies, where the consumers or producers will be allowed to pay less than the market price and gap will be filled by subsidies. Hence subsidies can be defined as a payment made by the government to fill the gap between the prevailing market price and the price paid by the buyers. A subsidy given in the product market is called consumers subsidy and one provided in the factor market is called producers' subsidy. These subsidies can be broadly classified into direct and indirect subsidies. While direct subsidies are shown in the government budget under the sub-head "Subsidies" under relevant major heads, indirect subsidies are hidden under various entries in the budget.

Srivastava, D.K. et. al. (2003) have explained Subsidies, as converse of an indirect tax, constitute an important fiscal instrument for modifying market-determined outcomes. While taxes withdraw money from circulation, subsidies inject money into circulation. Subsidies affect the economy through the commodity market by lowering the relative price of the subsidized commodity, thereby generating an increase in its demand. With an indirect tax, the price of taxed commodity increases, and the quantity at which the market for the commodity is cleared, falls, other things remaining the same. Taxes appear on the revenue side of the government budgets and subsidies on the expenditure side. In a budgetary context, subsidies are taken as an unrecovered cost of public provision of non-public goods, although the term may be defined in a variety of other ways.

According to **Rao, Hemlata and H.K. Amar Nath (2003)**, the concept of subsidy used in Budget Document refers to the explicit payment made to producers to alter their price or output decisions or to consumers to encourage them to consume more because it is "meritorious" to do so. On the contrary, the National Accounting concept is broader as it includes, in addition of arising from the losses of departmental enterprises. Subsidies may be defined as "money granted by State or public body to individuals I, firms or organizations (who has to bear a part

of the cost) to bring down the cost by way of tax exemption, part payment by government, lower interest charges and so on. Or to bring down the final price of those goods and services, which have large externalities or lead to distributive justice". No equivalent compensation is received for this part of assistance (subsidies).

Conceptually, subsidy may be explained in three different ways. The first refers to the term used in consumer parlance, the explicit budgetary subsidies. The second is the concept used in National Accounts, which implies the converse of indirect taxes. The third concept subsidy as unrecovered cost was first used in the Mundle and Rao (1991) study and subsequent work that followed in National Institute of Public Finance and Policy (NIPFP), New Delhi. This definition of subsidy provides the most comprehensive estimate and would include both definitions of subsidy provided to the consumers (in the form of income supplement and below-cost provision) and to the producers (including those to cover production inefficiencies.)

Explicit Subsidies may be defined as "money granted by State or public body to individuals, firms or organizations (who has to bear a part of the cost) to bring down the cost by way of tax exemption, part payment by the government, lower interest charges and so on. Or to bring down the final price of those goods and services, which have large externalities or which lead to distributive justice". No equivalent compensation is received for this part of assistance (subsidies).

3.3 Interpretation of Subsidy Definition

Looking at the various definitions, subsidies are expenditures by the government towards producers to bring down the prices or to consumers to supplement their income to consume. Subsidies may be defined as "money granted by State or public body to individuals, firms or organizations (who has to bear a part of the cost) to bring down the cost by way of tax exemption, part payment by the government, lower interest charges and so on. Or to bring down the final cost of those goods and services, which have large externalities or lead to distributive justice". For this part of assistance (subsidies) no equivalent compensation is received. Subsidies are implicit in the sense that the recovery is less than the cost of providing a good or service and explicit in the sense that there is no recovery concept and are explicitly stated as subsidies, assistance, or grants in aid.

The following are some features of subsidies:

- Subsidies are money transfers from government.
- Transfers are intended to encourage consumption of goods or services by individuals

firms and organizations.

- Often the purpose of the subsidies is to reduce the cost or price of consumption of those commodities that have externalities or help achieving distributive justice.
- In principle, it is possible to price these goods or services, but they are subsidised because government wants to encourage their consumption and production for externality or merit good reasons.
- The recipient of subsidy may be required to bear some part of the cost (except when the goods have very high degree of externality).
- Subsidies are like negative indirect taxes that bring down the price of goods and services.
- An important feature of subsidies is that they have both substitution and income effects.
- Implicit subsidies give rise to unrecovered costs.

Why Does Governments provide subsidies? The Governments provide subsidies mostly for a) Correcting market failure, b) protecting national production from the competition, c) Reducing import dependence and d) encouraging employment.

Economic effects of subsidies broadly can be grouped into 1) allocative effects, 2) redistributive effects, 3) fiscal effects, 4) trade effects, 5) positive effects, and 6) negative effects.

3.4 What to subsidise?

If someone wants to understand the importance of subsidies, we first need to understand the role of the government in the economy.

The term “**constitutional economics**”⁵ was used by American economist James M. Buchanan to analyse the “development of the contractual and constitutional bases for the theory of economic and political decision-making.” Most government actions (through budgets) are directly or indirectly influenced by constitutional obligations and values. The state primarily deals with the economy's allocation, distribution and stabilisation functions. But, in the process, the government and its budgets face a “**Principal-Agent problem.**” The legislature (The principal) passes the budget with a set of expectations. The expectations will be materialised only when the budgets are implemented effectively and economic agents can reap the benefits, which in turn results in allocative, distributive, and stabilisation in the economy.

⁵ https://en.wikipedia.org/wiki/Budget_theory

The governments provide plethora of goods and services to the citizens of the country. The budget allocations are also influenced by the kind of goods and services that the government provide and the way they are provided. Broadly, all the goods and services can be categorised into Public and Private Goods (Table-1 explains all categories of goods and services).

Public Goods versus Private Goods: Two important features of public goods are: One, Non-rivalrous and Non-excludable.

Non-rival: One person can increase her satisfaction from the good without reducing that obtained by others; and

Non-excludable: There is no feasible way of excluding anyone from enjoying the benefits of the good.

The production or consumption characteristics of certain goods (especially merit goods) are such that they cannot be provided for through the market mechanism. Because there may be problems of “externalities” which will lead to “market failure”. Hence, these will require corrections by the public sector through budgetary provisions, subsidies, or imposing tax penalty.

In many cases, one individual or firm's actions affect other individuals or firms through externalities. Externalities arise when one firm imposes a cost on other firms but does not compensate them (negative externalities), or, alternatively, when one firm confers a benefit on other firms but does not reap a reward for providing it (positive externalities). Whenever such externalities exist, the resource allocation provided by the market will not be efficient. Therefore, government intervention is crucial to correct the problem of "externalities," and it is through budget that the government intervenes to address these externalities. It is important to remember that depending on the nature of goods and service, the budget allocation and subsidisation will vary to a greater extent.

Table-3.1: Classification of goods and services

| | Goods | Nature | Cost Recovery | Mode of Financing |
|---|---------------------------------|---|-------------------------------------|--|
| 1 | Pure Public Goods | Non-rival & Non-excludable | No recovery of cost is stipulated | Tax/Budget financed |
| 2 | Impure Public Goods | Non-rival/excludable or Rival/Non-excludable | No recovery of cost is stipulated | Tax/Budget financed |
| 3 | Merit Goods | Rival, excludable with externality | Part recovery of cost is stipulated | Partly financed by user charges. If degree of externality is high, Govt can give 100% subsidy. |
| 4 | Goods with distributive Justice | Rival, excludable (essential goods & consumed by all) | Part recovery of cost is stipulated | Partly financed by user charges or market price and partly by subsidies |
| 5 | Pure Private Goods | Rival and Excludable | 100% recovery of cost is stipulated | If supplied by Government entire cost is to be recovered |

Sources: Rao and Amarnath (2003)⁶

Theoretical Models: The empirical literature on Subsidies was mostly focused on estimating the magnitude and composition of subsidies across the countries or sectors. Few studies studied the subsidies in a theoretical model framework. Chander (2001)⁷ studied the optimal pattern of subsidies for poverty alleviation under budget constraints. The study also focused on the reform measures and the resulting dead weight loss/gains. The study uses a discrete choice model and consumer equilibrium analysis to study the government subsidies.

Espinoza (2013)⁸ argues that the subsidies problem is similar to optimal taxation problem that the government face but in a reverse direction. The study presents the general (inverse) Ramsey problem to study subsidies problem and analyse the dead weight losses to government and society under different conditions.

Public-finance economist Ronald Gertse once warned, subsidies defended on such grounds “may have externalities that we did not bargain for.” Indeed, such second-order effects have come under attack by environmental economists in recent years. The critics often highlight the economic distortions created by subsidies. Whereas advocates highlight the redistributive role that subsidies play in the economy.

⁶ Rao, Hemlata and H.K.Amar Nath (2003), “A Macro View of Government Subsidies in Karnataka” Chap-2, Volume and composition of Budgetary Subsidies in Karnataka, edited by Govinda Rao. M. Institute for Social and Economic Change, Bangalore.

⁷ Chander, Prakash (2001). “Subsidy reforms and poverty alleviation”. IMF Working Paper WP/01/126

⁸ Espinoza, Raphael & Fayad, Ghada & Prasad, A.. (2013). Government Spending, Subsidies, and Economic Efficiency. 10.1093/acprof:oso/9780199683796.003.0004

3.5 Finance Commissions View on Subsidies

All the finance commissions found that Interest payments, subsidies, and pensions are major components that drive expenditure at both Union and State levels. The main subsidies provided by the centre are food and fertilizer subsidies. But, over the years, the central government decreased their size of subsidies with various reforms, like dismantling the administered price regime (APR). But, state governments went on to increase subsidies in various forms. Below are the broad comments and stands that different FCs have taken.

The 11th FC is of the view that the factors influencing the budget outcomes in India are mainly structural, and not cyclical. The burgeoning subsidies (explicit and implicit) is key structural factor. At state level, unsustainable expenditure growth has also been fuelled also by competitive populism of governments resulting in needless subsidies, and ad hoc announcement of packages. On the other hand, both central and states governments, faced with the poor cost recovery of public services. Finally, the 11th FC says “We have unhesitatingly recommended the reduction, and even abolition of non-merit subsidies perhaps not all at once, but in a graduated way”.

The 12th FC felt the need to rationalise subsidies by reducing their overall volume, increasing their transparency by making them explicit, and improving their targeting. The FC accepted the views of expressed by the “Discussion Paper brought out by the Ministry of Finance in 1997” and “Expenditure Reforms Commission (ERC)”. The 1997 Discussion Paper says: the subsidy regime in India as unduly large, non-transparent, largely input-based and poorly targeted, generally regressive, and inducing waste and misallocation of resources.

The 12th FC pointed out that, when subsidies are explicitly stated in the budget it adds to transparency in expenditure management. The 12th FC also reviewed the Fiscal Reform Facility introduced by the Central government on the basis of the recommendations of the Eleventh Finance Commission.

A major thrust of the proposed expenditure reforms is to improve the supply of public goods which is also inclusive by reducing existing untargeted and regressive subsidies. Other reforms are aimed at improving the productivity of public expenditure. The 13th FC highlighted the concerns expressed by the Planning Commission on the practice of meeting the subsidy requirements through off-budget borrowings. It is also suggested to better target of Subsidies through adoption of technological innovations and the UIDAI.

Appendix VI of the state finance accounts is a statement of subsidies disbursed during the relevant year. This statement is expected to bring out all expenditures of the states in the nature of subsidy, rather than only those that are classified as subsidy. There are instances where states have classified subsidies as 'other expenditure' or 'grant-in-aid' and which have, thus not been reflected in the finance accounts as subsidies. In many cases, the accounts of the recipient of assistance show it as subsidy, and thus, it has been accounted as subsidy by the Audit report (Commercial) of the CAG but not in the finance account. Thus, in some cases, the statement does not provide a true reflection of the aggregate subsidies provided. To be relevant, it is essential that these statements provide comprehensive data on all subsidies.

The TOR of the 14th FC explicitly mandates to study subsidies: "(vi) the level of subsidies that are required, having regard to the need for sustainable and inclusive growth, and equitable sharing of subsidies between the Central Government and the State Governments".

Hence, there is a full Chapter on subsidies titled "Pricing of Public Utilities (Chapter-15).

The FC proposed four pillars: measurement, pricing, subsidies and regulation.

The 15th FC argued that ensuring austerity in establishment related expenses and eliminating profligacy and leakages in the administration of subsidies and public spending through appropriate strategies are the need of the hour.

15th FC is of the view that expenditure on subsidies, particularly on petroleum products and fertilizers, declined significantly but food subsidies increased on account National Food Security Act (NFSA) and the annual increase of minimum support prices on wheat and rice. Farm loan waivers and increase in subsidies are concerns at State level finances.

3.6 Recent Policy debates in India on Subsidies:

The question of legality does not arise here because, all these subsidies or commonly used term freebies / subsidies are part of some schemes/programs which are sanctioned, voted and passed by the legislature either at Union or state level.

There are two diametrically opposite arguments on subsidies and freebies. The state view the whole subsidies as part the mandate to promote the welfare of the people under Directives Principles of State Policy as mentioned in Part IV of the Constitution.

"Establishment of the egalitarian social order through rule of law is the basic structure of the Constitution. The Fundamental Rights and the Directive Principles are the means, as two wheels of the chariot, to achieve the above object of democratic socialism. The word "socialist"

used in the Preamble must be read from the goals Articles 14, 15, 16, 17, 21, 23, 38, 39, 46 and all other cognate articles seek to establish, i.e., to reduce inequalities in income and status and to provide equality of opportunity and facilities”⁹ . Whereas the critics view these as “State Largesse”¹⁰ and violates “public purpose”.

According to Article-282, “Expenditure defrayable by the Union or a State out of its revenue – The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.” Of late there has been a lot of debate on subsidies in the name of **freebies**. However there is any difference between freebies and subsidies except that the subsidies which are completely subsidised with no cost burden on the beneficiary are argued as freebies in the policy debate.

Subsidies argued as freebies

In the recent years, many of the state governments resorted to provide subsidies, populist/free bees to gain political mileage, sometimes through appeasement. To outperform the political competitions, the government of the day increased the volume and magnitude of these subsidies and populist schemes in their total expenditures. But, the actual magnitudes of these subsidies and populist schemes are elusive, amorphous and hidden in some expenditure heads. The sustainability of States borrowing funds to provide various services free is the need of the hour.

3.7 Freebies Definition and Acceptability:

Subsidies are well defined in many contexts by many institutions. But, there is no consensus on what constitutes freebies. Broadly, the freebees are government transfers, which are a subset of subsidies. The freebees exhibit a specific characteristics apart from the general ones (like subsidies). Defining “freebies” and distinguishing them from “other subsidies” is a delicate job. There is hardly any difference between subsidy and a freebie except that there is some cost recovery in certain subsidies given by the government if not all.

Dictionary Definition: A Freebie is a thing that is provided or given free of charge or something one obtains without asking. Synonyms that can fit in the context of the Government transactions for this word are 1. Present 2. Donation 3. Contribution 4. Handout 5. Largesse 6. Award 7. Subsidy and 8. Grant.

⁹ S.Subramaniam Balaji vs Govt.Of T.Nadu & Ors on 5 July, 2013 (indiankanoon.org)

¹⁰ Liberal giving (as of money) to or as if to an inferior a philanthropist known for his largesse also: something so given projects depending on a flow of federal largesse.

Looking at the above basic definition any service or commodity provided by the government without collecting any cost can be defined as freebie. However looking at the role of the government as defined in the constitution, Public goods and Merit services commitments, health of the government finances, status of economy, level of inequalities one cannot define every pay out without recovery as freebie (good or bad). Therefore all freebies are not bad and the discussion should on which freebies are less desired.

Another Definition to think of: Freebies are a subset of subsidies, where the government provides (to individuals or groups) private or meritorious/ welfare goods for personal consumption. Based on whether the freebie is given for merit good, welfare of purely private good one can classify these freebies in to warranted and unwarranted.

According to C Rangarajan¹¹, the subsidy is the difference between the price at which the good is procured and the price at which it is sold. He asked 3 crucial questions: What commodities can be provided free of cost or at a subsidised level? What is the ideal mode of delivery? What is a prudent fiscal limit?

A Freebie is dependent on the nature of the commodity or services distributed. Based on the classification of goods and services, subsidisation of only meritorious goods and essential goods is justified. Subsidy should be limited to essential and merit goods. Beyond that, it should be labelled as a freebie. E.g.: TV Sets or free power up to 300 units in the household. Merit and essential goods can't be made elastic.

When it comes to mode of delivery, it can be either direct or indirect (i.e. it can affect income directly or indirectly). It can be either through consumer or producer supporting initiatives. In the case of consumers, it is administered directly through income support or free or highly subsidised provision. When the provision is made, leakages are maximum (For example, leakages in PDS). In the case of production, direct budgetary support is given and indirect support is given through tax concessions. E.g.: Free power to farmers is direct but it is often misused. Tax concessions, on the other hand, showed no clear outcomes.

In order to limit the fiscal cost, revenue to GDP ratio must be observed. Prof. Rangarajan sheds light on the trends on consumer expenditure during the period 2010-11 to 2019-20. The combined revenue receipts of central and state governments as a ratio of GDP have languished in the narrow range of 18.4 percent to 20.3 percent. Whereas in 2019, the ratio was 36 per cent

¹¹ C Rangarajan writes: What is a “freebie” depends on the nature of the commodity or the services distributed (indianexpress.com)

and 30.1 per cent for the UK and USA, 48.6 percent and 43.6 per cent for Sweden and Netherlands, and 31.5 per cent for Brazil respectively. He considered various trends from across the countries and told to limit the support to schemes to less than 10%.

NK SINGH¹² has given 6 reasons why freebies are the road to fiscal disaster. Dr. Singh stressed the importance of fiscal sustainability for states which are already in debt stressed as it will erode macroeconomic stability / fiscal health. Distortion of expenditure priority affects equality and morality. Intergenerational inequality leads to great social inequalities as revenue expenditure > capital expenditure. The excess subsidies and freebies also have detrimental effects on the environment through excessive consumption of goods, particularly in agriculture.

Eroding future of manufacturing

Subnational bankruptcy: Freebies brings back the question of differentiation between profligate and non-profligate states and whether we can have a recourse mechanism for subnational bankruptcy.

Thus, Freebies are not a road to efficiency or prosperity, but a fiscal disaster

Sudipto Mundle¹³ stresses what must be the definition of freebies and how important it is to distinguish between merit subsidies and unwarranted subsidies. There are 2 kinds of subsidies - visible and invisible i.e. Implicit and explicit.

Merit subsidies - education, health, water supply, and sanitation are justified due to the extent of externalities. While there is no social security scheme for Indians but there are tax concessions for the rich and a vast sum of non-performing assets. Pure cash grant schemes will destroy market structure and discourage active labour participation.

Ashok Gulati¹⁴ sheds light on the impact of food subsidy. He raises the question whether food transfers (free provision of food grains) under the scheme Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) and NFSA should be provided after Covid or not. He also raises concern about extending freebie in the name of welfare.

In RBI Bulletin June 2022¹⁵ clarifies that there is no precise definition of freebies but it is necessary to distinguish them from public/merit goods, expenditure on which brings economic

¹² [NK Singh writes: Freebies are a passport to fiscal disaster \(indianexpress.com\)](#)

¹³ [Sudipto Mundle writes: PM's 'revdi' remark — we need to disentangle good subsidies from bad \(indianexpress.com\)](#)

¹⁴ [The poverty debate is an opportunity for food subsidy reforms | The Financial Express](#)

¹⁵ RBI Bulletin June 2022

benefits, such as the public distribution system, employment guarantee schemes, states' support for education and health (Singh, 2022)¹⁶. On the other hand, provision of free electricity, free water, free public transportation, waiver of pending utility bills and farm loan waivers are often regarded as freebies, which potentially undermine credit culture, distort prices through cross-subsidisation eroding incentives for private investment, and disincentivise work at the current wage rate leading to a drop in labour force participation. Some freebies may benefit the poor if properly targeted with minimal leakages, but their advantages must be evaluated against the large fiscal costs and inefficiencies they cause by distorting prices and misallocating resources.

The Centre's GST compensation pay-out will come to an end in June 2022, further reducing the headroom available for social sector expenditure. In such a situation, a multitude of social welfare schemes in the form of freebies will not only put a heavy burden on the exchequer but will also exert upward pressures on yields if they are financed through market borrowing.

Freebie for one region may not be a freebie for the other region. For example water resource rich state does not need a subsidy on drip irrigation system compared to drought affected state. Therefore a freebie on drip irrigation in the former is unwanted.

Similarly with strain in finances of the government, neglecting provision of public goods, meritorious services like public health and basic education, extending any freebies / subsidies for other areas

3.8 Welfare Expenditure and Subsidies

Welfare expenditure refers to the amount of money that a government spends on social welfare programs and initiatives designed to support the well-being of needy or not-equal citizens. Different economists have defined welfare expenditure in a variety of ways, depending on their perspective and approach to economic analysis. Here are a few examples of how welfare expenditure has been defined by different economists:

.William Beveridge defined welfare expenditure as spending on programs that aim to provide comprehensive security for citizens, including healthcare, education, and unemployment insurance. Milton Friedman argued that welfare expenditure should be limited to programs that provide a safety net for those unable to provide for themselves due to circumstances beyond their control, such as disability or old age. Amartya Sen defined welfare expenditure as spending on programs that aim to enhance the capabilities and opportunities of individuals and

¹⁶ Singh, N.K. (2022). "In a free fall" The Indian Express. April 21, 2022. Available at: <https://indianexpress.com/article/opinion/columns/freebies-are-a-passportto-fiscal-disaster-7879244/>

communities, including education, healthcare, and income support. James Tobin argued that welfare expenditure should be targeted at reducing poverty and income inequality, rather than just providing a safety net for those in need. All the economists mentioned defined welfare expenditure as public spending in order to reduce the persistence of poverty or inequality in the economy;

Welfare expenditure and Subsidies:

Welfare expenditure refers to the amount of money that a government spends on social welfare programs and initiatives designed to support the well-being of its deprived citizens. These programs can include initiatives such as healthcare, education, unemployment insurance, and income support.

Subsidies, on the other hand, are financial assistance provided by the government to individuals, businesses, or organizations in the form of grants, tax breaks, or other types of financial support. Subsidies are often used to encourage the production or consumption of certain goods or services, or to support specific industries or sectors of the economy.

There is some overlap between welfare expenditure and subsidies, as both can involve government spending to support the well-being of citizens or to encourage economic activity. However, welfare expenditure is generally broader in scope and aims to support the overall well-being of citizens, while subsidies are more targeted and specific in their focus.

Pros and cons of Subsidies

Pros:

- Subsidies can help to promote economic growth and development by supporting industries that might otherwise struggle.
- They can also help to protect jobs and keep businesses from going under.
- Subsidies can help to lower prices for consumers, making goods and services more affordable.

Cons:

- Subsidies can create an uneven playing field, as some businesses may receive more assistance than others.
- They can also lead to inefficiencies, as businesses may rely on subsidies rather than trying to improve their operations.
- Subsidies can be expensive for the government to administer, and they may be funded through taxpayer dollars.
- Some people argue that subsidies distort the market and discourage businesses from competing on a level playing field.

Pros and cons of Welfare Expenditure

Welfare expenditure refers to government spending on programs that provide assistance to individuals or households in need. Here are some pros and cons of welfare expenditure:

Pros:

- Welfare programs can help to reduce poverty and inequality by providing financial assistance and support to those in need.
- They can also help to stabilize the economy by providing a safety net during economic downturns.
- Welfare programs can also help to improve health outcomes and educational opportunities for those who receive assistance.

To summarise the debate, there is hardly any distinction between subsidies and freebies. Subsidies are increasing, populist in nature and are a burden on the state exchequer. Justification of subsidies depend on affordability, externalities and welfare angle. The scope of the government as given in the constitution is so vast that every subsidy can be justified either in economic angle or welfare angle.

There are explicit subsidies and implicit subsidies. Implicit subsidies have some cost recovery by the government directly. Explicit subsidies don't have any cost recovery and are explicitly stated. Explicit subsidies are directly met from the general revenues and are not financed by the non-tax revenues such as user charges or interest recoveries.

In the context of the present study, Subsidies are defined as **'explicit payments made to individuals, and private organisations or public sector undertakings providing private goods and explicitly state expenditure categorised as subsidies in the budgetary transaction'**.

What is excluded here is expenditure on public goods (general services), expenditures in the form of provision of services for which cost recoveries are either made or not, grants in aid given to institutions or local bodies for providing services.

4. Methodology of Estimation of Explicit Subsidies

4.1 Data and Methodology:

Rao and Nath (2003) explain the distinction between how subsidies are viewed in budget documents and national accounting framework. The concept of subsidy used in the budget documents refers to the explicit payments made to producers to alter their price or output decisions or to consumers to encourage them to consume more because it is meritorious to do so.

Explicit Subsidies are defined as 'explicit payments made to individuals, and private organisations or public sector undertakings providing private goods and explicitly state expenditure categorised as subsidies in the budgetary transaction'.

What is excluded here is expenditure on public goods (general services), expenditures in the form of provision of services for which cost recoveries are either made or not, grants in aid given to institutions or local bodies for providing services.

In the budgetary documents, though explicit subsidies are separately given in the detailed demand for grants there are many other expenditures which are similar to explicit subsidies. These are mainly assistance given to Public sector undertakings for the concession given by the governments to the consumers. The local bodies, special purpose vehicles such as corporations and boards, also administer some subsidies. The subsidies implemented through PSUs are given in different object head and similarly subsidies administered by the corporations and boards are given in a different object head called grants-in-aid non-salary. One has to take care while considering grants-in-aid non-salary as many of such grants in are for service provision. For example, child care centres in social welfare and juvenile justice are sometimes directly by the social welfare department and sometimes through NGOs. The grants in aid given NGOs for this purpose are not treated as explicit subsidies. Similarly grants in aid given to local bodies are statutory in nature and also to provide basic minimum services like drinking water, street lights etc. Even such grants in aid are treated as subsidies in our estimation. Similarly assistance given to PSUs and departmental commercial undertakings also appear under different minor heads such as 190, 102, 104, 110, etc. Enough care has been taken which considering the assistance and grants in aid non-salary that they are meant for the individual beneficiaries or organisations providing private goods. They are also not for meeting expenditures that the government could have incurred in administering a scheme. Another example of such grants in aid are the ones given to educational-aided institutions.

Appendix VI of the state finance accounts is a statement of subsidies disbursed during the relevant year. This statement is expected to bring out all states' expenditures in the nature of subsidy, rather than only those classified as subsidies. There are instances where states have classified subsidies as 'other expenditure' or 'grant-in-aid' and which have, thus not been reflected in the finance accounts as subsidies. In many cases, the accounts of the recipient of assistance show it as subsidy, and therefore, it has been accounted as subsidy by the Audit report (Commercial) of the C&AG but not in the finance account. Thus, in some cases, the statement does not provide a true reflection of the aggregate subsidies provided. To be relevant, it is essential that these statements provide comprehensive data on all subsidies.

The whole of expenditure data is collected from Demand for Grants (DDGs) of the state budgets. The data is collected for all schemes and all years from major head to object head (which is the primary unit of account). The data then is reorganised according to major head, sub-major head, minor head, sub-minor head, detailed head and object head wise and then classified as under Grants-in-Aid, subsidies, assistance and scholarships.

The study tried to minimise the subjectivity in categorising data into various sub-categories. The categorisation is only based on a uniform set of principles across the schemes, years and states. I.e. if an entry is categorised as subsidy under one scheme, it is more or less remains under the same category unless the entry itself is redefined in the budget. Many of the state schemes CS and CSS¹⁷ expenditure consists of many components (Grants-in-aid non-salary, salary, subsidies to individuals, organisations and contributions). Only the components which are related to subsidies are considered for calculation of subsidies. On the other hand, certain schemes are directly in nature of subsidy at minor head level.

For example, in the budget documents of Andhra Pradesh object head 33 is explicitly stated as subsidies whereas insurance premium paid for crop insurance and health insurance or expenditure under insurance is given under object head 32. Scholarships, stipends and fee reimbursements given to students are again given under object head of 34 which are explicit payments made to individuals.

Similarly the grants in aid given to local bodies for salaries and provision of meritorious services and other statutory grants or assignments are not treated as subsidies in the present context.

¹⁷ For Example, S.H.(39) National Mission on Agricultural Extension & Technology, S.H.(41) Paramparagat Krishi Vikas Yojana

Similarly Assistance given to PSUs, cooperatives and other private institutions under minor head 190, 195, 102, 104 and 110 is considered provided they are meant for giving concessions individuals or resulting in the provision of private goods by these agencies for which they recover cost from the beneficiaries either partially or nil.

Similarly if the assistance is provided for implementation of some schemes either to implementing agencies or NGOs, is not considered as explicit subsidy. Those assistance or incentives provided to an individual or organisation, which is the nature of subsidy, are only considered.

All such expenditures which are directly given to individuals such scholarships, expenditure on Mid-day meal scheme are also included in subsidies.

Grants in aid given to educational institutions and local bodies are excluded.

4.2 Constraints In compilation of Information...

Some of the difficulties faced in the compilation of data from DDGs is that many times due to change in nomenclature, For example Andhra Pradesh Government renamed all the old age pensions in to different nomenclature and shown these pensions under Y. S. Rajasekhara Reddy (YSR) pension Kanuka. The misery here is that the assistance given to artisans like weaver, cobblers etc is also included in pensions. YSR pension Kanuka¹⁸ includes even the financial assistance given to Self Help Groups(SHG) and patients of certain specified deceases. Similarly these beneficiaries have been categorised based on their caste and the total expenditure on these pensions were routed through various caste-based corporations as grants in aid.

Similarly in other states also the assistance given to power sectors and transport sector towards either free service or concessional service is booked under different sectoral heads like agriculture, industry and social welfare.

West Bengal government provided an assistance of Rs. 50000 to each Durga puja pandal. Since this amount has gone through various cultural boards or through MLA development fund, it is not explicitly visible in the budget documents.

¹⁸ Pensions to Old Age Persons and Widows, Artists, various categories of patients, Assistance given to fishermen, toddy tappers, cobblers, dappu artists, Women SHGs, Financial assistance for studies abroad, SC ST and OBC entrepreneurs for self-employment entrepreneurships, Assistance to commercial vehicle drivers (Auto, Taxi and Trucks)

However care has been taken to consider all such explicit subsidies whether they are indicated as subsidies, assistance or grants in aid.

Estimation of subsidies for each state is given in a separate section. As the classification of subsidies in to warranted and unwarranted varies from the one looks at it, no attempt has been made to list such subsidies as unwarranted. Though literature talks about merit services which mainly include Education, health, water supply and sanitation, leaving the poverty alleviation and addressing the regional inequalities are justified in the name of welfare. Criticising the distribution of tabs and laptops before Covid pandemic is now justified in literature post Covid. Similarly justification also depends on region for example subsidising drip irrigation in drought prone and semi-arid area is justifiable compared to water rich regions. Similarly free ration supply is justifiable in times of hardships than its continuation beyond control. There also some arguments in favour of universalisation of subsidies than targeting against specific vulnerable groups.

However literature shows that any subsidy regime should follow the principles of transparency, targeting and time bound. Recent addition to these principles is that of evaluation of its effects.

4.3 Selection of States.

Due to time constraints, only 7 states have been considered for the analysis. The states are spread across geographical regions covering Northern region Punjab and Uttar Pradesh, Southern Region with Andhra Pradesh, Western region with Rajasthan, Eastern region with Odisha and West Bengal and Nagaland from north-eastern and special category states. Similarly in terms development and income level, the study cover Punjab from high income states, West Bengal and Andhra Pradesh from middle income states, Rajasthan, Uttar Pradesh and Odisha from low per capita income states. Nagaland not only represent north eastern region but also a state which is highly dependent on central transfers.

The following section analyses the finances of selected states and burden of explicit subsidies on state finances. The analysis also attempts to look at subsidies in the angle of revisiting them.

5. State Level Estimates of Explicit Subsidies

5.1 Subsidies in Andhra Pradesh

5.1.1 Fiscal Profile of Andhra Pradesh

The present Andhra Pradesh is the residual part of erstwhile Andhra Pradesh after bifurcation in 2014. The current fiscal scenario of the state indicates a dim picture, but there is a high potential for a rebound in the coming years through fiscal consolidation. Though the pandemic affected revenues, they are expected to be buoyant in 2022-23 (BE). A brief review of state finances is discussed in this section.

The revenue receipts linearly fell during the study period starting from 2017-18 (13.36% of GSDP) to 2020-21 (11.55% of GSDP). But, the revenues recovered to 12.84% of GSDP in 2021-22(RE) and expected to reach 14.27% of GSDP in 2022-23 (BE). In other words, the state is hoping for huge jump in state's revenue mobilization (around 1.43% of GSDP in 2022-23).

If we look at the compositional share of total revenue receipts of the State, around 50% of the revenues are due to central transfers (sum of tax devolution and grants-in-aid). The fall in the total revenue receipts are mainly on account of state's own tax revenues (OTR) and tax devolution during this period. The One time registration (OTR) decreased from 6.34% in 2017-18 to 5.66% of GSDP in 2020-21 but bounced back to 6.13% in 2021-22(RE) and expected to reach 6.79% of GSDP in 2022-23(BE). On the other hand, tax devolution decreased from 3.67% of GSDP in 2017-18 to 2.41% in 2020-21. It has improved marginally in 2021-22 (RE) to 2.63%.

Table-5.1.1: Fiscal Profile of Andhra Pradesh (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--------------------------------|---------|---------|---------|---------|------------|------------|
| Total Revenue Receipts | 13.36 | 13.12 | 11.49 | 11.55 | 12.84 | 14.27 |
| States Own Tax Revenue | 6.34 | 6.64 | 5.96 | 5.66 | 6.13 | 6.79 |
| Share in Central Taxes | 3.65 | 3.75 | 2.92 | 2.41 | 2.63 | 2.47 |
| Non-tax Revenue | 3.38 | 2.73 | 2.61 | 3.48 | 4.08 | 5.01 |
| State Own Non-Tax Revenue | 0.49 | 0.50 | 0.34 | 0.33 | 0.45 | 0.83 |
| Grants from Centre | 2.90 | 2.23 | 2.26 | 3.14 | 3.63 | 4.18 |
| Revenue Expenditure | 15.42 | 14.72 | 14.23 | 15.05 | 14.46 | 15.54 |
| Capital Expenditure | 1.72 | 2.29 | 1.27 | 1.87 | 1.54 | 2.29 |
| Revenue Surplus(+)/Deficit (-) | -2.05 | -1.59 | -2.74 | -3.50 | -1.63 | -1.27 |
| Fiscal Surplus(+)/Deficit (-) | -4.12 | -4.06 | -4.11 | -5.44 | -3.18 | -3.64 |
| Outstanding Liabilities | 32.35 | 26.25 | 27.37 | 30.33 | 29.98 | 29.77 |

Source: State Budget Documents and CAG Finance Accounts various years.

The grants-in-aid decreased from 2017-18 to 2019-20 despite the generous RD grants provided by the 14th FC. Revenue deficit grants have increased from Rs. 4430 Crore in 2017-18 to Rs. 5897 in 2020-21(RE). But, interestingly, 15th FC did not award any RD grants to Andhra Pradesh for the years 2024-25 and 2025-26. This may affect revenue flows of the state in the coming years.

Within own revenues, own tax revenues from GST are expected to increase in the coming years. This is because, GST is now stabilised and revenues are growing linearly across all the categories and this will help the states and the union government to mobilise higher revenues. Other revenue yielding taxes include excise and stamp duty and registration taxes, which the state is already collecting a sizable amount and the scope for additional revenue mobilisation is marginal.

The states' non-tax revenues consistently fell from 0.49% in 2017-18 to 0.33% in 2020-21 expected to grow to 0.83% of GSDP in 2022-23(BE). Forestry, wildlife, non-ferrous mining, metallurgical industries and other administrative services contributed majorly for own non-tax revenues.

In the pandemic year, 2020-21, Andhra Pradesh reported a revenue deficit of -3.5%, which is 0.84% higher than 2019-20 (-2.7%). The state generally maintained revenue deficit around -1.6% to -2% over the years. On the other hand, fiscal deficit stood at -4.12% in 2017-18. However, the pandemic pushed fiscal deficit to -5.44% in 2020-21. The state could curtail FD in 2021-22RE (-3.18%) but it is expected to grow again to -3.64% in 2022-23BE which is worrisome. The state should aim to curtail FD and to bring back within the FRBM limits at the earliest. The state has huge potential to grow due to its strong agricultural, fisheries and mineral resources. It should rebound its economic activities and focus on high revenue mobilisation and expenditure rationalisation.

The limit to outstanding liabilities as percentage of GSDP under FRBM is generally 25%. Now with the additional 2% flexibility, it is increased to 27% of GSDP. Unfortunately, the state's debt-GSDP ratio is gradually increasing over the years (32.35% in 2017-18, 26.25% in 2018-19 and 27.37% in 2019-20 and 30.33% in 2020-21). The outstanding liabilities are expected to decrease marginally and reach 29.77% in 2022-23 (BE).

The revenue expenditure was 15.42% of GSDP and capital outlay was 1.72%% in 2017-18. Revenue expenditures constitutes the major share of total expenditures over the years, while capital outlays are constantly around 2% of GSDP. General and social services constitutes

higher share than economic services over the years (Table-). The general and social services under Revenue expenditure are expected to increase from 4.92% and 6.86% of GSDP in 2020-21(RE) to 5.09% and 8.22% of GSDP in 2021-22(BE). But, under capital outlay, the general services will decrease from 0.65% of GSDP in 2020-21(RE) to 0.19% of GSDP in 2021-22(BE). Whereas social services are expected to increase from 0.55% of GSDP in 2020-21(RE) to 1.03% of GSDP in 2021-22(BE).

Table-5.1.2 Expenditure Pattern of Andhra Pradesh (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 15.42 | 14.72 | 14.23 | 15.05 | 14.46 | 15.54 |
| 1. General Services (of which) | 4.97 | 4.67 | 4.68 | 4.83 | 4.01 | 4.04 |
| Interest Payments & Servicing of Debt | 1.81 | 1.80 | 1.83 | 1.97 | 1.83 | 1.63 |
| Pensions & Other Retirement Benefits | 2.07 | 1.75 | 1.80 | 1.72 | 1.08 | 1.29 |
| 2. Social Services (of which) | 7.53 | 7.36 | 7.05 | 6.51 | 6.90 | 8.06 |
| Medical & Public Health | 0.79 | 0.83 | 0.76 | 0.88 | 1.08 | 0.89 |
| Education, Sports, Art & Culture | 2.50 | 2.21 | 2.72 | 2.05 | 1.89 | 1.94 |
| Health & Education | 3.69 | 3.22 | 3.56 | 2.93 | 3.09 | 2.91 |
| Welfare of Scheduled Caste, Tribes & Backward Classes | 1.24 | 0.62 | 2.24 | 2.21 | 2.11 | 3.39 |
| Labour & Employment | 0.03 | 0.06 | 0.03 | 0.03 | 0.06 | 0.06 |
| Social Security & Welfare | 1.28 | 2.32 | 0.40 | 0.35 | 0.33 | 0.23 |
| Nutrition | 0.44 | 0.11 | 0.15 | 0.14 | 0.27 | 0.42 |
| Welfare | 2.98 | 3.12 | 2.81 | 2.72 | 2.77 | 4.10 |
| 3. Economic Services (of which) | 2.91 | 2.68 | 2.50 | 3.71 | 3.55 | 3.44 |
| Agriculture & Allied Services | 0.93 | 0.97 | 0.69 | 1.12 | 0.96 | 0.97 |
| Rural Development | 1.02 | 0.85 | 0.78 | 1.25 | 0.92 | 1.07 |
| Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Irrigation & Flood Control | 0.08 | 0.07 | 0.06 | 0.07 | 0.09 | 0.05 |
| Agriculture, Irrigation & Rural Development | 2.03 | 1.89 | 1.53 | 2.44 | 1.97 | 2.09 |
| Energy | 0.43 | 0.22 | 0.71 | 0.59 | 0.98 | 0.70 |
| Industry and Minerals | 0.20 | 0.12 | 0.04 | 0.13 | 0.11 | 0.11 |
| Capital Expenditure | 1.72 | 2.29 | 1.27 | 1.87 | 1.54 | 2.29 |

Source: State Budget Documents and CAG Finance Accounts various years.

To sum up higher debts, revenue deficits leave little for the capital expenditure resulting the borrowing funds financing the revenue expenditures. Investment in infrastructure and capital expenditure lead to growth and further enhances the own revenues. As discussed earlier, Increasing interest burden, and other committed expenditure like salaries, pensions, contribution to centrally sponsored schemes and statutory fiscal transfers to local bodies leave very little fiscal space for other expenditures under revenue expenditures. There are enough subsidies and other welfare expenditure covered under centrally sponsored schemes. For

example, Mid-day meals scheme, PDS and free ration, much of child nutrition, certain welfare expenditures like old age pensions and scholarships are part of CSS. The problem here is that the state not only contributes its share under these centrally sponsored schemes but also spends additionally either by hiking the benefit or expanding the beneficiaries beyond the limits prescribed by the central funding.

5.1.2 Estimation of Explicit Subsidies in Andhra Pradesh

All the explicit subsidies are the explicitly stated expenditure under (the object heads specified in the methodology section) Subsidies, assistance given to PSUs and other boards, grants in aid given for provision of assistance or subsidies to the targeted group. Detailed list is given in Appendix A1. The following table provides the broad aggregates of subsidies under the different sectors in social and economic services. The state government is providing subsidies to different sectors. The majority of the subsidies go to sectors like social welfare, agriculture & allied Services, energy and industry. From 2019, most the subsidies are the direct results of the election promises (called as Navaratnalu, Which includes Crop Insurance, Interest-Free Loans, 9 Hours free power, amma vadi etc) made by elected government.

Table 5.1.3: Explicit Subsidies across Major sectors in Andhra Pradesh

In Crore

| No | Item | 2018-19 | 2019-20 | 2020-21 | 2021-22RE | 2022-23BE |
|----|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1 | Agriculture Sector | 1564.63 | 4764.58 | 6726.80 | 6857.70 | 8003.72 |
| 2 | Industry | 708.33 | 170.68 | 1029.19 | 1158.79 | 1222.80 |
| 3 | Loan Waiver & Interest Subsidies | 12705.49 | 1623.63 | 2315.71 | 1351.28 | 1181.99 |
| 4 | Other Social Welfare Subsidies* | 1129.34 | 1847.52 | 2671.04 | 1677.83 | 2025.50 |
| 5 | Pensions | 11276.58 | 7351.47 | 18531.15 | 40139.53 | 13520.57 |
| 6 | Power | 300.01 | 7080.82 | 6297.75 | 12063.32 | 9809.13 |
| 7 | Transport | 0.00 | 76.34 | 4.48 | 2.35 | 0.00 |
| 8 | Insurance | 1602.50 | 1495.88 | 1224.70 | 2397.11 | 2672.12 |
| 9 | PDS/Food Subsidies | 200.00 | 692.21 | 0.92 | 1844.40 | 3301.03 |
| 10 | Scholarships | 3464.24 | 5256.92 | 2545.14 | 3416.66 | 5325.18 |
| 10 | Mid-day Meal | 261.59 | 330.30 | 431.15 | 576.43 | 672.19 |
| 11 | Other Subsidies | 1840.64 | 702.36 | 351.26 | 1369.21 | 1535.88 |
| A | Total Subsidies | 35053.35 | 31392.71 | 42129.29 | 72854.62 | 49270.12 |
| a | of which DBTs | 11256.58 | 7346.47 | 18128.34 | 40043.88 | 13209.42 |
| B | Revenue Expenditure | 128569.45 | 137474.54 | 152676.64 | 173817.84 | 208261.26 |
| C | Revenue Deficit | 13898.60 | 26440.52 | 35540.46 | 19545.13 | 17036.15 |

Source: Authors Calculations

Note: Other Social Welfare Subsidies for Victims/Destitute/ Disabled/ Unemployed

It is clearly visible from the table that total explicit subsidies are always higher than the revenue deficit. Nearly one-third of the explicit subsidies are direct benefit transfers in 2018-19 and increased by more than half in the later years. About Rs. 40044 Crore of the Rs.72854 Crore explicit subsidies are direct benefit transfers. Of these direct benefit transfers the dominating

are the pensions and scholarships. Here pensions include the various type of assistance given to various artisans like cobblers, weavers etc. Details of subsidies are in discussed sector wise.

Explicit Subsidies in Agriculture Sector: As mentioned above, Agriculture is one of the key sectors where good amount of subsidies are flowing in. Andhra Pradesh is the agricultural state, and the agricultural sector contributes around 30% of GSDP. Given the importance of this sector, the state government is providing subsidies at various stages of backward and forward linkages in the Agricultural. In the pre-harvest, the state interventions are in the form of provision of inputs (free seeds, fertilizers and power), financial support (credit at free or concessional rates and farm support). In post-harvest, the state is providing price stabilisation and marketing support. The state also implemented debt Relief and loan Waiver of Agricultural Loans (schemes like Annadata Sukhibhava) worth around Rs. 3000 Crore in 2018-19. Incidentally, this is just before the state elections in 2019.

Dr.YSR Rythu Bharosa- PM Kisan is the flagship program which provide financial assistance of Rs.13,500/- per farmer family per year (of which Rs.6000/- is provided from PM-KISAN). This is primarily to address farmer distress and suicides. The scheme covered 46.69 Lakh farmer families (of which 1.58 Lakh are landless tenants) in 2019-20. The coverage has increased to 52.4 Lakh farmer families by 2022-23(BE). The state is spending Rs. 3900 Crore in 2022-23(BE) on this scheme.

To face issues of chaotic weather conditions schemes like free crop insurance to farmers help to offset the financial loss. The YSR – Prime Minister Fasal Bima Yojana(PMFBY) is a scheme that provides crop Insurance to the farmers for the loss due to natural calamities. The scheme has benefitted 46.47 Lakh farmers for the crop damage in 19.57 Lakh ha during Rabi 2019-20. The Union and the state governments share the insurance premium as this is a centrally sponsored scheme. The number of beneficiaries as approved in PMFBY is a mere 13.33 Lakh against the state's list of 46.67 Lakh

To address the marketing issues that the farmers face, Andhra Pradesh Government created a Price Stabilization Fund (PSF) in 2018-19. This fund supports market intervention to benefit farmers and get good returns on their produce. The state is allocating around 300 Crore every year for this scheme since 2018-19. However, the details of these expenditures are not available in budget documents.

The Fisheries sector contribute in a big way to Andhra Pradesh economy. “Y.S.R. Matsyakara Bharosa” is the flagship scheme to providing relief to marine fishermen during fishing ban. A monetary relief of Rs.4000 in 2018-19 increased to Rs. 10000/- in 2021-22. The scheme covers around 102332 fishermen families in 2019-20. The state also enhanced oil subsidy to fishing boats from Rs.6.03 per litre to Rs.9.00 per litre to benefit 19,796 boats in 2019-20. The state also provides financial support of Rs. 10 Lakh to deceased fishermen (while fishing). This amount was earlier Rs.5.00 Lakh. Power tariff

concession was provided to aquaculture by reducing the unit rate from Rs.3.86 to Rs.1.50 to benefit 53,500 aqua farmers.

Explicit subsidies in Industry Sector: Generally, in the stages of economic transformation, the states transform from agriculture to Industry to services. Andhra Pradesh has a huge potential due to abundant physical and quality human resources. Andhra Pradesh state is making efforts towards Industrialisation from an agrarian economy. Visakhapatnam–Chennai Industrial Corridor (VCIC) (Which is part of the East Coast Economic Corridor) and The Chennai-Bangalore Industrial Corridor (CBIC). CBIC are some directions in this regard.

It is found that the state is providing some incentives to Industries in general and have dedicated schemes to the S.C. Entrepreneurs for Industrial Promotion, Micro Small and Medium Enterprises (MSMEs), handloom and textile Promotion. The MSME sector received around Rs. 673.25 Crore in 2020-21 and Rs. 450 Crore in 2022-23(BE). At present, the state incentives to the industry is more in the form of providing free or concessional power and access to credit..

The state has given good attention to “Start-ups” in 2018-19 and 2020-21 with allocations amounting to Rs.785.36 Crore and Rs. 1100 Crore. Somehow, the allocations fallen down over the next three years (around Rs. 300 Crore).

Interest Subsidies across various sectors: The state is providing various interest subsidies to different sections. Majority of these subsidies are going to SHGs. Andhra Pradesh is a pioneer in Self-Help groups movement in India. Around 85.48 Lakh rural women were institutionalised into 8.20 Lakh SHGs in 2019. The number of SHGs are around 8.5 Lakh in 2022-23(BE). This reflects in subsidies that the state is providing to these groups. In 2018-19, Rs. 9680.53 Crore were provided as Financial Assistance to Development of Women and Children in Rural Areas (DWCRA) SHG Groups. The state aim to strengthen the economic development of poor SHG women by reducing interest burden on the rural and urban SHGs bank loans. Hence, the state is providing an interest subvention programme under YSR Vaddileni Runalu (zero interest loans). Under YSR Asara Scheme, the outstanding bank loans of SHGs are reimbursed in 2019-20. This benefitted around 78,74,438 SHGs members. On the whole, the SHGs constantly received assistance in various forms over the years.

Explicit Subsidies under Power Sector: When it comes to energy subsidies, a sharp increase in subsidy amounts are indicated in the energy sector from 2019-20. The state is providing free power subsidies to various sections. The “Y.S.R Nine Hours Free Power Supply” is the flagship program which provide free power to agriculture. This is a big ticket item to the state exchequer worth Rs. 4919.85 Crore in 2019-20. This has increased to Rs. 8591.36 Crore in 2021-22 (RE) and is proposed to be around Rs. 4500 Crore in 2022-23(BE). The state is planning to extend this to non-corporate farmers irrespective of their landholdings, but the rationale for this is not clearly stated in the budget. The state is also providing power at concessional rates (tariff at Rs. 1.50) to Aquaculture farmers. Free power is

provided to SC/ST domestic consumers up to 200 units per month. The state government has established Andhra Pradesh Green Energy Corporation Ltd.(APGECL) to develop 10,000 MW capacity solar power projects in the state to provide free power supply to the Agriculture sector and lift irrigation schemes and ensure nine hours day time free power supply to the Agriculture sector on a sustainable basis.

The state also provides assistance of around Rs.1600 Crore in 2018-19 to Rs. 5000 Crore (2022-23BE) to power DISCOMS (distribution companies) like Andhra Pradesh electricity board and transmission Corporation Ltd for Compensating the losses under UDAY Scheme and servicing Vidyut Bonds etc.

Explicit Subsidies in Public Transport Sector: The biggest change in the public transportation sector is the conversion of Andhra Pradesh Road Transport Corporation (APRTC) into the state government department called Public Transport Department in 2019. The major impact this decision is bearing the losses of RTC and debt burden by the government. However, this is in transition phase and no such estimate of this burden is available in public domain. The major subsidy in transport is the reimbursement to Road Transport Corporation on account of Bus Passes at Concessional rates to Government servants, which are costing around Rs. 40 to 50 Crore every year. The also provide assistance to APSRTC for new bus purchase occasionally though it is not a regular event (Rs. 50 Crore in 2019-20).

Subsidies to cover Health Insurance scheme: Dr.YSR Aarogyasri is a flagship scheme which provide free health insurance to families with an annual income up to 5 Lakh. No of Health Cards issued under this scheme increased from around 67 Lakh in 2019 to 1.4 Crore by 2022-23 (BE). Over the years, the no of diseases/ procedures under this scheme are expanded (from 1,059 in 2019 to 2,446 in 2022-23) to make it more universal. The state allocated Rs. 1300 Crore in 2018-19 and this has increased to Rs. 2300 Crore by 2022-23(BE).

Subsidies Under Food Subsidies (PDS and Mid-day Meal) : Public PDS and Mid-day Meal are the biggest food subsidies programmes in India. The inefficiencies and outcomes are well-researched in India. The state is implementing PDS across the state and trying to implement door-step delivery option to reduce leakages. At present, there are around 29,784 Fair Price Shops in the state and each shop on average serves 495 families. Now, “One Nation and One ration card” showing good results which need to harness in other food distribution schemes or rationalise all the food distribution schemes into one universal scheme across the nation and state.

When it comes to Mid-day Meal scheme, the state has spent 261.58 Crore in 2018-19 which has increased to Rs. 672.19 Crore in 2022-23(BE). The scheme covered 36.88 Lakh children during 2019-20. The state is also experimenting with the menu by including local foods.

Assisting the Education through Subsidies (Scholarships and other Benefits): The state government is providing Scholarships to different sectors in various forms (Scholarships, stipends, fee

reimbursement etc) to Scheduled Caste, Scheduled Tribes & Backward Classes and Pre-Matric Scholarships and to study abroad etc.

The total Scholarships amounts to Rs. 3464 Crore in 2018-19 and increased to Rs. 5256.92 Crore in 2021-22 (as a percentage of revenue expenditure they stood at 2.69% in 2018-19, 3.82% in 2019-20) and Rs. 5325.18 Crore in 2022-23(BE). From 2020-21, majority of the scholarships are converted and clubbed into Direct Benefit Transfers(DBTs) under YSR Pension Kanuka. The government also provides reimbursement of full fee to all eligible students studying ITI, Polytechnic, and Degree & above level courses, as fixed by the competent authorities under Jagananna Vidya Deevena (RTF). These schemes have benefited around 4.68 Lakh students studying various technical courses like engineering and other diplomas during 2019-20.

Other Social Welfare Subsidies for Victims/Destitute/ Disabled/ Unemployed: In the wake of pandemic and floods in the state, the relief was provided mainly in the form of cash doles, food and clothing, housing, assistance to Farmers for Purchase of livestock and assistance for repairs/replacement of damaged tools and equipment, fishing. The state spent around Rs. 2600 Crore in 2020-21, Rs. 2000 Crore in 2021-22 and around Rs. 1000 Crore in 2022-23(RE). The state is also providing free insurance cover under YSR BIMA to 1.32 Crore poor families.

Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes and Social Welfare are main sectors where majority of subsidies are provided.

Direct Benefit Transfers in Andhra Pradesh:

It is clearly visible from the table that total explicit subsidies are always higher than the revenue deficit. Nearly one-third of the explicit subsidies are direct benefit transfers in 2018-19 and increased more than half in the later years. Nearly Rs. 47120 Crore of the Rs.72854 Crore explicit subsidies are in the form of direct benefit transfers.

Table 5.1.4-Direct Benefit Transfers

| Description | 2018-19 | 2019-20 | 2020-21 | In Rs. Lakh | |
|--|---------|---------|---------|-------------|------------|
| | | | | 2021-22RE | 2022-23 BE |
| Pensions to Old Age Persons and Widows | 984944 | 0 | 1332645 | 1660145 | 1014767 |
| Old Age Pensions to Artists | 0 | 0 | 7685 | 1923 | 1110 |
| Pensions to Single Women | 7630 | 0 | 44195 | 60254 | 42496 |
| Pensions to AIDS Patients | 5220 | 0 | 17162 | 15554 | 3551 |
| Pension to Patients | 0 | 0 | 15439 | 46556 | 19641 |
| Pensions to Disabled Persons | 117080 | 0 | 215634 | 279466 | 172018 |
| Pensions to Fishermen | 3121 | 10560 | 20695 | 27315 | 17209 |
| Pensions to Toddy Tappers | 3788 | 0 | 9666 | 9114 | 10074 |
| Pensions to Traditional Cobblers | 1200 | 6160 | 9917 | 10686 | 10340 |

| Description | 2018-19 | 2019-20 | 2020-21 | 2021-22RE | 2022-23 BE |
|---|----------------|---------------|----------------|----------------|----------------|
| Pensions to Dapper Artists | 2500 | 6490 | 9736 | 25571 | 16713 |
| Pension to Sainik Welfare Pensions | 0 | 0 | 0 | 397 | 221 |
| Aasara - Loans to Women Cooperative Societies | 0 | | | 625397 | 0 |
| Vahana Mitra | 0 | 21147 | 24222 | 28231 | 0 |
| Jagananna Chedodu | 0 | 25004 | 28127 | 28213 | 0 |
| Nethanna Nestham | 0 | 17459 | 18403 | 20614 | 0 |
| Jagananna Thodu | 0 | 0 | 1635 | 2496 | 0 |
| Law Nestham | 0 | 0 | 1453 | 22 | 0 |
| Kapu Nestham | 0 | 0 | 50704 | 97944 | 0 |
| Pension Kanuka to Backward Classes | 0 | 0 | 0 | 198 | 200 |
| Pensions to Transgender | 175 | 0 | 551 | 1488 | 2 |
| Incentives to Imams and Mouzans | 0 | 0 | 0 | 7885 | 12600 |
| Amma Vodi | 0 | 623338 | 268 | 595698 | 0 |
| Cheyuta | 0 | 0 | 0 | 396117 | 0 |
| Economic Support - Backend Subsidy to Mobile Dispensing Units | 0 | 0 | 4838 | 4104 | 0 |
| EBC Nestham | 0 | 50000 | 0 | 59000 | 0 |
| Total Direct Benefit Transfers | 1125658 | 760158 | 1812975 | 4004388 | 1320942 |

Majority of the state transfers to different sections of the society are going through “YSR Pension Kanuka”. YSR Pension Kanuka is the flagship program under which various DBTs are administered for different sections. There are about 23 schemes under this umbrella program. The study included all related DBTs under Major heads 2225, 2235 and 2250. Even Fees reimbursement schemes are also brought under this scheme. The total amount disbursed under this scheme is huge. This has increased from Rs. 11256.58 Crore in 2018-19 to Rs. 40043 Crore in 2021-22(RE).

It is clear from the table below that there are many incentives under DBT started from 2019-20 after winning the election in Andhra Pradesh mainly promises made during the elections under *navarathnalu* (nine jewels).

Andhra Pradesh government constituted various corporation for each of the castes in Andhra Pradesh and channelled all the incentives given to various sections of the population through these corporations. Any assistance given to individuals or groups is called YSR Pension Kanuka though many of them are not really pensions. Though old age pensions and disability pensions are part of National Social Assistance Scheme(NSAP), many other categories of beneficiaries are added to these pensions such as different category of patients, Artisans, widows below the age of 60, divorcee single women etc. Added to these Andhra Government initiated new schemes of providing interest-free loans to Women SHGs in name ASARA (meaning helping hand), financial assistance to various artisans like cobblers, barbers, goldsmiths etc., and also various self-employed such as auto drivers, tax drivers. In addition to this SC ST and OBC entrepreneurs have been given one-time assistance to be self-employed.

Most of these schemes were administered through corporations. New initiatives through various new schemes resulted in an increase of Rs. 1530 Crore in 2019-20 to 2295 Crore and 9244 Crore in 2020-21 and 2021-22 RE respectively.

Of the new initiatives, Amma Vodi is a burden on the state exchequer. The Government of Andhra Pradesh state has recently created a new scheme which is known as the **Amma Vodi Scheme (Scholarship)**. Under this scheme, poor and needy mothers of the state will be given monetary funds so that they can educate their children to escape poverty. 43 Lakh mothers are provided financial assistance under this scheme. The scheme is open to people studying in Class 1st to Class 12th in government or private schools. The scheme was started in the year 2019 for the academic year 2019-2020, the government sanctioned Rs. 349.53 Crore to benefit 42.33 Lakh mothers. In the academic year 2020- 21 the government has sanctioned a number of Rs. 6673 Crore benefitted 44.49 Lakh mothers. The estimates shown in the budget for the year 2021-22RE is 5956 Crore.

5.1.3 Conclusions:

One of the major issues in subsidy regime Andhra Pradesh is poor targeting and transparency. There are multiple schemes befitting the same set of beneficiaries. Under Asara scheme a women get interest free loan through SHG and the same women gets benefit for sending her children to schools under Asara, and also financial assistance for being single women or divorcee.

Secondly the new government in 2019-20 introduced various resulted in various new schemes which has cost the exchequer additionally Rs. 2295 Crore and Rs. 9244 Crore in 2020-21 and 2021-22 RE respectively. Giving monthly assistance to various artisans and self-employed or unemployed is an additionality in addition *Asara* loans (interest free), *Amma vodi* (assistance to Women, *Jagananna Thodu* (assistance to SC ST Entrepreneurs).

The “Y.S.R Nine Hours Free Power Supply” is the flagship program which provide free power to agriculture, which costs the state exchequer nearly Rs. 5000 Crore annually and is increasing. Taking over Road Transport Corporation, a PSU as state departmental undertaking will cost huge liability on the accumulated losses in addition owning the liabilities of corporation which is yet to be clear.

5.2 Subsidies in Punjab

5.2.1 Fiscal Profile of Punjab:

Punjab is one of the prominent northern agrarian states of India. Its contribution to agriculture and the Indian economy has been remarkable and made India self-reliant in food. Punjab is the food bowl of India. With 1.53% of the country's area, Punjab contributed 29% of rice and 38% of wheat in central food grains of the nation. The State of Punjab has been the trendsetter in terms of agriculture development and also the pioneer of the Green Revolution in India. Apart from producing the best quality of cotton, wheat and rice in India, Punjab also houses some major industries such as Cycle, Sports Goods and Hosiery etc. The State achieved the target of 100% electrification in 1976 and has made large investments in providing basic infrastructure like roads, safe drinking water, school education and health to its citizens much ahead of the other states. This has provided the requisite impetus for high growth during 1960s-1980s.

Punjab, number one in Per Capita Income across the country for a long time, has now lost the race to other states. The State slid from the top to the 11th position on Per Capita Income ranking. States like Maharashtra, Kerala, Tamil Nadu, Karnataka, Gujarat, Haryana and even Himachal Pradesh have surpassed Punjab on the Per Capita Income parameter.

The GSDP of Punjab for the year 2021-22 at current prices stood at ₹5,73,763 Crore, which is 8.32% higher than that of the previous year, while the national growth stood at 8.90%. The GSDP for FY 2022-23 is pegged at ₹6,29,834 Crore, i.e. an increase of 9.77% over the previous year. In Punjab's economy, agriculture sector is still a significant contributor, i.e. 24.83% of the GSDP. The contribution of the service sector and industrial sector is 50.63% and 24.54%, respectively.

Effective Outstanding Debt of Punjab stands at ₹2.63 lac Crore as per 2021-22 (RE). In addition, State Agencies /PSUs /Boards /Corporations have a debt close to ₹55,000 Crore, out of which the State Government has guaranteed around ₹22,250 Crore. In the last five years, from FY 2016-17 to FY 2021-22, the Debt of the State has grown by 44.23% and stood at 45% of GSDP in 2022-23.

The State's Own Tax Revenue has decreased from 6.46% of GSDP in 2017-18 to 5.55% on 2020-21, indicating a perceptible decline in the State's ability to raise resources internally and higher reliance of State Finances on transfer from the Union Government. The less-than-expected buoyancy in GST, State Excise, Taxes on Vehicles, Stamps & Registrations, and

Mining etc. is a tell-tale sign of market failure and faulty policies across these revenue generating sectors.

Table-5.2.1: Fiscal Profile of Punjab (per Cent of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|---------|---------|---------|---------|---------------|---------------|
| Total Revenue Receipts | 11.25 | 12.15 | 11.40 | 12.75 | 13.65 | 15.14 |
| States Own Tax Revenue | 6.46 | 6.16 | 5.55 | 5.55 | 6.38 | 7.24 |
| Share in Central Taxes | 2.25 | 2.34 | 1.91 | 1.96 | 2.40 | 2.34 |
| Non-tax Revenue | 2.54 | 3.65 | 3.93 | 5.24 | 4.87 | 5.56 |
| State Own Non-Tax Revenue | 0.92 | 1.48 | 1.23 | 0.77 | 0.95 | 1.00 |
| Grants from Centre | 1.62 | 2.17 | 2.70 | 4.47 | 3.92 | 4.56 |
| Revenue Expenditure | 13.26 | 14.71 | 14.04 | 15.94 | 17.17 | 17.14 |
| Capital Expenditure | 0.50 | 0.47 | 3.30 | 0.81 | 1.69 | 1.74 |
| Revenue Deficit Surplus(+)/Deficit (-) | -2.01 | -2.56 | -2.64 | -3.19 | -3.52 | -1.99 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -2.65 | -3.13 | -3.11 | -4.17 | -5.44 | -3.78 |
| Outstanding Liabilities | 38.76 | 38.08 | 39.23 | 42.40 | 43.56 | 44.91 |

Source: State Budget Documents and CAG Finance Accounts various years.

Increasing revenue expenditure and stagnant revenue receipts have resulted in huge revenue deficits. The state's revenue deficit has increased from 2.01% of GSDP in 2017-18 to 3.52% in 2021-22 RE, leaving very little borrowings for capital expenditure. Fiscal Deficit stood at 5.44% of GSDP in 2021-22. The capital expenditure has been less than 1% of GSDP from 2017-18 to 2022-23. The revenue expenditure has increased from 13.26% in 2017-18 to nearly 17% in 2021-22 RE.

Revenue expenditure is again dominated by the committed expenditures like interest payments, pensions, salaries. Nearly 20% of revenue expenditure is on interest payments and another 15% is on pensions. If we include statutory grants to local bodies, the committed expenditure is nearly 80% of the revenue receipts leaving very little for the state to have any liberty to expand the activities that increases revenue expenditure and bring down revenue deficits. Composition of revenue expenditure in the table below clearly indicates that nearly half of the revenue expenditure is on non-developmental expenditure i.e., General services. If one excludes the salaries in social and economic services the actual developmental expenditure is minuscule in revenue expenditure. Increasing assistance to PSU for the losses and subsidies, particularly to power and transport, is one of the main concerns.

It is, therefore, necessary to look into various subsidies and assistance provided by the Punjab Government.

Table-5.2.2 Expenditure Pattern of the Punjab (per Cent of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 13.26 | 14.71 | 14.04 | 15.94 | 17.17 | 17.14 |
| 1. General Services (of which) | 7.32 | 7.21 | 7.15 | 7.99 | 7.95 | 7.81 |
| Interest Payments & Servicing of Debt | 3.26 | 3.18 | 3.30 | 3.52 | 3.51 | 3.35 |
| Pensions & Other Retirement Benefits | 2.17 | 1.97 | 1.91 | 2.53 | 2.38 | 2.40 |
| 2. Social Services (of which) | 3.28 | 3.57 | 3.61 | 4.00 | 4.92 | 4.81 |
| Medical & Public Health | 0.58 | 0.61 | 0.63 | 0.69 | 0.79 | 0.80 |
| Education, Sports, Art & Culture | 1.98 | 1.97 | 2.01 | 2.21 | 2.31 | 2.33 |
| Water Supply & Sanitation | 0.08 | 0.07 | 0.08 | 0.09 | 0.10 | 0.12 |
| Health & Education | 2.64 | 2.65 | 2.72 | 3.00 | 3.20 | 3.26 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.06 | 0.12 | 0.08 | 0.11 | 0.13 | 0.15 |
| Labour & Employment | 0.05 | 0.04 | 0.05 | 0.05 | 0.06 | 0.07 |
| Social Security & Welfare | 0.37 | 0.51 | 0.56 | 0.59 | 0.99 | 1.00 |
| Nutrition | 0.01 | 0.02 | 0.02 | 0.03 | 0.03 | 0.04 |
| Welfare | 0.48 | 0.70 | 0.71 | 0.77 | 1.21 | 1.26 |
| 3. Economic Services (of which) | 2.38 | 3.49 | 2.69 | 2.85 | 3.51 | 3.86 |
| Agriculture & Allied Services | 1.59 | 2.41 | 1.55 | 1.53 | 1.80 | 1.78 |
| Rural Development | 0.07 | 0.09 | 0.08 | 0.12 | 0.14 | 0.16 |
| Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Irrigation & Flood Control | 0.25 | 0.23 | 0.22 | 0.19 | 0.19 | 0.18 |
| Agriculture, Irrigation & Rural Development | 1.91 | 2.72 | 1.85 | 1.84 | 2.12 | 2.12 |
| Energy | 0.28 | 0.43 | 0.30 | 0.40 | 0.73 | 1.02 |
| Industry and Minerals | 0.01 | 0.14 | 0.34 | 0.39 | 0.43 | 0.49 |
| Capital Expenditure | 0.50 | 0.47 | 3.30 | 0.81 | 1.69 | 1.74 |

Source: State Budget Documents and CAG Finance Accounts various years.

5.2.2 Explicit Subsidies in Punjab

Explicit subsidies under various categories are given in Table 5.2.3. Subsidies under the power sector and various loan waivers are major subsidies in Punjab in addition to expenditure under transport. Punjab Roadways is a departmental commercial undertaking, and losses incurred in operation public transport are an implicit subsidy not considered in this estimate. All the cash transactions (both Revenue and Expenditure) of roadways is included in the consolidated fund of the State. Some of major schemes introduced by the Punjab are given Appendix Table 5.4.

Table 5.2.3 -Major Explicit Subsidies in Punjab

In Rs. Lakh

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|----------------|----------------|----------------|----------------|----------------|
| LOAN WAIVER | 430847 | 58133 | 19146 | 77301 | 112900 |
| Debt relief to farmers | 423794 | 55533 | 0 | 59000 | 37900 |
| POWER SECTOR | 852570 | 779550 | 864861 | 1168992 | 1401144 |
| Farmers | 632882 | 606027 | 606120 | 674556 | 695241 |
| Industry | | 13871 | 39800 | 45434 | 47593 |
| Rural electrification | 210619 | 159652 | 161031 | 438302 | 639508 |
| DBTs | 21019 | 33388 | 24470 | 69630 | 29309 |
| Subsidy Scheme for Cane Price Payment to the Cane Farmers | | 13662 | | 17500 | 0 |
| Grant In Aid Information And Communication Technology (ICT) Project - For smart phones\ | 0 | 0 | 0 | 9400 | 0 |
| Assistance to Artisans for repairs/Replacement of Damaged Tools and Equipment | 0 | 0 | 4462 | 23100 | 10000 |
| <i>Ashirwaad scheme</i> (social security welfare) - marriage assistance scheme for SC girls/widows/divorcees and daughters of widows | 11898 | 7072 | 18787 | 15500 | 15000 |
| <i>Mai Bhago Vidya (Edu)</i> Scheme - Free Bicycle To All Girls Students studying In Class 9th To 12th Class | 2000 | 2009 | 0 | 1 | 1 |
| TRANSPORT | 12074 | 11192 | 17914 | 4270 | 10504 |
| Travel concession to Students, Journalists, patients and others | 12074 | 11192 | 17914 | 4270 | 10504 |
| SCHOLARSHIPS | | | | | |
| Gen education + Medical education + Skill & Training | 45846 | 35746 | 40879 | 63079 | 89554 |
| OTHER SUBSIDIES | 272631 | 398802 | 429820 | 731623 | 771590 |
| Project for Underground Pipeline System for irrigation water in canal commands in 11Districts National Bank for Agriculture and Rural Development (Rural Infrastructure Development Fund- XXII) | 968 | 1120 | 2471 | 5355 | 2000 |
| Incentives under various Industrial Policies | 61787 | 161349 | 160849 | 191640 | 213961 |
| Pilot Project of Solarisation | | | | 10000 | 1 |
| Prime Minister Formalization of Micro Food Processing Enterprises | | | | 1401 | 2000 |
| National Social Assistance Programme | 177791 | 211601 | 229970 | 452158 | 468357 |
| <i>Pradhan Mantri Awaas Yojana</i> (PMAY) Housing for All - Assistance to beneficiaries for construction | 4039 | 3066 | 18033 | 40677 | 51607 |
| EDE-03- Mid Day Meal | 8374 | 10379 | 13300 | 16535 | 17974 |
| Medical Insurance Scheme For Poor People | 11300 | 5000 | 0 | 0 | 0 |
| GRAND TOTAL | 1634986 | 1316810 | 1397089 | 2114895 | 2415001 |

Debt relief given to farmers is one of the major explicit subsidies. Total loan waivers were Rs. 4308 Crore in 2018-19. These loan waivers have been continuous feature though the volume

is coming down. Loan waiver to agricultural farmers was a poll promise in 2017. Other than farm loan waivers, assistance to Punjab state industrial development corporation and State Cooperative development bank have been prominent. The total loan waivers was Rs. 773 Crore in 2021-22 of which Rs.590 Crore was debt relief to farmers.

Another major subsidy is in **power sector**. So far, the major subsidy was free power to farmers, which has been continuously above Rs. 6000 Crore per year during the reference period. The free power to agricultural consumers was around Rs. 6700 Crore in 20121-22 RE. Power subsidies to the industry is around RS. 454 Crore in 2021-22 RE. The cause of concern is the new announcement of free power for up to 300 units by AAP government in 2022-23. The burden of this announcement is not given the budget of 2022-23. However, as per conservative estimates (see Box 1) by many, this may cost the exchequer an additional Rs 14,337 Crore. (Indian Express, April 19, 2022). One has to wait and see the budget for 2023-24. The state government's promise to reimburse these subsidies costs to PSPCL every year is also an illusion. Nearly 42% of these power subsidies are still pending. In the absence of State government reimbursing these subsidies to PSPCL, the power corporation borrows and the contingent liability of state government increase to that extent. Refer box1 for more details.

DBTs are usually the best way to target the beneficiaries and help reach the benefit directly to the targeted groups. However, some of these DBTs are cost to the exchequer in times of financial crisis. Distribution of Smart Phones amounting Rs. 94 Crore, Assistance to Artisans for repair and replacement of tools to the tune of Rs. 231 Crore, Assistance for marriage Rs. 155 Crore in 2021-22 and provision of free bicycles to all girls going to schools to the tune of 20 Crore in 2018-19 and 2019-20 are the major ones.

Public transport is Departmental Government Undertaking in Punjab compared to other states where they are PSUs in the form of Road Transport Corporation. Transport being a government undertaking, entire revenue and expenditure is met out of consolidated fund of the state. Therefore the losses incurred under public transport are not explicit in nature. Here explicit subsidies include only the travel concessions given to various categories of beneficiaries. Punjab government gives free travel concessions to students, physically handicapped, patients of chronic diseases (Like HIV, leprosy etc) and journalists. Free travel subsidy is around Rs. 100 to 150 Crore during 2017-18 to 2020-21. For the year 2022-23 an allocation of Rs. 105 Crore is provided.

Scholarships are one of the major explicit payments made to students at various levels. Some of these scholarships are centrally sponsored whereas some are state-initiated. Budget documents do not show these separately. The scholarships have increased from Rs. 458 core in 2017-18 to Rs. 630 Crore in 2021-22 RE.

BOX 1. Under paid Subsidies to Punjab State Power Corporation Limited (PSPCL)

DISCOMS play an important role in ensuring accessibility of electricity at affordable rates for small consumers such as households, shops and establishments and agriculture as they depend on subsidy. State’s subsidy is growing at 15% per annum and 17% of total revenue of DISCOMs. But they range from 22-28% in few states like Haryana, Karnataka, MP and Punjab (PFC, 2020). Although Punjab’s DISCOM - PSPCL is performing great on operational (bill efficiency - 89%, collection efficiency -100%, Technical & Commercial losses - 11%) and accountability front, it is still suffering humongous losses. As per Niti aayog’s - Turning Around the Power Distribution Sector: Learnings and Best Practices from Reforms Report, DISCOMs in the north eastern states and agrarian states are heavily dependent on government subsidies. Punjab ranks 8TH in the list of Tariff subsidy as a share of DISCOM total revenue for 2018-19 (PFC).

Punjab’s Gross energy sold is 48,050 MU and revenue earned is 31714 cr. The breakup is as follows-

| | Energy sold | Revenue earned |
|-----------------------|-------------|----------------|
| Domestic | 30% | 24% |
| Commercial | 6.6% | 8% |
| Agricultural | 26% | 0% |
| Industrial | 33% | 33% |
| Others | 3.3% | -1.25% |
| Tariff subsidy | | 35% |

Source: Report on performance of power utilities 2020-21, PFC

Agricultural farmers continue to receive free power. Free power result in massive electricity and water use thus eroding the fiscal as well as environmental balances in economy. The amount of arrears including interest on pending subsidy, which has been projected by Punjab State Power Corporation Limited (PSPCL) for agriculture, domestic and industry in Appendix V.3.

As of 2020-21, Punjab Government has to pay Rs 7930.21 Crore to PSPCL towards subsidies. It was also observed that the percentage of liable subsidy that has been reimbursed has been declining over the years from 68% reimbursed in 2018-19 to 58% in 2020-21. Arrears of Subsidies to be reimbursed to PSPCL is increasing year after year resulting in to debts of PSPCL which is again guaranteed by the State Government of Punjab resulting in increasing debt burden of the State. It is clear from the annexure table that the subsidies are reduced from that given by the PSPCL by the state government, which again stood above Rs. 100 Crore every which booked into losses of the power corporation.

Further, Punjab Govt has announced in Budget 2022 that from July 1, 2022, 300 units of domestic power supply per month will be made free to all citizens of Punjab. According to PSPCL’s calculations, if all consumers use the entire 300 units of free power at Rs 5.11 per unit, the total additional subsidy outlay would increase to Rs 11,452 Crore per annum, in addition to fixed charges of Rs 459 core. As such, the total would amount to Rs 11,911 Crore each year. For the approximate 11.55 Lakh consumers who use more than 300 units of power, the yearly subsidy outlay amounts to Rs 2,427 Crore, including fixed charges of Rs 302 Crore. So, the estimated annual subsidy outlay for both the categories (about 73.80 Lakh consumers) would increase to Rs 14,337 Crore. (Indian Express, April 19, 2022)

Raakhi Jagga, “Explained: The cost and benefit of AAP’s free electricity scheme in Punjab”, Indian Express, April 19, 2022

Other explicit subsidies majorly include those covered under centrally sponsored schemes. For example, irrigation. Housing for poor (PMAY), health insurance and national social assistance programme for old age pensions. However, expanding the number of beneficiaries under these schemes beyond the limits approved by the government of India are cost to the exchequer. There are very few state-sponsored explicit subsidies in this category. Major one among them are as follows.

Incentives given to industries under industrial policy is to the tune of Rs. 1600 Crore in 2020-21 and has increased to Rs. 2140 Crore in 2022-23BE. Assistance to Punjab Dairy Development Board is between Rs. 7 to 9 Crore during 2019-20 to 2022-23.

Exhaustive information on explicit subsidies is given in Appendix V.2

5.2.3 Conclusions

Debt relief given to farmers is one of the major explicit subsidies. Total loan waivers were Rs. 4308 Crore in 2018-19 and Rs. 773 Crore in 2021-22 of which Rs.590 Crore was debt relief to farmers.

Another major subsidy is in **power sector**. So far the major subsidy was free power to farmers which has been continuously above **Rs. 6000** Crore per year during the reference period. The free power to agricultural consumers was around Rs. 6700 Crore in 20121-22 RE.

It was also observed that the percentage of liable subsidy that has been reimbursed has declined over the years from 68% reimbursed in 2018-19 to 58% in 2020-21.

Arrears of Subsidies to be reimbursed to PSPCL is increasing year after year resulting in to debts of PSPCL which is again guaranteed by the State Government of Punjab, resulting in increasing debt burden of the State.

Free power up to 300 units by AAP government in 2022-23, even with a conservative estimate, may cost the exchequer an additional Rs **14,337** Crore. (Indian Express, April 19, 2022).

Distribution of Smart Phones amounting to Rs. 94 Crore, Assistance to Artisans for repair and replacement of tools to the tune of Rs. 231 Crore, Assistance for marriage Rs. 155 Crore in 2021-22 and provision of free bicycles to all girls going to schools to tune of 20 Crore in 2018-19 and 2019-20 are the major ones.

Punjab government gives free travel concessions to students, physically handicapped, patients of chronic diseases (Like HIV, leprosy etc) and journalists. Free travel subsidy is around Rs.

100 to 150 Crore during 2017-18 to 2020-21. For the year 2022-23, an allocation of Rs. 105 Crore is provided.

Incentives given to industries under industrial policy is to the tune of **Rs. 1600 Crore** in 2020-21 and have increased to Rs. 2140 Crore in 2022-23BE. Assistance to Punjab Dairy Development Board is between Rs. 7 to 9 Crore during 2019-20 to 2022-23.

5.3 Subsidies in West Bengal

5.3.1 Fiscal Profile of the state

The Gross State Domestic Product (GSDP) of West Bengal for 2022-23 (at current prices) is projected to be Rs 17,13,154 Crore. This is a growth of 11.5% over the revised estimate of GSDP for 2021-22 (Rs 15,36,681 Crore). Gross State Domestic Product (GSDP) of West Bengal has maintained a growth of 12.82% during 2021-22 .

There is a sharp decline in the revenue receipts from 13.5% GSDP in 2017-18 to 11.46% in 2021.22 RE. The efforts of West Bengal government have been below par compared to many other states. State's own tax revenue is less than 5% of GSDP in the recent past and declining. Many finance commissions have commented on this aspect of declining tax revenue mobilisation.

Revenue Expenditure as % of GSDP has declined from 14.5% in 2017-18 to 13.6% in 2021-22 RE. The major component of revenue expenditure has been the committed expenditure like pensions, salaries, interest payments and statutory grants to local bodies. There is an increase in the committed expenditures in west Bengal from 46% of revenue receipts in 2017-18 to 54% in 2020-21 and is growing. Nearly 30% of revenue expenditure is on pensions and interest payments. The committed expenditure (excluding statutory grants to Local Bodies) in 2022-23BE has gone up drastically to 67% of Revenue receipts and 62% of Revenue Expenditure. Increasing committed expenditures in the recent past has resulted the state depending on borrowings for its revenue expenditure requirements and increasing revenue deficits.

The revenue deficit has recently increased from 0.94% of GSDP in 2018-19 to 2.15 % in 2021-21 RE. Revenue deficit have always been higher than the budgeted estimates.

Fiscal Deficit as a per cent of GSDP has declined from 4.24 in 2010-11 to 3.43 in 2020-21, resulting into a reduction of capital expenditure from 1.99% GSDP in 2017-18 to 1.25% in 2021-22RE

Debt as a per cent of GSDP has decreased from 40.65 in 2010-11 to 34.26 in 2020-21 and 32.66% in 2021.22 RE. Reducing fiscal deficits and debt have resulted in a reduction in capital expenditure than focusing on the committed expenditure and subsidies.

Table-5.3.1: Fiscal Profile of West Bengal (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|----------------------------|---------|---------|---------|---------|---------------|---------------|
| Total Revenue Receipts | 13.47 | 13.24 | 11.83 | 11.41 | 11.46 | 11.56 |
| States Own Tax Revenue | 5.41 | 5.51 | 5.03 | 4.63 | 4.81 | 4.63 |

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------|---------------|---------------|
| Share in Central Taxes | 5.06 | 5.06 | 3.98 | 3.44 | 3.64 | 3.59 |
| Non-tax Revenue | 3.00 | 2.67 | 2.83 | 3.33 | 3.01 | 3.34 |
| State Own Non-Tax Revenue | 0.32 | 0.33 | 0.27 | 0.40 | 0.19 | 0.39 |
| Grants from Centre | 2.68 | 2.34 | 2.57 | 2.93 | 2.82 | 2.95 |
| Revenue Expenditure | 14.47 | 14.19 | 13.46 | 13.68 | 13.60 | 13.21 |
| Capital Expenditure | 1.99 | 2.15 | 1.32 | 1.00 | 1.25 | 1.93 |
| Revenue Deficit Surplus(+)/Deficit (-) | -1.01 | -0.94 | -1.63 | -2.27 | -2.15 | -1.65 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -2.97 | -3.11 | -3.05 | -3.43 | -3.47 | -3.64 |
| Outstanding Liabilities | 34.64 | 33.66 | 33.51 | 34.26 | 32.66 | 32.85 |

Source: State Budget Documents and CAG Finance Accounts various years.

Table-5.3.2 Expenditure Pattern of West Bengal (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 14.47 | 14.19 | 13.46 | 13.68 | 13.60 | 13.21 |
| 1. General Services (of which) | 5.38 | 5.16 | 5.13 | 5.43 | 4.89 | 4.60 |
| Interest Payments & Servicing of Debt | 2.90 | 2.66 | 2.62 | 2.60 | 2.39 | 2.29 |
| Pensions & Other Retirement Benefits | 1.50 | 1.46 | 1.45 | 1.64 | 1.47 | 1.34 |
| 2. Social Services (of which) | 6.11 | 6.24 | 6.05 | 6.06 | 6.77 | 6.32 |
| Medical & Public Health | 0.81 | 0.77 | 0.84 | 0.92 | 0.98 | 0.91 |
| Education, Sports, Art & Culture | 2.53 | 2.57 | 2.64 | 2.74 | 2.48 | 2.47 |
| Water Supply & Sanitation | 0.13 | 0.12 | 0.09 | 0.08 | 0.09 | 0.07 |
| Health & Education | 3.47 | 3.46 | 3.57 | 3.74 | 3.56 | 3.44 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.23 | 0.22 | 0.15 | 0.26 | 0.28 | 0.29 |
| Labour & Employment | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Social Security & Welfare | 1.54 | 1.66 | 1.53 | 1.19 | 2.15 | 1.91 |
| Nutrition | 0.11 | 0.16 | 0.13 | 0.05 | 0.11 | 0.07 |
| Welfare | 1.90 | 2.05 | 1.83 | 1.52 | 2.55 | 2.29 |
| 3. Economic Services (of which) | 2.93 | 2.74 | 2.24 | 2.15 | 1.90 | 2.26 |
| Agriculture & Allied Services | 0.38 | 0.72 | 0.38 | 0.35 | 0.54 | 0.66 |
| Rural Development | 1.86 | 1.39 | 1.39 | 1.32 | 0.89 | 1.14 |
| Special Areas Programmes | 0.11 | 0.11 | 0.10 | 0.10 | 0.08 | 0.09 |
| Irrigation & Flood Control | 0.11 | 0.11 | 0.09 | 0.08 | 0.08 | 0.09 |
| Agriculture, Irrigation & Rural Development | 2.46 | 2.33 | 1.96 | 1.86 | 1.59 | 1.98 |
| Energy | 0.22 | 0.18 | 0.09 | 0.11 | 0.14 | 0.06 |
| Industry and Minerals | 0.03 | 0.03 | 0.02 | 0.02 | 0.03 | 0.06 |
| Capital Expenditure | 1.99 | 2.15 | 1.32 | 1.00 | 1.25 | 1.93 |

Source: State Budget Documents and CAG Finance Accounts various years.

5.3.2 Explicit subsidies West Bengal

It is crucial to balance between promoting development and ensuring the proper use of resources to minimize the fiscal deficit and revenue deficit. With increasing revenue deficits and falling fiscal deficit (as discussed earlier), it is visible that expenditures in West Bengal are dominated by committed expenditures and explicit subsidies, including helping public sector enterprises. West Bengal provides explicit subsidies to various sectors of the economy, including agriculture, small and medium enterprises, and social welfare. The subsidies in every sector are aimed at inclusive growth, reducing regional disparities, and ensuring social welfare. But in times of financial stress, it is necessary to have a relook at these subsidies. This section shows some of these expenditures on explicit subsidies, state-initiated welfare schemes, and centrally sponsored schemes. The information is compiled from the Detailed Demand for Grants of the State. The details of explicit subsidies are given in Table 5.3.3 and Appendix V.5. Major explicit subsidies are discussed below.

Table 5.3.3.-Major Subsidies in West Bengal

In Rs. Lakh

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|----------------|---------------|---------------|---------------|---------------|
| Interest subsidy | 17344 | 17726 | 7479 | 7398 | 9918 |
| Power sector | 109070 | 101880 | 137524 | 206603 | 89442 |
| Subsidy to WBSEDCL for subsidization in power tariff to its Consumers | 108726 | 101880 | 137524 | 203931 | 81037 |
| Transport | 89781 | 77110 | 99870 | 120891 | 54331 |
| Scholarship Gen edu + Medical edu + Skill & Training | 162629 | 165963 | 90326 | 323865 | 278539 |
| Implementation of Kanyashree Prakalpa | 86082 | 91200 | 17006 | 163206 | 135800 |
| Scholarship - gen edu + skill training + medical | 76547 | 74763 | 73320 | 160659 | 142739 |
| Pension schemes | 158037 | 262702 | 414185 | 663924 | 773012 |
| Old Age Pension Scheme to fishermen, farmers and silk weavers | 127565 | 130223 | 350240 | 608992 | 670964 |
| Indira Gandhi National Disability Pension Scheme | 0 | 53516 | 31001 | 14960 | 33590 |
| Milk cooperatives | 1680 | 96 | 2 | 300 | 525 |
| Victim compensation | 3446 | 4963 | 3742 | 6654 | 8785 |
| Ex gratia payment to families of victims | 1407 | 3301 | 1709 | 4593 | 6863 |
| Food subsidy | 1078855 | 698364 | 292015 | 816285 | 614421 |
| Subsidy on Distribution of Rice and Wheat to APL and BPL Families at Subsidised Price | 1057677 | 678767 | 278659 | 783000 | 565421 |
| Duare Ration Prakalpa [FS] | 0 | 0 | 0 | 30000 | 40000 |
| PMAY (Housing) | 769997 | 722687 | 951105 | 453855 | 665700 |
| Pradhan Mantri Awas Yojna | 769997 | 722687 | 951105 | 453855 | 665700 |
| SOCIAL WELFARE | 8464 | 26363 | 4028 | 7457 | 13613 |
| Somobyathi Financial Assistance to bereaved family members of deceased person who are in extreme financial necessity [UM] | 5025 | 5878 | 3946 | 7401 | 12390 |

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|----------------|----------------|----------------|----------------|----------------|
| Manabik Scheme under Jai Bangla (JAIBANGLA) [WC] | 29771 | 37876 | 32913 | 39933 | 68350 |
| Cultural board | 489 | 52 | 141 | 456 | 1146 |
| Unemployment Allowance | 11833 | 18000 | 18000 | 21233 | 18350 |
| Natural calamity fund | 0 | 0 | 3118 | 3118 | 23149 |
| Other Explicit Subsidies | | | | | |
| Agriculture | 464366 | 111092 | 807945 | 1144082 | 949042 |
| Financial Support to <i>Krishak Bandhu</i> [AG] | 400644 | 16811 | 50070 | 374403 | 465960 |
| Grant and Managerial Subsidy to Primary/Central Fishermen's Co-operative Societies | 0 | 29 | 636270 | 660000 | 347900 |
| Strengthening of State Seed Certification Agencies | 0 | 93 | 72095 | 90000 | 100800 |
| Integrated Scheme for Development of Sericulture Industry (Silk Samagra) (State Share) | | | 22 | 250 | 5100 |
| Rastriya Krishi Vikash Yojana(state share) | 7660 | 6820 | 3172 | 11611 | 17572 |
| Industry | 5478 | 2631 | 2742 | 2780 | 7132 |
| Incentive to Private Sector for Construction of Tourism Units as defined under W.B. Incentive Scheme,2008 for Tourism unit (for large & medium Industries) [TM] | 361 | 682 | 433 | 348 | 2625 |
| Village and Small scale industries | 5070 | 1734 | 1268 | 1732 | 3607 |
| Irrigation | 3659 | 5887 | 5818 | 4002 | 6670 |
| Others | 142083 | 408218 | 300100 | 747946 | 1463903 |
| Free School Uniform to school students | 0 | 0 | 20450 | 6733 | 26000 |
| Procurement and distribution of Bi-cycle | 85117 | 12507 | 15656 | 4928 | 1793 |
| Distribution of Minikits, Water Conditioner etc. and development of Social Fisheries [FI] | 792 | 769 | 575 | 667 | 1000 |
| Financial Assistance under "Sneher Paras" [DM] | 0 | 0 | 10000 | 0 | 0 |
| Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM AJAY) | 0 | 0 | 0 | 0 | 28600 |
| Udiyaman Swanirbhar Karmasansthan Prakaalpa under GATIDHARA[TR] | 9336 | 10000 | 947 | 0 | 3700 |
| Student Credit Card Scheme [HE] | 25000 | 5000 | 0 | 0 | 25000 |
| Mid-Day Meals in School | 0 | 127383 | 156800 | 109176 | 185748 |
| Compensation payable to the affected Covid Warrior or to the family member of deceased Covid Warrior [FD] | 0 | 0 | 12000 | 10000 | 5000 |
| Financial Assistance to poor women of Self Help Group | 0 | 37065 | 44480 | 833 | 35000 |
| Lakshmir Bhandar | 5122 | 134973 | 0 | 574140 | 1074200 |
| Assistance for Voactional tarining to destitute | 186 | 44005 | 13 | 36 | 113 |
| Samajik Suraksha Yojana [LB] | 8471 | 25875 | 19200 | 15000 | 41500 |
| MAA Scheme for providing Meal to Poor Citizens [UM] | 0 | 600 | 0 | 11500 | 11500 |
| Grand total | 3027210 | 2623734 | 3138139 | 4530850 | 4977678 |

Interest subsidy is given to Self-help groups and cooperative agricultural development banks towards crop loans given to farmers in West Bengal. Again repayment of these crop loans also get subsidised based on crop productivity and crop losses. The interest subsidy on crop loans has been around Rs. 40 Crore during past five years. Another major interest subsidy is on the loans borrowed by SHGs which has been around Rs. 127 Crore during 2018-19 and 2019-20 and has come down to less than Rs. 40 Crore during post-pandemic years of 2020-21 and 2021-22RE. Other interest subsidies are towards self-employed youth and small and medium entrepreneurs. The total interest subsidy is around Rs. 99 Crore in 2022-23, down from Rs. 177 Crore in 2019-20.

Support to **power sector** is one of the major explicit subsidies. **Power subsidies** include subsidies to West Bengal State Electricity Distribution Company Limited (WBSEDCL) for subsidising power tariffs for its consumers, grants to CTC for energy bill adjustments, and incentives to industrial units in lieu of power tariff concessions. Power subsidy has increased from Rs. 1090 Crore in 2018-19 to Rs. 1375 Crore and Rs. 2066 Crore in 2020-21 and 2021-22. Even industrial units, particularly MSMEs and Agro-based industries, were given subsidised power supply from 2021-22, costing nearly Rs. 27 Crore, and the allocation for same in 2022-23 is around Rs. 84 Crore.

Public Transport is provided by various state-supported corporations (CSTC, NBSTC, SBSTC and CTC) in west Bengal. West Bengal Public transport is one of the cheapest in India, if not the best. Total assistance from various transport corporations has increased from Rs. 897 Crore in 2018-19 to Rs. 1209 Crore in 2021-22 RE. These corporations have also received assistance for implementing VRS 2018-19 and 20019-20 to the tune of Rs. 200 Crore. Public Transport is another big elephant after power subsidies to the state exchequer in West Bengal.

Pension schemes are intended to provide financial security to the elderly, disabled, and retired individuals. Most of Old age and disable pensions are covered under NSAP of Government of India. However, West Bengal like many other States, add additionalities in terms quantum of pension but also expanding the number beneficiaries. The government has spent Rs. 6639 cr on pension schemes in 2021-22RE. In addition to GOI-sponsored National Old age pensions and NSAP, West Bengal has introduced pensions to fishermen, farmers, silk weavers, retired journalists, and photo-journalists under the JAIBANGLA scheme of the State. Pensions under Jaibangla scheme are to the tune of RS. 400 Crore in 2021-22RE and will double to Rs. 700 Crore in 2022-23BE.

Food Subsidies under national food security mission with support from Government of India are one of the major subsidies in West Bengal. In addition to supplying food grains at subsidised prices which is costing nearly Rs. 8000 Crore, west Bengal government also started door step delivery of PDS in 2021 which will cost additionally another RS. 300 Crore. The government has spent Rs. 8162.85 Crore on food subsidies, which includes subsidies on the distribution of rice and wheat to APL and BPL families at a subsidized price, and subsidies to WBECSC Ltd for the repayment of institutional finance (Rs. 18 Crore during the reference period).

West Bengal spends around Rs. 200 Crore towards Social Security Scheme for the unemployed youth under **Muktidhara** and **Karma sathi Prakalpa** Schemes.

Other major explicit subsidies are mainly some of those CSS big ticket schemes like PMAY, Old age pensions, health insurance, and some irrigation schemes. There are few state-sponsored subsidies which are minor. Of the other explicit subsidies, agriculture sector subsidies have increased from Rs 4600 Crore in 2018-19 to Rs. 11000 Crore in 2021-22 RE. Within Agriculture the main subsidy is under. Krishak Bandu scheme, which is part of PMKY under which the expenditure on Assistance to farmers is around Rs. 4000 Crore during the reference period. The second major subsidy in agriculture is Crop Insurance. Explicit subsidies for industry have decreased from Rs. 55 Crore to RS 28 Crore during the reference period. Major portion of industrial subsidies are given to Village and small-scale industries and entrepreneurship development.

Total explicit subsidies under state-initiated popular schemes listed in the box below has increased from Rs. 1345 Crore in 2018-19 to RS. 6302 Crore in 2021-22RE and Rs. 12345 Crore in 2022-23BE. One of the populist subsidy or assistance which not explicitly visible in Budgets documents is Grants in Aid of Rs. 50000 given to each Durga Puja pandal.

BOX 2 Other important direct benefit transfers are as follows;

1. Free School Uniform to school students,
2. Procurement and distribution of Bi-cycle,
3. Distribution of Mini kits, Water Conditioners etc. and development of Social Fisheries
4. Free books etc for children of Primary School
5. Financial Assistance under "Sneher Paras"
6. Subsidy to Bullock Cart Users [AM]
7. Udiyaman Swanirbhar Karmasansthan Prakalpa under GATIDHARA[TR]
8. Student Credit Card Scheme [HE]
9. Compensation payable to the affected Covid Warrior or to the family member of deceased Covid Warrior
10. One-time Assistance under FPS Dealer Bandhu (Death Benefit) Scheme 2021
11. Financial assistance to distinguished persons of Arts and Letters
12. Financial Assistance to distressed persons in the field of Culture
13. Financial Assistance to the Aged and Distressed Journalists attached to Small and Medium News Papers [IC]
14. Legal aid to poor persons [JD]
15. Assistance for offsetting imbalances in A.R.D.B
16. Financial Assistance to poor women of Self Help Group
17. Assistance for Women/Mahila Cooperatives
18. General Labour Welfare// Compensation to the Labourers [LB]
19. Procurement / Purchasing of Boats for the people belonging to Schedule Casts in Sundarban Areas in the District of North and South 24 Parganas
20. Lakshmir Bhandar
21. Muktir Alo-Scheme for rehabilitation of sex workers and victims
22. Samajik Suraksha Yojana [LB]
23. House sites for landless labourers -Compensation/Construction assistance [PN]
24. Grants-in-aid in respect of Annuities for Religious and Charitable Units on Account of Acquired Lands [LD]
25. MAA Scheme for providing Meal to Poor Citizens [UM]

State Sponsored Schemes having explicit Subsidy or Assistance Components

Various state initiated welfare schemes in West Bengal are Lakshmir Bhandar, Kanyashree, Rupashree, Swasthya Sathi, Sabooj Sathi, Sikshashree, Saboojshree, Aikyashree, and Student Credit Card etc. State government has recently introduced 'Medhashree' to provide scholarship to OBC students @ Rs. 800 per year per student. Some of the State sponsored schemes are as follows

Sneher Paras - Sneher Paras is a welfare scheme launched by the Government of West Bengal in April 2020 to provide financial assistance to people who have been adversely affected by the COVID-19 pandemic and the ensuing lockdown measures. The scheme aims to provide support to daily wage workers, construction workers, hawkers, and other vulnerable sections of society who have been left without a source of income due to the pandemic. The scheme provides a one-time grant of Rs. 1,000 to such beneficiaries, who can use the money to meet their immediate needs such as food, medicine, and other essentials.

Lakshmi Bhandar - The scheme aims to provide financial assistance to women who are the sole breadwinners of their families. The eligible women will receive a monthly stipend of Rs. 500 for their livelihood. The scheme also aims to provide skill development training to women and promote entrepreneurship among them.

Kanyashree Prakalpa - The scheme aims to improve the lives and prospects of girls from socio-economically disadvantaged families in the state. Eligible girls receive annual scholarships of Rs. 750 to stay in school and continue their education. The scheme also offers a one-time grant of Rs. 25,000 to girls between 18 and 19 years old, provided they have stayed in school and remained unmarried.

Karma Sathi Prakalpa - Aims to provide employment opportunities to youth in the state, particularly those who have been affected by the COVID-19 pandemic. Eligible youth can receive financial assistance and support to start their own businesses or ventures. The scheme offers loans of up to Rs. 2 Lakh at a low interest rate of 4% per annum, along with training and other forms of support.

Muktidhara Scheme - Aimed to create and maintain sustainable livelihoods of Self Help Group (SHG) members and unemployed youth. The scheme is being implemented in association with NABARD and is focused on improving the skills of people in the state.

Udiyaman Swanirbhar Karmasansthan Prakalpa under GATIDHARA scheme- Aims to provide employment opportunities and support to the transport sector in the state. The scheme has been widely praised for promoting entrepreneurship and creating employment opportunities in the state. Eligible youth can avail loans of up to Rs. 20 Lakh at a subsidized interest rate of 5% per annum to start their own transport-related businesses, such as taxi services, courier services, and goods transportation.

The **Rupashree** scheme was introduced by the West Bengal government to provide financial assistance to girls from poor families who are about to get married for the first time. Every girl will get one-time monetary support of ₹25000 before your marriage.

Jai Johar-Old Age Pension to Scheduled Tribes under Jai Bangla

The Aikyashree Scholarship was introduced for the students of the minority communities of West Bengal. Eligible students get financial assistance for education from Class 1 to Ph.D. under this scheme.

Jaladhara - Jaladhara scheme is a water conservation initiative launched by the West Bengal government in 2018. The primary aim of the scheme is to provide piped drinking water to every household in rural areas of the state.

Financial Support to Krishak Bandhu - Krishak Bandhu is a welfare scheme launched by the Government of West Bengal, India, in 2019 to provide financial assistance and insurance coverage to farmers and their families. Annual financial assistance of Rs. 5,000/- per acre of cultivated land, subject to a maximum of 2 acres of land per farmer. Life insurance coverage of Rs. 2 Lakh in case of the death of the farmer or accidental disability, and additional coverage of Rs. 2 Lakh in case of death due to natural causes.

Viability Gap Funding (VGF) Assistance - Viability Gap Funding (VGF) assistance is a financial instrument used to bridge the gap between the economic viability of a project and its actual cost. It is commonly used in public-private partnership (PPP) projects, where the private sector partner invests in the project and the government provides financial assistance to make it economically viable.

5.3.3 Conclusions

Total explicit subsidies in West Bengal is around Rs. 45000 Crore in 2021-22 and is increasing. The revenue Deficit of West for the same period is around Rs. 37000 Crore in 2021-22, meaning almost entire explicit subsidies are financed by borrowing.

First major explicit subsidy is Krishak Bandhu scheme to Agricultural farmers. Annual financial assistance of Rs. 5,000/- per acre of cultivated land, subject to a maximum of 2 acres of land per farmer. Life insurance coverage of Rs. 2 Lakh in case of the death of the farmer or accidental disability, and additional coverage of Rs. 2 Lakh in case of death due to natural causes. Expenditure under this programme is to the tune of Rs. 4000 Crore.

Other major subsidy is interest subsidy on the loans borrowed by SHGs which has been around Rs. 127 Crore during 2018-19 and 2019-20 has come down to less than Rs. 40 Crore during post pandemic years of 2020-21 and 2021-22. Other interest subsidies are towards self-employed youth and small and medium entrepreneurs. The total interest subsidy is around Rs. 99 Crore in 2022-23 down from Rs. 177 Crore in 2019-20.

Support to power sector is one of the major explicit subsidies. Power subsidies include subsidies to West Bengal State Electricity Distribution Company Limited (WBSEDCL) for subsidizing power tariffs for its consumers, grants to CTC for energy bill adjustments, and incentives to

industrial units in lieu of power tariff concessions. Power subsidy has increased from Rs. 1090 Crore in 2018-19 to Rs. 1375 Crore and Rs. 2066 Crore in 2020-21 and 2021-22...

Pensions under Jai bangla scheme are to the tune of RS. 400 Crore in 2021-22RE and will double to Rs. 700 Crore in 2022-23BE.

Various public transport corporations receive Rs. 1209 Crore in 2021-22 RE for covering the losses for not increasing the fares and other operating losses.

5.4 Subsidies in Uttar Pradesh

5.4.1 Fiscal Profile of the state

Uttar Pradesh, the heart of India, is a land of epics, holy rivers, ancient cities and pilgrimage. In modern times, it is emerging as a driver of the nation's economy with its network of expressways, industrial corridors, international airports, centers of educational and medical excellence, and an exporter of indigenous products. Since the times of Lord Rama, Lord Krishna, Gautam Buddha and Lord Mahavira, the state has been the centre of cultural and intellectual brilliance.

Uttar Pradesh is the most populous state in India and is home to 200 million people, 60 million of who are poor. The pace of poverty reduction in the state has been slower than the rest of the country. Poverty is widespread. The central and eastern districts in particular have very high levels of poverty. The state is also experiencing widening consumption inequality in urban areas. Growth is slow and is driven mainly by services¹⁹. According to Niti Aayog's Multidimensional Poverty Index (MPI) based on NFHS-4, 37.79% population of Uttar Pradesh is poor.

Uttar Pradesh registered an annual economic growth rate of 5.2%. In the eleventh period, between 2007 and 2012, Uttar Pradesh registered an annual economic growth rate of 7%. In 2012–13 and 2013–14, however, the growth rate decreased to 5.9% and 5.1%, respectively, one of the lowest in India. The state's debt was estimated at 67% of the gross domestic product in 2005. In 2012, the state was one of the highest receivers of overall remittances to India which stood at \$46.75 billion (₹3,42,884.05 Crore), along with Kerala, Tamil Nadu, and Punjab.

Uttar Pradesh is a major contributor to the national food grain stock. In 2013–14, this state produced 5 Crore (50.05 million) tonnes of food grain, 18.90% of the country's total production.

Uttar Pradesh has a booming electronics industry, especially in the UP-Delhi-NCR and Lucknow-Kanpur Corridors where many electronics units are produced. Cottage industries, such as handloom and handicrafts, have traditionally provided livelihood to a large number of people in the state.

¹⁹ Uttar Pradesh Poverty and Growth and inequality, World Bank (2016), Inequality <https://documents1.worldbank.org/curated/en/187721467995647501/pdf/105884-BRI-P157572-ADD-SERIES-India-state-briefs-PUBLIC-UttarPradesh-Proverty.pdf>

In spite of being low income state, finance of Uttar Pradesh are sound and progressing. Own tax revenue increased from 6.76% of GSDP in 2017-18 to 8.39% in 2021-22 RE. The Covid pandemic did not affect the revenues of Uttar Pradesh much compared to many other States. Only effect on revenue of Uttar Pradesh was tax devolution which declined from 8.64% in 2018-19 to around 6% from 2019-20 onwards. Loss in devolution is compensated by increase in own non tax revenue from 1.90% of GSDP in 2018-19 to 4.78% in 2019-20. Revenue expenditure marginally declined during pandemic years 2019-20 and 2020-21 and again increased to 2017-18 levels. The revenue expenditure was 19.06% of GSDP 2019-20 and 17.47%, 17.38% and 18.67% in 2019-20, 2020-21 and 2021-22RE respectively. Uttar Pradesh had been a revenue surplus state except in the pandemic year 2019-20. With revenue surpluses Uttar Pradesh could maintain fiscal deficit below FRBM targets and has been investing infrastructure and capital expenditure. This is visible in recent expansion of Infrastructure especially Roads and Airport. Massive urbanisation is another example. Capital expenditure is above 3% of GSDP and increased to 4.6% in 2021-22RE. Of the revenue expenditure, interest payments and pensions together is less than 30% and expenditure general services is also less than 40%. Of the remaining expenditure nearly 30% is in economic services and social services. Unlike other state due to revenue surplus, Uttar Pradesh is comfortable in having enough fiscal space to absorb the CSS grants and State initiated subsidies. Outstanding debt of the state is less than 32% of GSDP as compared to Punjab with 45% of GSDP.

Overall Uttar Pradesh is maintain its finances prudently and has enough fiscal space to go for welfare schemes.

Table-5.4.1: Fiscal Profile of Uttar Pradesh (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------|---------------|---------------|
| Total Revenue Receipts | 19.36 | 20.85 | 21.42 | 17.24 | 19.83 | 24.37 |
| States Own Tax Revenue | 6.76 | 7.59 | 7.18 | 6.99 | 8.39 | 10.77 |
| Share in Central Taxes | 8.40 | 8.64 | 6.89 | 6.21 | 6.01 | 7.15 |
| Non-tax Revenue | 4.20 | 4.62 | 7.35 | 4.05 | 5.42 | 6.45 |
| State Own Non-Tax Revenue | 1.37 | 1.90 | 4.78 | 0.69 | 0.81 | 1.14 |
| Grants from Centre | 2.82 | 2.72 | 2.57 | 3.36 | 4.60 | 5.30 |
| Revenue Expenditure | 18.49 | 19.06 | 17.47 | 17.38 | 18.67 | 22.27 |
| Capital Expenditure | 2.71 | 3.95 | 3.51 | 3.04 | 5.05 | 6.05 |
| Revenue Deficit Surplus(+)/Deficit (-) | 0.87 | 1.78 | 3.95 | -0.14 | 1.16 | 2.11 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -1.93 | -2.22 | 0.65 | -3.18 | -3.91 | -3.96 |
| Outstanding Liabilities | 32.88 | 32.70 | 33.19 | 32.00 | 31.41 | 31.90 |

Source: State Budget Documents and CAG Finance Accounts various years.

Table-5.4.2 Expenditure Pattern of Uttar Pradesh (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 18.49 | 19.06 | 17.47 | 17.38 | 18.67 | 22.27 |
| 1. General Services (of which) | 7.35 | 8.28 | 6.88 | 6.93 | 7.29 | 8.67 |
| Interest Payments & Servicing of Debt | 2.87 | 3.69 | 2.04 | 2.24 | 2.30 | 2.37 |
| Pensions & Other Retirement Benefits | 2.67 | 2.78 | 2.90 | 2.81 | 2.81 | 3.76 |
| 2. Social Services (of which) | 5.85 | 5.77 | 6.07 | 6.39 | 6.66 | 8.26 |
| Medical & Public Health | 1.03 | 1.00 | 1.03 | 1.13 | 1.02 | 1.61 |
| Education, Sports, Art & Culture | 3.20 | 3.01 | 3.18 | 3.11 | 2.91 | 3.47 |
| Water Supply & Sanitation | 0.08 | 0.09 | 0.04 | 0.06 | 0.07 | 0.10 |
| Health & Education | 4.31 | 4.10 | 4.25 | 4.31 | 4.00 | 5.18 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.33 | 0.33 | 0.31 | 0.23 | 0.26 | 0.25 |
| Labour & Employment | 0.06 | 0.06 | 0.06 | 0.06 | 0.28 | 0.08 |
| Social Security & Welfare | 0.70 | 0.75 | 0.77 | 0.76 | 0.99 | 1.29 |
| Nutrition | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Welfare | 1.09 | 1.14 | 1.14 | 1.05 | 1.53 | 1.62 |
| 3. Economic Services (of which) | 4.49 | 4.25 | 3.67 | 3.23 | 3.85 | 4.46 |
| Agriculture & Allied Services | 1.89 | 0.77 | 0.50 | 0.47 | 0.60 | 0.72 |
| Rural Development | 1.19 | 1.64 | 1.14 | 1.05 | 0.91 | 1.03 |
| Special Areas Programmes | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Irrigation & Flood Control | 0.48 | 0.43 | 0.51 | 0.50 | 0.58 | 0.63 |
| Agriculture, Irrigation & Rural Development | 3.57 | 2.83 | 2.15 | 2.02 | 2.09 | 2.39 |
| Energy | 0.50 | 0.97 | 1.03 | 0.53 | 1.09 | 1.13 |
| Industry and Minerals | 0.09 | 0.13 | 0.16 | 0.09 | 0.38 | 0.32 |
| Capital Expenditure | 2.71 | 3.95 | 3.51 | 3.04 | 5.05 | 6.05 |

Source: State Budget Documents and CAG Finance Accounts various years.

5.4.2 Explicit subsidies Uttar Pradesh

Total Explicit Budgetary subsidies in Uttar Pradesh is around Rs. 32000 Crore between 2018-19 and 2020-21 increase to RS. 55000 Crore in 2021-22 RE.

Major loan waiver and interest subsidy is on loans taken by UP rural housing Council from HUDCO for implementation of PMAY, a rural housing scheme. Therefore this can treated as providing houses to rural poor under centrally sponsored scheme (PMAY). Other major interest subsidy is to agricultural cooperative societies for the agricultural loans taken by farmers. Interest subsidy for agricultural farmers was Rs. 400 Crore in 2020-21 up from RS. 200 Crore in 2019-20.

Power sector gets assistance in the form of loan waiver and interest subsidy in addition to assistance under UDAY (a CSS scheme). Assistance to UPPSL is around Rs. 15242 Crore in 2021-22 RE and an additional Rs. 6800 Crore under UDAY.

Explicit subsidies provided to Agriculture sector is RS. 71000 Crore in 2021-22 RE of which stray cattle management subsidy is Rs. 600 Crore. In addition to this RS. 896 Crore is spent on free irrigation facilities to farmers. Of other notable incentives are Assistance for marriage (Rs. 190 Crore), free clothes and shoes to school going children in addition to uniforms (Rs. 283 Crore), and assistance to workers in unorganised sector (Rs. 4000 Crore).

Table 5.4.3-Major Subsidies in Uttar Pradesh

In Rs. Lakh

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Loan waiver | 31832 | 49705 | 30952 | 29350 | 23621 |
| Payment of principal amount taken from HUDCO by UP Rural housing council from financial institution for PM Awaz Yojana | 31550 | 30951 | 30951 | 29350 | 23621 |
| Interest subsidy | 54180 | 50529 | 56674 | 60641 | 46887 |
| Grant for providing Agricultural Loan to farmers at low interest rate through Primary Cooperative Agricultural Loan Committees | 20000 | 20000 | 33397 | 40000 | 30000 |
| Payment of interest taken by UP Rural housing council from financial institution for PM Awaz Yojana | 28020 | 26823 | 21663 | 18669 | 16562 |
| Power | 1688216 | 1356921 | 1019476 | 2211502 | 2438288 |
| Repayment of loan + interest taken by UPPSL | 1612107 | 1116921 | 799476 | 1524252 | 1938288 |
| UDAY | 76109 | 240000 | 220000 | 687250 | 500000 |
| Transport | 1137 | 1590 | 3548 | 4071 | 4427 |
| Scholarship | 329835 | 501996 | 380638 | 400835 | 434753 |
| Pension | 188729 | 263035 | 369583 | 407439 | 705514 |
| Milk cooperatives | 5732 | 6363 | 6852 | 7114 | 8946 |
| Victim fund | 600 | 331 | 259 | 3071 | 3910 |
| Accident fund | 2394 | 5385 | 49629 | 40932 | 65150 |
| Food subsidy | 15948 | 15010 | 14545 | 30418 | 31789 |
| PMAY | 84833 | 180558 | 416486 | 573239 | 521297 |
| CM awaz yojana | 4722 | 36274 | 26006 | 24192 | 24463 |
| Other explicit subsidy | 840391 | 832071 | 1010157 | 1748612 | 1882040 |
| Agriculture | 230150 | 215564 | 262123 | 410627 | 529185 |
| Stubble Management scheme | | | | 10000 | 9950 |
| UP food processing industry planning - 2017 | 772 | 2948 | 3830 | 3866 | 3866 |
| sericulture | | | | 0 | 5360 |
| Grant for maintenance of stray cattle | 1752 | 20311 | 30000 | 60000 | 50000 |
| Industry | 14798 | 11803 | 19177 | 23632 | 30072 |
| CM Weaver solar energy scheme | | | | | 1000 |

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Implementation of Uttar Pradesh Electronics Manufacturing policy | | 0 | 3456 | 5000 | 5000 |
| Implementation of Information Technology and Start-up Policy in U.P | | 0 | 1490 | 2000 | 2000 |
| Rapid Export Development Incentive Scheme | 2000 | 1498 | 1513 | 1500 | 2500 |
| Pt. Deen Dayal Upadhyay Khadi Marketing Development Assistance | 1300 | 1300 | 2138 | 1300 | 1900 |
| CM self-employment scheme | 7718 | 6564 | 9739 | 9453 | 12500 |
| Exemption to sugar industry under generation and distillery production | 2084 | 683 | | 2363 | 2500 |
| Irrigation | 64893 | 90257 | 87000 | 86968 | 182878 |
| Free water facility to framers from canals and govt tube well | 48921 | 69002 | 83459 | 66168 | 80000 |
| Chief Minister Minor irrigation plan | 0 | 0 | 2327 | 20600 | 100600 |
| Others | 530549 | 526249 | 661034 | 1251017 | 1169977 |
| Financial assistance for marriage | 23817 | 27492 | 8536 | 19056 | 60 |
| Free shoes, socks and sweaters | 52810 | 48415 | 44801 | 28358 | 30000 |
| Uniforms | 3558 | 3566 | 1320 | 3781 | 4000 |
| food grants for disabled blind, deaf | 58339 | 61917 | 75826 | 80599 | 100000 |
| Implementation of Additional Energy Source Programmes through Non-Conventional Energy Development Agency | 24657 | 20484 | 22213 | 21584 | 21584 |
| Assistance to workers of unorganised sector | | 4 | | 400000 | |
| Grand total | 3243828 | 3275297 | 3377977 | 5540857 | 6196693 |
| Revenue Expenditure | 3017279 | 2988330 | 2985434 | 3566242 | 4560890 |
| | 5 | 4 | 5 | 1 | 5 |
| Revenue Deficit | 2824955 | 6756013 | -236712 | 2210718 | 4312365 |
| GSDP IRs. Crore) | 1582853 | 1710496 | 1717505 | 1910217 | 2048234 |

5.4.3 Conclusions.

The subsidies in Uttar Pradesh are within the limits. There are very few explicit subsidies in form of money transfers and DBTs. Major Subsidy in Uttar Pradesh is to power sector and free water for agricultural purpose under irrigation sector. The finances of the state are also in comfortable position with revenue surplus.

5.5 Subsidies in Odisha

5.5.1 Fiscal Profile of the state

Odisha has made rapid progress in irrigation, agriculture production & productivity, food security, pucca houses for all, safe drinking water, sanitation, electricity, road connectivity, education, skills, health care, livelihood opportunities, social security and urban development. State is an attractive global destination for investment in manufacturing, information technology, service industries and start-ups. Significantly, Odisha is now a global sports hub with world-class infrastructure capable of successfully holding back-to-back international sporting events. The **Gross State Domestic Product (GSDP)** of Odisha in 2021-22 (at current prices) is projected to be Rs 5,86,000 crore. This is equivalent to a 6% annual growth over the GSDP in 2019-20 (Rs 5,21,275 crore). In 2020-21, Odisha's GSDP (at current prices) is estimated to contract by 2.2% over the previous year. Odisha's economy with sharp recovery from the impact of pandemic with growth of 11.5% in 2021-22 and consistent higher growth than national economy has been the growth engine of the country. Odisha, predominantly an agrarian economy with Agriculture and allied activities constituting 22.5 percent in Gross State Value Added (GSVA) as per Odisha Economic Survey, 2022-23.

Odisha has been consistently a Revenue surplus state. Though the revenue surplus declined to 0.44% GSDP in 2019-20 during the pandemic year, the succeeding years saw the state building up revenue surpluses to 1.67% in 2020-21 and 3.29% in 2021-22RE. Being a low income state, the contribution of central taxes in total tax revenue is nearly 50% and is around 5.28% of GSDP in 2021-22 RE. State's own non-tax revenue has also increased from 1.90% GSDP in 2017-18 to 3.60% in 2020-21 and 6.98% in 2021-22 RE. The capital expenditure has been consistently 3.5 % of GSDP during the reference period. Fiscal Deficit has been less than around 2% of GSDP except in the pandemic year 2019-20 when it reached to 3.04%.

Revenue Expenditure (nearly 18% of GSDP) is dominated by Health and education (Around 5.0% of GSDP) and Agriculture sector (around 4.0% of GSDP). Rural housing, Micro finance to Self-help groups and building infrastructure are the main highlights of the State

Table-5.5.1: Fiscal Profile of Odisha (% of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|----------------------------|---------|---------|---------|---------|---------------|---------------|
| Total Revenue Receipts | 19.32 | 19.97 | 18.59 | 19.23 | 22.15 | 22.77 |
| States Own Tax Revenue | 6.33 | 6.08 | 5.91 | 6.31 | 6.50 | 6.39 |
| Share in Central Taxes | 7.09 | 7.09 | 5.57 | 5.07 | 5.28 | 5.14 |
| Non-tax Revenue | 5.90 | 6.79 | 7.10 | 7.84 | 10.38 | 11.25 |

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------|---------------|---------------|
| State Own Non-Tax Revenue | 1.90 | 2.86 | 2.68 | 3.60 | 6.98 | 6.69 |
| Grants from Centre | 4.00 | 3.93 | 4.42 | 4.25 | 3.39 | 4.55 |
| Revenue Expenditure | 16.29 | 17.12 | 18.14 | 17.56 | 18.86 | 20.24 |
| Capital Expenditure | 4.79 | 4.71 | 3.71 | 3.31 | 3.65 | 5.38 |
| Revenue Deficit Surplus(+)/Deficit (-) | 3.03 | 2.85 | 0.44 | 1.67 | 3.29 | 2.53 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -2.12 | -2.04 | -3.44 | -1.80 | -0.38 | -3.00 |
| Outstanding Liabilities | 16.32 | 20.67 | 19.34 | 26.49 | 24.59 | 23.22 |

Source: State Budget Documents and CAG Finance Accounts various years.

Table-5.5.2: Expenditure Pattern of Odisha (% of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 16.29 | 17.12 | 18.14 | 17.56 | 18.86 | 20.24 |
| 1. General Services (of which) | 4.59 | 4.82 | 5.23 | 5.21 | 5.36 | 6.73 |
| Interest Payments & Servicing of Debt | 1.13 | 1.16 | 1.11 | 1.22 | 1.26 | 1.18 |
| Pensions & Other Retirement Benefits | 1.97 | 2.11 | 2.61 | 2.51 | 2.50 | 2.53 |
| 2. Social Services (of which) | 6.70 | 7.31 | 7.96 | 7.35 | 8.44 | 8.27 |
| Medical & Public Health | 0.94 | 1.02 | 1.04 | 1.33 | 1.50 | 1.40 |
| Education, Sports, Art & Culture | 3.13 | 3.25 | 3.15 | 3.18 | 3.29 | 3.24 |
| Water Supply & Sanitation | 0.40 | 0.59 | 0.73 | 0.42 | 1.21 | 1.06 |
| Health & Education | 4.47 | 4.86 | 4.92 | 4.93 | 6.01 | 5.70 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.50 | 0.55 | 0.45 | 0.39 | 0.35 | 0.42 |
| Labour & Employment | 0.03 | 0.03 | 0.02 | 0.02 | 0.03 | 0.03 |
| Social Security & Welfare | 0.93 | 1.09 | 1.20 | 0.77 | 0.95 | 0.94 |
| Nutrition | 0.01 | 0.00 | 0.00 | 0.21 | 0.20 | 0.18 |
| Welfare | 1.48 | 1.67 | 1.68 | 1.39 | 1.53 | 1.56 |
| 3. Economic Services (of which) | 4.71 | 4.72 | 4.68 | 4.75 | 4.82 | 5.02 |
| Agriculture & Allied Services | 1.32 | 1.57 | 2.01 | 1.58 | 1.65 | 1.63 |
| Rural Development | 2.04 | 1.99 | 1.78 | 2.09 | 1.92 | 1.99 |
| Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.09 |
| Irrigation & Flood Control | 0.43 | 0.34 | 0.24 | 0.31 | 0.42 | 0.42 |
| Agriculture, Irrigation & Rural Development | 3.79 | 3.90 | 4.03 | 3.98 | 3.99 | 4.12 |
| Energy | 0.01 | 0.05 | 0.01 | 0.01 | 0.01 | 0.01 |
| Industry and Minerals | 0.15 | 0.16 | 0.14 | 0.14 | 0.15 | 0.22 |
| Capital Expenditure | 4.79 | 4.71 | 3.71 | 3.31 | 3.65 | 5.38 |

Source: State Budget Documents and CAG Finance Accounts various years

5.5.2 Explicit subsidies Odisha.

Total explicit subsidies estimated for Odisha has increased from RS. 17645 Crore in 2018-19 to 18953 Crore in 2021-22RE. Increase in welfare expenditure during pandemic year 2019 20 is visible with increase in subsidies to Rs. 19000 crore. (See Table 5.5.3 and Appendix 5.7)

Loan waivers given to farmers is RS. 600 crore during the reference period. Total loan waivers is close to Rs. 735 crore.in 2021-22 RE.

Explicit subsidies in the form of **DBT** have doubled from Rs. 699 Crore in 2018-19 to Rs. 1279 Crore in 2021-22RE. Major DBTs are Free medicine under NIRAMAYA scheme (Rs. 740 Crore), free uniform under Malati Devi Prak Vidyalaya Yojana to pre-school children (Rs. 78 Crore), Meher Shikhsa Manakbrudhi Yojana, free uniform and school kits (Rs. 173 Crore) and conditional Cash transfer to pregnant women under MAMATA Scheme (Rs. 278 Crore) in 2021-22RE.

Assistance to PSUs is towards industrial development and incentive to Industry. Nearly Rs. 82 Crore is spent for this purpose as subsidy.

Puri Jagannath temple is one the prestigious and cultural heritage of Odisha. For the development and maintenance of **religious organizations** mainly Puri temple is around 22 Crore in 2021-22.

Some of the major explicit subsidies include subsidies to small, medium and large industries (Rs. 49 Crore), input subsidies to farmers i.e., seed, fertilizers, manures etc. (Rs. 220 crore).

Total major explicit subsidies account for RS. 2696 Crore in 2021-22 RE.

Unclassified other explicit subsidies are mainly explicit subsidies under CSS schemes like PMAY, National food security mission, PMKSY. Major state sponsored explicit subsidies under KALIA, assistance farmers for crop loss (Rs. 2160 Crore) State sponsored Swasthya Kalayan Yojana (Rs. 390 Crore) and financial support to Women SHGSs, which decline from RS. 593 Crore in 2018-19 to around 6 Crore in 2021-22 RE.

Table 5.5.3 Major Subsidies in Odisha

In Rs. Lakh

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Scholarships | 145030.7 | 132191 | 126469.3 | 106690.1 | 131087.3 |
| Pre and Post-Matric scholarship and stipends for different purposes | 133794.6 | 121919.9 | 116061.2 | 90017.51 | 122183.8 |
| Merit Scholarship | 4684.52 | 3931.91 | 4552.96 | 6476.28 | 5175.9 |
| Scholarship for Professional Education | 1619 | 1021.18 | 1222.7 | 4510.9 | 2465 |
| Loan Waiver | 65555.76 | 73519.25 | 80700 | 73622.66 | 87380.15 |
| INTEREST SUBVENTION TO THE CO-OP. BANKS/ PACS FOR PROVIDING CROP LOAN TO THE FARMERS | 60486.06 | 63419.25 | 59500 | 55299.74 | 78760.15 |
| Interest Subvention under Mukhya Mantri Mahila Sashakti Karan Yojana | 4900 | 10000 | 0 | 0 | 0 |

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Interest Subvention under Mission Shakti Programme | 0 | 0 | 18200 | 18200 | 8020 |
| Major DBTS | 69939.94 | 100201.9 | 109895.4 | 127990.4 | 121369.2 |
| NIRAMAYA (Free Medicine) through Biju Swasthya Kalyana Yojana | 0 | 38706.11 | 64955.3 | 74000 | 60000 |
| Jaga mission is slum upgradation program in urban Odisha. It provide / authorize the land rights to the illegal occupants in the city. | 10000 | 10000 | 0 | 0.03 | 10000 |
| Conditional cash transfer for Pregnant women (MAMATA) | 15499.99 | 30512.99 | 22722.95 | 27891.25 | 24740.18 |
| "Ama Ghare LED Light" Karyakram | 22500 | 1000 | 100 | 0.01 | 0.01 |
| Grants for School kits and uniforms under Gangadhar Meher Sikshya Manakbrudhi Yojana | 16745.99 | 15138.4 | 15902.29 | 17302.79 | 17650.01 |
| Malati Devi Prak Vidyalaya Paridhan Yojana for Pre-School Education (Free Uniform) | 4524.15 | 4140.07 | 5507.27 | 7840.27 | 7840.27 |
| Ass to PSU | 5025 | 1987 | 2059.69 | 8191.1 | 29489.08 |
| Financial assistance for development of Industrial Clusters | 0 | 0 | 0 | 2200.76 | 4000 |
| Financial Assistance for setting up of Industrial Parks | 0 | 0 | 0 | 3700.01 | 13500 |
| Pensions | 180186.6 | 321175.5 | 183787.1 | 298334.9 | 313836 |
| Grants to religious org. | 3233.38 | 4162.4 | 2553.18 | 2174.62 | 2556.64 |
| Ex-Gratia Payment | 26294.85 | 32946 | 7031.58 | 5845.03 | 6272.94 |
| Major Explicit Subsidies | 207406.8 | 189142.2 | 288683.1 | 269562.1 | 187205.2 |
| Subsidies to Medium and Large Industries// ASSISTANCE TO INDUSTRIAL FINANCIAL INSTITUTIONS | 20000 | 17748.4 | 4737.17 | 2100.01 | 3600 |
| Subsidy to beneficiaries of Jananidhi -Rural Infrastructure Development Fund (RIDF) | 15651.97 | 15588.01 | 12000.01 | 12502.5 | 23400 |
| Input subsidy on seed fertilizer, bio-fertilizers, insecticides, bio- pesticides etc. (Horticulture) | 20712.03 | 15146.4 | 18097.3 | 16200 | 21191.85 |
| Subsidy for Machha Chasa Pain Nua Pokhari Khola Yojana | 4599.94 | 4486.94 | 6325 | 6273.3 | 0 |
| Subsidies for Small Scale Industries | 3290.38 | 3480.28 | 5780.27 | 2800 | 4000 |
| Subsidy for Agricultural inputs etc. | 33632.59 | 7058.87 | 5512.74 | 5350.08 | 5400.08 |
| Subsidy for House Building and other Assistance for Cyclone Affected | 0 | 10494.73 | 16914.14 | 5291.29 | 0.04 |
| Others | 1061878 | 1075869 | 1072093 | 1002929 | 1285620 |
| Fair Price Shop Additional Dealers Margin under NFSA | 14759.65 | 12027.59 | 9896.35 | 0 | 0 |
| Mid-Day Meals | 57623.76 | 60899.19 | 104718.3 | 90800.07 | 94153.59 |
| Biju KBK Yojana | 12000 | 12000 | 12000.01 | 12000 | 12000 |
| Pradhan Mantri Awaas Yojana (Rural) - Biju Pucca Ghar | 450292.3 | 349638 | 493312.3 | 426400 | 550584 |
| Pradhan Mantri Awaas Yojana (Urban) | 30992.44 | 29039.01 | 26949.15 | 18346.81 | 50000.13 |
| Biju Krushak Vikash Yojana for LIPs under RIDF | 23945.37 | 0 | 35697.67 | 40000 | 40000 |
| Pradhan Mantri Krushi Sichai Yojana - Har Khet Ko Pani(HKP) | 4614.27 | 1127.62 | 0 | 3500.04 | 2100 |

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Grants for Farmers Welfare - KALIA | 37770.44 | 179506.9 | 196405 | 216068 | 197896.5 |
| Financial Support to Women Self Help Groups and Block Level Federation under different schemes | 59344.34 | 7683.9 | 607 | 607 | 22457 |
| Grants / Assistance for Micro, Small & Medium Industries-Financial Support | 1663.24 | 2264.66 | 2997.98 | 4248.75 | 7385.74 |
| Assistance through Biju Swasthya Kalyana Yojana | 2000 | 2648.5 | 4005.86 | 3331.08 | 3582.05 |
| Assistance through NIDAN, SUNETRA and Swasthya Sanjog through Biju Swasthya Kalyana Yojana | 2050 | 22291.41 | 32248.29 | 39075.06 | 25458.82 |
| Grand Total | 1764551 | 1931195 | 1873272 | 1895339 | 2164817 |

5.5.3 Conclusions.

On the whole explicit subsidies in Odisha are limited CSS schemes like National food security mission, PMAY, Old age pensions and poverty alleviation in KBK districts. Major Subsidies sponsored by the State are Input subsidy to Agricultural farmers, financial assistance to Women SHGs for small industries and thrift activities (micro credit), free medicines and health insurance to the poor and calamity relief related ex-gratia payments. However, Odisha being a low income state, with significant people below poverty and frequently occurring natural calamities, the State expenditure under explicit subsidies are within the limits as they have revenue surplus and manageable Public debt.

5.6 Subsidies in Rajasthan

5.6.1 Fiscal Profile of Rajasthan

Increasing and persistent revenue deficits and debt burden is one of the problems of Rajasthan. Revenue deficits increased from 2.23% of GSDP in 2018-19 to 4.43% in 2020-21. Though revised estimates for 2021-22 are showing a declining trend, this mainly financing certain expenditure through off budget borrowings. The CAG (2021) observed that Rajasthan had off budget borrowings by various Zila Parishads and the Rajasthan Agriculture Marketing Board in 2019-20 amounting to Rs 2,902 crore. Increasing revenue deficits and limiting fiscal deficits to 3.5% levels has resulted negligible capital expenditure between 2018-19 and 2019-20. Fiscal deficit reached above 5.86% in 2020-21 and continued to be higher at 5.18% in 2021-22BE.

One of the main reasons for increasing revenue expenditures has been committed expenditures like interest payments, pensions and salaries. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2023-24, Rajasthan is estimated to spend Rs 1,29,963 crore on committed expenditure, which is 56% of its estimated revenue receipts. This comprises spending on salaries (31% of revenue receipts), pension (11%), and interest payments (14%). Committed expenditure is expected to increase by 7% over the revised estimate of 2022-23. In 2022-23, expenditure towards salaries is estimated to be 2% lower than the budget estimate.

Several states including Rajasthan had announced to withdraw from the National Pension System (NPS) and re-implement the Old Pension Scheme (OPS). Given that the current retirees from states are primarily enrolled in the OPS, immediate financial strain will not be felt due to shifting back to OPS. In fact, Rajasthan has reduced its allocation to NPS from Rs 1,926 crore in 2021-22 (actuals) to Rs 5 crore in 2023-24 (budget estimates). However, when the employees who joined after the implementation of the NPS begin to retire from 2034 onwards, the cost of reverting to OPS will be visible.

Outstanding debt of the state is also increasing from 30.69% of GSDP in 2018-19 to little more than 35% in 2022-23. This mainly due to increase in deficits both revenue and fiscal deficits. Limited fiscal space due to committed expenditure and not so buoyant revenues necessitates rationalising explicit budgetary subsidies.

Table-5.6.1: Fiscal Profile of Rajasthan (as % Of SGDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------|---------------|---------------|
| Total Revenue Receipts | 15.29 | 15.12 | 14.02 | 13.25 | 15.84 | 16.11 |
| States Own Tax Revenue | 6.08 | 6.29 | 5.93 | 5.95 | 6.92 | 7.37 |
| Share in Central Taxes | 4.45 | 4.59 | 3.61 | 3.51 | 3.74 | 3.69 |
| Non-tax Revenue | 4.77 | 4.24 | 4.49 | 3.79 | 5.17 | 5.06 |
| State Own Non-Tax Revenue | 1.89 | 2.04 | 1.57 | 1.35 | 1.55 | 1.66 |
| Grants from Centre | 2.88 | 2.20 | 2.91 | 2.45 | 3.62 | 3.40 |
| Revenue Expenditure | 17.52 | 18.29 | 17.67 | 17.60 | 18.82 | 17.87 |
| Capital Expenditure | 2.48 | 2.15 | 1.47 | 1.51 | 2.35 | 2.61 |
| Revenue Deficit Surplus(+)/Deficit (-) | -2.23 | -3.17 | -3.64 | -4.34 | -2.98 | -1.76 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -3.04 | -3.78 | -3.77 | -5.86 | -5.18 | -4.36 |
| Outstanding Liabilities | 30.69 | 30.90 | 31.22 | 34.85 | 34.15 | 35.76 |

Source: State Budget Documents and CAG Finance Accounts various years.

Table-5.6.2 Expenditure Pattern of Rajasthan (as % Of SGDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-------------|-------------|-------------|-------------|---------------|---------------|
| Revenue Expenditure (1+2+3) | 17.52 | 18.29 | 17.67 | 17.60 | 18.82 | 17.87 |
| 1. General Services (of which) | 5.22 | 5.96 | 5.62 | 5.94 | 5.70 | 5.20 |
| Interest Payments & Servicing of Debt | 2.37 | 2.38 | 2.37 | 2.49 | 2.36 | 2.16 |
| Pensions & Other Retirement Benefits | 1.67 | 2.24 | 2.08 | 2.21 | 2.12 | 1.83 |
| 2. Social Services (of which) | 6.37 | 7.21 | 6.84 | 7.30 | 7.61 | 7.27 |
| Medical & Public Health | 1.12 | 1.25 | 1.17 | 1.18 | 1.25 | 1.27 |
| Education, Sports, Art & Culture | 3.20 | 3.79 | 3.36 | 3.45 | 3.66 | 3.58 |
| Water Supply & Sanitation | 0.36 | 0.37 | 0.34 | 0.35 | 0.35 | 0.31 |
| Health & Education | 4.69 | 5.42 | 4.86 | 4.97 | 5.26 | 5.16 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.16 | 0.16 | 0.18 | 0.15 | 0.16 | 0.17 |
| Labour & Employment | 0.07 | 0.07 | 0.09 | 0.11 | 0.11 | 0.12 |
| Social Security & Welfare | 0.58 | 0.66 | 0.82 | 0.95 | 1.03 | 0.93 |
| Nutrition | 0.18 | 0.19 | 0.17 | 0.22 | 0.22 | 0.20 |
| Welfare | 0.98 | 1.08 | 1.26 | 1.43 | 1.52 | 1.41 |
| 3. Economic Services (of which) | 5.92 | 5.12 | 5.20 | 4.36 | 5.51 | 5.40 |
| Agriculture & Allied Services | 0.61 | 0.92 | 1.03 | 1.19 | 1.08 | 0.96 |
| Rural Development | 1.80 | 1.25 | 1.26 | 1.16 | 1.81 | 2.04 |
| Special Areas Programmes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Irrigation & Flood Control | 0.25 | 0.19 | 0.18 | 0.20 | 0.19 | 0.18 |
| Agriculture, Irrigation & Rural Development | 2.67 | 2.35 | 2.47 | 2.55 | 3.09 | 3.17 |
| Energy | 2.82 | 2.33 | 2.28 | 1.41 | 1.90 | 1.71 |
| Industry and Minerals | 0.04 | 0.03 | 0.04 | 0.03 | 0.04 | 0.04 |
| Capital Expenditure | 2.48 | 2.15 | 1.47 | 1.51 | 2.35 | 2.61 |

Source: State Budget Documents and CAG Finance Accounts various years.

5.6.2 Explicit subsidies Rajasthan

Total Explicit subsidies in Rajasthan has increased from 34314 Crore in 2018-19 to 47222 Crore in 2021-22RE. One can notice sharp rise in explicit subsidies in 2021-22RE onwards. Rajasthan is again a revenue deficit state and the explicit subsidies are equivalent to revenue deficit or little more. With huge committed expenditures and little fiscal space, whatever subsidies implemented by the State are met from borrowed funds.

Some of the major explicit subsidies in Rajasthan are Loan waivers, Assistance or grants in aid to Power Corporation, medical insurance and free medicines.

Loan Waivers of which **loan waivers** to farmers have increased from Rs. 3370 Crore in 2018-19 to 3964 Crore in 2021-22 RE. Including other loan waivers to SHGs and PSU total loan waivers stood at RS. 4022 Crore in 2021-22 RE.

Huge assistance is given to **power** distributing companies in Rajasthan, which includes free power given to farmers and domestic consumers up to consumption of 100 units and compensation for losses incurred by the power corporation and distribution companies towards losses incurred by them. Total power subsidies is around RS. 22000 crore during the reference period.

The public **transport** system in Rajasthan is by a PSU- Rajasthan State Road Transport corporation. Total assistance given to Public transport including metro services has increased from Rs. 485 Crore in 2018-19 to RS. 888 Crore in 2021-22 RE. Subsidies on free travel concession given various kind people like journalists, physically disabled is around RS 255 crore in 2021-22 RE and assistance Metro Rail Project and city transport services limited is Rs. 220 Crore in 2021-22 RE.

Among other subsidies, majority of the subsidies are under CSS schemes like PMAY, Horticulture mission, Health insurance, scholarships etc. Of the State sponsored notable subsidies are distribution of **Scooty** (two wheelers) to the students (Around Rs. 16 crore), to farmers for **crop loss** (around Rs. 900 Crore), Grants to **Gaushalas** for protection of cows (Rs. 650 Crore), **Dairy cooperatives** under sambal yojana (Rs. 230 Crore) and assistance to Rajasthan Medical Services corporation for **free medicines** (Rs. 377 Crore)

5.6.3 Conclusions.

Rajasthan is revenue deficit state with increasing Public Debt. Major dent to the state exchequer in addition to committed expenditure is explicit subsidies to power sector, public transport and loan Wavers to farmers. Assistance to power distributing companies to cover the loss and theft

is Rs. 1250 Crore. Total assistance to power companies is around RS. 22000 Crore. For not increasing the electricity rates is around RS. 19800 Crore. If one excludes the assistance to Power sector under UDAY in 2018-19 and 2019-20, there is a sharp increase in subsidy compensation to power sector in 2020-21 and 2021-22. Another big ticket subsidy is Farm Loan waivers and interest subsidy to small industries is around 4000 crore.

Scooty distribution. Farm loss compensation to farmers assistance for gaushalas for protection of cows are some of the state sponsored subsidies

Table 5.6.3-Major Subsidies In Rajasthan

| | In Rs. Lakh | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2018-19 | 2019-20 | 2020-21 | RE 2021-22 | BE 2022-23 |
| Total Loan Waiver | 339346 | 454504 | 452290 | 402220 | 148200 |
| Of which Agriculture loan waiver | 337000 | 454108 | 451728 | 396449 | 142400 |
| Total Scholarships | 137149 | 177883 | 166326 | 217267 | 247365 |
| Of which Technical and Medical Scholarships | 97533 | 117518 | 80019 | 110128 | 125248 |
| Total Power Assistance | 2120373 | 1864402 | 1426425 | 2277992 | 2282571 |
| Of which power free power | | | 3112 | 14565 | 9199 |
| Of which loss and theft of power | 1016 | 1717 | 3069 | 122810 | 3531 |
| Total Transport | 48500 | 49255 | 38727 | 88841 | 65710 |
| Of which free travel concession | 21000 | 17500 | 7990 | 25500 | 25500 |
| Other Subsidies | 786056 | 966114 | 1077828 | 1735879 | 2117759 |
| Of which | | | | | |
| CM Chiranjivi Health Insurance Scheme - Public Health Insurance Scheme | 15371 | 77047 | 35000 | 146340 | 222800 |
| Grant to Gaushalas--Animal Husbandry Department | 24058 | 46245 | 56548 | 63358 | 72400 |
| Additional grants for micro irrigation through Horticulture Department | | | | 10000 | 50000 |
| Assistance to Rajasthan Medical Services Corporation | 19780 | 17842 | 29323 | 37700 | 40700 |
| Chief Minister Milk Producer Sambal Yojna | | 10000 | 9750 | 15000 | 28000 |
| Grant to Rajasthan Medical corporations for Free Medicine Distribution Scheme | 13105 | 10766 | 16948 | 17300 | 19300 |
| Assistance to Zilla Parishads / District level Panchayats --Rural B. P. L. Housing | 20964 | 19748 | 12758 | 15015 | 11370 |
| Additional assistance for Green houses through Horticulture Department | 1403 | 1091 | 759 | | 10000 |
| Indra Women Power scheme -- Rehabilitation of Victim Women | 440 | 5500 | 8000 | 8501 | 8983 |
| Indira Gandhi Urban Credit Card Scheme -2021-- Assistance under | | | | 800 | 5000 |

| | 2018-19 | 2019-20 | 2020-21 | RE 2021-22 | BE 2022-23 |
|---|-----------------|-----------------|------------------|------------------|------------------|
| Indira Gandhi Urban Credit Card Scheme | | | | | |
| Grant for Dev-Narayan Scheme (DBT for Different projects) | 2289 | 1620 | 241 | 2360 | 3558 |
| Total Explicit subsidies | 3431423 | 3512157 | 3161597 | 4722199 | 4861605 |
| Total Revenue Receipts | 13787302 | 14011381 | 13430788 | 18943149 | 21497724 |
| Revenue Expenditure | 16677319 | 17648510 | 17830941 | 22512084 | 23846579 |
| GSDP | 91167414 | 99905036 | 101332301 | 119613711 | 133441000 |
| Revenue Deficit | -2890017 | -3637130 | -4400153 | -3568936 | -2348856 |

5.7 Subsidies in Nagaland

5.7.1 Fiscal Profile of Nagaland:

Nagaland is predominantly an agrarian economy with more than 60 per cent of the population depending on Agriculture for their livelihood. Nagaland is a landlocked state in the north-eastern region of India. It is bordered by the Indian states of Arunachal Pradesh to the north, Assam to the west, Manipur to the south, and the Sagaing Region of Myanmar (Burma) to the east. Its capital city is Kohima and its largest city is the twin Chümoukedima–Dimapur. The state has an area of 16,579 square kilometres (6,401 sq mi) with a population of 1,980,602 as per the 2011 Census of India, making it one of the smallest states of India.

Nagaland, which became the 16th state of India on 1 December 1963, is a home to diverse indigenous ethnic groups, each with its distinct customs, traditions, and languages.

The state has significant resources of natural minerals, petroleum, and hydropower, with agriculture as the state's most important economic activity, accounting for over 70% of its economy. Other significant activities include forestry, tourism, insurance, real estate, horticulture, and miscellaneous cottage industries.

Being a special category state, Nagaland dependent of central transfers. Nearly 90% of revenues are from central transfers. Major own tax revenues are Goods and Services tax and Vehicle Taxes. Major non tax revenues are from power sectors and forestry. Total revenue receipts have been around 40% of GSDP and shown a declining trend during pandemic period due to declining central transfers. SGST and Taxes on Vehicles are the major tax revenues and receipts from power sector and forestry are the major non tax revenues. Nagaland has been a revenue surplus state with minimal revenue expenditures throughout the reference period except the year 2019-20 and has been spending more than 5% on capital expenditure. However the fiscal deficit has been around 4.5% which has resulted in an outstanding debt burden of around 40% of GSDP.

Expenditures on Education and Agriculture and allied sectors are major expenditures. Expenditures on infrastructure like Irrigation, rural infrastructure and power have been major expenditures. Being a tiny special category state and highly dependent on centre for its finances, Nagaland is comfortable in its state finances with revenue surplus and comfortable capital expenditures.

Table-5.7.1: Fiscal Profile of Nagaland (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------|------------|------------|
| Total Revenue Receipts | 45.17 | 43.12 | 38.58 | 38.68 | 35.83 | 41.65 |
| States Own Tax Revenue | 2.62 | 3.19 | 3.24 | 3.46 | 3.72 | 3.67 |
| Share in Central Taxes | 13.75 | 14.30 | 11.03 | 11.54 | 12.13 | 12.04 |
| Non-tax Revenue | 28.81 | 25.63 | 24.31 | 23.68 | 19.97 | 25.93 |
| State Own Non-Tax Revenue | 1.59 | 0.96 | 1.15 | 0.82 | 0.74 | 0.75 |
| Grants from Centre | 27.22 | 24.67 | 23.16 | 22.86 | 19.23 | 25.18 |
| Revenue Expenditure | 41.78 | 41.16 | 39.30 | 37.41 | 34.44 | 37.30 |
| Capital Expenditure | 5.23 | 6.01 | 4.07 | 5.66 | 7.33 | 7.85 |
| Revenue Deficit Surplus(+)/Deficit (-) | 3.39 | 1.95 | -0.72 | 1.27 | 1.39 | 4.34 |
| Fiscal Deficit Surplus(+)/Deficit (-) | -1.83 | -4.08 | -4.82 | -4.40 | -5.94 | -3.50 |
| Outstanding Liabilities | 39.20 | 39.20 | 39.31 | 46.84 | 40.83 | 40.47 |

Source: State Budget Documents and CAG Finance Accounts various years.

Table-5.7.2 Expenditure Pattern of Nagaland (as % of GSDP)

| Budget description / years | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue Expenditure (1+2+3) | 41.78 | 41.16 | 39.30 | 37.41 | 34.44 | 37.30 |
| 1. General Services (of which) | 17.71 | 18.92 | 18.33 | 17.26 | 16.42 | 17.58 |
| Interest Payments & Servicing of Debt | 3.70 | 3.76 | 3.25 | 2.90 | 2.67 | 3.12 |
| Pensions & Other Retirement Benefits | 5.18 | 5.85 | 6.12 | 5.93 | 6.27 | 6.70 |
| 2. Social Services (of which) | 10.49 | 11.91 | 10.23 | 10.62 | 9.92 | 10.14 |
| Medical & Public Health | 2.20 | 2.32 | 2.23 | 2.31 | 2.17 | 2.32 |
| Education, Sports, Art & Culture | 6.08 | 6.81 | 5.39 | 5.80 | 5.47 | 5.57 |
| Water Supply & Sanitation | 0.37 | 0.36 | 0.35 | 0.34 | 0.32 | 0.31 |
| Health & Education | 8.65 | 9.50 | 7.96 | 8.46 | 7.96 | 8.20 |
| Welfare of Scheduled Caste, Scheduled Tribes & Backward Classes | 0.19 | 0.19 | 0.08 | 0.19 | 0.13 | 0.13 |
| Labour & Employment | 0.14 | 0.16 | 0.17 | 0.16 | 0.17 | 0.20 |
| Social Security & Welfare | 0.70 | 0.64 | 0.66 | 0.59 | 0.55 | 0.60 |
| Nutrition | 0.27 | 0.27 | 0.35 | 0.31 | 0.41 | 0.26 |
| Welfare | 1.30 | 1.25 | 1.25 | 1.25 | 1.26 | 1.19 |
| 3. Economic Services (of which) | 13.58 | 10.34 | 10.73 | 9.52 | 8.09 | 9.59 |
| Agriculture & Allied Services | 2.56 | 2.61 | 2.65 | 2.24 | 2.15 | 2.42 |
| Rural Development | 5.56 | 2.34 | 2.75 | 2.49 | 1.82 | 2.62 |
| Special Areas Programmes | 0.21 | 0.11 | 0.13 | 0.13 | 0.06 | 0.35 |
| Irrigation & Flood Control | 0.11 | 0.12 | 0.11 | 0.11 | 0.09 | 0.10 |
| Agriculture, Irrigation & Rural Development | 8.45 | 5.19 | 5.62 | 4.96 | 4.13 | 5.49 |
| Energy | 1.85 | 1.85 | 1.98 | 2.10 | 1.78 | 1.69 |
| Industry and Minerals | 0.50 | 0.51 | 0.47 | 0.49 | 0.42 | 0.38 |
| Capital Expenditure | 5.23 | 6.01 | 4.07 | 5.66 | 7.33 | 7.85 |

Source: State Budget Documents and CAG Finance Accounts various years.

5.7.2 Explicit Subsidies in Nagaland

CAG reports only food subsidies as subsidies in its report of Finance Accounts for Nagaland which around Rs. 25 Crore. However, if one considers assistance given to PSUs and Voluntary organisation, welfare expenditure like old age pensions, Housing for poor, scholarships to the students etc., as followed in this report, it is around Rs. 135 Crore during the period 2019-20 to 2022-23. Explicit subsidies under various categories in Nagaland are given in Table 5.7.3. Most of these subsidies are under CSS. Few notable major subsidies administered by the State is assistance to commercial civil airlines, which is around 12 Crore and assistance to PSUs for mineral exploration ranging between Rs. 5 to 8 Crore. Having revenue surplus, Nagaland government is spending little more than one percent of revenue expenditure on explicit subsidies. Majority of the expenditure in the state is influenced by the Centrally Sponsored Schemes and policies. State government is spending very little under Revenue Expenditure in addition to meeting committed expenditure like salaries and Wages. Being a very small state and special category state, Nagaland is highly dependent on Centre.

Table 5.7.3 -Major Explicit Subsidies in Nagaland

In Rs. Lakh

| | Detail | 2019-20 | 2020-21 | 2020-21 | 2020-21 | 2020-21 |
|----------|---|----------------|----------------|----------------|----------------|----------------|
| 1 | Scholarships for Education | 3129.92 | 6015.38 | 5421.75 | 5166.46 | 5341 |
| | scholarship for Minority Community | 14.47 | | | | |
| | General scholarships | 308.03 | 38.72 | 38.72 | 38.72 | 38.72 |
| | Merit scholarship | 266.21 | 281.28 | 281.28 | 281.28 | 281.28 |
| | Community Development through Polytechnic scholarship Stipend | 60.18 | | | | |
| | Merit cum Means scholarships for Professional and Technical Courses scholarship and Stipend | | 49.29 | 180 | 85 | 100 |
| | State Academy of Music scholarship Stipend | 61 | 61 | 61 | 61 | 61 |
| | Welfare of SCSTOBC scholarship Stipend | | 60.75 | 60.75 | 6.75 | |
| | Industrial Training Institute scholarship Stipend | 49.55 | | | | |
| | Post Matric scholarships | 2358.24 | 5507.72 | 4800 | 4693.71 | 4860 |
| | Financial Support to Students of NER | 12.24 | 16.62 | | | |
| 2 | Scholarships for Medical Education | 179.69 | 113.7 | 182.65 | 182.65 | 182.65 |
| 3 | welfare programmes | 2742.14 | 4397.31 | 5619.9 | 4034.82 | 3381.94 |
| | Welfare of Handicapped | 5.4 | 6.16 | 5.4 | 5.4 | 5.4 |
| | Welfare of Aged Infirm and Destitute | | 154.5 | 92 | 112 | 88 |
| | Indira Gandhi National Old Age Pensions | 2693.33 | 2308.97 | 1964.57 | 1903.02 | 1087.13 |
| | Assistance to War Veterans | 22.32 | 18 | 18 | 16.56 | 16.56 |
| | Skill Development Social Welfare Stipend | 2.09 | 2.09 | 2.09 | 2.85 | 2.85 |

| | Detail | 2019-20 | 2020-21 | 2020-21 | 2020-21 | 2020-21 |
|----------|---|---------------|-----------------|-----------------|-----------------|-----------------|
| | Assistance to Voluntary Organisation | 19 | 167.67 | 58 | 61 | 62 |
| | Prime Minister <i>Awas Yojana</i> | | 1739.92 | 3479.84 | 1933.99 | 2120 |
| 4 | Agricultural Subsidies | 314.35 | 412.42 | 313.61 | 432.83 | 314.33 |
| | Assistance to Nagaland State Agriculture Marketing Board | 160 | 250 | 165 | 288.5 | 181.5 |
| | Assistance to Pisciculturist | 36.01 | 33.98 | 39.77 | 31.33 | 31.33 |
| | Scholarships for Agricultural Extension Training | 115.34 | 125.44 | 105.84 | 110 | 98.5 |
| | Sericulture Industries | 3 | 3 | 3 | 3 | 3 |
| 5 | Nagaland Electricity Regulatory Commission Grant-in-aid | | 80 | 80 | 84.69 | 80 |
| 6 | Consumer Subsidies | 222.2 | 221.2 | 226.2 | 226.2 | 216.2 |
| | Marketing and Consumer Federation | 170 | 150 | 150 | 150 | 150 |
| | Assistance to Credit Cooperatives Other Charges | 52.2 | 41.2 | 46.2 | 46.2 | 56.2 |
| | Grants to Consumer Organisations | | 30 | 30 | 30 | 10 |
| 7 | Industrial Subsidies | 836.5 | 2521.25 | 1985.03 | 2877.07 | 1990.15 |
| | Training Outside the State and Study Tours for industrial development | 1.1 | | 1.1 | 1.1 | 1.1 |
| | State Industrial Policy scholarship Stipend | 5.4 | | | | |
| | Handicraft Industries | 1.5 | 1.5 | 1.09 | 1.09 | 1.09 |
| | Handloom Industries | | 5.4 | 1.47 | 1.47 | 1.47 |
| | Nagaland Mechanised Bricks Company | | 3.45 | 3.79 | 3.79 | |
| | Nagaland Sugar mill Company Ltd | | 16.4 | 18.04 | 18.04 | 6 |
| | Nagaland Hotels Ltd | | 380 | 173.8 | 464.98 | 191.18 |
| | Petroleum & Natural Gas | | 50 | 50 | 50 | |
| | Assistance to PSUs for Mineral Exploration | 828.5 | 870.5 | 535.73 | 936.59 | 589.3 |
| | Subsidies given to Commercial Airlines | | 1194 | 1200.01 | 1400.01 | 1200.01 |
| | | | | | | |
| 8 | Other Subsidies | 26 | 186 | 176.01 | 186.01 | 136.01 |
| | Irrecoverable Loans Written Off | | | 0.01 | 0.01 | 0.01 |
| | Grant to Voluntary Cultural Organisation Grant-in-aid | | 150 | 150 | 150 | 100 |
| | Assistance to Media Persons | 26 | 36 | 26 | 36 | 36 |
| | | | | | | |
| | Total Subsidies | 7450.8 | 13947.26 | 14005.15 | 13190.73 | 11642.28 |

5.7.3 Conclusions

Nagaland State is dependent on Centre for its revenue sources. In addition to committed expenditure on salaries and wages, much of state's expenditure is influenced by CSS. Only notable subsidies in the state are subsidising civil aviation and mineral exploration.

6. Summary & Conclusions

Fiscal space has been shrinking and is less than 50% of revenue receipts at state level. State have moved to revenue deficit situation from the comfort zone of revenue surplus. Covid pandemic resulted in to losses in revenue collection. Welfare expenditure and subsidies initiated by the various state governments continued beyond lockdowns and recovery.

In addition, due to the committed expenditures and statutory transfers to local bodies, states have to spend additionally on centrally sponsored schemes. Committed expenditure including CSS expenditure is resulting into states borrowing for recurring expenditures. It is those states which have revenue deficit need to think of not only restricting committed expenditure but also rationalising subsidies.

Explicit subsidies estimated from Budget documents is above 20% of revenue expenditure in few selected states and all these states except Odisha are having revenue deficit 2020-21. Financing subsidies and welfare expenditure through borrowing is not sustainable in the long run and also result in reduction of expenditure on infrastructure. Therefore there is a need for improving the fiscal space and rationalising the subsidies including in the form of freebies.

It is very difficult to distinguish between subsidies, freebies and welfare expenditure. Secondly judging the subsidies as merit and non-merit, good and bad, many times, is judgemental and differs based on geography, timing of implementation and so on.

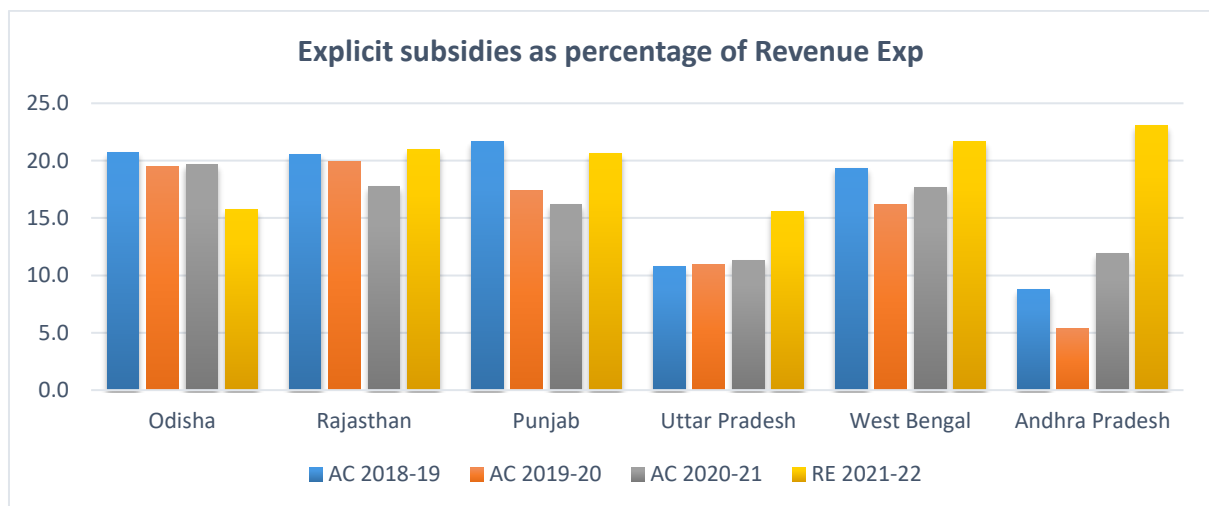
It is therefore suggested in this report that, the total volume of subsidies to be linked to fiscal space available. Rationalisation of subsidies can be done by TTTE Formula - proper **T**argeting, maintaining **T**ransparency, fixing the **T**imelines and **E**valuating the effectiveness of subsidy regime in achieving the desired objective

Explicit subsidies are defined as expenditure incurred by the government in the form of transfer payments to individuals and in form of assistance and grants to private entities for provision of private goods. In the Budget documents they are classified as Subsidies, Assistance to PSUs and Grants in aid non-salary for exclusively meant for provision of private goods. Here implicit subsidies like associated with expenditure incurred for provision of service by the government are not included. Directly is not included in the definition of explicit Subsidies²⁰.

Explicit subsidies are a major component of state finances, and their impact on fiscal health can't be overstated. From the analysis in previous sections, that the quantum of subsidies have increased in all the states except Odisha with a sharp growth from 2020-21 onwards.

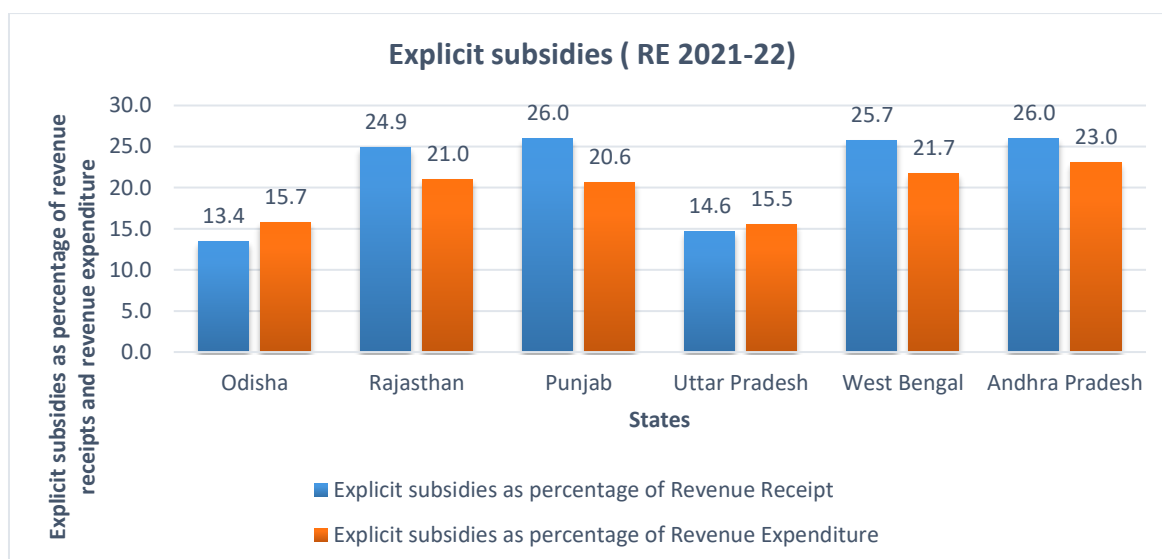
²⁰ for the reasons that any recovery made against such service is accounted in non-tax revenue and are mostly for provision of merit services like health education, infrastructure etc. Such expenditures are meant for general public in broader term and not targeted towards targeted beneficiaries

Higher portion of revenue receipts goes for financing subsidies in except in Odisha and Uttar Pradesh. If one considers 2021-22RE, nearly one-fourth of revenue receipts is being spent on subsidies in the states of Andhra Pradesh, Rajasthan, Punjab, and West Bengal whereas Odisha and Uttar Pradesh spend only 15% of revenue receipts on explicit subsidies. Interestingly Uttar Pradesh and Odisha are revenue surplus states where as other states are revenue deficit states. One can see that there has been a significant jump in Uttar Pradesh, West Bengal, Punjab and Andhra Pradesh from 2020-21 onwards. Similar is the case when we look at Subsidies as per cent of Revenue Expenditure. Barring Odisha and Uttar Pradesh which have revenue surplus, the share of explicit subsidies in revenue expenditure is above 20 per cent in 2021-22 and increase is sharper in 2021-22 for Rajasthan, Punjab, Uttar Pradesh, West Bengal and Andhra Pradesh. Andhra Pradesh shows a significant increase in 2021-22 onwards.



Rajasthan, Punjab, and West Bengal have had higher percentages of explicit subsidies as a share of revenue expenditure compared to Uttar Pradesh and Andhra Pradesh. However, there have been fluctuations in these percentages over the years, with some states experiencing an increase in explicit subsidies while others have shown a declining trend. For instance, Andhra Pradesh shows a significant increase in the latest year.

The states with the highest explicit subsidies as per cent of revenue receipts and revenue expenditure in the latest estimated year are Punjab and Andhra Pradesh, followed by West Bengal and Rajasthan, indicating that these states are massively reliant on subsidies on welfare schemes. The states witnessing a low-level dependence on subsidies are UP and Odisha. Incidentally the state having revenue deficit have increasing explicit subsidies than those having revenue surpluses. Uttar Pradesh and Odisha being low income states and having higher poverty level compared to West Bengal, Andhra Pradesh and Punjab are more development oriented with higher capital expenditures and revenue surpluses.



Punjab: Major explicit subsidies in Punjab are Debt relief given to farmers in Punjab (Total loan waivers were Rs. 4308 Crore in 2018-19), Power sector with free power to farmers (Rs. 6000 Crore) and free power announced in 2022 which may cost additional Rs. 14000 Crore, and another Rs. 500 crore for populist schemes like distribution of smart phones, assistance for marriages, free travel subsidy and free bicycles for school going children. Major dent to exchequer being subsidies in power sector.

Andhra Pradesh: One of the major issues in subsidy regime in Andhra Pradesh is poor targeting and transparency. There are multiple schemes befitting the same set of beneficiaries. Under *Asara* scheme a women get interest free loan through SHG and the same women gets benefit for sending her children to schools under *Asmara*, and also financial assistance for being single women or divorcee. Similarly assistance given to artisans and old age pensions is another example.

Secondly the AP Government in 2019-20 introduced various subsidies under various new schemes which has cost the exchequer additionally Rs. 2295 Crore and Rs. 9244 Crore in 2020-21 and 2021-22 RE respectively. Giving monthly assistance to various artisans and self-employed or unemployed is an additionality in addition *Asmara* loans (interest free), *Ammi void* (assistance to Women), *Jagananna Thodu* (assistance to SC ST Entrepreneurs).

The “Y.S.R Nine Hours Free Power Supply” is the flagship program of Andhra Pradesh, which provides free power to agriculture, which costs the state exchequer nearly Rs. 5000 Crore annually and is increasing. Taking over Road Transport Corporation, a PSU as state departmental undertaking will cost huge liability on the accumulated losses in addition to owning the liabilities of corporation which is yet to be accounted for. This is an unusual process where the explicit subsidy being converted to implicit subsidy and debt burden.

West Bengal: Total explicit subsidies in West Bengal is around Rs. 45000 Crore in 2021-22 and is increasing. The revenue Deficit of West Bengal for the same period is around Rs. 37000 Crore in 2021-22, meaning almost entire explicit subsidies are financed by borrowing.

First major explicit subsidy in West Bengal is *krishank bandu* scheme to Agricultural farmers. Annual financial assistance of Rs. 5,000/- per acre of cultivated land, subject to a maximum of 2 acres of land per farmer. Life insurance coverage of Rs. 2 Lakh in case of the death of the farmer or accidental disability, and additional coverage of Rs. 2 Lakh in case of death due to natural causes. Expenditure under this programme is to the tune of Rs. 4000 Crore.

Other major subsidy is interest subsidy on the loans borrowed by SHGs which has been around Rs. 127 Crore during 2018-19 and 2019-20 has come down to less than Rs. 40 Crore during post pandemic years of 2020-21 and 2021-22RE.

Support to power sector is one the major explicit subsidies. Power subsidies include subsidies to West Bengal State Electricity Distribution Company Limited (WBSEDCL) for subsidizing power tariffs for its consumers, grants to CTC for energy bill adjustments, and incentives to industrial units in lieu of power tariff concessions. Power subsidy has increased from Rs. 1090 Crore in 2018-19 to Rs. 1375 Crore and Rs. 2066 Crore in 2020-21 and 2021-22.in West Bengal.

Pensions under Jai Bangla scheme are to the tune of RS. 400 Crore in 2021-22RE and will double to Rs. 700 Crore in 2022-23BE.

Various public transport corporations receive Rs. 1209 Crore in 2021-22 RE for covering the losses for not increasing the fares and other operating losses.

Uttar Pradesh: The subsidies in Uttar Pradesh are within the limits. There are very few explicit subsidies in form of money transfers and DBTs. Major Subsidy in Uttar Pradesh is to power sector and free water for agricultural purpose under irrigation sector. The finances of the state are also in comfortable position with revenue surplus.

Odisha: On the whole explicit subsidies in Odisha are limited to CSS schemes like National food security mission, PMAY, Old age pensions and poverty alleviation in KBK districts. Major Subsidies sponsored by the State are Input subsidy to Agricultural farmers, financial assistance to Women SHGs for small industries and thrift activities (micro credit), free medicines and health insurance to the poor and calamity relief related ex-gratia payments. However, Odisha being a low income state, with significant people below poverty and

frequently occurring natural calamities, the State expenditure under explicit subsidies are within the limits as they have revenue surplus and manageable Public debt.

Rajasthan: Rajasthan is revenue deficit state with increasing Public Debt. Major dent to the state exchequer in addition to committed expenditure is explicit subsidies to power sector, public transport and loan Waivers to farmers. Assistance to power distributing companies to cover the loss and theft is Rs. 1250 Crore. Total assistance to power companies is around RS. 22000 Crore. For not increasing the electricity rates is around RS. 19800 Crore. If one excludes the assistance to Power sector under UDAY in 2018-19 and 2019-20, there is a sharp increase in subsidy compensation to power sector in 2020-21 and 2021-22. Another big ticket subsidy is Farm Loan waivers and interest subsidy to small industries is around 4000 Crore. Scooty distribution, Farm loss compensation to farmers, assistance for gaushalas for protection of cows are some of the state sponsored subsidies.

Nagaland: Explicit subsidies in Nagaland are majorly limited to Centrally Sponsored schemes. Only notable assistance is to civil aviation and mineral exploration. Total explicit subsidies as percentage of Revenue Expenditure is around one percent compared to 13-15% in other selected states. Nagaland is a revenue surplus state and revenue expenditure is influenced by committed expenditures and CSS expenditures. Nagaland has significant capital expenditure.

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APPENDIX

Appendix 5.1 Explicit Subsidies in Andhra Pradesh

| Description | In Rs. Lakh | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 BE | 2021-22 RE | 2022-23 BE |
| Agriculture Sector | 156463 | 476458 | 672680 | 743498 | 685770 | 800372 |
| Seeds to Farmers | 7977 | | 18125 | 10000 | 10000 | 20000 |
| National Mission on Agricultural Extension & Technology | 907 | 958 | 0 | 2975 | 2936 | 0 |
| Integrated Nutrient Management | 5987 | | | | | |
| YSR - PM Fasal Bima Yojana | 17525 | 4697 | 30643 | 189900 | 183793 | 189900 |
| Soil and Water Conservation Programmes | 206 | | | | | |
| Farm Mechanization | 11448 | 16961 | 0 | 0 | 0 | 0 |
| Krishionnati Yojana | 0 | 5221 | 21579 | 9415 | 5196 | 46131 |
| Paramparagat Krishi Vikas Yojana | 384 | 300 | 2 | 742 | 1307 | |
| Polam Badi/farm schools | 56 | 0 | 0 | 0 | 0 | 0 |
| Polampilusthondi & Rythu Kshetralu | 420 | | | | | |
| Promotion of Horticulture Activities | 13315 | 3 | 0 | 0 | 2202 | 0 |
| Fodder and Feed Development | 0 | 0 | 0 | 21189 | 12700 | 14541 |
| Integrated Livestock Management | | | | 900 | 899 | 900 |
| Artificial Insemination Centres | | | 0 | 212 | 144 | 30 |
| Rythu Sadhikara Samstha | 0 | 12005 | 113300 | 16000 | 12000 | 15000 |
| YSR Rythu Bharosa | 0 | 361560 | 384092 | 384530 | 382595 | 390000 |
| Price Stabilization Fund For Procurement | 50000 | 35670 | 52452 | 50000 | 30000 | 50000 |
| Rythu Bharosa Kendralu | 0 | | 1311 | 750 | 691 | 750 |
| DDU Grameen Kaushalya Yojana | 12219 | 150 | 5029 | 24905 | 19899 | 24905 |
| Pradhana Mantri Krishi Sinchayi Yojana | 21558 | 15450 | 0 | 0 | 0 | 0 |
| National Rural Livelihood Mission | 12596 | 17051 | 41001 | 21620 | 11978 | 38906 |
| Bore Wells under YSR Rythu Bharosa | | | 754 | | | |
| Development of Sericulture Industry | 6 | 0 | 198 | 1169 | 900 | 1168 |
| Subsidy on Purchase of Raw Materials | 236 | 122 | | 1100 | 438 | |
| Rejuvenation of Coffee Plantation | | 187 | 775 | 500 | 500 | 550 |
| Incentives to Food Processing Industries | 1620 | 6122 | 3418 | 7591 | 7591 | 7591 |
| Industry | 70833 | 17068 | 102919 | 115444 | 115879 | 122280 |
| Fisheries Policy | 980 | | | | | |
| Development of Fisheries | | | 0 | 197 | 0 | 50 |
| Aqua Processing (Fish & Shrimp) | 1125 | 1717 | 509 | 5000 | 5000 | 5000 |
| Industry and Minerals Departments / District Offices | | | 0 | 60 | 53 | 60 |
| Margin Money Assistance to APCO under NCDC Scheme | 618 | | | | | |
| Incentives to IT & Electronics Industries | | | 2794 | 5000 | 5000 | 6000 |

| Description | 2018-19 | 2019-20 | 2020-21 | 2021-22 BE | 2021-22 RE | 2022-23 BE |
|---|----------------|---------------|---------------|---------------|---------------|---------------|
| PM Formalization of Micro Food Processing Enterprises Scheme | | | | 6000 | 2930 | 3000 |
| Incentives to the S.C. Entrepreneurs for Industrial Promotion | 2052 | 8250 | 16800 | 28400 | 14200 | 17500 |
| Rejuvenation of MSMEs | | 108 | | 141 | 71 | 141 |
| Incentives for Industrial Promotion for MSMEs | | | 67325 | 39266 | 39266 | 45000 |
| Assistance to Handloom and Textile Promotion | 1501 | 833 | 0 | 801 | 751 | 0 |
| Incentives for Industrial Promotion | 61231 | 5000 | 14808 | 24333 | 45095 | 40036 |
| Industrial Infrastructure Development Scheme | | | | 5000 | 2500 | 5000 |
| Y.S.R Assistance to Weavers | 727 | | | | | |
| Co-operative Handloom Weavers Thrift Fund Scheme | 86 | | 2 | 289 | 261 | |
| Assistance to Cooperative Sugar Factories | 1577 | | | | | |
| Revival of Cooperative Sugar Factories | | | 1 | 464 | 405 | |
| Assistance to Andhra Pradesh Biodiversity Board | 150 | 60 | 180 | 200 | 200 | 200 |
| Assistance to Start-ups | 785 | 1100 | 500 | 294 | 147 | 294 |
| Insurance | 160250 | 149588 | 122470 | 193106 | 239711 | 267212 |
| Dr. YSR Aarogyasri Health Care Trust | 130000 | 140500 | 122470 | 155894 | 202499 | 230000 |
| YSR Bima | 24143 | 0 | 0 | 37212 | 37212 | 37212 |
| Insurance/Pension Scheme to DWACRA Women | 6107 | 9088 | 0 | 0 | 0 | 0 |
| Loan Waiver & Interest Subsidies | 1270549 | 162363 | 231571 | 143546 | 135128 | 118199 |
| Assistance to DWCRA SHGs | 968053 | 139196 | 102519 | 87500 | 87287 | 60000 |
| Y.S.R Interest free loans to urban SHGs | 1689 | 12559 | 8804 | 5746 | 5661 | 5699 |
| Mission for Poverty Eradication in Municipal Areas | 991 | 954 | 5000 | 299 | 4593 | 2500 |
| Subsidy for Bank Linked Income Generated Schemes | 7173 | 1422 | | | | |
| Crop Loans for Farmers (Pavala Vaddi) | 412 | 131 | 5248 | 0 | 0 | 0 |
| Y.S.R Interest free Loans to Farmers | 4731 | 7700 | 110000 | 50000 | 37587 | 50000 |
| Debt Relief/Waiver of Agricultural Loans | 87500 | | | | | |
| Annadata Sukhibhava / Loan Waver | 200000 | 0 | 0 | 0 | 0 | 0 |
| Interest Subsidy / Rebate Scheme | | 400 | | 1 | | |
| Mid-day meal / Pradhan Mantri Poshan Shakti Nirman (PM POSHAN) | 26159 | 33030 | 43115 | 121669 | 57643 | 67219 |
| Other Social Welfare Subsidies for Victims/Destitute/ Disabled/ Unemployed | 112934 | 184752 | 267104 | 207616 | 167783 | 202550 |
| Assistance and Legal Aid to the victims of Atrocities on SCs | 2220 | | | | | |

| Description | 2018-19 | 2019-20 | 2020-21 | 2021-22 BE | 2021-22 RE | 2022-23 BE |
|--|----------------|---------------|----------------|----------------|----------------|----------------|
| Rehabilitation Schemes for Bonded Labour and Economic Support Programme | | | | 45 | 45 | 50 |
| ICPS Open Shelter for Children Financial Support Department | 0 | 0 | 0 | 66 | 44 | 0 |
| Rehabilitation and Supply of Prosthetic Aids to Differently Abled | 906 | 1172 | 1167 | 2500 | 2406 | 2500 |
| Financial Support to Agrigold Victims | 210 | 26399 | | 0 | 64299 | 0 |
| Financial Assistance to victims of natural calamities | 82273 | 141416 | 265937 | 205004 | 100989 | 200000 |
| Assistance to Unemployed Youth | 27324 | 15765 | 0 | 0 | 0 | 0 |
| Other Subsidies | 184064 | 70236 | 35126 | 170154 | 136921 | 153588 |
| Pradhan Manthri Awas Yojana | 70218 | 12845 | 21070 | 154493 | 119966 | 134672 |
| Mahaprasthanam Funeral Service | | | 293 | 1490 | 1909 | 843 |
| Dr. YSR Baby Kits | 983 | 747 | | | | |
| Weaker Section Housing under YSR Housing Programme | 56144 | 31339 | 7477 | 2864 | 2864 | 2864 |
| Acquisition of House Sites for Weaker Sections under Indiramma Housing Programme | 7457 | | | | | |
| Police Training Institutions | 537 | | | | | |
| Andhra Pradesh Backward Classes Co-operative Finance Corporation | | 0 | 0 | 700 | 4202 | |
| Subsidy to Advocates | 4 | | | | | |
| Assistance to Andhra Pradesh Haj Committee | 900 | 182 | 565 | 2592 | 92 | 2600 |
| Visit to Holy land Jerusalem | 250 | 60 | | | | |
| Y.S.R Shaadi ka tohfa Marriage | 12773 | 4785 | | | | |
| Incentives to Imams and Mouzans | 4992 | 4696 | 4470 | 8000 | 7885 | 12600 |
| Marriage Incentive Awards and YSR Kalyana Kanuka for Inter Caste Marriages | 26070 | 15576 | 1249 | 0 | 0 | 0 |
| Sanitary Napkins to DWACRA Women | 500 | | | | | |
| Scheme for Relief and Welfare of Marine fishermen during the ban period | 3200 | | | | | |
| Consumer Awareness | 25 | 0 | 0 | 4 | 3 | 4 |
| Assistance to Nataka Samajam | 10 | 6 | 3 | 10 | 0 | 5 |
| PDS/Food Subsidies | 20000 | 69221 | 92 | 328435 | 184440 | 330103 |
| Subsidy on Rice and PDS system | 20000 | 39561 | 23 | 328357 | 184365 | 330025 |
| National Social Assistance Programme | | 29596 | | | | |
| Assistance to Andhra Pradesh Secretariat Cooperative Canteen | | 65 | 69 | 78 | 75 | 78 |
| Pensions | 1127658 | 735147 | 1853115 | 1907372 | 4013953 | 1352057 |
| YSR Pension Kanuka and Amma Vadi to school going Children Mothers (DBT) | 1125658 | 734647 | 1812654 | 1876314 | 4004187 | 1320768 |

| Description | 2018-19 | 2019-20 | 2020-21 | 2021-22 BE | 2021-22 RE | 2022-23 BE |
|---|---------------|---------------|---------------|---------------|----------------|---------------|
| Indira Gandhi National Old Age Pension Scheme | | | 28393 | 18677 | 5160 | 19818 |
| National Family Benefit Scheme | 2000 | 500 | 1240 | 2247 | 1568 | 2359 |
| Indira Gandhi National Disability Pension Scheme | | | 737 | 1027 | 517 | 951 |
| Indira Gandhi National Widow Pension Scheme | | | 10090 | 9107 | 2522 | 8162 |
| Power | 30001 | 708082 | 629775 | 645544 | 1206332 | 980913 |
| Providing free power to SC Households | 10330 | 21211 | 23629 | 30000 | 27867 | 30000 |
| Reimbursement of Electricity Charges | 2630 | 3930 | 5565 | 7000 | 3647 | 7000 |
| Electrification of ST Households, Pump sets and Transformers in TW Educational Institutions | | | 0 | 100 | 76 | 110 |
| Fuel Subsidy | 2 | | | 3 | 0 | 3 |
| Diesel Subsidy to Fishermen Boats | 3027 | 5035 | 3328 | 5000 | 4476 | 5000 |
| Y.S.R Nine Hours Free Power Supply | 0 | 491985 | 403792 | 450000 | 859136 | 450000 |
| Assistance to AP TRANSCO Ltd. for providing subsidy to Aquaculture Farmers | | 32799 | 33200 | 50000 | 49842 | 50000 |
| Assistance to Andhra Pradesh Transmission Corp. Ltd for Compensating the losses (UDAY) | | 43041 | | | | |
| Distribution of L.P.G Connection to women in rural areas/municipal areas | 14000 | | | | | |
| Assistance to Andhra Pradesh Transmission Corp. Ltd. for servicing of Vidyut Bond | | 110063 | 105309 | 88441 | 60517 | 258800 |
| Assistance to Andhra Pradesh Power Finance Corporation | 13 | 17 | 54953 | 15000 | 44600 | |
| Assistance to APDISCOMS | | | | | 156171 | 180000 |
| Scholarships | 346424 | 525692 | 254514 | 508008 | 341666 | 532518 |
| Jagananna Vidya Deevena and Vasati Deevena | 251694 | 359429 | 191902 | 479982 | 317040 | 457493 |
| Jagananna Vidya Kanuka and Vidya Deevena | 4201 | 143587 | 36575 | | | 45000 |
| Best Available Schools | 2764 | 1755 | 3031 | 504 | 4284 | 800 |
| Pre-Matric Scholarships | 3111 | 1621 | 2648 | 5168 | 0 | 6523 |
| Scholarships to Andhra Pradesh State Students studying in Sainik Schools of other States | 0 | 0 | | | | |
| Financial Assistance for Studies Abroad | 5653 | 5723 | 1362 | 0 | 1398 | 2 |
| YSR Vidyonnathi | 159 | 142 | | | 293 | 2 |
| NHM-Infrastructure Maintenance | | | 6 | 17 | 0 | 7 |
| Medical Nursing Ayurvedic Homeopathic Colleges Hospitals and Dispensaries | 8625 | 9546 | 14180 | 15671 | 12689 | 16032 |
| Prathibha Scholarships | 0 | 862 | 6 | 150 | 0 | 150 |
| Dr YSR Aarogya Aasara -POP | 3191 | 2620 | 4804 | 6340 | 3247 | 6340 |

| Description | 2018-19 | 2019-20 | 2020-21 | 2021-22 BE | 2021-22 RE | 2022-23 BE |
|--|----------|-------------|------------|---------------|---------------|---------------|
| Skill Upgradation for Professional Graduates | 23 | 5 | | 30 | 13 | 1 |
| Andhra Pradesh Kapu Welfare and Development Corporation | 18427 | 0 | | | | |
| Scheme of development of OBC and DE notified, Nomadic and Semi nomadic Tribes | 48400 | 387 | 0 | 0 | 2696 | 0 |
| Economic Support Schemes - APSCCF Ltd. | 13 | 12 | | | | |
| Labour & Employment Training | 78 | | | | | |
| Post Matric Scholarships to Differently Abled Students | 68 | | | 100 | | 100 |
| Development of Fisheries | | | 0 | 18 | 1 | 1 |
| Handloom Industries | 15 | 3 | 0 | 28 | 6 | 67 |
| Transport | 0 | 7634 | 448 | 1000 | 235 | 0 |
| Reimbursement of Bus Passes at Concessional rates to Government servants (RTC) | | 478 | 404 | 1000 | 235 | 0 |
| Assistance to Andhra Pradesh State Road Transport Corp. for purchase of Buses | | 5000 | | | | |
| Andhra Pradesh State Road Transport Corporation | | 2156 | 44 | | | |
| | | | | | | |

Appendix 5.2 Explicit Subsidies in Punjab

| | | | | | | | In Rs. Lakh |
|---|---------|---------|---------|---------------|---------------|---------------|-------------|
| SCHEMES | 2018-19 | 2019-20 | 2020-21 | BE 2021-22 | RE 2021-22 | BE 2022-23 | |
| LOAN WAIVER | | | | | | | |
| Assistance to Greater Ludhiana Dev. Authority Ludhiana and Bathinda Dev. Authority Bathinda for repayment to PIDB (Loan waiver) | 0 | 0 | 15648 | 0 | 1 | 0 | |
| Assistance to Punjab State Cooperative Agricultural Development Bank for Repayment of Loan to NABARD | 0 | 0 | 0 | 1 | 12000 | 50000 | |
| Assistance to PUNSUP for Waiver of Loan | 4053 | 0 | 960 | 0 | 0 | 0 | |
| Assistance to PSIDC/PFC for Discharge of their Debt Liability | 3000 | 2600 | 2538 | 3000 | 6300 | 25000 | |
| Debt Relief to Farmers | 423794 | 55533 | 0 | 171200 | 59000 | 37900 | |
| POWER | | | | | | | |
| Scheme for Power Subsidy to Farmers | 632882 | 606027 | 605620 | 718054 | 674506 | 694741 | |
| Assistance to Punjab State Power Corporation Limited Compensation for Loss under UDAY Scheme as per Clause 1.2(i) | 9069 | 0 | 57910 | 0 | 0 | 0 | |
| Assistance for Revenue GAP due to Lower Power Tariff to Sugarfed | 0 | 0 | 0 | 1 | 10700 | 18802 | |
| Subsidy under Rural Electrification of Punjab State Power Corporation Limited | 210619 | 159652 | 161031 | 151288 | 438302 | 639508 | |
| Power Subsidies to Industries | | 13871 | 39800 | 38500 | 45434 | 47593 | |
| Save Water Earn Money Scheme of Direct Benefit Transfer for Electricity to Agriculture Consumers | | | 500 | 1000 | 50 | 500 | |
| SCHOLARSHIP | | | | | | | |
| Gen edu | 41942 | 31727 | 36726 | 90109 | 58758 | 83959 | |
| Medical and Public Health | 3788 | 3962 | 4145 | 4723 | 4043 | 5404 | |
| skill and training | 116 | 58 | 8 | 433 | 278 | 191 | |
| DBT | | | | | | | |
| Free Books to Students from 9th to 12th Class | 1616 | 25 | 1000 | 4050 | 4050 | 4050 | |
| Subsidy Scheme for Cane Price Payment to the Cane Farmers | | 13662 | | 0 | 17500 | 0 | |
| Supply of Hand Driven Chaff Cutter (Toka) to Landless/Marginal Scheduled Caste families | 37 | | 0 | 80 | 0 | 0 | |
| DD-05 Promotion of Dairy farming as livelihood for SC beneficiaries under SCSP | | | | 0 | 0 | 0 | |
| Assistance to Private Sugar Mills for Payment to Cane Farmers | 5458 | 278 | 87 | 0 | 0 | 0 | |
| Grant In Aid Information And Communication Technology (ICT) Project - For smart phones\ | 0 | 0 | 0 | 10000 | 9400 | 0 | |
| SR 07- Subsidy to Students of Government Schools visiting the Science City | 0 | 0 | 125 | 125 | 75 | 250 | |

Appendix Table 5.2

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | BE 2021-22 | RE 2021-22 | BE 2022-23 |
|--|---------|---------|---------|---------------|---------------|---------------|
| Assistance to Farmers for Purchase of Live Stock | 10 | 10342 | 8 | 15 | 4 | 8 |
| Assistance to Artisans for repairs/Replacement of Damaged Tools and equipment | 0 | 0 | 4462 | 10000 | 23100 | 10000 |
| ASHIRWAAD SCHEME (SOCIAL SECURITY WELFARE) (I) ASHIRWAAD TO SC GIRLS/WIDOWS/DIVORCEES AND DAUGHTERS OF WIDOWS AT THE TIME OF THEIR MARRIAGES | 11898 | 7072 | 18787 | 25000 | 15500 | 15000 |
| Mai Bhago Vidya (Edu) Scheme Free Bicycle To All Girls Students studying In Class 9th To 12th Class | 2000 | 2009 | 0 | 1 | 1 | 1 |
| TRANSPORT | | | | | | |
| Travel concession to Students, Journalists, patients and others | 12074 | 11192 | 17914 | 15705 | 4270 | 10504 |
| Grant in Aid to BRTS Amritsar to cover the gap of funding from collection of additional cess on Petrol, Diesel and Personalized Vanity Number | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER EXPLICIT SUBSIDEIS | | | | | | |
| Swachh Bharat Mission (Urban) | 1540 | | | | | |
| Direction and Administration | 1 | 2500 | 0 | 2501 | 2500 | 2592 |
| Financial Assistance for Mushroom Cultivation in the State | 0 | 23 | 50 | 50 | 36 | 100 |
| National Mission on Micro Irrigation | 1020 | 429 | 1833 | 2339 | 1432 | 1466 |
| Project for judicious use of available water and harvesting of rain water for enhancing Irrigation Potential in Punjab State (Rural Infrastructure Development Fund - XVII) | 640 | 0 | 0 | 0 | 0 | 0 |
| Scheme for Providing Assured Irrigation Water to Water Logged areas in South Western Districts (Rural Information Development Fund XXI) | 1000 | 1906 | 794 | 1 | 0 | 0 |
| Project for Underground Pipeline System for irrigation water in canal commands in 11 Districts National Bank for Agriculture and Rural Development (Rural Infrastructure Development Fund- XXII) | 968 | 1120 | 2471 | 10001 | 5355 | 2000 |
| Scheme for Female Buffalo Calf Rearing | 48 | | 0 | 100 | 0 | 0 |
| Setting up of Goat Rearing Units | 48 | | 0 | 100 | 0 | 0 |
| Integrated Development and Management of Fisheries | 107 | 50 | 585 | 2173 | 100 | 1 |
| Implementation of Sub-Mission on Agro- Forestry | | | 227 | 1092 | 455 | 0 |
| Incentives under various Industrial Policies | 61787 | 161349 | 160849 | 159919 | 191640 | 213961 |
| Assistance for Development of Sericulture | | | | 1 | 1 | 1 |

Appendix Table 5.2

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | BE 2021-22 | RE 2021-22 | BE 2022-23 |
|---|---------|---------|---------|---------------|---------------|---------------|
| CS(AG)-31 National Mission on Agriculture Extension and Technology | | | | 78 | 0 | 3 |
| Ft-23 Punjab Community & Social Forestry Project, Promotion to e-governance, research, training, extension and Forestry Education etc | | | | 0 | 0 | 190 |
| Ghar Ghar Rozgar Mission | | | | 1501 | 2 | 1 |
| Incentivizing Direct Seeding of Rice(DSR) | | | | 0 | 0 | 7200 |
| NABARD-IDF-Projects- Project for promotion of intelligent irrigation in Punjab | | | | 400 | 506 | 1000 |
| National Mission for Sustainable Agriculture (Soil Health Management) (EY-ongoing) | | | | 456 | 0 | 17 |
| Pilot Project of Solarisation | | | | 6000 | 10000 | 1 |
| Pradhan Mantri Matasya Sampada Yojana (PMMSY) | | | | 1467 | 899 | 1462 |
| Prime Minister Formalization of Micro Food Processing Enterprises | | | | 6861 | 1401 | 2000 |
| PROMOTION OF PUNJABI FILMS AND TELE-FILMS | | | | 1 | 1 | 1 |
| Providing LED based Solar Photovoltaic street lights in SC's dominated villages. | | | | 331 | 0 | 0 |
| Solar Cooker Programme For Women in the state under Jawahar Lal Nehru National Solar Mission(CS:SS:Benf)(30:40:30) | | | | 40 | 0 | 40 |
| National Social Assistance Programme | 177791 | 211601 | 229970 | 403528 | 452158 | 468357 |
| Assistance to Acid Attack Female Victims | 13 | 19 | 20 | 24 | 24 | 24 |
| Free Education to Children of Deceased Government Employees | 1 | 0 | 1 | 1 | 1 | 1 |
| Financial Assistance to Sangharshi Yodha's | 65 | 169 | 147 | 180 | 156 | 150 |
| Pradhan Mantri Awaas YojanaHousing for All - Assistance to beneficiaries for construction | 4039 | 3066 | 18033 | 51051 | 40677 | 51607 |
| Assistance to Punjab Dairy Development Board. | 58 | 743 | 789 | 874 | 514 | 470 |
| EDE-03- Mid Day Meal | 8374 | 10379 | 13300 | 13300 | 16535 | 17974 |
| National Mission on Food Processing | 0 | 0 | 0 | 373 | 373 | 0 |
| Smart Ration Card Scheme | 0 | 0 | 0 | 0 | 0 | 0 |
| Medical Insurance Scheme For Poor People | 11300 | 5000 | 0 | 0 | 0 | 0 |
| National Programme For Health Care Of Elderly (EY-Ongoing) | 408 | 369 | 0 | 0 | 0 | 0 |
| VSI19 Financial Assistance to start ups | 0 | 80 | 693 | 945 | 567 | 945 |
| Women Entrepreneurship Innovation, Start-ups, Hand Holdings (Punjab INFOTECH). | 0 | 0 | 0 | 16 | 16 | 16 |
| Assistance to Khadi and Village Industries board-rebate on the Sale of Khadi | 12 | 0 | 10 | 10 | 10 | 10 |

Appendix Table 5.2

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | BE 2021-22 | RE 2021-22 | BE 2022-23 |
|---|----------------|----------------|----------------|-----------------------|-----------------------|-----------------------|
| Fiscal Incentives for Industrial Promotion 2013-Investment promotion Campaign In Punjab | 100 | 0 | 0 | 0 | 0 | 0 |
| Legal Aid to the Poor | 71 | 0 | 0 | 0 | 0 | 0 |
| Assistance to Punjab Scheduled Castes Land Development and Finance Corporation | 3241 | 0 | 50 | 29 | 6264 | 1 |

Appendix 5.3 Details of Energy Subsidy of Agricultural , Domestic And Industrial Consumers in Punjab (in Rs Lakh)

| YEAR | 2018-19 | | | | 2019-20 | | | | 2020-21 | | | |
|---|----------------------|--------------------------|--------------------|---------|----------------------|--------------------------|--------------------|---------|----------------------|--------------------------|--------------------|---------|
| | Agricultural SUBSIDY | Domestic & OTHER SUBSIDY | INDUSTRIAL SUBSIDY | TOTAL | Agricultural SUBSIDY | Domestic & OTHER SUBSIDY | INDUSTRIAL SUBSIDY | TOTAL | Agricultural SUBSIDY | Domestic & OTHER SUBSIDY | INDUSTRIAL SUBSIDY | TOTAL |
| Receivable as on previous year | 358141 | 114093 | 0 | 472234 | 373223 | 66452 | 98211 | 537886 | 381137 | 97490 | 78968 | 557595 |
| Subsidy for the year as per actual consumption | 587375 | 142798 | 145517 | 875690 | 612735 | 186385 | 147964 | 947084 | 758862 | 194317 | 155883 | 1109062 |
| Subsidy reduced for previous FY in T.O. next FY | -12098 | 0 | 0 | -12098 | -25913 | 0 | 0 | -25913 | -3683 | 0 | 0 | -3683 |
| Total subsidy receivable | 933418 | 256891 | 145517 | 1335826 | 960045 | 252837 | 246175 | 1459057 | 1136316 | 291807 | 234851 | 1662974 |
| Subsidy received during the year | 632882 | 210619 | 60140 | 903641 | 606027 | 159652 | 173733 | 939412 | 605620 | 161030 | 199044 | 965694 |
| Interest received/recovered on delayed payments | 72686 | 20179 | 12835 | 105700 | 38515 | 8242 | 12835 | 59592 | 66637 | 21421 | 7683 | 95741 |
| Receivable as on current year | 373222 | 66451 | 98212 | 537885 | 392533 | 101427 | 85277 | 579237 | 597333 | 152198 | 43490 | 793021 |
| Budget | | | | | | | | | | | | |
| % of Liable subsidy reimbursed | 67.80 | 81.99 | 41.33 | 67.65 | 63.12 | 63.14 | 70.57 | 64.38 | 53.30 | 55.18 | 84.75 | 58.07 |
| Imputed rate of Interest on Delayed payments | 20.30 | 17.69 | | 22.38 | 10.32 | 12.40 | 13.07 | 11.08 | 17.48 | 21.97 | 9.73 | 17.17 |

Source : Annual Financial Statements of Power State Power Corporation Ltd (url : 2018-19, 2019-20 & 2020-21)

Appendix 5.4 State Initiated Explicit Subsidy Schemes in Punjab

| | | |
|--|--|----------|
| Mukhya Mantri Punjab Cancer Rahhat Kosh Scheme | Aim to provide financial assistance to Punjab resident cancer patients | 150 cr |
| Jal Jeevan Mission | Aimed to achieve the targets of piped water supply and potable water | 2148 cr |
| Free Power To Farmers | | 7180 cr |
| Crop Loan Waiver Scheme | | 1712 cr |
| <i>Panni Bachao Paisa Kamao</i> | Objective of motivating the farmers to cultivate diversified Crops, improve the efficiency in water usage and to bring transparency in subsidy disbursal, a pilot of Direct Benefit Transfer of Electricity (DBTE) under the banner of “Panni Bachao Paise Kamao” scheme on 6 feeders was launched. | 10 cr |
| Kamyaab Kisan Khushaal Punjab” (K3P) | Aim of improving the income of those dependent on agriculture on a sustainable basis while preserving the ecological balance for the future generations. | 1,104 cr |
| Debt Settlement Scheme | To provide relief to the direct loan borrowers (other than indirect Agri loans) who have not been able to repay their dues in a timely manner. Under the scheme, out of the total 51,412 eligible beneficiary borrowers, 24,516 beneficiaries have been contacted. | 10.49 cr |
| Ghar-Ghar Haryali scheme | PUNCAMPA(<i>Punjab State Compensatory Afforestation Fund</i>) funds for raising 60 lac plants - the government provides free saplings of various plants and trees to households, which can be planted in their homes, parks, and other public spaces. | 223 cr |
| Smartphones | Provided Smart Phones to 1,75,443 students studying in class 12th in Government Schools at a cost of Rs. 87.89 Crore. 1,31,189 students i.e. 75% of the beneficiaries of smart phones belong to Scheduled Caste category. The move has enormously benefitted the students in their online classes during the times of lockdown. | 100 cr |
| Promotion of Punjabi language and culture | Best Literary Book Awards from Rs. 21,000 to Rs. 31,000. The State also confers the Best Printing Book Awards of Punjabi, Hindi & Urdu languages to the Publishers/Printer. The Government also proposes to enhance the monthly pension from Rs. 5,000 to Rs. 15,000 given to the needy elderly writers of Punjabi, Hindi & Urdu languages. Similarly, the financial assistance given to the dependent families of deceased writers of Punjabi, Hindi & Urdu languages is proposed to be increased from Rs. 2,500 per month to Rs. 15,000 per month | |
| Debt cover | Punjabi University, Patiala to square up the debt liability created by the University. | 90 cr |
| Chief Minister Scholarship Scheme | Government Polytechnic Colleges wherein a rebate ranging from 70% to 100% on the tuition fees based on the performance of meritorious students is being | |

Appendix Table 5.4

| | | |
|---|---|--------------------------------|
| | provided resulting in increased admissions in Government Polytechnic Colleges | |
| ASHIRWAD | State Government has provided financial assistance of Rs. 120 Crore to 57,142 number of SC beneficiaries and Rs. 45 Crore to 21,428 BC/EWS beneficiaries. Under this scheme the Government has provided assistance of Rs. 21,000 to Scheduled Caste girls, daughters of widows of any caste at the time of their marriage and to Scheduled Caste widows/divorcees at the time of their re-marriage. | 250 cr |
| Welfare Of Persons with Disabilities | Free facility/half rates of fares of Punjab Roadways/PRTC Buses to blind Persons and other persons with more than forty percent disability, is being provided by the State. | 163 cr |
| Punjab Divyangjan Shaktikaran Yojna (PDSY) | The scheme shall cover two parts namely, part one focusing entirely on providing all eligible PwDs the benefits of existing government schemes and Part two shall cover new initiatives/programmes that shall be taken by the Government to cover those aspects and needs, which have hitherto not been covered under any existing Centrally/State sponsored scheme or PwD-orient schemes in different departments. | 5cr |
| Job Reservation For Women | Seven Hostel for working women in major districts of Punjab namely Jalandhar, Patiala, Ludhiana, SAS Nagar, Mansa, Barnala and Amritsar during 2021-22 thus providing safe accommodation to working women. | 50cr |
| Mata Tripta Mahila Yojana | Provide financial assistance to women who are widowed, divorced, abandoned, or destitute. The scheme aims to empower women by helping them become financially independent and self-reliant. eligible women are provided with a monthly pension of Rs. 750 | 5cr |
| Smart Ration Cards | The beneficiaries will be supplied 5 kg of wheat per person per month | 120cr |
| Single window system | LPG outlets have been implemented in the State and the State Government has given 12,23,768 free LPG connections to women beneficiaries. | |
| FREEDOM FIGHTER | Freedom Fighters and their Legal Heirs children/grandchildren) have been provided free bus travel facility in Roadways/ PRTC buses. | |
| Punjab Innovative Mission 2020 | To invest in early-stage start-ups in the state of Punjab. | 15cr |
| Setting Up Of New Start-ups And Up-Gradation Of Start-ups to Tertiary Treatment Level | Trade Infrastructure for Export Scheme | 29cr |
| Industrial Subsidy/Incentives | To support industrial sector | 1928 cr + 50cr capital subsidy |

Appendix Table 5.4

| | | |
|--|---|------------------------|
| PUNJAB GHAR-GHAR ROZGAR AND KAROBAR MISSION (PGRKAM) | Punjab Ghar-Ghar Rozgar and Karobar Mission and launched a Job Helpline and an online portal to facilitate the unemployed youth through a digital platform. | |
| HAR GHAR PAKKI CHATT | Houses with Kutcha Roof to convert them into Pucca Roof | 500cr |
| CONSTRUCTION OF KABRISTAN/ KABARGAH FOR CHRISTIAN/ MUSLIMS COMMUNITY | | Grant - 5 Lakh 20cr |
| Free transport to women | | 170cr |

Appendix 5.5 Explicit Subsidies in West Bengal

| | In Rs. Lakh | | | | |
|--|------------------|----------------|------------------|------------------|------------------|
| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
| Loan waiver | 0 | 0 | 0 | 0 | 0 |
| Assistance to Central Co-operative Bank for writing off Agricultural Debts | 0 | 0 | 0 | 0 | 0 |
| Interest subsidy | 17344 | 17726 | 7479 | 7398 | 9918 |
| Interest Subvention to Co-operative Banks relating to financing to Crop Loans to Farmers [CO] to Crop Loans to Farmers [CO] | 4000 | 4642 | 3416 | 5816 | 4010 |
| Interest Subsidy on Loan to be paid to SHGs.[SH] | 12775 | 12500 | 4000 | 1333 | 5000 |
| 4% Additional Interest Subvention Scheme on Mudra Loan for Handloom Weavers [CS] | | | | 200 | 700 |
| Subsidies for Interest Liabilities in respect of Share Croppers Small Farmers and Self-employed Persons | 478 | 584 | 48 | 49 | 50 |
| Subsidy on short-term credit to the small fish farmers, fish vendors and entrepreneurs in the development of pisciculture, door to door vending, setting up of small fish markets and fish-meal plants | 90 | 0 | 14 | 0 | 158 |
| Power sector | 109070 | 101880 | 137524 | 206603 | 89442 |
| Subsidy to WBSEDCL for subsidization in power tariff to its Consumers | 108726 | 101880 | 137524 | 203931 | 81037 |
| Grants to CTC for adjustment of Energy Bills of CESC | 345 | 0 | 0 | 5 | 5 |
| Incentive to Industrial Units in lieu of Power Tariff Concession [IN] | 0 | 0 | 0 | 2667 | 8400 |
| Transport | 89781 | 77110 | 99870 | 120891 | 54331 |
| Subsidy to the State Transport Corporation [TR] | 49017 | 48556 | 67659 | 88679 | 37120 |
| Subsidy to the Calcutta Tramways Company | 25476 | 23307 | 32211 | 32211 | 17106 |
| Subsidy to CSTC/CTC/NBSTC/SBSTC for Implementation of VRS. | 15258 | 5238 | | | |
| Subsidy to SWL for Implementation of VRS. [TR] | 31 | 9 | | | |
| Scholarships Gen edu + Medical edu + Skill & Training | 162629 | 165963 | 90326 | 323865 | 278539 |
| Implementation of Kanyashree Prakalpa | 86082 | 91200 | 17006 | 163206 | 135800 |
| Scholarship - gen edu + skill&training medical | 76547 | 74763 | 73320 | 160659 | 142739 |
| Pension schemes | 158037 | 262702 | 414185 | 663924 | 773012 |
| State Action Plan for Senior Citizens (SAPSRc) under Atal Vayo Abhyuday Yojana (AVYAY)(Central Share) (OCASPS) [WC] - Atal Vayo Abhyuday Yojana | 0 | 0 | 0 | 0 | 50 |

Appendix Table 5.5

| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|----------------|---------------|---------------|---------------|---------------|
| Old Age Pension Scheme to fishermen, farmers and silk weavers | 127565 | 130223 | 350240 | 608992 | 670964 |
| Indira Gandhi National Disability Pension Scheme | 0 | 53516 | 31001 | 14960 | 33590 |
| Assistance to Physically Handicapped in all Districts(Disability Pensions) | 531 | 12123 | 0 | 0 | 0 |
| Grants for Pension to Destitute | 170 | 28964 | 0 | 9 | 27 |
| Manabik Scheme under Jai Bangla (JAIBANGLA) [WC] | 29771 | 37876 | 32913 | 39933 | 68350 |
| Pension to Retired Journalists and Photo -Journalists [IC] | 0 | 0 | 31 | 31 | 31 |
| Milk cooperatives | 1680 | 96 | 2 | 300 | 525 |
| Support for project under National Dairy Plan [AD] | 1680 | 96 | 2 | 300 | 525 |
| Victim compensation | 3446 | 4963 | 3742 | 6654 | 8785 |
| Scheme for giving reliefs to the victims of atrocities [SC] | 71 | 36 | 32 | 32 | 33 |
| Compensation Under The Victim Compensation Scheme [FD] | 612 | 300 | 220 | 450 | 459 |
| Payment of Compensation to the Families of Victims in Sewerage Cleaning Works [PN] | 10 | 0 | 0 | 30 | 31 |
| Ex gratia payment to families of victims | 1407 | 3301 | 1709 | 4593 | 6863 |
| Assistance for relief of victims of vehicles accidents and fire | 1346 | 1326 | 1780 | 1545 | 1397 |
| Compensation in case of Unnatural Death [JL] | 0 | 0 | 0 | 3 | 3 |
| Food subsidy | 1078855 | 698364 | 292015 | 816285 | 614421 |
| Subsidy on Distribution of Rice and Wheat to APL and BPL Families at Subsidised Price | 1057677 | 678767 | 278659 | 783000 | 565421 |
| Subsidy to WBECSC Ltd for repayment of Institutional Finance [FS] | 682 | 644 | 250 | 263 | |
| Duare Ration Prakalpa [FS] | 0 | 0 | 0 | 30000 | 40000 |
| National Food Security Mission (State Share) | 20495.6 | 18952.0 | 13106.1 | 3022.9 | 9000.0 |
| PMAY (Housing) | 769997 | 722687 | 951105 | 453855 | 665700 |
| Pradhan Mantri Awas Yojna | 769997 | 722687 | 951105 | 453855 | 665700 |
| Social Welfare | 8464 | 26363 | 4028 | 7457 | 13613 |
| Pradhan Mantri Matru Vandana Yojana (PMMVY) | 3384 | 7027 | 0 | 0 | 1050 |
| Somobyathi Financial Assistance to bereaved family members of deceased person who are in extreme financial necessity [UM] | 5025 | 5878 | 3946 | 7401 | 12390 |
| One-time Assistance (basic needs) to Transgender persons Women in distress and Short-stature persons [WC] | 0 | 0 | 74 | 25 | 79 |
| Economic Assistance to Handicapped persons | 54 | 13459 | 8 | 31 | 95 |
| Cultural board | 489 | 52 | 141 | 456 | 1146 |
| Cultural board | 489 | 52 | 141 | 456 | 1146 |

Appendix Table 5.5

| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|---------------|---------------|---------------|----------------|---------------|
| Unemployment Allowance | 11833 | 18000 | 18000 | 21233 | 18350 |
| Karma Sathi Prakalpa [CS] - unemployment loan and subsidy to youth | | | | | 100 |
| Social Welfare scheme for the unemployed persons | 11833 | 18000 | 18000 | 20400 | 18000 |
| Muktidhara Scheme [SH] - unemployment scheme | 0 | 0 | 0 | 833 | 250 |
| Natural calamity fund | 0 | 0 | 3118 | 3118 | 23149 |
| Assistance to Farmers in case of Natural Calamities [AG] | 0.0 | 0.0 | 0.0 | 0.0 | 20000.0 |
| Compensation to the owners for loss of cattle, buffalo, sheep & goat due to natural calamity | 0.0 | 0.0 | 3117.8 | 3117.8 | 3149.0 |
| Other Explicit Subsidies | | | | | |
| Agriculture | 464366 | 111092 | 807945 | 1144082 | 949042 |
| Financial Support to Krishak Bandhu [AG] | 400644 | 16811 | 50070 | 374403 | 465960 |
| Fishing nets and fishery requisites in inland fisheries sector [FI] | 0 | 0 | 1113 | 30 | 53 |
| Grant and Managerial Subsidy to Primary/Central Fishermen's Co-operative Societies | 0 | 29 | 636270 | 660000 | 347900 |
| Strengthening of State Seed Certification Agencies | 0 | 93 | 72095 | 90000 | 100800 |
| Farm Mechanization including one time assistance to farmers for Farm Mechanization including one time assistance to farmers for | | | 415 | 2331 | 2344 |
| Development of Marine Fisheries, Infrastructure and Post-Harvest Operations under PMMSY(Central Share) (OCASPS) | | | | 2000 | 3000 |
| Implementation of the Scheme Jaladhara | 1757 | 1135 | 1152 | 1242 | 1375 |
| Secondary Freight subsidies in the fertilizer business [AG] | | | 0 | 547 | 11 |
| Subsidy to small Farms for Construction and Improvement of Storage Structure[AM] | 927 | 0 | | 78 | 180 |
| Fishing nets and fishery requisites in inland fisheries sector | 20 | 22 | 13 | 14 | |
| Subsidy for agricultural inputs to small and marginal farmers and agricultural labourers | | | | 7 | 10 |
| Marketing of Vegetables produced in West Bengal | 334 | 720 | 0 | 0 | 158 |
| Crop Insurance Scheme | 51002 | 84158 | 0 | 0 | 0 |
| Subsidy for fishing nets and fishery requisites in inland fisheries sector | 13 | 115 | | 0 | 26 |
| Development of Coastal Fishing with Mechanised Boats through NCDC assistance (NCDC) [FI] | | | 0 | 0 | 0 |
| Incentive for Feed Subsidy to farmers [AD] | 1569 | 1000 | 5 | | |
| Rastriya Krishi Vikash Yojana(state share) | 7660 | 6820 | 3172 | 11611 | 17572 |

Appendix Table 5.5

| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|---------------|---------------|---------------|---------------|----------------|
| Production and Distribution of Organic Manures Including Grants-in-Aid to Municipalities [AG] | 0 | 0 | 0 | 0 | 0 |
| Crop Insurance Scheme [AG] | 0 | 0 | 42305 | 1045 | 823 |
| National Mission on Agriculture Extension and Technology(Central Share) | 0 | 0 | 1181 | 392 | 1000 |
| Development and Welfare purposes for Matua communities [SC] | 0 | 0 | 3 | 16 | 16 |
| West Bengal Kendu Leaves Collectors Social Security Scheme - | 222 | 188 | 0 | 117 | 368 |
| Grants for Minor Forest Product (MFP) through Minimum Support Price (MSP) Scheme | 219 | 0 | 131 | 0 | 1300 |
| Minimum Support Price for Minor Forest Produce(MSP FOR MFP)under Vanbandhu Kalyan Yojana (Central Share) | 0 | 0 | 0 | 0 | 1048 |
| Integrated Scheme for Development of Sericulture Industry (Silk Samagra) (State Share) | | | 22 | 250 | 5100 |
| Grant and Managerial Subsidy to Primary/Central Fishermen Co-operative Societies [FI] | 0 | 0 | 0 | 0 | 0 |
| Industry | 5478 | 2631 | 2742 | 2780 | 7132 |
| Incentive to Private Sector for Construction of Tourism Units as defined under W.B. Incentive Scheme,2008 for Tourism unit (for large & medium Industries) [TM] | 361 | 682 | 433 | 348 | 2625 |
| Rehabilitation of Co-Operative Spinning Mills Ltd. | 0 | 167 | 320 | 211 | 0 |
| Viability Gap Funding (VGF) Assistance | 0 | 48 | 50 | 50 | 10 |
| Incentive to the Investors under WBFIP-2015 [FI] | | | 0 | 50 | 50 |
| Village and Small scale industries | 5070 | 1734 | 1268 | 1732 | 3607 |
| Financial Assistance to the beneficiaries & Entrepreneurship Development [AD] | 46 | 0 | 671 | 390 | 840 |
| Irrigation | 3659 | 5887 | 5818 | 4002 | 6670 |
| West Bengal State M.I. Corporation Water Rate Subsidy | 98 | 22 | 42 | 41 | 314 |
| Bangla Krishi Sech Yojana [AG] (micro irrigation facility) | | | 228 | 0 | 365 |
| Per Drop More Crop under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) (State Share) | 3561 | 5800 | 5491 | 3861 | 5890 |
| West Bengal State Minor Irrigation Corporation Grants-in-aid for Repayment to Financial Institutions | 0 | 64 | 57 | 100 | 101 |
| Others | 142083 | 408218 | 300100 | 747946 | 1463903 |
| Free School Uniform to school students | 0 | 0 | 20450 | 6733 | 26000 |
| Procurement and distribution of Bi-cycle | 85117 | 12507 | 15656 | 4928 | 1793 |

Appendix Table 5.5

| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|-----------|---------|-----------|-----------|-----------|
| Distribution of Minikits, Water Conditioner etc. and development of Social Fisheries [FI] | 792 | 769 | 575 | 667 | 1000 |
| Free books etc for children of Primary School [MD] | 0 | 10 | 0 | 6 | 7 |
| Financial Assistance under "Sneher Paras" [DM] - | 0 | 0 | 10000 | 0 | 0 |
| Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM AJAY) | 0 | 0 | 0 | 0 | 28600 |
| National Mission for Empowerment for Women including Indira Gandhi Matritav Sahyog Yojana (State Share) (OCASPS) [WC] - maternity benefit scheme. | 0 | 0 | 0 | 0 | 32 |
| Subsidy to W.B.T.D.Corporation (TOURISM) | | | | 1 | 106 |
| Subsidy to Bullock Cart Users [AM] | 203 | 0 | 0 | 0 | 600 |
| Entertainment Tax [FT] | 383 | 94 | 10 | 0 | 49 |
| Udiyaman Swanirbhar Karmasansthan Prakaalpa under GATIDHARA[TR] | 9336 | 10000 | 947 | 0 | 3700 |
| Student Credit Card Scheme [HE] | 25000 | 5000 | 0 | 0 | 25000 |
| Mid-Day Meals in School | 0 | 127383 | 156800 | 109176 | 185748 |
| Ex-gratia Payments [FD] | 118 | 178 | 88 | 280 | 286 |
| Assistance to Freedom fighter's scheme [FD] | 0 | 315 | 288 | 288 | 291 |
| Compensation payable to the affected Covid Warrior or to the family member of deceased Covid Warrior [FD] | 0 | 0 | 12000 | 10000 | 5000 |
| One-time Assistance under FPS Dealer Bandhu (Death Benefit) Scheme 2021 [FS] | 0 | 0 | 0 | 50 | 50 |
| Financial assistance to distinguished persons of Arts and Letters | 0 | 0 | 41 | 39 | 263 |
| Financial Assistance to distressed persons in the field of Culture | 107 | 223 | 106 | 333 | 500 |
| Awards (for drama, music etc.) [IC] | 88 | 126 | 100 | 167 | 525 |
| Financial Assistance to the Aged and Distressed Journalists attached to Small and Medium News Papers [IC] | 0 | 0 | 9 | 12 | 12 |
| Welfare Scheme for the Contributors to the Society [IC] | 0 | 0 | 1290 | 3367 | 3545 |
| Legal aid to poor persons [JD] | 188 | 140 | 101 | 170 | 174 |
| Pradhan Mantri Jan Vikas Karyakram | 0 | 0 | 275 | 342 | 8500 |
| National Family Benefit Scheme | 5645 | 5037 | 4439 | 2372 | 150 |
| Assistance for offsetting imbalances in A.R.D.B | 0 | 2605 | 1725 | 2000 | 3500 |
| Financial Assistance to poor women of Self Help Group | 0 | 37065 | 44480 | 833 | 35000 |
| Assistance for Women/Mahila Cooperatives | 70 | 56 | 31 | 67 | 150 |
| General Labour Welfare// Compensation to the Labourers [LB] | 16 | 8 | 72 | 50 | 51 |

Appendix Table 5.5

| Description | 2018-2019 | 2019-20 | 2020-2021 | 2021-2022 | 2022-2023 |
|--|----------------|----------------|----------------|----------------|----------------|
| Procurement / Purchasing of Boats for the people belonging to Schedule Casts in Sundarban Areas in the District of North and South 24 Parganas | 0 | 0 | 0 | 133 | 420 |
| Grants-in-aid to Voluntary Organisations | 965 | 930 | 838 | 891 | 953 |
| Lakshmir Bhandar | 5122 | 134973 | 0 | 574140 | 1074200 |
| Prosthetic Aid to Handicapped Persons in all Districts | 45 | 12 | 0 | 28 | 89 |
| Muktir Alo-Scheme for rehabilitation of sex workers and victims | 2 | 6 | 0 | 7 | 21 |
| Assistance for Voactional tarining to destitute | 186 | 44005 | 13 | 36 | 113 |
| 085- Samajik Suraksha Yojana [LB] | 8471 | 25875 | 19200 | 15000 | 41500 |
| House sites for landless labourers - Compensation/Construction assistance [PN] | 0 | 0 | 0 | 7 | 21 |
| Grants-in-aid in respect of Annuities for Religious and Charitable Units on Account of Acquired Lands [LD] | 5 | 6 | 5 | 6 | 6 |
| MAA Scheme for providing Meal to Poor Citizens [UM] | 0 | 600 | 0 | 11500 | 11500 |
| Assistance for Gratitus Relief | 225 | 294 | 10561 | 4318 | 4449 |
| Grand total | 3027210 | 2623734 | 3138139 | 4530850 | 4977678 |

Appendix 5.6 Explicit Subsidies in Uttar Pradesh

In Rs. Lakh

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Loan waiver | 31832 | 49705 | 30952 | 29350 | 23621 |
| Payment of principal amount taken from HUDCO by UP Rural housing council from financial institution for PM Awaz Yojana | 31550 | 30951 | 30951 | 29350 | 23621 |
| repayment of loan of small and medium farmers | 282 | 234 | 0 | | |
| repayment of loan taken from PFC for infrastructure projects | - | 18520 | | | |
| Interest subsidy | 54180 | 50529 | 56674 | 60641 | 46887 |
| Grant for providing Agricultural Loan to farmers at low interest rate through Primary Cooperative Agricultural Loan Committees | 20000 | 20000 | 33397 | 40000 | 30000 |
| Scheme for Reimbursement of interest for establishment of Kamadhenu units (State Plan) | 5419 | 3057 | 1165 | 1500 | 200 |
| Payment of interest taken by UP Rural housing council from financial institution for PM Awaz Yojana | 28020 | 26823 | 21663 | 18669 | 16562 |
| Interest subvention scheme under UP Textile industry policy - 2014 | 740 | 648 | 449 | 473 | 125 |
| Power | 1688216 | 1356921 | 1019476 | 2211502 | 2438288 |
| Repayment of loan + interest taken by UPPSL | 1612107 | 1116921 | 799476 | 1524252 | 1938288 |
| UDAY | 76109 | 240000 | 220000 | 687250 | 500000 |
| Transport | 1137 | 1590 | 3548 | 4071 | 4427 |
| free travel facility in transportation corporation buses to teachers who received awards | | - | | 0 | 0 |
| Free travel for disabled | 1036 | 1500 | 3500 | 3781 | 4000 |
| Payment to the UP state road transport corporation for the facility of free travel from buses | 101 | 90 | 48 | 290 | 427 |
| Scholarship | 329835 | 501996 | 380638 | 400835 | 434753 |
| general edu | 312094 | 478991 | 350851 | 368777 | 405995 |
| medical edu - training | 17717 | 22981 | 29768 | 31960 | 28708 |
| skill and training | 24 | 24 | 18 | 98 | 51 |
| Pension | 188729 | 263035 | 369583 | 407439 | 705514 |
| old age pension | 188636 | 262900 | 369444 | 407290 | 705356 |
| Craftsmen pension yojana | 93 | 135 | 139 | 149 | 158 |
| Milk cooperatives | 5732 | 6363 | 6852 | 7114 | 8946 |
| Grant to Milk Federations under scheme of strengthening of milk federations | 1553 | 2015 | 1995 | 2143 | 2695 |
| Technical investment scheme to milk producers | 62 | 211 | 135 | 139 | 139 |
| financial assistance to UP state milk council | 4117 | 4137 | 4723 | 4832 | 6112 |
| Victim fund | 600 | 331 | 259 | 3071 | 3910 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------------|---------------|----------------|----------------|----------------|
| Assistance to riot victims | 336 | 57 | 11 | 756 | 800 |
| victim compensation scheme | 49 | 75 | 94 | 200 | 0 |
| Financial assistance in cases of acid attack, rape, human trafficking and murder under Central Victims Compensation Fund | - | 19 | 3 | 1911 | 2810 |
| Assistance to dependents/victims of the dead in cases of human rights abuses by the police | 215 | 180 | 150 | 204 | 300 |
| Accident fund | 2394 | 5385 | 49629 | 40932 | 65150 |
| accident compensation to bus travellers | 19 | 33 | 20 | 47 | 50 |
| Help to the families of injured who dies in train accident | - | - | - | 0 | 0 |
| Payment of claims for the uncovered period of state's account holder/ co-accounted farmers accident insurance plan | 2375 | 5352 | 183 | 85 | 100 |
| Chief Minister Accident welfare scheme | - | - | 49427 | 40800 | 65000 |
| Food subsidy | 15948 | 15010 | 14545 | 30418 | 31789 |
| National food security mission (C.60%/S.40%-C+S) | 15948 | 15010 | 14545 | 30418 | 31789 |
| PMAY | 84833 | 180558 | 416486 | 573239 | 521297 |
| PM Awaz yojana | 80111 | 144285 | 390481 | 549047 | 496834 |
| CM awaz yojana | 4722 | 36274 | 26006 | 24192 | 24463 |
| Other explicit subsidy | 840391 | 832071 | 1010157 | 1748612 | 1882040 |
| Agriculture | 230150 | 215564 | 262123 | 410627 | 529185 |
| Swarna jayanti gram swarojgar yojan (C.60/S.40-C+S) | 36011 | 54860 | 69095 | 80655 | 80586 |
| National crop insurance program | 52200 | 41299 | 61000 | 45000 | 65300 |
| PM Micro food industry upgradation scheme | 0 | 0 | 0 | 39185 | 36086 |
| National mission on agricultural extension and technology | 5655 | 10226 | 15424 | 25453 | 33053 |
| Agriculture Development schemes (C.60/S.40-C+S) | 14814 | 13540 | 16050 | 24390 | 23434 |
| Per drop more crop-micro irrigation (C.60/S.40-C+S) | 14628 | 18907 | 21845 | 24098 | 57807 |
| NMSA | 4091 | 4741 | 5736 | 17916 | 22340 |
| National horticulture mission | 8120 | 9645 | 7300 | 17448 | 29094 |
| Advance storage Scheme for chemical fertilizers | 10000 | 13049 | 15000 | 15000 | 15000 |
| Stubble Management scheme | | | | 10000 | 9950 |
| farm pond and sprinkler irrigation scheme for rain water harvesting | 4094 | 3791 | 4357 | 8771 | 14423 |
| Grant on certified seeds | 2957 | 1278 | 1397 | 5500 | 5500 |
| PM – KUSUM Scheme (Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan Scheme) | 0 | 0 | 1535 | 4950 | 14563 |
| Garden and Food Processing schemes (C.60/S.40-C+S) | 1798 | 2828 | 3134 | 4800 | 2880 |
| UP food processing industry planning - 2017 | 772 | 2948 | 3830 | 3866 | 3866 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------------|---------------|
| soil and water conservation scheme | 115 | | | 3000 | 9897 |
| National Gardening Mission (C.60/S.40-C+S) | 248 | 610 | 626 | 2350 | 1410 |
| fisheries scheme | 407 | 907 | 549 | 2100 | 2208 |
| Scheme to develop uses of mixed seeds | 1068 | 1093 | 4 | 2000 | 2000 |
| Sugarcane Production Schemes (C.60/S.40-C+S) | 1632 | 1357 | 1321 | 1756 | 1662 |
| Insect/ Disease control by different environmental resources | 813 | 694 | 383 | 1550 | 1550 |
| Implementation of U.P farming export policy | - | 0 | 0 | 1100 | 1100 |
| Vermi Compost unit | 1713 | 1289 | 4 | 1000 | 1000 |
| Integrated Development Project (NCDC sponsored) | 527 | 1000 | 1000 | 1000 | 1000 |
| Special Employment Scheme | | 0 | 1059 | 1000 | 1000 |
| Pt. Deendayal Upadhyaya Farmer Prosperity Scheme | 399 | 929 | 1 | 931 | 931 |
| Minor Irrigation Schemes (C.60/S.40-C+S) | 100 | 790 | 0 | 600 | 600 |
| Trained agriculture entrepreneur self-dependent scheme | 251 | 233 | 0 | 592 | 592 |
| Industrial Development in Bundelkhand and Vindhya Region | 481 | 441 | 288 | 500 | 400 |
| Schemes for agricultural diversification | | | | 400 | 240 |
| horticulture and food processing scheme | 253 | 243 | 251 | 332 | 3407 |
| Distribution of Gypsum for elimination of shortage of subtle element in soil and land improvement | - | 87 | 98 | 284 | 284 |
| Scheme for Development of Organic farming in District Hamirpur | 105 | 0 | 139 | 280 | 252 |
| National livestock management program - innovative poultry productivity project for low input technology birds | 65 | 83 | 119 | 270 | 5674 |
| Sugarcane dev | 48651 | 259 | 261 | 263 | 315 |
| Information Technology and Computerization | 150 | 150 | 200 | 200 | 200 |
| strengthening of bio fertilizer production laboratories to encourage use of bio fertilizer | | | | 138 | 138 |
| Scheme for development of fruit bars | 47 | 43 | 49 | 90 | 90 |
| Incentives for production of quality Betel in state | 45 | 42 | 56 | 57 | 12 |
| Implementation of U.P. Potato Development Act-2014 | 8 | 7 | 13 | 30 | 26 |
| national agriculture dev plan | | | | 12 | 7 |
| national fisheries dev board scheme | | | | 10 | 210 |
| sericulture | | | | 0 | 5360 |
| chief minister food processing mission | 92 | | | | |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|--------------|--------------|--------------|---------------|---------------|
| Grant scheme of establishment of solar photovoltaic irrigation pump(C-30%/S-45%/B-25%) (State Share) | 8712 | 6696 | 0 | | |
| Micro irrigation | | | | | 160 |
| national mission on oilseeds and palm | 1195 | | | | |
| scheme of horticulture and food processing | | | | | 5 |
| Sprinkler Irrigation System Distribution Scheme | 1044 | 987 | 0 | | |
| Cow based natural farming scheme in all dev bodies of Bundelkhand | | | | | 430 |
| Krishi vikas yojana | | | | | 3914 |
| land and water management plan in the coastal areas of Nirmal ganga river under NMAMI ganga cleanliness plan | | | | | 288 |
| pm agriculture scheme - field, pond and sprinkler system for rain water harvesting | | | | | 15 |
| watershed dev component under PM KRISHI SANCHAI Yojana | | | | | 11983 |
| Rain water harvesting and irrigation schemes in Bundelkhand region | 507 | 201 | 0 | | 3931 |
| Rural backward poultry dev | 1346 | | | | |
| dev of fishery production | 177 | | | | |
| projects of horticulture dept. | 2044 | | | | |
| regional dev projects of ram ganga and sharda assistance | 1065 | | | | |
| Grant for maintenance of stray cattle | 1752 | 20311 | 30000 | 60000 | 50000 |
| PM Matsaya sampada yojana | | - | | 1751 | 3012 |
| Industry | 14798 | 11803 | 19177 | 23632 | 30072 |
| CM Weaver solar energy scheme | | | | | 1000 |
| Implementation of Uttar Pradesh Electronics Manufacturing policy | | 0 | 3456 | 5000 | 5000 |
| Implementation of Information Technology and Start-up Policy in U.P | | 0 | 1490 | 2000 | 2000 |
| Rapid Export Development Incentive Scheme | 2000 | 1498 | 1513 | 1500 | 2500 |
| Pt. Deen Dayal Upadhyay Khadi Marketing Development Assistance | 1300 | 1300 | 2138 | 1300 | 1900 |
| C.M. Rural Industrial Employment Scheme | 990 | 1256 | 489 | 500 | 500 |
| Micro, Small and Medium Enterprises promotion policy,2011 | | | | 500 | 750 |
| UP Start-up scheme | | | | 500 | 500 |
| Handicraft marketing incentive scheme | 296 | 198 | 73 | 200 | 200 |
| Development of power loom | 155 | 155 | 155 | 155 | 155 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------------|---------------|---------------|----------------|----------------|
| Grant for providing employment to unemployed youths/traditional workers | 220 | 112 | 103 | 125 | 125 |
| Assistance to C.G.C.R.I., Khurja | 20 | 20 | 20 | 20 | 20 |
| Air freight assistance scheme | 15 | 15 | 2 | 15 | 15 |
| Jhalkari bai kori handloom and power loom dev scheme | | | | | 391 |
| CM self-employment scheme | 7718 | 6564 | 9739 | 9453 | 12500 |
| cm village industries employment scheme - grant for unemployed youth/traditional artisans | 1 | 1 | 1 | 1 | 1 |
| Group insurance schem to provide social security to weavers | | | - | - | 15 |
| Exemption to sugar industry under generation and distillery production | 2084 | 683 | | 2363 | 2500 |
| Irrigation | 64893 | 90257 | 87000 | 86968 | 182878 |
| Free water facility to framers from canals and govt tube well | 48921 | 69002 | 83459 | 66168 | 80000 |
| Chief Minister Minor irrigation plan | 0 | 0 | 2327 | 20600 | 100600 |
| Collective mini green tube well scheme | | | | 200 | 200 |
| Assistance to minor and marginal farmer for agricultural production(50% grant of share for boring & pump sets) | 7429 | 11462 | 525 | 0 | 0 |
| Description of sprinkler irrigation system (C.100/S.0-C) | 672 | 243 | 0 | | |
| Construction of medium bored tube wells in alluvium areas | 5581 | 5760 | 0 | | |
| Dr. Ram Manohar Lohiya community Tube well Scheme | 519 | 1214 | 689 | | |
| Minor irrigation schemes in plateau areas | 1770 | 2576 | 0 | | |
| Arjun subsidiary project (C-50% / S-50%) | | | | | 2078 |
| schemes for minor irrigation | | | | 0 | |
| Others | 530549 | 526249 | 661034 | 1251017 | 1169977 |
| Financial assistance for marriage | 23817 | 27492 | 8536 | 19056 | 60 |
| Free shoes, socks and sweaters | 52810 | 48415 | 44801 | 28358 | 30000 |
| Textbooks free | 6519 | 1781 | 0 | 0 | 0 |
| Uniforms | 3558 | 3566 | 1320 | 3781 | 4000 |
| Kit for state level players participating in national competitions | 24 | 33 | 8 | 85 | 90 |
| grant to folk artist for musical instruments | | - | | 95 | 100 |
| Allopathy Hospitals and Dispensaries - J.E/A.E.S to the families of the deceased and disabled persons | | 79 | 112 | 473 | 500 |
| edu - free medical facility to BPL/PL Antyodya card holders | 400 | 555 | 100 | 567 | 700 |
| uniform and bicycle grant for students | 55 | 34 | 22 | 95 | 100 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------------|---------------|
| assistance to buy hearing aids for disabled | 3165 | 1651 | 2859 | 3308 | 3500 |
| Blind, deaf and physically handicapped persons food grant | 900 | 900 | 900 | 851 | 900 |
| food grants for disabled blind, deaf | 58339 | 61917 | 75826 | 80599 | 100000 |
| Grant for marriage of daughters of destitute widows | 22 | 15 | 9 | 66 | 70 |
| incentive award on getting married to physically disabled persons | 251 | 164 | 90 | 250 | 264 |
| motorised tricycle scheme for physically challenged persons | - | - | 8 | 3078 | 3256 |
| National Rural Livelihood Mission (C.60/ S.40-C+S) | 43352 | 44201 | 76564 | 76564 | 175775 |
| Implementation of Additional Energy Source Programmes through Non-Conventional Energy Development Agency | 24657 | 20484 | 22213 | 21584 | 21584 |
| Ambedkar Employment Scheme | | 0 | 1027 | 1000 | 1000 |
| Bio energy enterprise promotion program grant scheme | | | | 1000 | 1000 |
| Mahila Kisan Sashaktikaran Pariyojana | | | | | 1291 |
| Rural self-employment training | | | | | 3563 |
| Start Up Village Entrepreneurship Programme | | | | | 409 |
| Projects of forest department (C.100/S.0-C) | 0 | 4545 | 0 | | |
| distribution of fortified salt | 2925 | | | | |
| awards to Sanskrit pandits | 20 | 35 | 7 | 44 | 44 |
| mid-day meal | 49770 | 1659 | 101903 | 61858 | 67048 |
| Financial assistance to ex famous sportsperson and wrestlers | 167 | 177 | 194 | 197 | 250 |
| Prizes to winners of national/international comp | 720 | 107 | 73 | 473 | 1000 |
| state award for spcl plyers | 51 | 45 | | | |
| assistance to daughters of poor class | 19314 | 20046 | 7449 | 14179 | |
| assistance to st oppressed by atrocities | 57 | 223 | 119 | 95 | 25 |
| free education for st girls students under book bank scheme | - | - | 3 | 5 | 5 |
| grant for cleaning laundry to dhobi community | 8 | 32 | 32 | 30 | 32 |
| pandit deen dayal flour to sc entrepreneur women - masala chakki scheme | | | | 438 | 464 |
| subsidy in self-employment schemes- operated through UP scheduled caste finance and dev corporation | 6000 | 3125 | 1288 | 9453 | 10000 |
| tailoring shop yojana | | | 2060 | 1947 | 2060 |
| Deen dayal antyodaya yojana - NULM | 10854 | 10944 | 10014 | 13654 | 9170 |
| Elimination of child labour - Conditional cash transfer program | 8 | - | | 24 | 25 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|---------|---------|---------|---------------|---------------|
| assistance for rehabilitation of displaced persons from Kashmir | 13 | 13 | 13 | 26 | 28 |
| Ayushmann bharat | 800 | 4121 | | 30073 | |
| books and magazines for young advocates | - | - | | 1000 | 1000 |
| CM Ayushmann bharat | | 500 | 1500 | 4010 | 7000 |
| CM group marriage scheme | 19515 | 24516 | 11782 | 23631 | 60000 |
| financial assistance to dependents in case of death of sanitation worker during sewer cleaning | - | 50 | | 189 | 200 |
| foster plan | - | - | | 2363 | 2500 |
| grant for analysing the edu of children of widows | | 462 | 462 | 944 | 1998 |
| Grant for widows | 27743 | 22826 | 22826 | 35037 | 107322 |
| Grant given to voluntary organisations for the construction of houses for working women | - | - | | 0 | 0 |
| Indira Gandhi Matra Vandana Yojana | | | 1418 | | |
| Manual scavenging death compensation scheme | | | | | 150 |
| medical treatment of disabled | 134 | 453 | 494 | 605 | 640 |
| Mukhya Mantri Kanya Sumangala Yojana - Rs 15,000 to every family where a girl child is born | - | 7315 | 7088 | 113430 | 120000 |
| National family benefit scheme | 4920 | 4851 | 4452 | 4726 | 20000 |
| national social assistance program - national family benefit scheme | 27762 | 39064 | 40573 | 42536 | 30000 |
| Subsidy for maintenance of destitute widows and education to their children | 102366 | 128327 | 170714 | 135338 | 293880 |
| Grant FOR RELIGIOUS PURPOSES | 831 | 900 | 900 | 1136 | 1002 |
| Financial assistance to the dependents for the cremation of deceased freedom fighters | 1 | | 2 | 11 | 6 |
| State share of CSS -construction of clean toilets | | | | | 1431 |
| swachh bharat mission - construction of clean toilets | 12808 | 2149 | 535 | 3839 | 2146 |
| market intervention scheme for remunerative price of potato | - | 7 | | 0 | 10000 |
| National scheme of welfare of fishermen - Pradhan mantri matsaya sampda yojana - insurance policy for mahwa community | 6 | 8 | | 14 | |
| Ex gratia payment to relatives of persons killed/injured by anti-social elements | 69 | 5 | 1 | 48 | 70 |
| Financial assistance to non govt persons/dependents who were killed/injured | - | - | | 48 | 70 |
| Compensation to Persons killed/injured by violent wild animals and owners of cattle | - | - | | 7 | 10 |

Appendix Table 5.6

| Scheme | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| RSBY (Rashtriya Swasthya Bima Yojana) | | | 727 | | |
| Ayushmann Bharat - National Health Protection Mission | 3200 | 17379 | 6180 | 66766 | 40000 |
| Ayushman Bharat CM Jan Arogya Yojana | - | 2000 | 6000 | 17000 | 25000 |
| Pradhan Mantri Mata Vandana Yojana | 21360 | 18074 | 27806 | 21765 | 3529 |
| Additional assistance from the state government to the framers affected by divine calamity | - | - | 18 | 1 | 1 |
| Assistance to workers of unorganised sector | | 4 | | 400000 | |
| insurance scheme for unorganised workers | | - | | 902 | 1200 |
| Grant for pilgrims of Sindhi community of state | 6 | - | 10 | 7 | 10 |
| Energy conservation and promotion of non-conventional energy - Rooftop solar in private houses | 1250 | 1000 | | 2363 | 2500 |
| Total | 3243828 | 3263494 | 3358799 | 5517225 | 6166621 |

Appendix 5.7 Explicit Subsidies in Odisha

| | In Rs. Lakh | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
| Scholarships | 145030.7 | 132191 | 126469.3 | 106690.1 | 131087.3 |
| Pre and Post-Matric scholarship and stipends for different purposes | 133794.6 | 121919.9 | 116061.2 | 90017.51 | 122183.8 |
| Scholarship and Stipend through Umbrella Scheme for Education of SC-ST Students | 4389.15 | 4876.5 | 4238.94 | 4600.07 | 0 |
| Scholarship and Stipend for Minorities and destitute Students | 0 | 0 | 23.4 | 85.03 | 120.22 |
| Merit Scholarship | 4684.52 | 3931.91 | 4552.96 | 6476.28 | 5175.9 |
| Scholarship for Professional Education | 1619 | 1021.18 | 1222.7 | 4510.9 | 2465 |
| Vyaskabi fakir Mohan Senapati Scholarship for promotion Odia language | 0 | 21.4 | 300 | 600 | 300 |
| Scholarships for Coaching for Civil Services | 12.5 | 36.51 | 1.61 | 100 | 150 |
| Scholarships for Career Counselling | 153 | 0 | 0.18 | 5.01 | 10.01 |
| Scholarships for Green Passage Scheme for Covid affected orphans | 0 | 0 | 0 | 0 | 200 |
| Scholarship and Stipend for Technical Education | 45.42 | 68.33 | 65.86 | 75 | 77 |
| Scholarship and Stipend to Handicapped Students | 332.48 | 315.31 | 2.39 | 220.32 | 405.36 |
| Loan Waiver | 65555.76 | 73519.25 | 80700 | 73622.66 | 87380.15 |
| Interest Subvention on Working Capital Loan for Stage/ Contract Carriage Operators | 0 | 0 | 0 | 0.01 | 500 |
| Interest Free Working Capital Loan to Sambalpuri Bastralaya Handloom Co-operatives Society Ltd, Bargarh | 0 | 0 | 3000 | 0 | 0 |
| Interest Subvention on Long Term Credit Support to Livestock Farmers | 169.7 | 100 | 0 | 0.02 | 0 |
| INTEREST SUBVENTION TO THE CO-OP. BANKS/ PACS FOR PROVIDING CROP LOAN TO THE FARMERS | 60486.06 | 63419.25 | 59500 | 55299.74 | 78760.15 |
| Interest Subvention under Mukhya Mantri Mahila Sashakti Karan Yojana | 4900 | 10000 | 0 | 0 | 0 |
| Interest Subvention under Mission Shakti Programme | 0 | 0 | 18200 | 18200 | 8020 |
| Interest subvention on Study Loan to students pursuing higher technical studies | 0 | 0 | 0 | 122.89 | 100 |
| Major DBTS | 69939.94 | 100201.9 | 109895.4 | 127990.4 | 121369.2 |
| Cash Award in lieu of land to Gallantry & Non- Gallantry award winner Jawans | 22.25 | 8.42 | 6 | 10 | 9.02 |
| Legal aid to the Poor | 50.01 | 50.01 | 80 | 80 | 90 |
| Cash Awards to State Awardee Teachers | 0 | 0 | 0 | 0.01 | 40 |
| Supply of Free uniform and tuition fee exemptions to ST/SC students | 553.05 | 600.78 | 506.58 | 636 | 769.71 |
| NIRAMAYA (Free Medicine) through Biju Swasthya Kalyana Yojana | 0 | 38706.11 | 64955.3 | 74000 | 60000 |
| Jaga mission is slum upgradation program in urban Odisha. It provide / authorize the land rights to the illegal occupants in the city. | 10000 | 10000 | 0 | 0.03 | 10000 |
| Conditional cash transfer for Pregnant women (MAMATA) | 15499.99 | 30512.99 | 22722.95 | 27891.25 | 24740.18 |

Appendix Table 5.7

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash Incentive for marriage between PWDs and Normal person | 44.5 | 45.1 | 115 | 230 | 230 |
| "Ama Ghare LED Light" Karyakram | 22500 | 1000 | 100 | 0.01 | 0.01 |
| Grants for School kits and uniforms under Gangadhar Meher Sikshya Manakbrudhi Yojana | 16745.99 | 15138.4 | 15902.29 | 17302.79 | 17650.01 |
| Malati Devi Prak Vidyalaya Paridhan Yojana for Pre-School Education (Free Uniform) | 4524.15 | 4140.07 | 5507.27 | 7840.27 | 7840.27 |
| Ass to PSU | 5025 | 1987 | 2059.69 | 8191.1 | 29489.08 |
| Grants to IPICOL for Investment Promotion and Publicity | 3270 | 1107 | 1090 | 663 | 9067.32 |
| Grants for Investment Promotion Advisory Service | 255 | 250 | 300 | 100 | 200 |
| Grants for Development of SLFC/DLFC to facilitate Investors & grounding of Industrial Projects | 200 | 150 | 250 | 359.32 | 255 |
| Development of Utility Corridor at Gopalpur | 0 | 0 | 0 | 0 | 2066.75 |
| Financial Assistance for development of plastic park at Paradeep | 1000 | 100 | 0 | 0.01 | 100 |
| Grants to Odisha Investment Export Promotion Office (OIEPO) | 0 | 0 | 0 | 498 | 0 |
| Financial assistance for development of Industrial Clusters | 0 | 0 | 0 | 2200.76 | 4000 |
| Financial Assistance for setting up of Industrial Parks | 0 | 0 | 0 | 3700.01 | 13500 |
| Grants to Film Development Corporation | 0 | 100 | 100 | 100 | 300 |
| Reactivation of Fisheries Co-operative Societies | 300 | 280 | 319.69 | 70 | 0 |
| Assistance to PSUS & Other undertakings | 0 | 0 | 0 | 500 | 0.01 |
| Pensions | 180186.6 | 321175.5 | 183787.1 | 298334.9 | 313836 |
| Payment of monthly pension to the 2nd World War Veterans / their widows / dependent belonging to Odisha State | 23.16 | 19.91 | 14.52 | 25.2 | 25.2 |
| Pension and other facilities to Freedom Fighters | 683.88 | 944.1 | 690.76 | 1846.9 | 2437.69 |
| Pension to Indigent Sportsmen | 62.04 | 69.33 | 76.87 | 83 | 83 |
| Pension under different Schemes to beneficiaries | 179417.5 | 320142.1 | 183004.9 | 296379.8 | 311290.2 |
| Grants to religious org. | 3233.38 | 4162.4 | 2553.18 | 2174.62 | 2556.64 |
| Payment of compensation to Lord Jagannath Temple Administration | 0 | 29.94 | 45.52 | 42.2 | 45.53 |
| Grants to Jaganath Temple for different initiatives | 1793.84 | 3178.4 | 1597.39 | 1807.41 | 1583.41 |
| Grants to Haj Committee | 75.1 | 128.56 | 56.21 | 60 | 140.2 |
| Charitable Allowance for up keep of Temples | 143.75 | 140.99 | 181.49 | 175 | 175 |
| Grants to Wakf Board | 120.69 | 84.51 | 72.57 | 90 | 212.5 |
| Grants under Barista Nagarika Tirtha Yatra Yojana | 1100 | 600 | 600 | 0.01 | 400 |
| Ex-Gratia Payment | 26294.85 | 32946 | 7031.58 | 5845.03 | 6272.94 |
| Ex-gratia payment and assistance | 196.61 | 171.62 | 0 | 108.7 | 196.61 |

Appendix Table 5.7

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Payment of Ex-gratia to the next of kins of deceased Defence & Para Military Personnel | 0 | 0 | 0 | 0 | 100 |
| Ex-gratia & Compensation | 57.54 | 432.25 | 206.1 | 200 | 340 |
| Payment of Ex-gratia to the next of kins of SC/ST students of SC/ST Devp. Schools | 2.75 | 5 | 0 | 6.32 | 6.32 |
| Payment of Ex-gratia & Compensation to the families of different calamities | 26037.95 | 32337.13 | 6825.48 | 5530.01 | 5630.01 |
| Major Explicit Subsidies | 207406.8 | 189142.2 | 288683.1 | 269562.1 | 187205.2 |
| Subsidy to Odisha State Civil Supplies Corporation for PDS | 97541.68 | 108247.2 | 208505.3 | 205661.2 | 100480.3 |
| Subsidy to OSCSC for Annapurna under NSAP | 354.56 | 560.64 | 20.36 | 0 | 0 |
| FOOD SUBSIDIES UNDER PDS | 0 | 745.13 | 0 | 11.69 | 11.7 |
| Subsidy to SC/OBC TDCC Finance Co-operative Corporation | 499.99 | 696.7 | 449.5 | 319.01 | 1030 |
| Subsidies to Medium and Large Industries// ASSISTANCE TO INDUSTRIAL FINANCIAL INSTITUTIONS | 20000 | 17748.4 | 4737.17 | 2100.01 | 3600 |
| Subsidy to Odisha State Film Policy | 0 | 0 | 0 | 0.01 | 125 |
| Subsidy to Rooftop Rain Water Harvesting and Ground Water Recharge in Urban Areas | 2079.72 | 0 | 0 | 224.31 | 200 |
| Subsidy to beneficiaries of Jalanidhi | 0 | 0 | 0 | 0 | 2200 |
| Subsidy for Implementation of Electric Vehicle Policy | 0 | 0 | 0 | 500 | 5000 |
| Subsidy for Construction of Aerodromes | 0 | 0 | 0 | 500 | 2000 |
| Subsidy to Odisha State Road Transport corporation | 34 | 160 | 160 | 260 | 1460 |
| Subsidy to beneficiaries of Jalanidhi -Rural Infrastructure Development Fund (RIDF) | 15651.97 | 15588.01 | 12000.01 | 12502.5 | 23400 |
| Input subsidy on seed fertilizer, bio-fertilizers, insecticides, bio-pesticides etc. (Horticulture) | 20712.03 | 15146.4 | 18097.3 | 16200 | 21191.85 |
| Subsidy under Agriculture Policy (Capital Investment) | 3550 | 0 | 4235 | 2705.76 | 8000 |
| Subsidy for 10% one-time rebate on sale of Handloom clothes | 677.62 | 1122.26 | 540.49 | 600 | 900 |
| Subsidy for Promotion of Handloom Industries | 3351.7 | 1515.6 | 1742.48 | 1527 | 1960 |
| Subsidy for Promotion of Textile Industries | 200.59 | 451 | 499.99 | 885 | 499.93 |
| Subsidy for Promotion of Handicraft Industries. | 104.58 | 270 | 100 | 220.01 | 210.01 |
| Subsidy for Promotion of Sericulture Industries | 717.98 | 699.98 | 399.99 | 500 | 250.01 |
| Subsidy under BALIA YOJANA | 0 | 0 | 0 | 0 | 293.26 |
| Subsidy through BOYAN JYOTI | 0 | 0 | 0 | 100 | 360 |
| Subsidy to beneficiaries of Barista Bunakara Sahayata Yojana | 30 | 70 | 120 | 175 | 720 |
| Subsidy to Market Development Assistance to Handloom Society | 0 | 0 | 453.03 | 100 | 500 |
| Subsidy for Integrated Livestock Development Programme | 0 | 500 | 0 | 0 | 0 |
| Subsidy for Input Assistance to farmers for taking of fish farming | 277.5 | 0 | 300 | 1300 | 2400 |

Appendix Table 5.7

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Subsidy for Input Assistance to WSHGs | 0 | 0 | 1438 | 1850 | 0 |
| Subsidy for Motorisation of Traditional Craft | 0 | 0 | 0 | 406 | 0 |
| Subsidy for Machha Chasa Pain Nua Pokhari Khola Yojana | 4599.94 | 4486.94 | 6325 | 6273.3 | 0 |
| Supply of subsidised Rice under Child Welfare Program | 0 | 0 | 188.24 | 386 | 386 |
| Supply of subsidised Rice | 0 | 0 | 61.1 | 518 | 518 |
| Subsidy to Mahila Vikas Samabaya Nigam | 100 | 100 | 103 | 296 | 109 |
| Subsidies for Small Scale Industries | 3290.38 | 3480.28 | 5780.27 | 2800 | 4000 |
| Subsidy for Agricultural inputs etc. | 33632.59 | 7058.87 | 5512.74 | 5350.08 | 5400.08 |
| Subsidy for House Building and other Assistance for Cyclone Affected | 0 | 10494.73 | 16914.14 | 5291.29 | 0.04 |
| Others | 1061878 | 1075869 | 1072093 | 1002929 | 1285620 |
| Grant-in-aid to Charitable Dispensaries | 0 | 20.6 | 0 | 9.8 | 10.8 |
| Fair Price Shop Additional Dealers Margin under NFSA | 14759.65 | 12027.59 | 9896.35 | 0 | 0 |
| Grants for relief expenditure | 0 | 0 | 250 | 0 | 0 |
| Grants to Voluntary Organisation | 14 | 5 | 6 | 11 | 7.01 |
| Mid-Day Meals | 57623.76 | 60899.19 | 104718.3 | 90800.07 | 94153.59 |
| Grants to OTELP Plus (Odisha Tribal Empowerment and livelihood program) | 2687 | 2477 | 1275 | 2500 | 1992.14 |
| Financial assistance to ST /OBC/SEBC students pursuing studies in National Institutes. | 128.57 | 170.39 | 507.61 | 190 | 230 |
| Grants for Implementation of Income Generating Scheme for SCs | 0 | 0 | 0 | 0 | 7110.44 |
| Grants under SAMPURNA - Sishu Abang Matru Mrutyuhara Sanpurna Nirakarana Abhiyana | 7725 | 0 | 0 | 0 | 0 |
| Grants under Jeevana Upahara Scheme | 0 | 0 | 0 | 200 | 120 |
| Grants under KHUSHI scheme | 1000 | 1000 | 3440 | 2591.06 | 2000 |
| Grants to Odisha Horticulture Development Society | 0 | 0 | 0 | 100 | 0 |
| Financial Assistance to Sports Persons to pursue SAI Academic Courses to Improve their Employability | 14.27 | 15.71 | 3.92 | 20 | 20 |
| Financial Assistance to outstanding sports persons for international participation and advance training and coaching | 199.84 | 100 | 100 | 100 | 100 |
| Grants-in-aid to PHDMA/Poverty and Human Development Monitoring Agency (PHDMA) | 41 | 0 | 40 | 484 | 400 |
| Grants for Socio-Economic Transformation and Upliftment(SETU) | 3423 | 87.1 | 6562.63 | 4000 | 4000 |
| Biju Kandhamal O Gajapati Yojana | 2850 | 2850 | 2850 | 2850 | 2850 |
| Biju KBK Yojana | 12000 | 12000 | 12000.01 | 12000 | 12000 |
| Swachha Bharat Mission (SBM) - Gramin// Toilet Construction | 198696.7 | 233626.6 | 8095.67 | 20000 | 0 |
| Rehabilitation of Bonded laborers | 0 | 0 | 8.6 | 100.02 | 100 |
| Biju Pucca Ghar | 0 | 0 | 0 | 0 | 40000 |

Appendix Table 5.7

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------|----------|----------|---------------|---------------|
| Pradhan Mantri Awaas Yojana (Rural) - Biju Pucca Ghar | 450292.3 | 349638 | 493312.3 | 426400 | 550584 |
| Grants under ABBAAS-Odisha Urban Housing Mission (OUHM) | 0 | 0 | 165 | 99.98 | 50 |
| Pradhan Mantri Awaas Yojana (Urban) | 30992.44 | 29039.01 | 26949.15 | 18346.81 | 50000.13 |
| Madhubabu Legal Assistance Centre | 0 | 100 | 0 | 500 | 500 |
| Biju Krushak Vikash Yojana for LIPs under RIDF | 23945.37 | 0 | 35697.67 | 40000 | 40000 |
| Pradhan Mantri Krushi Sichai Yojana - Har Khet Ko Pani(HKP) | 4614.27 | 1127.62 | 0 | 3500.04 | 2100 |
| Pradhan Mantri Krishi Sinchayee Yojana- Har Khet Ko Pani(Repair, Renovation & Restoration) | 0 | 0 | 0 | 0.12 | 2500 |
| Grant-In-Aid to Odisha road safety society | 2000 | 2000 | 2400 | 1800 | 2500 |
| Solatum Fund (payment of compensation to the victims of hit and run motor accident) | 500 | 500 | 0 | 0.01 | 500 |
| Biju Krushak Kalyan Yojana//Premium Contribution | 6069.1 | 3696.17 | 0 | 300 | 0.01 |
| Support to Crop Insurance in the State | 120.35 | 166 | 0 | 211 | 0.01 |
| Grants for Farmers Welfare - KALIA | 37770.44 | 179506.9 | 196405 | 216068 | 197896.5 |
| Grant to State Fertiliser Procurement Agencies | 282.64 | 360.02 | 296.61 | 600 | 500 |
| ASSISTANCE TO FARMING CO-OPERATIVES// Support to Farmer Producers Organisation | 106.8 | 0 | 500 | 500.01 | 2500.01 |
| Grants for Micro Irrigation (Horticulture) | 299.09 | 34 | 424.09 | 1275 | 850 |
| National Food Security Mission | 12840.51 | 22479.16 | 14289.75 | 18411.46 | 25695 |
| Pradhan Mantri Krishi Sinchai Yojana (PMKSY) | 2999.15 | 4000 | 4500 | 9001.07 | 36100.25 |
| National Horticulture Mission | 5000 | 7988.21 | 1833.33 | 12043.24 | 12164.51 |
| Paramparagat Krishi Vikash Yojana (PKVY) | 2229.42 | 3708.72 | 3144.15 | 3528.82 | 2643.36 |
| Rashtriya Krushi Vikas Yojana (RKVY) | 38168.78 | 32902.67 | 24492.99 | 9004.31 | 30000 |
| National Project on Soil Health & Fertility | 772.58 | 1111.78 | 1891.77 | 2325.44 | 779.11 |
| Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) | 0 | 0 | 0 | 500.06 | 0.02 |
| Grants for Roof top solar photovoltaic system for govt./Agencies Building | 2000 | 2500 | 3100 | 4000 | 4000 |
| National Livestock Health and Diseases Control Programme | 263.35 | 34.65 | 298.07 | 700.06 | 7971.35 |
| Assistance for Support to Private Goshala | 200 | 200 | 500 | 1200 | 1500 |
| Support to OMFED-Incentive to Dairy Farmers of DCS | 930.38 | 1273.83 | 0 | 1100 | 0 |
| Matshyajibi Unnayan Yojana for Welfare of Fisherman | 300 | 400 | 200 | 300 | 1588.7 |
| Input Assistance for Intensive Aquaculture & Inland Fisheries Development | 0 | 0 | 0 | 0 | 7974 |
| Assistance to Livelihood Support to Marine Fishermen during Fishing Ban Periods | 375 | 705 | 800 | 1326.75 | 0 |
| Pradhan Mantri Matsya Sampada Yojana (PMMSY) | 0 | 0 | 0 | 0 | 9191.9 |
| Pradhan Mantri Fasal Bima Yojana (PMFBY) | 60000 | 70967 | 67442.66 | 35000 | 60000 |

Appendix Table 5.7

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Grants to Odisha State Co-operative Union | 235 | 90 | 40 | 40 | 40 |
| Financial Support on Non-GIA Child Care Institutions | 0 | 0 | 1150 | 0 | 0 |
| Grants and assistance under Biju Kanya Ratna | 50 | 50 | 100 | 100 | 100 |
| Grants and assistance under Biju Sishu Surakshya Yojana | 165 | 165 | 600 | 3800 | 4300 |
| Financial Support to Women Self Help Groups and Block Level Federation under different schemes | 59344.34 | 7683.9 | 607 | 607 | 22457 |
| Social Security Insurance | 0 | 0 | 0 | 0 | 544.14 |
| Financial Assistance OSEDC Ltd. and KTV Ltd.//Financial Support for closure of sick Public Sector Electronic Units | 22 | 30 | 43.65 | 12 | 45 |
| Establishment of International Institute of Information Tech. | 114 | 105 | 461.82 | 96 | 133.2 |
| Promotion and facilitation of I.T. Industries | 181.99 | 104.99 | 85.53 | 1055.8 | 237.2 |
| Grants to Odisha Rajya Talgur Samabaya Sangha | 15 | 20 | 20 | 20 | 20 |
| Grants / Assistance for Micro, Small & Medium Industries-Financial Support | 1663.24 | 2264.66 | 2997.98 | 4248.75 | 7385.74 |
| Financial Assistance to Food Testing Laboratories | 134.49 | 0 | 119 | 0.01 | 0.01 |
| Free Laptops to visually impaired students | 34 | 34 | 0 | 34 | 34 |
| Programs and activities for Trans Gender | 0 | 0 | 0 | 432 | 0 |
| National Family Benefit Scheme | 2340.32 | 664.11 | 1216.81 | 1575.6 | 1600 |
| Assistance through Biju Swasthya Kalyana Yojana | 2000 | 2648.5 | 4005.86 | 3331.08 | 3582.05 |
| Biju Swasthya Kalyana Yojana | 0 | 0 | 0 | 4000 | 4000 |
| Assistance through NIDAN, SUNETRA and Swasthya Sanjog through Biju Swasthya Kalyana Yojana | 2050 | 22291.41 | 32248.29 | 39075.06 | 25458.82 |
| Rashtriya Swasthya Suraksha Yojana | 9293.92 | 0 | 0 | 3.06 | 0.06 |
| Grants to OLIC for supply of water on subsidised rate | 0 | 0 | 0 | 500 | 500 |
| Grand Total | 1764551 | 1931195 | 1873272 | 1895339 | 2164817 |

Appendix 5.8 Explicit Subsidies in Rajasthan

| SCHEMES | In Rs. Lakh | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
| LOAN WAIVER | | | | | |
| Agricultural Loan Waiver Scheme to Rajasthan State (different) Co-operative Bank Ltd. | 300000 | 424500 | 451728 | 327714 | 100000 |
| Interest subsidy for long - term borrowers--through Rajasthan State Co-operative Land Development Bank Ltd. | | | | | 2400 |
| Interest subsidy to good borrowers of cooperatives | 37000 | 29608 | | 68735 | 40000 |
| Interest Subsidy to Bhamashah Employment Generation Scheme | 134 | 276 | 267 | 151 | 100 |
| Interest Subsidy Chief Minister's Laghu Udyog Protsahan Yojana | | | 296 | 5590 | 5700 |
| Interest subsidy TO MSME Policy-2015 | | 120 | 0 | 30 | 0 |
| Grant for loan Waiver to Other Backward Classes and Development Co-operation | 2212 | | | | 0 |
| Interest Subsidy on Skill Loan under Chief Minister Skill Grant Scheme (*) | | | | 0 | 0 |
| Total | 339346 | 454504 | 452290 | 402220 | 148200 |
| SHOLARSHIPS | | | | | |
| Different Scholarships to students of Primary Secondary and tertiary education | 6936 | 3285 | 6944 | 9980 | 17465 |
| Different Scholarships to students of Primary Secondary and tertiary education | 18606 | 12754 | 21378 | 25010 | 20700 |
| Different Scholarships to students technical education | 261 | 202 | 168 | 255 | 255 |
| Scholarships for Medical Education and Practioner Through different medical institutions | 20854 | 25727 | 27240 | 32117 | 36237 |
| Scholarship for Training of Auxiliary Nurse Midwife and Female Health Supervisors | 64 | 61 | 59 | 80 | 80 |
| Scholarships for Welfare of SC ST OBC and Minorities for attaining technical education | 76354 | 91529 | 52551 | 77677 | 88677 |
| Incentives for agricultural education to girl students under District Level Agriculture Schemes | 968 | 932 | 1073 | 1300 | 1300 |
| Additional Expenditure of scholarships Schemes | | 0 | | | |
| Scholarship for Research and Training in Forest Conservation | 12 | 7 | 7 | 13 | 14 |
| Unemployment Allowance | 5316 | 34980 | 47477 | 60681 | 71756 |
| Scholarship to the Physically Disabled and Economic Weaker section Students | 2 | 1 | 0 | 10 | 121 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|----------------|----------------|
| Scholarship to the Physically Disabled and Economic Weaker section Students | 128 | | 89 | 187 | 213 |
| Scholarships for Welfare of SC ST OBC and Minorities for attaining higher education | 7647 | 8407 | 9339 | 9959 | 10548 |
| Total | 137149 | 177883 | 166326 | 217267 | 247365 |
| ELECTRICITY | | | | | |
| Assistance under Kusum Yojana for solar energy of grid connected pump sets | | | 1777 | 7901 | 2202 |
| Assistance through Direct Benefit Transfer for providing relief in electricity rates to agricultural consumers | | | 1335 | 4532 | 4758 |
| Assistance through direct benefit transfer to provide relief in electricity rates to agricultural consumers | | | | 2133 | 2239 |
| Grant for acquisition of loss of power distribution companies | | | | 119622 | 0 |
| Grant against the amount of compounding of the offense of theft of electricity | 1016 | 1717 | 3069 | 3189 | 3531 |
| Assistance for grant for interest subsidy to Electricity Corporations | | | | 1899 | 1899 |
| Grant for not increasing electricity rates (*) | 936132 | 869776 | 1275409 | 1980649 | 2102044 |
| Grant towards Electricity Duty | 149326 | 148281 | 141437 | 156569 | 164398 |
| Grant towards Electricity Charges | | | | 0 | 0 |
| Assistance to Rajasthan State Electricity Distribution Corporation Ltd. | | 1500 | 1500 | 1500 | 1500 |
| Other assistance to Electricity Companies | | | | 0 | 0 |
| Other assistance to power companies | | | | 0 | 0 |
| Assistance to Rajasthan Electricity producing corporations | 1899 | 1899 | 1899 | | |
| Assistance to Krishi Vidyut Vitran Nigam | | | | 0 | 0 |
| Assistance to distribution corporations under UDAY scheme | 1032000 | 841230 | 0 | | |
| Total | 2120373 | 1864402 | 1426425 | 2277992 | 2282571 |
| TRANSPORT | | | | | |
| Recharge of the amount of free / concessional journeys in the buses of Rajasthan State Road Transport Corporation | 21000 | 17500 | 7990 | 25500 | 25500 |
| Recharge of free travel of competitive candidates in private passenger vehicles acquired for competitive examination | | | | 0 | 0 |
| Other assistance to Rajasthan State Road Transport Corporation | 27500 | 20000 | 20000 | 41400 | 20000 |
| Assistance to Rajasthan State Bus Terminal Development Authority | | | | | 0 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|----------------|----------------|----------------|-----------------------|-----------------------|
| Assistance to Metro Rail Project | | 7397 | 7500 | 10500 | 9000 |
| Assistance to City transport services limited | | 4358 | 3237 | 11441 | 10710 |
| Rajasthan Transport Infrastructure Development Fund | | | | | 0 |
| Chief Minister Chiranjeevi Jeevan Rakshak Yojana | | | | | 500 |
| Total | 48500 | 49255 | 38727 | 88841 | 65710 |
| OTHER SUBSIDIES | | | | | |
| Antyodaya Parivar Anna Yojana under National Food Security Scheme (*) (#) | 1592 | 10382 | 21090 | 12500 | 12500 |
| Assistance for setting up fruit orchards through Horticulture Department | 6 | 7 | 6 | 10 | 3015 |
| Additional assistance for Green houses through Horticulture Department | 1403 | 1091 | 759 | | 10000 |
| Assistance for Innovation Program through Horticulture Department | 4 | 4 | 4 | 10 | 12 |
| Additional Assistance on Solar Pump Set through Horticulture Department | 13363 | 3098 | 7522 | | 10000 |
| Assistance on Automation through Horticulture Department | | | 137 | 400 | 522 |
| Assistance for PM-Safflower Component 'B' through Horticulture Department | | | | 19980 | 30000 |
| Additional grant for micro irrigation through Horticulture Department | | | | 10000 | 50000 |
| Assistance for plant protection work through Horticulture Department | 10 | 7 | 7 | 8 | 15 |
| Assistance for the demonstration of horticulture crops through Horticulture Department | 23 | 26 | 26 | 35 | 40 |
| Development of Horticulture through Horticulture Department | 148 | 772 | 50 | | 0 |
| Rajasthan Water Sector Livelihood Improvement Project (RWSLIP) (*) | | | 1813 | 6179 | 6000 |
| Assistance committed for rebate on sale of Khadi fabrics and products | 195 | 750 | 2000 | 2000 | 1200 |
| Enterprise Establishment Expansion Diversification and Modernization under Mukhyamantri Swavalamban Yojana | 168 | 63 | 16 | 5 | 0 |
| Assistance for Youth Entrepreneurship Promotion Scheme through Rajasthan Finance Corporation (*) | 600 | 725 | 675 | 625 | 700 |
| Grant for Disabled self-employment through Directorate of Special Persons (*) | 355 | 534 | | | 0 |
| Assistance to women for Entrepreneurship / business | | | 110 | 1000 | 1500 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|---------|---------|---------|---------------|---------------|
| establishments under Indre Women Power scheme (*) | | | | | |
| Directorate of Civil Aviation\Regional Uddin Connectivity Scheme to Help service providers | 379 | 680 | 1468 | 1100 | 1500 |
| National Horticulture Mission By Horticulture Department (#) | 5717 | 6162 | 5609 | 8798 | 10200 |
| For the conversion from flow irrigation to drip irrigation (Pradhan Mantri Krishi Sinchayee Yojana - micro irrigation) By Horticulture Department (#) | 9447 | 10298 | 15131 | 28000 | 26000 |
| Risk Management - Support for Livestock and Livestock Insurance by Animal Husbandry Department (#) | 100 | | | | |
| Rajasthan Milk Nutrition program (Mid-Day-Meal) | 44477 | 58582 | 5000 | 0 | 0 |
| Premium Health Insurance for Famous Artists (*) | | | | | 0 |
| National Mid-day-Meal Program for Schools (#) | 61183 | 73856 | 87358 | 160001 | 141998 |
| Public Health Insurance Scheme (*) | 15371 | 9666 | 7000 | 19564 | 0 |
| Grant to Rajasthan Medical corporations for Free Medicine Distribution Scheme | 13105 | 10766 | 16948 | 17300 | 19300 |
| CM Chiranjivi Health Insurance Scheme (*) | | | | | 222800 |
| Public Health Insurance Scheme (*) | | 67381 | 28000 | 126776 | 0 |
| Compensation to the Lakehri Cement Factory- Employees' State Insurance Scheme | 999 | 1253 | 1446 | | |
| Annapurna Yojana | 14861 | | 5372 | | 0 |
| Prime Minister Housing Scheme (PM Aawas Yojana) (#) | 64 | 1551 | 36 | 20000 | 20000 |
| Journalist Welfare Scheme-Senior Approved Journalist Pension (Samman) Scheme (*) | | | | 600 | 630 |
| Assistance to Religious organizations -Service/Alimony and other compensation | | | | 29 | 34 |
| Grant to Rajasthan Wakf Board and Haj Committee | 37 | 41 | 256 | 258 | 8 |
| Kalibai Bheel Meritorious Scooty Scheme -Scooty distribution for SC and Minorities Girl students (*) | | | | 1590 | 2740 |
| Ambedkar DBT Voucher Scheme-Assistance to College student for Hostels (*) | | | | 300 | 460 |
| Grant for Coaching for preparation of competitive exam | 79 | 139 | 27 | | 0 |
| Anupriti Scheme -Grant for Anupriti Scheme (*) | 239 | 224 | 37 | 415 | 3365 |
| Grant for Ioan Waiver -SC/ST Development Scheme | 4587 | | 629 | | 0 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|---------|---------|---------|---------------|---------------|
| Assistance to ST farmers under PM Kusum Yojana-Schemes operational under Article 275 (1) of Constitution (#) | | | | | 500 |
| Grant for Academic motivation to College level students / Maa-Badi centre)--Program Under Special Plan for MADA area development (JKN) (*) | | 594 | 647 | 748 | 600 |
| Grant for Dev-Narayan Scheme (DBT for Different projects) (*) | 2289 | 1620 | 241 | 2360 | 3558 |
| Grant for Anupriti Scheme for Disabled Students (*) | 3 | 2 | 1 | 4 | 40 |
| Grant for Mass marriages-District level offices of Women Empowerment (*) | 652 | 900 | 1058 | 870 | 1180 |
| Grant for camp for Marriage of Handicapped/ Disabled | 115 | 136 | 143 | 160 | 145 |
| Navjiwan Scheme (*) | 344 | 445 | 740 | 1216 | 1716 |
| Aastha Card (*) | | | 4 | 1 | 1 |
| Indra Women Power scheme -- Rehabilitation of Victim Women (*) | 440 | 5500 | 8000 | 8501 | 8983 |
| Assistance to the Needy (non-pensioners) under COVID-19 | | | | 66000 | 0 |
| Grant for the compensation to the Victims and their dependents (through different schemes) | 17207 | 3262 | 2278 | 75 | 75 |
| Assistance to Soldier and their families --Assistance to the families of soldiers who were permanently disabled / dead in the war and to the ex-servicemen suffering from paralegic/tetraplegic disease | | | | 1601 | 801 |
| Assistance to the victims through Victim Compensation Scheme | 11 | | 191 | 3075 | 2525 |
| National Rural Health Mission (NRHM)--BPL Chief Minister Lifesaving account (#) | | 6858 | | 0 | 0 |
| Ujawalla Yojana (#) | | 1 | 19 | 12 | 8 |
| Agriculture input grant on crop loss to small and marginal farmers (*) (#) | -15251 | 38068 | 31630 | 46000 | 12000 |
| Agriculture input grant on crop loss to farmers other than small and marginal (*) (#) | 10191 | 18590 | 13300 | 47000 | 12000 |
| Assistance to farmers for clearing sand/ silt/ salinity from the land (#) | | | | 100 | 100 |
| Assistance to farmers for purchase of livestock due to flood (#) | 27 | -3 | 23 | 1000 | 1000 |
| Grant to temples (#) | 18 | 5 | 5 | | |
| Pilgrimage visit Scheme (#) | 2206 | 1335 | 686 | 35 | 1600 |
| Innovation Program / Mini Kit Distribution to Farmers (*) | 180 | 210 | 158 | 5 | 0 |
| Assistance to landless labourers-- District Level Agriculture Schemes | | | | | 1000 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|--|---------|---------|---------|---------------|---------------|
| Grant for crop protection by wirebandi--District Level Agriculture Schemes | | | | | 2500 |
| Grant for the State Scheme of Drip Irrigation--Through Horticulture Department | 1744 | 1727 | 1527 | 0 | 0 |
| Crop insurance (50% State share 50% Central share) (#) | 63860 | 103495 | 233783 | 278852 | 218825 |
| Manure and Fertilizer Scheme (*) | | | 10 | | 400 |
| Grant to Gaushalas--Animal Husbandry Department | 24058 | 46245 | 56548 | 63358 | 72400 |
| Assistance for Gausvardhan/breeding//cows saved from slaughter--Schemes operated from Rajasthan Gausamrakshan and Promotion Fund | 138 | 1162 | 139 | 150 | 350 |
| Grant for camel protection | | | | | 500 |
| Chief Minister Milk Producer Sambal Yojna | | 10000 | 9750 | 15000 | 28000 |
| Assistance to Zilla Parishads / District level Panchayats --Rural B. P. L. Housing | 20964 | 19748 | 12758 | 15015 | 11370 |
| Grant for Hand pump Mists and Fitters | | | | 300 | 350 |
| Pradhan Mantri Awas Yojana - Rural (#) | 262100 | 227924 | 263037 | 347471 | 714611 |
| National Rural Employment Guarantee Scheme (#) | 178451 | 189629 | 192923 | 345000 | 379500 |
| Grant to Rajasthan Small Industries Corporation | 23 | 100 | | 100 | 110 |
| Indira Gandhi Urban Credit Card Scheme -2021-- Assistance under Indira Gandhi Urban Credit Card Scheme (*) | | | | 800 | 5000 |
| Assistance under Chief Minister Milk Producer Sambal Yojna | 3600 | 10000 | 5250 | 8000 | 16000 |
| Grant to Rajasthan Co - Operative Dairy Federation (#) | 313 | | 30 | | 0 |
| Assistance through National Urban Livelihood Mission (#) | 1308 | 2349 | 1917 | 1976 | 1796 |
| Assistance for Global environment facility (#) | 365 | 41 | | | |
| Grant to Rajasthan Other Backward Classes and Finance Development and Co-operative Corporation Ltd | 75 | 80 | 72 | 1767 | 1020 |
| Assistance to Rajasthan Minorities Finance and Development Co-Operative Corporation | 125 | 195 | 121 | 3170 | 1855 |
| Assistance to PM Skill Development Scheme--Rajasthan Skill and Livelihood Development Corporation for SC (#) | | | 1200 | 0 | 0 |
| Assistance to Sankalp Scheme-- Rajasthan Skill and Livelihood Development Corporation for SC (#) | | | 1786 | 875 | 0 |

Appendix Table 5.8

| SCHEMES | 2018-19 | 2019-20 | 2020-21 | 2021-22 RE | 2022-23 BE |
|---|----------------|----------------|----------------|-----------------------|-----------------------|
| Assistance to Rajasthan Medical services corporation | 19780 | 17842 | 29323 | 37700 | 40700 |
| Assistance Municipal Corporation for Flood related work (#) | | | | 100 | 100 |
| | 786056 | 966114 | 1077828 | 1735879 | 2117759 |
| | 3431423 | 3512157 | 3161597 | 4722199 | 4861605 |

(*) Direct Benefit Transfer

(#) Central Sponsor Scheme

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