

**Glossary of terms and abbreviations used in the Report**

Terms	Description
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i> .
Debt Consolidation and Relief Facility	As per the XIII Finance Commission recommendations, benefit of interest relief on loans availed from National Small Savings Fund (NSSF) and the write-off of outstanding loans by Government of India and State specific grants would be made available to the States on bringing the necessary amendments/ enactments of FRBM Act to include targets for debt-GSDP ratio for the period from 2011-12 to 2014-15.
Merit goods	Core public goods are goods which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g., enforcement of law and order, security and protection of rights; pollution free air and other environmental goods, road infrastructure etc., Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than the ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
Development expenditure	The analysis of expenditure data is disaggregated into development and non- development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into Social Services, Economic Services and General Services. Broadly, the Social and Economic Services constitute development expenditure, while expenditure on General Services is treated as non-development expenditure.
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year i.e.(sum of opening and closing balances of fiscal liabilities /2) x 100

Terms	Description
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. It also refers to the sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between the costs of additional borrowings and the returns from such borrowings.
Debt stabilisation	A necessary condition for stability states that if the rate of growth of the economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero, positive or moderately negative. Given the rate spread (GSDP growth rate – interest rate) and the quantum spread (Debt X rate spread), the debt sustainability condition states that if the quantum spread together with the primary deficit is zero, the debt-GSDP ratio would be constant or the debt would stabilise eventually. On the other hand, if the primary deficit together with the quantum spread turns out to be negative, the debt-GSDP ratio would be rising. In case it is positive, the debt-GSDP ratio would eventually be falling.
Non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Borrowed funds	Defined as the ratio of the debt redemption (principal + interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption, indicating the net availability of borrowed funds.
Primary revenue deficit	Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.
Primary expenditure	Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.

<b>Abbreviations</b>	<b>Full form</b>
BCR	Balance from Current Revenue
BPL	below poverty line
CAGR	Compound Annual Growth Rate
CCOs	Chief Controlling Officers
DDOs	Drawing and Disbursing Officers
FMA	Final Modified Appropriation
GDP	Gross Domestic Product
GoI	Government of India
GoTN	Government of Tamil Nadu
GSDP	Gross State Domestic Product
MTFP	Medium Term Fiscal Plan
NS or NIS	New Service or New Instrument of Service
NSSF	National Small Savings Fund
PAG (A&E)	Principal Accountant General (Accounts & Entitlements)
PAOs	Pay and Accounts Offices
PD	Personal Deposit
ThFC	Thirteenth Finance Commission
TNFR Act	Tamil Nadu Fiscal Responsibility Act, 2003
UCs	Utilisation Certificates