उत्तराखण्ड शासन

Public Debt Statistical Bulletin

FY 2022-23

Content

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Abbreviation

S. No.	Abbreviations	Full form
1	ADB	Asian Development Bank
2	CAG	Comptroller and Auditor General of India
3	EAP	Externally Aided Projects
4	GIC	General Insurance Corporation of India
5	GoI	Government of India
6	GoUK	Government of Uttarakhand
7	GSDP	Gross State Domestic Product
8	GST	Goods and Service Tax
9	IDA	International Development Association
10	IMF	International Monetary Fund
11	LIC	Life Insurance Corporation of India
12	MIS	Management Information System
13	MoF	Ministry of Finance
14	MSME	Ministry of Micro, Small and Medium Enterprises
15	MTFP	Medium Term Fiscal Policy
16	NABARD	National Bank for Agriculture and Rural Development
17	NBC	Net Borrowing Ceiling
18	NCDC	National Co-operative Development Corporation
19	NSSF	National Small Savings Fund
20	OD	Overdraft
21	PFM	Public Financial Management
22	PSU	Public Sector Undertaking
23	RBI	Reserve Bank of India
24	RIDF	Rural Infrastructure Development Fund
25	SDF	Special Drawing Facility
26	SDG	Sustainable Development Goals
27	SDL	State Development Loan
28	UkFRBM	Uttarakhand Fiscal Responsibility and Budget Management
29	WB	World Bank
30	WMA	Ways and Means Advances

Introduction

The Debt Statistical Bulletin aims to provide a comprehensive understanding of the indebtedness scenario of Uttarakhand State. It serves as a crucial tool in the Public Financial Management (PFM) area, focusing on the management of public debt. Public debt is acquired to bridge the financial gaps arising from revenue and capital requirements of the state. Effective management of debt entails selecting appropriate funding agencies, timing, and interest rates to ensure successful financial obligations management.

Purpose of the Bulletin

The primary objective of this statistical bulletin is to enhance transparency and provide relevant information to stakeholders, investors, and the general public regarding the financial status of the state government. By disseminating public debt information, this bulletin facilitates a better understanding of the state's debt portfolio. It includes detailed information on loan instruments, interest rates, maturities, and debt servicing of outstanding loans. Additionally, the bulletin presents various debt ratios and indicators, such as the proportion of debt to Gross State Domestic Product (GSDP), debt to revenue receipts, and interest payment to revenue receipts. Furthermore, the bulletin covers government guarantees and other liabilities, offering a comprehensive overview of the state's overall indebtedness.

Publication Frequency

Starting from the fiscal year 2021-22, the Debt Statistical Bulletin will be published annually. This regular publication ensures timely and updated information on the state's debt situation, enabling stakeholders to make informed decisions.

Approach and Usability

Great care has been taken to shape this bulletin into a clear and user-friendly document. It aims to provide essential information that aids decision-making processes, particularly in securing low-cost debt through appropriate debt instruments and managing debt servicing efficiently.

The Debt Statistical Bulletin for Uttarakhand State plays a vital role in promoting transparency and accountability in public debt management. By offering comprehensive information on various aspects of the state's debt portfolio, it empowers stakeholders, investors, and the general public to make informed decisions. This bulletin serves as a valuable resource for understanding the state's financial health, evaluating risks associated with debt, and optimizing debt management strategies.

Overview

The topics covered in each of the chapters are summarized below:

Part- I

- **Chapter 1:** Legal Framework for Public Debt This chapter provides an overview of the legal framework governing public debt in Uttarakhand State. It covers relevant laws, regulations, and guidelines that define the borrowing authority, limits, and procedures for acquiring debt. Understanding the legal framework is essential for ensuring compliance and effective debt management.

- **Chapter 2:** Public Debt Components Chapter 2 delves into the various components of public debt. It provides a detailed analysis of the sources of funding available in the market to meet the financial requirements of the state government. The chapter explores different types of loans, bonds, and other debt instruments utilized to bridge revenue and capital gaps.

- **Chapter 3:** Debt Recording System This chapter focuses on the debt recording system employed by the state government. It outlines the processes, methodologies, and systems in place for recording and maintaining accurate debt-related data. A robust debt recording system is crucial for effective monitoring, analysis, and reporting of public debt.

Part- II

- **Part II:** Different Debt Statistical Tables Part II of the bulletin comprises different debt statistical tables. These tables present comprehensive data on the state's debt portfolio, loan details, interest rates, maturities, debt servicing, and other relevant information. The tables may include debt ratios, such as the debt-to-GSDP ratio, debt-to-revenue receipts ratio, and interest payment-to-revenue receipts ratio. Additionally, these tables may cover information on risks associated with the debt portfolio, such as interest rate risk and refinancing risks. The tables serve as valuable references for stakeholders.

Part - I

Chapter 1

Legal Framework

1.1. The management of public debt in Uttarakhand State is governed by various legislations, agreements, rules of business, and government orders issued from time to time. The following are the key sources of authority:

i. The Constitution of India: The Constitution grants power to the State to make laws and set borrowing limits through the State Legislature.

ii. The Uttarakhand Fiscal Responsibility and Budget Management Act, 2005: This legislation sets guidelines and provisions for fiscal responsibility, budget management, and debt management in the state.

iii. The Uttarakhand Ceiling on Government Guarantee Act, 2016: This act imposes limits on the government's guarantee obligations to manage risks associated with guarantees provided on behalf of other entities.

iv. Agreement with the Reserve Bank of India: The state government enters into an agreement with the Reserve Bank of India, which outlines the terms and conditions for borrowing and debt management.

i The Constitution of India

1.2. Article 246 (3) of the Constitution grants power to the State to make laws to manage the public debt of the State and set borrowing limits through State Legislature.
"Subject to clause (1) and (2), the legislature of any State has exclusive power to make laws for such State or any part thereof with respect to any of the matters enumerated in List II in the seventh schedule (State List)"

1.3. Article 293 (1) of the Constitution reads as follows:
"Subject to the provisions of this article, the executive power of a State extends to borrowing within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Legislature of such State by law and to the giving of guarantees within such limits, if any, as may be so fixed"

1.4. Article 293 (3) places further constraints on the borrowing power of the State. The Article provides as under:
"A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government"

Apart from the above sources, State also utilizes net balance in the Public Account to meet its expenditure. Public Account is treated as borrowings of the State and referred to as Other Liabilities (State Provident Fund, Reserve Fund, Deposits and Advances).

1.5. In essence, the said Article provides that the State Government cannot borrow from any source without prior consent of the Government of India, if it is already indebted to the Government of India. Such consent is provided by the Ministry of Finance on behalf of the Government of India during the budget preparation of the State in the form of Net Borrowing Ceiling (NBC) for the year, covering all sources of borrowing. In actual practice, the State must take the consent of the Government of India for all its borrowings.

1.6. Borrow against the security of the Consolidated Fund of the State: Article 266 (1) defines the constituents of the Consolidated Fund of the State. All the money raised by way of loans and interest payments on such loans and repayment of loans will pass through this Fund. The Article inter alia provides as under:
"----------all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the Consolidated Fund of the State"

1.7. Article 266 (2) stipulates setting up of the Public Account of the State. This Article provides that all other public money received by the State (other than the funds in Consolidated Fund) is ascribed to the Public Account of the State. The outstanding balance in the Public Account forms part of the liabilities of the State. The Article provides as under:
"All other public moneys received by or on behalf of the Government of India or the Government of a State shall be entitled to the public account of India or the public account of the State, as the case may be"

1.8. Reporting: Article 202 (1) makes it legally mandatory for the State Government to prepare an Annual Financial Statement (also known as the Annual Budget) listing figures of receipts and expenditure of the State covering actuals of the previous year, revised estimates of the current year and budget estimates of the ensuing year and present it before the Legislative Assembly of the State for approval. The Annual Financial Statement also covers the position of the public debt and the aggregate amount it would borrow during the fiscal year.

1.9. Article 151 (2) states that the Report of the Comptroller and Auditor General of India (CAG) should be submitted to the Governor of the State who in turn, would presents it to the State Legislature.

ii Uttarakhand Fiscal Responsibility and Budget Management Act

- The net borrowing limit is 3.0 percent of the GSDP.
- If state is not able to fully utilize its sanctioned borrowing limit, in any particular year during the first four years of 15th Finance Commission (2021-22 to 2024-25), the State may utilize this unutilized amount in any of the subsequent years within the stipulated time period of the 15th Finance Commission.
- Total liabilities as a percent of Gross State Domestic Product (GSDP) for the financial year 2022-23 shall not exceed 33.3.

- ➢ Provided that revenue deficit and fiscal deficit may exceed the limit specified under this sub-section due to ground or grounds of unforeseen demands on the finance of the State government due to internal security or natural calamity, subject to the condition that the excess beyond limits arising due to natural calamities shall not exceed the actual fiscal cost that may be attributed to the calamities.
- ➢ Provided further that the ground or grounds specified in the first proviso shall be placed before the State Legislature, as soon as possible, after it becomes likely that deficit amount may exceed the aforesaid limits, with accompanying report stating the likely extend of excess, and reasons thereof.

1.10. Through the power vested under Article 246 (3) of the Constitution, State enacted the Uttarakhand Fiscal Responsibility and Budget Management Act, 2005 (UkFRBM) as amended 25 April 2023 and the Uttarakhand Ceiling on Government Guarantees Act, 2016 to ensure fiscal discipline and set the limits on borrowings and guarantees in the State.

1.11. The UkFRBM Act was enacted in 2005 to ensure stability and sustainability in fiscal operations and prudent debt management through limits on State Government borrowings. It lays down the foundation for the preparation of a Medium-Term Fiscal Policy (MTFP) to be presented along with the Annual Budget of the State.

1.12. The Act lays down **the purposes for which the borrowing can be used** as well as those for which they cannot be used. Section 4 (1) of the Act provides that the State should ensure that **borrowings are used for developmental activities**, which are evaluated to become self-sustained, and creation or augmentation of capital assets, and are **not applied to finance current expenditure**.

1.13. The Act, while laying down the **objectives of debt management**, provides that the Government should:

- ➢ Maintain sensible levels of debt
- ➢ Manage guarantees and other liabilities prudently
- ➢ Minimize fiscal risk
- ➢ Discharge liabilities in a timely manner

iii Uttarakhand Ceiling on Government Guarantee Act, 2016

1.14. The Act prescribes the limit for issue of guarantees by the State Government on behalf of its PSUs etc, to the lenders as

- Total outstanding Government guarantees should not exceed 1.0 percent of the GSDP
- Total fresh Government guarantees issued in the year should not exceed 0.3 percent of GSDP.
- State shall charge a minimum of 1.0 percent of the amount of guarantee loan as guarantee commission

Rules of Business

- It stipulates that Finance Department is authorized and overall in charge of raising loans, servicing of loan and discharge of any financial guarantees.
- As the Head of the Finance Department, Secretary (Finance) is vested with the authority to perform the aforesaid functions.

Government Guarantees

1.15. By providing a guarantee to the lenders, the Government takes upon itself an obligation to repay the loan/ bonds/debentures and to pay interest thereon, in case of default by the principal borrower. Every guarantee creates an explicit contingent liability and is a fiscal risk to the Government. As a measure of prudence, therefore, the government fixes a limit within which it issues its guarantees. Guarantees are to be provided only for capital projects which shall be administered by its respective departments.

Eligible Institutions

1.16. Government provides guarantees only on behalf of the following State entities:

- Departmental Undertakings: These are entities or units operating under various departments of the government.
- Public Sector Undertakings: These are government-owned corporations or companies engaged in commercial or industrial activities.
- Local Authorities: These include entities such as municipalities, panchayats, and other local governing bodies.
- Statutory Boards and Corporations: These are boards or corporations established by specific statutes or laws to perform specific functions or provide specific services.
- Cooperative Institutions: These are cooperative societies or organizations operating in various sectors, such as agriculture, banking, and consumer services.
- Other Authorities and Agencies under the Government: This category includes other entities or agencies that operate under the government's authority, perform specific functions, or provide services.

The government provides guarantees on behalf of these entities to support their borrowing activities and facilitate their access to financial resources. By providing guarantees, the government assumes responsibility for repayment in case of default, thereby enhancing the creditworthiness of these entities in the financial market.

Chapter 2

Definition: Public Debt Components

Public Debt

2.1. Public debt encompasses all borrowings contracted by the government against the Consolidated Fund of the State. These borrowings form a significant part of the government's overall liabilities.

2.2. Public debt can be understood as a stock of liabilities accumulated by the government through past operations and scheduled to be repaid by future government operations. It represents the financial obligations and commitments incurred by the government over time.

2.3. Government liabilities are broadly categorized into two types:

- Debt contracted against the Consolidated Fund of the State, which is referred to as Public Debt. This includes borrowings that are part of the government's overall debt portfolio.
- Liabilities in the Public Account, known as Other Liabilities. This category encompasses liabilities arising from funds received by the government other than the Consolidated Fund, such as State Provident Fund, Reserve Fund, Deposits, and Advances.

By distinguishing between Public Debt and Other Liabilities, a comprehensive view of the government's total liabilities is obtained, taking into account both debt obligations and other financial commitments held in different accounts.

<u>Components of Public Debt</u>

Public Debt

- Market loans (State Development Loans)
- Loans from Banks and Other Financial Institutions

  NABARD
  LIC
  NCDC
  GIC
- Loans from GoI
- Loans from NSSF
- Power/ UDAY Bonds
- Ways and Means Advances

Public Account – Other Liabilities

- State Provident Fund
- Reserve Funds
- Deposits and Advances
- Contingency Fund

Total Liabilities = **Public Debt** + **Public Account-Other Liabilities**

Table 1: Components Wise Debt Trend

Component Wise Debt						(INR In Crore)
Year		**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Outstanding debt		58039	65982	71435	71374	72860
Public debt	**Internal debt**	45443	49437	53302	53759	53559
	Loans from GOI	790	813	1497	1794	2951
Public Account Liabilities		11806	15732	16636	15821	16350
Rate of Growth of Outstanding debt (percentage)		11.98	13.69	8.26	-0.09	2.08
Gross State Domestic Product (GSDP)		230314	239247	236860	272159	302621
Debt/ GSDP (Per cent)		25.20%	27.58%	30.16%	26.23%	24.08%
Total Debt Receipt		22225	22194	23327	16326	18188
Total Debt Repayment		16017	14251	15558	13053	16703
Net Debt Taken		6208	7943	7769	3273	1485
Debt Repayment/ Debt Receipt (percentage)		72.07%	64.21%	66.70%	79.95%	91.84%

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

Note: Outstanding Total Liability excludes back loan of Rs. 5649 crores, Rs. 5649 crores and Rs. 2316 crores received from GoI till the year 2022-23, 2021-22 and 2020-21 respectively, in lieu of GST compensation shortfall.
The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resource of the State.

Based on the data available from Accountant General of Uttarakhand, the following observations can be made: -

1. **Declining Growth Rate of Outstanding Debt: -** The annual growth rate of Outstanding Debt has decreased steadily from 11.98% in 2018-19 to 2.08% in 2022-23. This decline indicates that the state has been successful in moderating the pace of debt accumulation over the years. Lower growth rates suggest improved fiscal discipline and possibly more effective budgetary control measures.

2. **Net Debt Taken: -** The net debt taken by the state has shown a significant reduction over the years. It was Rs. 6208 crores in 2018-19, increased to Rs. 7943 Crore in 2019-20, but then decreased to Rs. 1485 crore in 2022-23. This decreasing trend in net debt taken indicates that the state has been borrowing less and managing its financial resources more efficiently.

3. **Debt Repayment to Debt Receipts Ratio: -** The ratio of debt repayment to debt receipt has increase from 72% in 2018-19 to 92% in 2022-23. This implies that a larger proportion of the funds obtained through borrowing (debt receipts) has been allocated towards repaying existing debt. A higher repayment ratio is generally viewed positively as it shows that State's commitment to reducing its debt burden and maintaining financial stability.

4. **Debt as percentage of GSDP: -** The Debt-to-Gross State Domestic Product (GSDP) ratio has fluctuated between 25% and 30% over the years. It was highest at 30% in 2020-21 and has since decreased to 24% in 2022-23. This ratio provides a measure of the State's debt relative to its economic output, indicating the sustainability of its borrowing levels. This debt to GSDP ratio is well within the limit prescribed under FRBM act.

Overall Implications:

(i) **Prudent Debt Management:** The data suggests that Uttarakhand has been actively engaged in prudent debt management practices. This includes controlling the growth of debt, reducing net borrowing, and prioritizing debt repayment.

(ii) **Financial Discipline:** The increasing debt repayment ratio and declining growth rate of outstanding debt indicate a disciplined approach towards fiscal management. This is crucial for maintaining investor confidence and ensuring sustainable economic growth in the long term.

(iii) **Long-term Sustainability: -** By focusing on reducing debt accumulation and enhancing debt repayment capabilities, Uttarakhand aims to achieve long-term fiscal sustainability. This strategy is essential for mitigating financial risks and maintaining stability even during economic fluctuations.

In conclusion, the trends observed in Uttarakhand's debt management reflect a proactive approach towards financial stability and sustainability, characterized by lower debt growth, reduced net borrowing, and increased debt repayment efforts. These efforts are crucial for maintaining fiscal health and ensuring continued development in the state.

2.4. Public debt is broadly classified into the following two categories:

1. Internal Debt
2. External Debt

Internal Debt

2.5. Internal Debt refers to debt raised from residents and institutions, within the country and repayable in local currency is described as internal debt. The State is authorized by the Constitution to raise money only from internal resources.

The Internal Debt of the State Government constitutes of market borrowing, bonds, ways and means advances from RBI, Special Securities issued to national small saving fund and loans from financial institutions.

2.6. Marketing Borrowing:

These loans are raised by the State through auction by the Reserve Bank of India (RBI) at competitive market rates of interest. These are untied loans and the money so raised is used by the Government for various developmental activities of the State. They are generally subscribed by banks, insurance companies, financial institutions, Provident Funds, mutual funds, Pension Funds, etc. Individuals are also allowed to subscribe to these loans.

2.7. Bonds:

Bonds are issued by the State, through the RBI for a particular sector of the economy to meet its special needs. The interest rates on such bonds may vary from one class to another class of bonds depending on the circumstances of each case. The interest rates on the bonds are determined by the market forces in consultation with Government. Power sector bonds fall in this category. Presently state government has not issued any such bonds.

2.8. Loans from National Small Saving Fund (NSSF):

These loans are provided by the GoI out of collections received from the residents of each State under the various small savings schemes formulated by the GoI. The collections so received are credited to the NSSF, which is managed by the GoI. The GoI then allocates to the respective State, the amount entitled to be received by way of loans from the Fund. These loans are long term loans. The interest rates on such loans are determined by the GoI from time to time.

2.9. Loans from National Bank for Agriculture and Rural Development (NABARD):

These loans are received by the State from NABARD from the Rural Infrastructure Development Fund (RIDF) which was set up by the GoI in 1995-96 for financing ongoing rural Infrastructure projects. These are tied loans, meant for specific activities such as rural drinking water schemes, soil conservation, rural market yards, primary schools, PWD, etc. The scope of activities which can be financed under these loans is reviewed and revised from time to time. The quantum of sanction and disbursement is determined annually. The interest rates on these loans are based on Bank Rate and are fixed by NABARD.

2.10. Loans from National Cooperative Development (NCDC):

These loans are raised by the State from NCDC for financing programmes in specific areas. These are tied loans, meant for financing programmes for production, processing, marketing, storage, export and import of agricultural produce, certain other notified commodities in the cooperative sector. These loans are available at fixed rates of interest as determined by NCDC from time to time.

2.11. Ways and Means Advance (WMA) from RBI:

The RBI provide financial accommodation to the State to tide over temporary mismatches in the cash flow within specified limits under its Ways and Means Advances (WMA) Scheme. In addition to WMA, RBI provides Special Drawing Limit (SDL). The interest rate on such advances is linked to the Repo rate. Under this Scheme, the RBI also provides Overdraft facilities (OD) for a certain period after the limits of WMA and SDL is exhausted. If the overdraft exceeds a period of 14 consecutive working days, RBI stops all the payments on behalf of the State.

<u>Public Account:</u>

2.12. Other Liabilities:

All other public money received by or on behalf of the State (other than the funds in Consolidated Fund), where the Government acts as a banker or trustee, are credited to the Public Account. Net balance in the Account is used by the Government for meeting its expenditure. The net balances in the Public Account at the end of the year under various heads such as Provident Funds, Reserve Funds, Sinking Funds, Development Funds, Deposits of Local Bodies and other miscellaneous deposits, thus become the liabilities of the State and are included in Other Liabilities of the State.

2.13. Loans and Advances from the GoI:

The Government of India extends loans and advances to the state government, known as Block Loans, primarily used for financing Externally Aided Projects (EAPs). These loans are long term and carry a fixed rate of interest. These different components of internal debt and other liabilities reflect the various sources of borrowing and financial arrangements utilized by the state government to meet its funding requirements and manage its fiscal operations.

External Debt

2.14. External debt refers to money borrowed from individuals and institutions abroad, including multilateral institutions such as the International Monetary Fund (IMF), the World Bank (WB), Asian Development Bank (ADB), International Development Agency (IDA), and others. This debt is repayable in foreign currency.

2.15. The state government may receive loans or grants from external funding agencies through the Government of India (GoI). In such cases, the GoI enters into agreements with these external funding agencies and transfers the loans or grants to the state government as loans fromthe GoI. As a result, external debt does not appear as a direct component of the public debt of the state. Instead, these loans are accounted for as part of the loans received from the GoI.

In summary, external debt refers to borrowings from foreign sources, including multilateral institutions, which are repayable in foreign currency. While the state government may receive loans or grants from external funding agencies, these are channeled through the GoI and do not appear as separate components of the state's public debt.

Table 2: Trends of Debt and Liabilities

Debt & Liabilities			
			(INR In Crore)
Year	**Public Debt**	**Public Account** [2]	**Total Liabilities**
2018-19	46233	11806	58039
2019-20	50249	15733	65982
2020-21	54799	16636	71435
2021-22	55554	15821	71375
2022-23	56510	16350	72860

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

[2] ***Excludes suspense and remittance balances.***

Chart 2: Graphical presentation of Debt and Liabilities

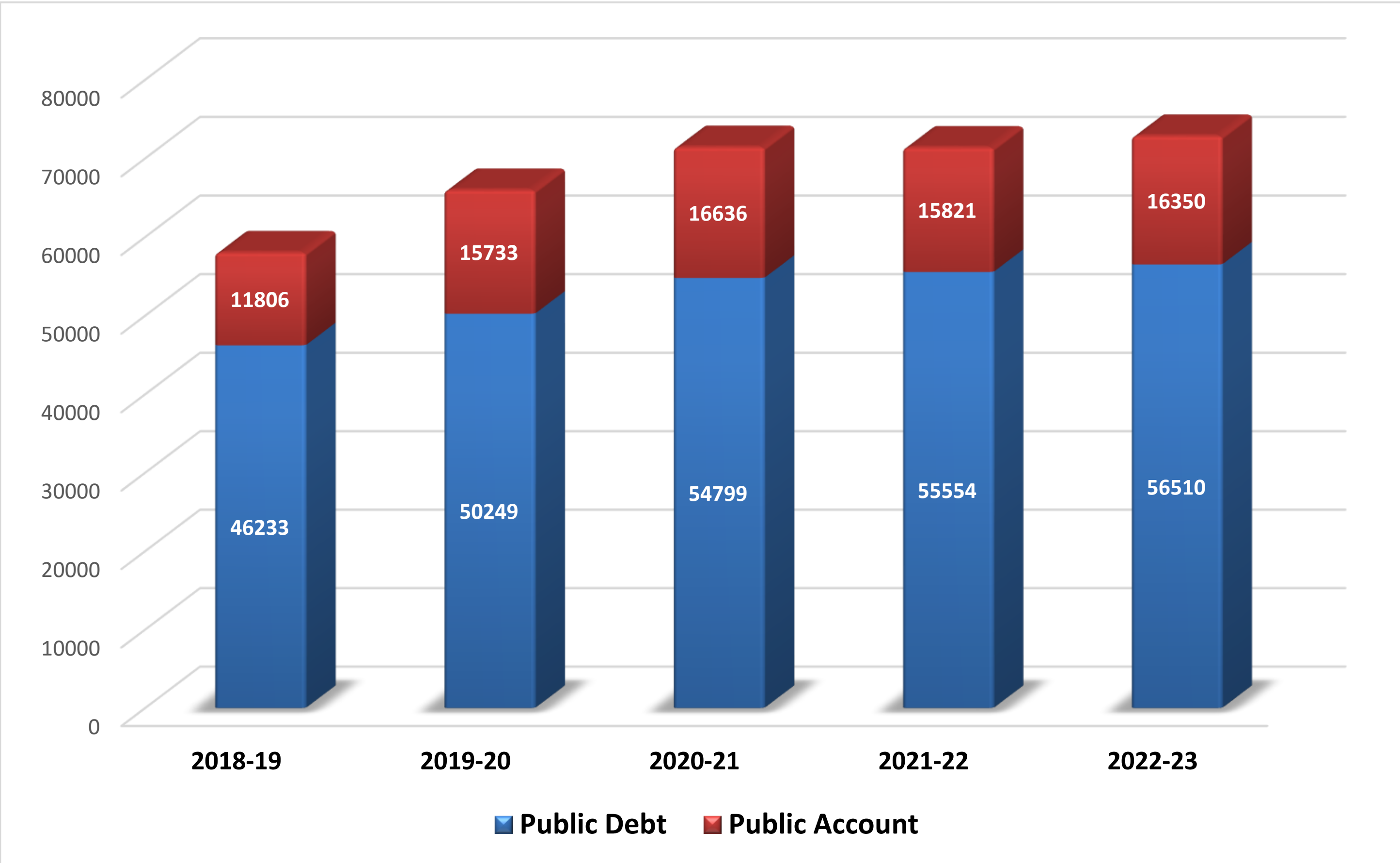


Table 3: Percentage of Debt and Liabilities as per GSDP.

Debt & Liabilities			
Year	**Public Debt GSDP %**	**Public Account GSDP %**	**Total Liabilities GSDP %**
2018-19	20	5	25.20
2019-20	21	7	27.58
2020-21	23[3]	7	30.16[3]
2021-22	20[3]	6	26.23[3]
2022-23	19	5	24.08

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

[3] Back-to-Back loan totaling ₹ 5,649.03 Crore (₹ 2,316.00 Crore for 2020-21 + ₹ 3,333.03 Crore for 2021-22) received from GoI in lieu of GST compensation shortfall has been excluded for computing outstanding debt to GSDP ratio. According to the Government of India clarification vide letter no. F. No. 40 (1) PF-S/2021-22 dated 10-12-2021 this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

1. **Public debt to GSDP ratio:** The public debt as a percentage of Gross State Domestic Product (GSDP) increased from 20% in 2018-19 (INR 46,233 Crore) to 23% in 2020-21 (INR 54,799 Crore) but then decreased to 19% in 2022-23 (INR 56,510 Crore).

2. **Public account to GSDP ratio:** The public account, which encompasses various liabilities including Provident Funds, Reserve Funds, Sinking Funds, Development Funds, Deposits of Local Bodies, and other miscellaneous deposits, consistently represented approximately 5% of the GSDP. This public account serves as a funding source for the state government's expenditures.

Chart 3 : Graphical presentation Public Debt and Liabilities as percent of GSDP

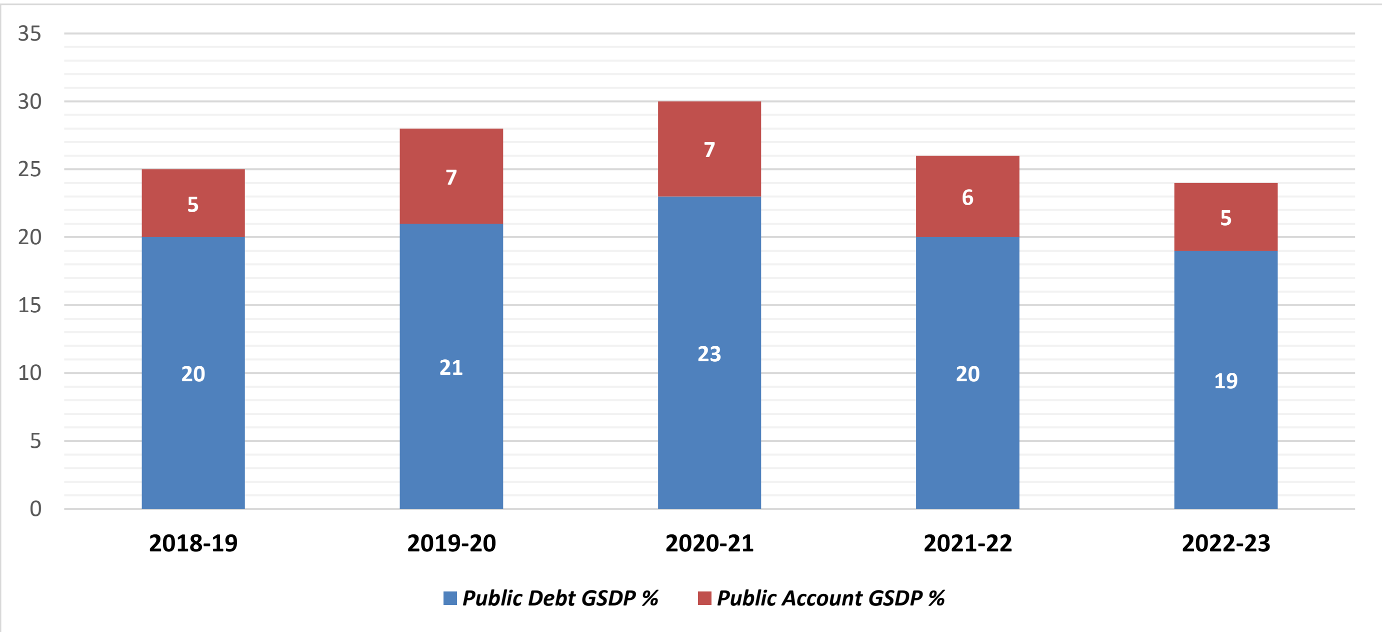


Table 4: Trend of Overall Debt/ GSDP in percentage for five years

					(INR In Crore)
Year	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Outstanding debt	58039	65982	71435	71374	72860
Gross State Domestic Product (GSDP)	230314	239247	236860	272159	302621
Debt/ GSDP (Per cent)	25%	28%	30%	26%	24%

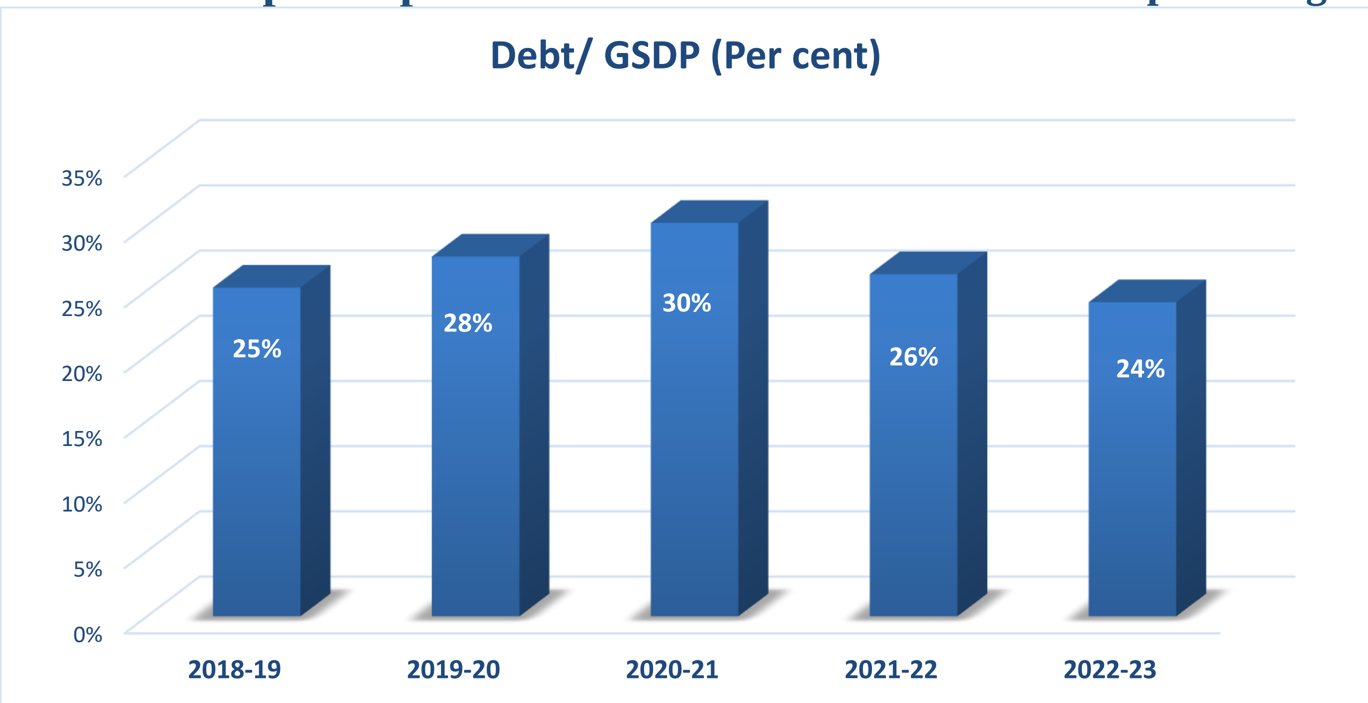
Source: Finance Accounts and State Finances Audit Report of the CAG of India

Based on the information provided from the table, the total outstanding debt of Uttarakhand includes the liabilities under the Consolidated Fund of the State and the Public Account of the state. Here are the observations regarding the outstanding liability trend and the effective Debt/GSDP ratio:

1. **Debt/GSDP ratio:** The debt-to-GSDP ratio represents the proportion of total outstanding debt relative to the Gross State Domestic Product (GSDP). In 2018-19, this ratio was 25%. It increased to 30% in 2020-21, largely due to the financial impact of the COVID-19 pandemic. However, the ratio decreased in the subsequent years, reaching 24% in 2022-23. The calculation of the effective Debt/GSDP ratio excludes back-to-back loans, which are not repayable by the state government. These loans are not included in the debt-to-GSDP ratio calculations as per Government of India clarifications.

These figures provide insights into the ratio of outstanding debt to the state's economic output (GSDP) and how it has fluctuated over the five-year period.

Chart 4: Graphical presentation of Overall Debt/ GSDP in percentage



Chapter 3

Debt Recording System

3.1. Recording and maintaining reliable data on the borrowings of the State in a systematic manner is crucial for efficient debt management. Accurate and comprehensive data allows for the generation of accurate reports and facilitates analysis, enabling informed decision-making regarding debt management.

3.2. The Government of Uttarakhand has implemented a debt management software called Meridian, developed by the Commonwealth Secretariat. This software has been implemented from the financial year 2022-23 and covers the entire public debt data being serviced by the State. The implementation of this software ensures a centralized and streamlined approach to managing and recording debt-related information.

3.3. To maintain comprehensive data, the debt recording system involves entering various details into the system. These details include:

- **Loan information**: This includes the loan title, borrower, lender, loan amount, purpose of the loan, sector to which it pertains, conditions attached to the loan, and other relevant parties involved, as specified in the loan agreement.
- **Loan terms:** The system records the terms of the loan, such as the effective date, maturity date, conditions preceding effectiveness, disbursement pattern, commitment fees, interest rate, other fees associated with the loan, repayment profile, repayment conditions, other loan development details, moratorium (if applicable), and other relevant information specified in the loan agreement.
- **Transaction-level data:** The system maintains records of loan disbursements, capturing the timing and amounts of the funds disbursed.
- **Debt servicing records:** Transaction-level data on debt servicing, including interest payments and repayments, are recorded in the system to monitor the repayment obligations and track the servicing of the debt.
- **Macroeconomic variables:** The system includes relevant macroeconomic variables that are pertinent for debt analysis. These variables provide context and enable a comprehensive assessment of the debt situation.

By entering and organizing these details in the Meridian software, the State can effectivelyrecord, monitor, and analyze its debt portfolio. This ensures accuracy, transparency, and facilitates informed decision-making in debt management.

Part II

The Debt Statistical Bulletin provides data up to the financial year 2022-23. The data included in the bulletin are compiled from the Finance Accounts and State Finance Audit Report of the Comptroller and Auditor General of India, as submitted to the Governor of the State of Uttarakhand under Article 151 of the Constitution. The bulletin encompasses core government debt data, including information on guarantees.

By utilizing these official sources, the Debt Statistical Bulletin aims to present accurate and reliable data on the debt scenario of Uttarakhand State. It provides valuable information to various stakeholders, including government officials, investors, and the general public, enabling them to have a comprehensive understanding of the state's debt situation.

Part II of this Debt Statistical Bulletin plays a crucial role in providing accurate and reliable data on the debt scenario of Uttarakhand State. It relies on official sources such as the Finance Accounts and State Finance Audit Report of the Comptroller and Auditor General of India, which are submitted to the Governor of the State of Uttarakhand under Article 151 of the Constitution.

The bulletin covers core government debt data, including information on guarantees. This comprehensive coverage allows government officials, investors, and the general public to access valuable information about the state's debt situation. The data provided in the bulletin can aid in assessing the financial health of Uttarakhand State and making informed decisions.

By compiling data from finance Accounts and State Finances Audit Report of the CAG of India and presenting it in a consolidated format, the Debt Statistical Bulletin helps stakeholders gain a comprehensive understanding of Uttarakhand’s debt situation. It serves as a reliable resource for analyzing trends, monitoring debt levels, and evaluating the effectiveness of debt management strategies.

Part II of this Debt Statistical Bulletin audience includes government officials who require accurate data for policy planning and decision-making processes. Investors can utilize the data to assess the state's creditworthiness and make informed investment choices. Additionally, the general public can access the bulletin to stay informed about the state's financial position, contributing to transparency and accountability.

Overall, the Debt Statistical Bulletin serves as a vital tool for stakeholders by providing them with accurate and reliable data on Uttarakhand State's debt scenario, enabling them to make informed decisions and have a comprehensive understanding of the state's financial situation.

Table 5- Key Macroeconomic Indicators and Debt Ratios

					(INR. In Crore)
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
GSDP current **(Indian Rupees, Crore)**	230314	239247	236860	272159	302621
Government own revenues **(Indian Rupees, Crore)**	15498	15512	16109	16932	21469
State's share of Union Tax and Duties GoI (Indian Rupees, Crore)	8011	6902	6569	9906	10617
Grants-in aid from GoI (Indian Rupees, Crore)	7707	8309	15527	16219	16997
Outstanding Public Debt	46233	50250	54799	55553	56510
Interest payments	4475	4504	4773	4939	5104
Revenue Surplus (+)/Deficit (-)	(-)980	(-)2136	1114	4128	5310
Fiscal Deficit	7320	7657	5439	3736	2949
Public Debt / GSDP	20%	21%	23%	20%	19%
Public Debt / Total Revenue Receipts	148%	164%	143%	129%	115%
Debt Repayment (excluding WMA)/ Total Revenue Receipts	7%	7%	7%	8%	8%
Interest payments/ Total Revenue Receipts	14%	15%	12%	11%	10%
Key Debt Indicators					
Short Term Debt/ Total Debt	NA	NA	NA	NA	NA
Variable rate Debt/ Total Debt	All debt are at fixed rate				
Average time to maturity	Details given in table no.9				
Average time to re-fixing	NA	NA	NA	NA	NA
Share of Interest Rate to be re-fixed within one year	NA	NA	NA	NA	NA
Share of debt to be re- financed within one year	NA	NA	NA	NA	NA

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

According to the table provided, the public debt to GSDP ratio in Uttarakhand increased from 20 % in 2018-19 to 23% in 2020-21 then it decreased in the following years during 2022-23 it was 19%. This increase in the debt-to-GSDP ratio in 2020-21 can be attributed to the decline in the Gross State Domestic Product (GSDP) caused bythe impact of the Covid-19 pandemic on the economy.

Additionally, the table shows that the interest payments as a percentage of Total Revenue Receipts decreased from 14% in 2018-19 to 11% in 2021-22. This indicates that the proportion of the state's own revenues used for servicing interest on its debt decreased over the years. It suggests a positive trend in managing the debt burden and ensuring a sustainable level of interest payments relative to the state's own revenue generation capacity.

Table 6- Public Debt under various component

The description of last five-year Public Debt is tabulated as below:

Public Debt Stock Outstanding by Creditor and Instrument					(INR. In Crore)
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Market Loans	**45442.71**	**49436.68**	**53301.54**	**53759.2**	**53558.41**
- Market Loans bearing interests	31951.52	36451.52	41660	43460.04	44910.00
- Market Loans not bearing interests	0.07	0.06	0.04	0.03	0.02
Loans from Life Insurance Corporation of India	1.5	1.5	1.5	1.5	1.50
Loans from General Insurance Corporation of India	5.4	5.4	5.4	5.4	5.40
Loans from the National Bank for Agriculture and Rural Development (NABARD)	3899.31	3860.92	3611.11	3379.83	3216.46
Compensation and other bonds	0.77	0.77	0.77	0.77	0.77
Loan from State Bank of India and Other Banks	35.51	35.51	35.51	35.51	35.51
Loan from National Co- operative development Corporation	120.39	120.51	121.01	121.01	74.81
Loans from other institutions	1.23	1.23	1.23	1.23	1.23
Ways and Means Advances from the Reserve Bank of India	*0*	313.27	0	0	0.00
Special Securities issued to National Small Saving Fund of the Central Government	9427.01	8645.99	7864.97	6753.88	5312.70
Loans and Advances from the Central Government	**789.91**	**812.87**	**3813.1**	**7443.32**	**8600.36**
- Non-Plan Loans	3.56	3.11	2.67	2.23	1.80
- Loans for State/Union Territory Plan Schemes	785.82	809.23	475.59	428.72	377.36
Other Loans for State/Union Territory Plan with legislature Schemes *	0	0	3334.31	7011.84	8220.67
- Pre- 1984-85 Loans	0.53	0.53	0.53	0.53	0.53
TOTAL *	**46232.62**	**50249.55**	**57114.64**	**61202.52**	**62158.77**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

* ***Note: Outstanding Total includes back loan of Rs. 5649 crores, Rs. 5649 crores and Rs. 2316 crores received from GoI till the year 2022-23, 2021-22 and 2020-21 respectively, in lieu of GST compensation shortfall.***
The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resource of the State.

Based on the table, the breakup of the outstanding public debt of Uttarakhand for the years 2018-19 to 2022-23 reveals the following key observations:

- **Market Loans:** The outstanding debt in this category has increased from INR 31,951.52 crore in 2018-19 to INR 44,910 crore in 2022-23. This includes market loans bearing interest as well as those not bearing interest.

- **Loans from various institutions:** The state has obtained loans from entities such as Life Insurance Corporation of India, General Insurance Corporation of India, National Bank for Agriculture and Rural Development (NABARD), State Bank of India, National Co-operative Development Corporation, and other institutions. The amounts remained relatively stable over the years.
- **Ways and Means Advances:** There were no Ways and Means Advances from the Reserve Bank of India recorded in the given years.
- **Special Securities issued to National Small Saving Fund:** The outstanding debt in this category has decreased from INR 9,427.01 crore in 2018-19 to INR 5,312.70 crore in 2022-23.
- **Loans and Advances from the Central Government:** The outstanding debt in this category has increased significantly from INR 789.91 crore in 2018-19 to INR 8600.36 crore in 2022-23. This includes loans for various purposes, such as non-plan loans, loans for State/Union Territory Plan Schemes, loans for pre-1984-85 loans, and other loans for State/Union Territory Plan with legislature schemes.
- **Other Loans for State/Union Territory Plan with legislature Schemes:** The outstanding debt in this category rose significantly from INR 0.00 crore in 2018-19 to INR 8220.67 crore in 2022-23. This increase includes back-to-back loans in lieu of GST compensation, which began in 2020-21.

Overall, the total public debt of Uttarakhand has increased from INR 46,232.62 crore in 2018-19 to INR 62,158.77 crore in 2022-23, representing a 34 percent increase. However, after excluding the back loan from the Government of India in lieu of GST compensation, the effectiveincrease for the last five years is calculated to be 22.23 percent. It is noteworthy that the government's own revenue has increased by 38.53 percent during the same period, as mentionedin Table 5.

Table 7: Public Debt Stock Outstanding by Instrument

					(INR In Crore)
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Loan	14281	13798	13139	12093	11600
Debt Securities	31952	36452	41660	43460	44910
Total	**46233**	**50250**	**54799**	**55554**	**56510**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

In terms of the ratio of debt securities (market borrowing) to total public debt, there has been a noticeable increase over the years. In 2018-19, this ratio was 69.11%, and it rose to 79.47% by 2022-23. This indicates that the state government has increasingly relied on market borrowing (debt securities) as a significant component of its public debt.

Conversely, the ratio of loans (other than market borrowing) to total public debt has decreased. In 2018-19, the ratio was 30.89 percent, which decreased to 20.53 percent in 2022-23.This shift suggests a transition in the state government's borrowing strategy, moving away from loans such as those from the National Small Savings Fund (NSSF) in favor of market borrowing.

It is noteworthy that the state government has ceased borrowing from NSSF and is gradually shifting towards market borrowing, which may be influenced by factors such as the interest rates associated with different borrowing sources.

Table 8: Public Debt Stock Outstanding by Interest Rate Type

Interest Rate Profile										
Years	**2018-19**		**2019-20**		**2020-21**		**2021-22**		**2022-23**	
6.00 to 6.99	260	0.56	1,260.00	2.51	6,460.00	11.79	7,160.00	12.89	7160.00	12.67
7.00 to 7.99	10,340.00	22.36	13,340.00	26.55	14,340.00	26.17	16,840.00	30.31	20040.00	35.46
8.00 to 8.99	17,901.52	38.72	18,401.52	36.62	17,410.00	31.77	16,460.00	29.63	15210.00	26.92
9.00 to 9.99	3,450.00	7.46	3,450.00	6.87	3,450.00	6.30	3,000.00	5.40	2500.00	4.42
Above 10.00	9,427.01	20.39	8,645.99	17.21	7,864.97	14.35	6,753.87	12.16	5312.70	9.40
Others	4854.47	10.50	5152.49	10.25	5274.03	9.62	5339.13	9.61	6287.3	11.13
TOTAL	**46,233.00**	**100**	**50,250.00**	**100**	**54,799.00**	**100**	**55,553.00**	**100**	**56,510.00**	**100**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

From the above comparison, it is evident that the share of loans with an interest rate of 9% and above has decreased from 37.28% in 2018-19 to 20.82% in 2022-23. Conversely, the share of loans with an interest rate less than 8% has increased from 23.32% in 2018-19 to 50.79% in 2022-23.

This shift indicates that the state government has successfully reduced its borrowing costs over the years by opting for loans with lower interest rates. This reflects a prudent approach in managing borrowing costs and optimizing the debt portfolio.

Chart 8: Graphical presentation of Public Debt Stock Outstanding by Interest Rate Type

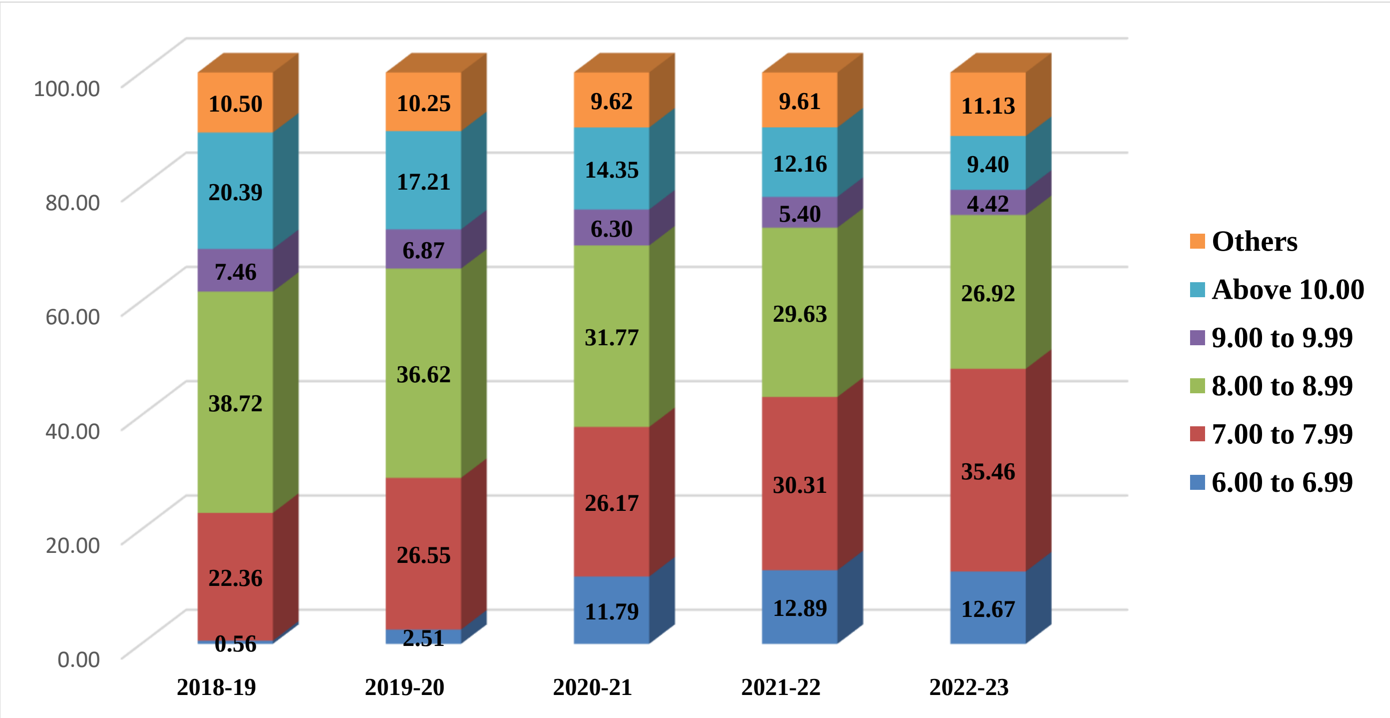


Table 9- Debt Maturity Profile of Repayment of Public Debt

Public debt Stock outstanding by instrument and Maturity.

Maturity Profile					(INR in Crore)
		Amount		Total	Per cent of Total Public Debt
		Internal Debt	Loan & Advances from GOI		
By 2023-24	0-1 Year	3248.00	68.63	3316.63	5.87%
Between 2024-25 & 2025-26	1-3 Year	7746.90	112.27	7859.17	13.91%
Between 2026-27 & 2027-28	3-5 Year	12956.57	110.52	13067.09	23.12%
Between 2028-29 & 2029-30	5-7 Year	12132.17	116.97	12249.14	21.68%
2030-31 Onwards	Above 7 Year	14139.06	438.31	14577.37	25.80%
Others		3335.73	2104.63	5440.36	9.63%
Total		**53,558.43**	**2951.33**	**56,509.76**	**100%**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

*****Loans from GoI excludes back loan of Rs. 5,649 Crore, received from GoI till the year 2021-22, in lieu of GST compensation shortfall. The debt servicing of this loan will be covered by the collection of cess in the GST compensation fund the hence, the repayment obligation will not be met from the other resources of the state.***

we can observe the following maturity profile of the outstanding stock of dated securities for Uttarakhand:

- Proportion of dated securities maturing in less than 5 years: 42.90%
- Proportion of dated securities maturing in 5 - 7 years: 21.68%
- Proportion of dated securities maturing above 7 years: 35.42%

This distribution indicates that a significant portion of the debt is maturing in less than five years (42.90%). The proportion of securities maturing between 5 to 7 years and those maturing after 7 years combined account for 57.10% of the outstanding stock of dated securities.

It's worth noting that a maturity profile with a higher proportion of longer-term debt can reflect a more balanced debt portfolio and may offer the state with greater flexibility in managing itsdebt obligations over the long term.

Chart 9- Graphical presentation of Debt Maturity Profile of Repayment of Public Debt

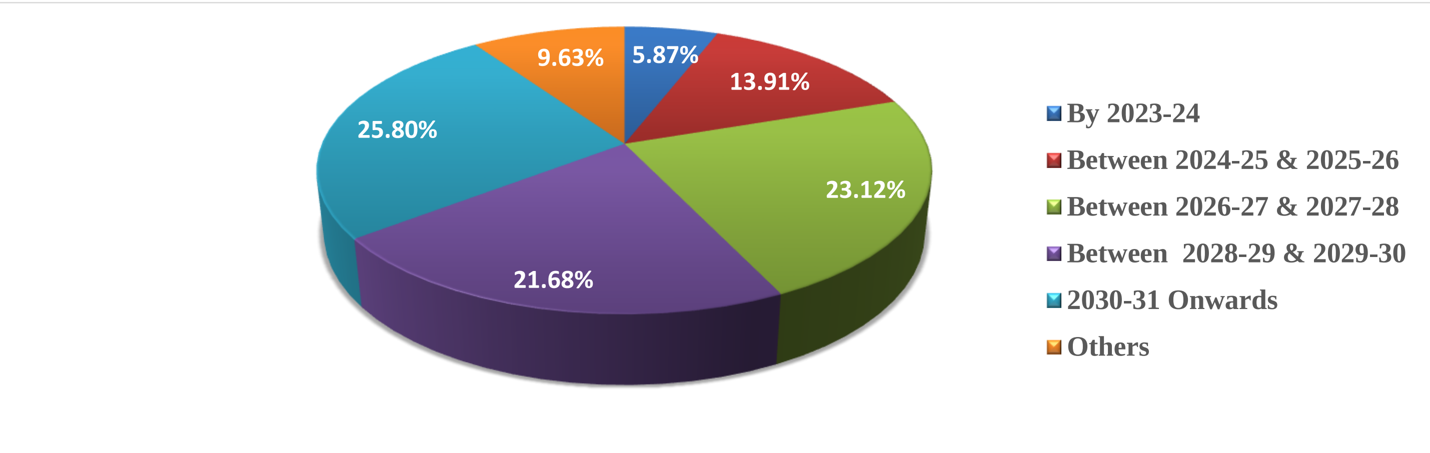


Table 10- Disbursement by Creditor and Instrument

Disbursements by Creditor and instrument					
					(Rs. In Crore)
	2018-19	2019-20	2020-21	2021-22	2022-23
Market Loans	**10186.01**	**9048.96**	**8211.09**	**3774.61**	**8412.58**
Market Loans bearing interests	1010.69	600.01	991.54	1400.01	1750.01
Ways and Means Advances from the Reserve Bank of India	8172.64	6965.36	5661.41	444.84	4395.47
Special Securities issued to National Small Saving Fund of the Central Government (NSSF)	411.4	781.02	781.02	1111.1	1441.17
Loans from Financial Institutions (NABARD, etc.)	591.28	702.57	777.12	818.66	825.93
Other Loans	0	0	0	0	
Loans and Advances from the Central Government	**44.13**	**47.07**	**58.5**	**55.54**	**62.19**
- Non-Plan Loans	0.48	0.45	0.44	0.44	0.43
- Loans for State/Union Territory Plan Schemes	43.65	46.62	43.79	46.87	51.36
Other Loans for State/Union Territory with Legislature Schemes	0	0	14.27	8.24	10.39
TOTAL	**10230.14**	**9096.03**	**8269.59**	**3830.15**	**8474.77**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

The above table indicates year-wise disbursement by creditors.

Table 11- Debt Service

					(INR In Crore)
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Interest	4475	4504	4773	4939	5104
Principal excluding WMA	2058	2131	2608	3385	4079
Total	**6533**	**6635**	**7381**	**8324**	**9183**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

The above table illustrates that proportion of interest payment to total debt service has decreased over the years, indicating improved debt management. Specifically, the proportion of interest payment to total debt service was 68.50% in FY 2018-19 and decreased to 55.58% in FY 2022-23.

A lower proportion of interest payment to total debt service implies that a smaller portion of the debt service payments is allocated towards interest payments, indicating potential cost savings and more efficient debt management. This reduction could be attributed to factors such as favorable interest rate conditions, effective refinancing strategies, or enhanced fiscal management practices.

Decreasing the share of interest payments in total debt service can free up resources for other critical expenditures and support overall fiscal sustainability. This development is generally viewed as positive, as it enables governments to direct a larger portion of their resources towards productive investments and development initiatives.

Table 12- Public Debt Transaction

Public Debt Transactions				
				(INR In Crore)
	Balance as of 1 April 2022	Additions during the Year	Discharge during the Year	Balance as of 31 March 2023
Market Loans	**53759.16**	**8211.85**	**8412.58**	**53558.43**
Market Loans bearing interests	43460.00	3200.00	1750.00	44910.00
Market Loans not bearing interests	0.03	0.00	0.01	0.02
Loans from Life Insurance Corporation of India	1.50	0.00	0.00	1.50
Loans from General Insurance Corporation of India	5.40	0.00	0.00	5.40
Loans from the National Bank for Agriculture and Rural Development (NABARD)	3379.83	616.35	779.73	3216.46
Compensation and other bonds	0.77	0.00	0.00	0.77
Loans from the State bank of India and Other Banks	35.51	0.00	0.00	35.51
Loans from the National Co-operative Development Corporation	121.01	0.00	46.20	74.81
Loans from other institutions	1.23	0.00	0.00	1.23
Ways and Means Advances from the Reserve Bank of India	0.00	4395.47	4395.47	0.00
Special Securities issued to National	6753.88	0.00	1441.18	5312.70
Small Saving Fund of the Central Government	0.00	0.00	0.00	0.00
Other loans	0.00	0.03	0.00	0.03
Loans and Advances from the Central Government	**7443.32**	**1219.22**	**62.18**	**8600.36**
Non-Plan Loans	2.23	0.00	0.43	1.80
Loans for State/Union Territory Plan Schemes	428.72	0.00	51.36	377.36
Pre-1984-85 Loans	0.53	0.00	0.00	0.53
Other Loans for State/Union Territory with Legislature Schemes	7011.84	1219.22	10.39	8220.67
TOTAL *	**61202.49**	**9431.07**	**8474.76**	**62158.79**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

**** Note- Includes loan from GoI (in lieu of GST compensation) amounting Rs. 5649 Crore.***

Based on the information provided, the total public debt balance as of 1st April 2022 was INR 61202.49 Crore, and the closing balance as of 31st March 2023 was INR 62158.79 Crore. This indicates a net debt increase of INR 956.31 Crore during FY 2022-23.

The primary reason for this increase was a central government loan of INR 1,157.04 Crore. This loan was provided as compensation for the GST shortfall and as a 50-year interest-free loan for the creation of capital assets.

The net debt increase of INR 956.3 Crore represents approximately 1.56% of the total public debt as of 1st April 2022. It's important for the state to carefully manage its debt levels and evaluate the impact on fiscal sustainability and debt-servicing capacity.

Table 13: Amortization Schedule, by Creditor

Amortization Schedule, by Creditor					(INR In Crore)
	2023-24	**2024-25**	**2025-26**	**2026-27**	**2027-28**
Market Loans	2500	2400	3900	5450	6660
Special Securities issued to NSSF of Central Govt.	781.02	814.03	632.86	432.17	414.39
Loans and Advances from the Central Government					
- Non-Plan Loans	0.43	0.42	0.41	0.35	0.19
Pre-1984-85 Loans	0.53	0	0	0	
- Loans for State/Union Territory Plan Schemes	67.68	59.70	51.75	53.65	56.33
TOTAL	**3349.66**	**3274.15**	**4585.02**	**5936.17**	**7130.91**

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

Based on the information provided, the table indicates the repayment schedule for different creditors, excluding NABARD and NCDC. It appears that the state is formulating a strategy for managing loan repayments upon maturity, while also considering the acquisition of new loans.

Developing a robust for loan repayments is essential for maintaining fiscal discipline and ensuringthe state's ability to meet its financial obligations. It is important to carefully evaluate the terms and conditions of the loans, including interest rates and repayment schedules, to effectively manage the debt burden.

Furthermore, when evaluating the acquisition of new loans, the state should thoroughly assess their purpose, terms, and conditions, as well as their impact on overall debt sustainability. It is important to maintain a balance between meeting the funding requirements for developmental activities and ensuring long-term fiscal stability.

By adopting a strategic approach to loan repayments and new loan acquisition, the state can effectively manage its debt obligations and maintain a sustainable fiscal position.

Table 14: Guarantee

Guarantees given by the Government of Uttarakhand					
Guarantees	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Outstanding amount of guarantees as on 31st March	893	854	717	374	117
Ceiling fixed by the State Government Act	Outstanding guarantees capped with in one percent of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 per cent of the GSDP for that year				
Additions during the year	251	NIL	402	418	386
Deletions during the year	75	188	713	761	643

Source: Finance Accounts and State Finances Audit Report of the CAG of India.

The above table provides information on the guarantees issued by the Government of Uttarakhand. It shows the outstanding amount of guarantees as on 31st March for each fiscal year, as well as the additions and deletions during the year.

In 2018-19, the outstanding amount of guarantees was ₹893 Crore. Over the subsequent years, there have been both additions and deletions, resulting in a reduction of the outstanding guarantees to ₹117 Crore by 2022-23.

It is important to note that the state government has set a ceiling for guarantees based on the GSDP (Gross State Domestic Product) of the respective year. New guarantees given during any year should not exceed 0.3 percent of the GSDP for that year.

The changes in the outstanding guarantee amount reflect the additions and deletions made during the respective years. This information underscores the state government's approach to managing guarantees and its commitment to maintaining fiscal prudence.

Chart 13- Graphical presentation of Outstanding Guarantees