

CONTENTS

	<i>Page No.</i>
Foreword	
List of Abbreviations	
Chapter I: Overview	1
Chapter II: Fiscal Position of State Governments	
1. Introduction.....	3
2. Key Fiscal Indicators.....	3
3. 2018-19: Accounts.....	6
4. 2019-20: Revised Estimates and Provisional Accounts.....	9
5. 2020-21: Budget Estimates and Actuals so far.....	13
6. Market Borrowings and Projected GFD.....	24
7. Outstanding Liabilities/ Contingent Liabilities	31
8. Conclusion.....	36
Chapter III: COVID-19 Pandemic and its Spatial Dimensions in India	
1. Introduction.....	37
2. COVID-19 in the States	37
3. Demographics and Epidemiology.....	43
4. Healthcare and Fiscal Implications for States	49
5. Reverse Migration, Employment and MSMEs	56
5.1 Micro, Small and Medium Enterprises (MSMEs).....	60
6. Digitalisation and Banking	64
6.1 Digital Preparedness of States	64
6.2 Digital Retail Transactions	66
6.3 Banking Penetration	69
7. COVID-19 and the Role of Third Tier Government.....	70
7.1 Cross-country Comparison	70
7.2 India's Third Tier	71
8. COVID-19 and States' Output for 2020-21	74
8.1 Non-Farm Activities	75
8.2 Exports and Remittances	77

	<i>Page No.</i>
9. Concluding Observations	78
Annex III.1 Demographic and Epidemiological Transition: A Review of Theory.....	79
Annex III.2 Unemployment Convergence across States	81
Annex III.3 Labour Laws	82
Annex III.4 E-Governance Initiatives of States during COVID-19.....	86
Chapter IV: Way Forward	87
References	90
Explanatory Note on Data Sources and Methodology	96

LIST OF BOXES

II.1 Is there a Systematic Bias in Revised Estimates?	4
II.2 Determinants of States' Discretionary Spending	11
II.3 Automatic Stabilisers in States' Own Tax Revenue and Transfers	17
II.4 Assessing Fiscal Risks – Odisha's Experience	34
III.1 Dharavi, Mumbai – A Successful Case of Public-Private Partnership.....	42
III.2 Impact of COVID-19 on the Micro, Small and Medium Enterprises in Tamil Nadu.....	62
III.3 COVID-19 - The Kerala Model of Containment – The Role of Local Self-Government	73

LIST OF TABLES

II.1 Major Deficit Indicators - All States and Union Territories with Legislature	3
II.2 Aggregate Receipts of State Governments and UTs	7
II.3 Revenue Expenditure Pattern of State Governments and UTs	8
II.4 Expenditure Pattern of State Governments and UTs	9
II.5 Fiscal Impact of States' Farm Loan Waiver Programmes	10
II.6 Deficit Indicators of State Governments - State-wise	14
II.7 Tax Buoyancy of States' Own Tax Revenue.....	15
II.8 GST Compensation Cess.....	19
II.9 Variation in Major Components	20
II.10 Composition of Expenditure on Social Services (Revenue and Capital Accounts)	21

	<i>Page No.</i>
II.11 State-wise Policy Measures to Contain the Adverse Impacts of Pandemic.....	22
II.12 Expenditure Rationalisation by States During COVID-19.....	23
II.13 Financing Pattern of Gross Fiscal Deficit	25
II.14 Market Borrowings of State Governments.....	26
II.15 Maturity Profile of Outstanding State Government Securities	30
II.16 Investments of Surplus Cash Balances of State Governments.....	30
II.17 Investment in CSF/GRF by States.....	31
II.18 Outstanding Liabilities of State Governments and UTs.....	31
II.19 Composition of Outstanding Liabilities of State Governments and UTs.....	32
II.20 Guarantees issued by State Governments.....	33
III.1 Notable Epidemics in India	38
III.2 Demographic Transition across States	45
III.3 Age and Co-morbidity Condition.....	48
III.4 Foodgrain Stock, Rabi and Kharif Production of Foodgrains.....	75
III.5 Trends in Economic Activity Index – Select States	77
III.6 Emigration Clearances for Overseas Employment- Share and Trend	78

LIST OF CHARTS

II.1 Major Deficit Indicators	5
II.2 State-wise GFD in 2020-21 BE	6
II.3 Primary Deficit - 2019-20 RE <i>versus</i> 2007-08.....	6
II.4 Change in Fiscal Position - 2017-18 to 2018-19.....	7
II.5 Revenue Expenditure Components – 2018-19 <i>vis-à-vis</i> 2017-18	8
II.6 Revenue Expenditure in 2019-20 – RE <i>vis-à-vis</i> BE	9
II.7 Committed Expenditure	10
II.8 Capex Cut in 2019-20: Statewise Pattern.....	11
II.9 States' Revenue Receipts (April-June)	16
II.10 Petrol and Diesel Revenue: Trends.....	17
II.11 Revenue Receipts: Component Share	19
II.12 Social Sector Expenditure	21

	<i>Page No.</i>
II.13 Revenue Expenditure (April-June).....	23
II.14 Capex Trends.....	24
II.15 Market Borrowings of Centre and States – Gross and Net	25
II.16 GFD-GSDP Ratio and Market Borrowing Gap (Actual to BE): 2019-20	26
II.17 GFD-GDP Ratio: Projection.....	27
II.18 Market Borrowings of States: April-September	28
II.19 SDLs – Maturity and Yield Spread.....	29
II.20 Debt and Interest Burden	31
II.21 Power Distribution Utilities – Financial Performance	33
III.1 Pandemics in India - Impact on GDP.....	39
III.2 State-wise Cumulative COVID-19 Cases	40
III.3 State-wise New COVID-19 Cases (Seven day moving average).....	41
III.4 Case Fatality Rate from COVID-19.....	41
III.5 State-wise COVID-19 Spread and Mortality	43
III.6 India's Demographic Transition	44
III.7 India's Epidemiological Transition – Stylised Evidence.....	46
III.8 Epidemiological Transition across States	47
III.9 Demography and State Expenditure: Stylised Evidence	49
III.10 India's Healthcare Expenditure.....	51
III.11 Healthcare in States: Expenditure and Private Hospitals' Share and Affordability .	52
III.12 Healthcare Human Resources	53
III.13 Hospital Infrastructure	54
III.14 Government Spending on Healthcare	55
III.15 Flow of Migrant Population (inclusive of migrant labourers) in 2011	57
III.16 MGNREGA Employment Demanded and Generated.....	58
III.17 Impact of COVID-19 on Unemployment and Labour Force Participation	59
III.18 Major Reverse Migration Corridors of Select States.....	60
III.19 Informal Employment and COVID-19 Lockdown Stringency – Cross-Country Comparison of Emerging Market Economies	61

	<i>Page No.</i>
III.20 MSMEs and COVID-19: Concentration Pattern.....	61
III.21 MSME Employment.....	62
III.22 Digital Competitiveness Score, 2020.....	65
III.23 Digital Preparedness of States, 2020	66
III.24 Direct Benefit Transfers – State-wise Analysis	67
III.25 Y-o-Y Growth Rate of Digital Transactions.....	67
III.26 Y-o-Y Change in Digital Transactions, Q1: 2020-21	68
III.27 Credit to GSDP Ratio – State wise.....	69
III.28 Credit and Deposit Growth	69
III.29 Impact of COVID-19 on C-D Ratio across States.....	70
III.30 Share of Capex in Government Expenditure across Tiers: Cross Country.....	71
III.31 Per Capita Expenditure and Revenues of all ULBs in India (2017-18)	72
III.32 State Government Transfer of Resources and Expenditure of the ULBs (2011-12 to 2017-18).....	72
III.33 State wise Farm <i>vis-à-vis</i> Non-Farm Share in Output	74
III.34 State-wise Industry Share and COVID-19 Impact	76
III.35 India's Exports and Inward Remittances: State-wise Share	77

LIST OF APPENDIX TABLES FOR STATES' BUDGETS 2020-21

1. Major Deficit Indicators of State Governments
2. Devolution and Transfer of Resources from the Centre.....
3. Development and Non-Development Expenditure: Aggregate
4. Development Expenditure - Major Heads.....
5. Non-Development Expenditure - Major Heads
6. Development and Non-Development Expenditure.....
7. Composition of Social Sector Expenditure
8. Decomposition of Gross Fiscal Deficit.....
9. Financing of Gross Fiscal Deficit.....
10. Financing of Gross Fiscal Deficit - As Per cent of Total
11. Composition of Outstanding Liabilities of State Governments

- 12. Composition of Outstanding Liabilities of State Governments -
As Proportion to Total
- 13. State Government Market Borrowings

LIST OF STATEMENTS AND APPENDICES FOR STATES' BUDGETS 2020-21

LIST OF STATEMENTS

- 1. Major Fiscal Indicators.....
- 2. Revenue Deficit/Surplus
- 3. Gross Fiscal Deficit/Surplus
- 4. Decomposition of Gross Fiscal Deficit.....
- 5. Financing of Gross Fiscal Deficit – 2018-19 (Accounts).....
- 6. Financing of Gross Fiscal Deficit – As per cent of Total – 2018-19 (Accounts)
- 7. Financing of Gross Fiscal Deficit – 2019-20 (RE)
- 8. Financing of Gross Fiscal Deficit – As per cent of Total – 2019-20 (RE).....
- 9. Financing of Gross Fiscal Deficit – 2020-21 (BE).....
- 10. Financing of Gross Fiscal Deficit – As per cent of Total – 2020-21 (BE)
- 11. Development Expenditure
- 12. Non-Development Expenditure.....
- 13. Interest Payments.....
- 14. Tax Revenue.....
- 15. Non-Tax Revenue
- 16. Loans from the Centre.....
- 17. Devolution and Transfer of Resources from the Centre.....
- 18. Composition of Outstanding Liabilities
- 19. Total Outstanding Liabilities of State Governments.....
- 20. Total Outstanding Liabilities - As percentage of GSDP
- 21. Market Borrowings of State Governments.....
- 22. State Government Market Loans.....
- 23. Maturity Profile of Outstanding State Government Securities
- 24. Maturity Profile of Outstanding State Government Securities -
As Percentage of Total.....

25.	Investment Outstanding in Treasury Bills.....
26.	Expenditure on Education - As Ratio to Aggregate Expenditure.....
27.	Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure.....
28.	Outstanding Guarantees of State Governments
29.	Expenditure on Wages and Salaries
30.	Expenditure on Operations and Maintenance
31.	Social Sector Expenditure
32.	Social Sector Expenditure to Total Disbursement.....
33.	Revenue Receipts of State Governments
34.	Revenue Expenditure of the State Governments
35.	Development Expenditure: Select Indicators.....
36.	Subsidies

APPENDICES

I.	Revenue Receipts of States and Union Territories with Legislature
II.	Revenue Expenditure of States and Union Territories with Legislature.....
III.	Capital Receipts of States and Union Territories with Legislature
IV.	Capital Expenditure of States and Union Territories with Legislature.....

NOTE TO APPENDICES.....
