

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Summary

Haryana State had a relatively comfortable financial year. The revenue deficit decreased from Rs 274 crore to Rs 258 crore and the fiscal deficit from Rs 2,933 crore to Rs 1,206 crore in 2004-05. The decrease in revenue deficit was as a result of increase in the revenue receipts as also on account of misclassification of grants-in-aid to local bodies (Rs 175.96 crore) as capital expenditure instead of revenue expenditure.

Substantial growth in revenue receipts during the year was due to collection of more receipts under Sales Tax (Rs 923 crore), Urban Development (Rs 174 crore), Miscellaneous General Services (Rs 132 crore), State Excise (Rs 90 crore), Corporation Tax (Rs 68 crore), Goods and Passengers Tax (Rs 45 crore), Stamps and Registration Fee (Rs 31 crore) and Road Transport (Rs 31 crore). Around 90 *per cent* of the revenue had come from the State's own resources. Sales Tax was the major source of the State's own tax revenue and contributed 64 *per cent*. Of non-tax revenue, State Lotteries (27 *per cent*), Road Transport (20 *per cent*) and Interest receipts (19 *per cent*) were the principal contributors.

Overall expenditure of the State increased from Rs 8,908 crore in 2000-2001 to Rs 12,512 crore in 2004-05. Revenue expenditure constituted 91 *per cent* of the total expenditure. Capital Expenditure increased during the year, due to less realisation of Rs 247 crore of recoveries under 'Procurement and Supply of Food Grains' as compared to the previous year.

Salaries (Rs 3,714 crore), interest payments (Rs 2,235 crore), pensions (Rs 902 crore) and subsidies (Rs 1,157 crore) alone consumed 72 *per cent* of the revenue receipts of the State during the year. The overall fiscal liabilities of the State increased by 74 *per cent* from Rs 13,928 crore in 2000-01 to Rs 24,255 crore in 2004-05. These liabilities as a ratio of GSDP increased from 25 *per cent* in 2000-2001 to 30 *per cent* in 2004-05 and stood at 2.18 times its revenue receipts.

1.1 Introduction

1.1.1 This Chapter discusses the financial position of the Government of Haryana based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in receipts and expenditure, the quality of expenditure and the financial management of the State Government.

The Finance Accounts of the Government of Haryana are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in

the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in Box 1.

Box 1

Lay out of Finance Accounts

Statement No. 1 presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements, etc. in the consolidated fund, contingency fund and public account of the State.

Statement No. 2 contains the summarised statement of capital outlay showing progressive expenditure to the end of 2004-05.

Statement No. 3 gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6 gives the summary of guarantees given by the Government for repayment of loans, etc. raised by the statutory corporations, Government companies, local bodies and other institutions.

Statement No. 7 gives the summary of cash balances and investments made out of such balances.

Statement No. 8 depicts the summary of balances under consolidated fund, contingency fund and public account as on 31 March 2005.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2004-05 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between charged and voted expenditure incurred during the year.

Statement No. 11 indicates the detailed account of revenue receipts by minor heads.

Statement No. 12 provides detailed account of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2004-05.

Statement No. 14 shows the details of investments of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. up to the end of 2004-05.

Statement No. 15 depicts the capital and other expenditure to the end of 2004-05 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16 gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, contingency fund and public account.

Statement No. 17 presents detailed account of debt and other interest bearing obligations of the Government of Haryana.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Haryana, the amount of loan repaid during the year, the balance as on 31 March 2005 and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of reserve funds.

1.2 Trend of finances with reference to the previous year

1.2.1 Finances of the State Government during the current year compared to the previous year were as under:

(Rupees in crore)

2003-04	Sr. No	Major Aggregates	2004-05
9,843	1	Revenue Receipts (2+3+4)	11,149
6,348	2	Tax Revenue	7,440
2,223	3	Non-Tax Revenue	2,545
1,272	4	Other Receipts	1,164
156	5	Non-Debt Capital Receipts	157
156	6	Of which Recovery of Loans	157
9,999	7	Total Receipts (1+5)	11,306
10,563	8	Non-Plan Expenditure (9+11)	9,806
8,993	9	On Revenue Account	9,954
2,113	10	Of which, Interest Payments	2,235
1,570	11	On Capital Account	-148
2,238	12	Of which Loans disbursed	97
2,369	13	Plan Expenditure (14+15)	2,706
1,124	14	On Revenue Account	1,453
1,245	15	On Capital Account	1,253
191	16	Of which Loans disbursed	111
12,932	17	Total Expenditure (8+13)	12,512
2,933	18	Fiscal Deficit (17-1-5)	1,206
274	19	Revenue Deficit (9+14-1)	258
820	20	Primary Deficit (+)/Surplus(-) (18-10)	-1,029

1.3 Summary of receipts and disbursements

1.3.1 Table 1 summarises the finances of the State Government of Haryana for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement-1 of the Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2004-05 (Rupees in crore)

2003-04	Receipts	2004-05	2003-04	Disbursements	2004-05		
Section-A: Revenue							
					<u>Non-Plan</u>	<u>Plan</u>	<u>Total</u>
9,843.48	I. Revenue receipts	11,149.06	10,117.19	I. Revenue expenditure	9,954.39	1,452.71	11,407.10
6,348.05	Tax revenue	7,440.27	4,367.72	General Services	4,863.83	34.27	4,898.10
2,223.06	Non-tax revenue	2,544.37	2,995.71	Social Services	2,375.36	842.85	3,218.21
600.75	Share of Union Taxes/Duties	619.26	2,706.05	Economic Services	2,623.49	575.59	3,199.08
671.62	Grants from Government of India	545.16	47.71	Grants-in-aid / Contributions	91.71	-	91.71
Section-B: Capital							
-	II. Misc. Capital Receipts	-	385.65	II. Capital Outlay	-244.97	1,141.89	896.92
155.58	III. Recoveries of Loans and Advances	157.10	2,429.32	III. Loans and Advances disbursed	97.49	110.57	208.06
6,284.76	IV. Public Debt receipts	4,474.49	3,789.52	IV. Repayment of Public Debt	3,014.27	-	3,014.27
7,662.06	V. Public account receipts	5,973.44	6,573.32	V. Public account disbursements	5,031.24	-	5031.24
33.48	Opening Balance	684.36	684.36	Closing Balance	1,880.86	-	1,880.86
23,979.36	Total	22,438.45	23,979.36	Total	19,733.28	2,705.17	22,438.45

Note: Minus expenditure is because of recoveries on capital account.

1.4 Audit methodology

1.4.1 Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2004-05 and wherever necessary, show these in the light of time series data and periodic comparisons. Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances, etc. have been presented as percentages to the State's Gross Domestic Product (GSDP) at current market prices. For tax revenues, non-tax revenues, revenue expenditure, etc. buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) Resources by volumes and sources,

(ii) Application of resources, (iii) Assets and liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

In addition, the section also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in *Appendix I*.

State finances by key indicators

1.5 Resources by volumes and sources

1.5.1 Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise of miscellaneous capital receipts such as proceeds from disinvestment, if any, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/commercial banks, etc. and loans and advances from Government of India as well as accruals from the Public Account.

Table 2 shows that the total receipts of the State Government for the year 2004-05 were Rs 21,754 crore. Of these, revenue receipts of the State Government were only Rs 11,149 crore, constituting 51 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Haryana

		(Rupees in crore)
I. Revenue Receipts		11,149
II. Capital Receipts		4,632
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	157
c	Public Debt Receipts	4,475
III. Public Account Receipts		5,973
a	Small Savings, Provident Funds, etc.	1,040
b	Reserve Funds	196
c	Deposits and Advances	2,278
d	Suspense and Miscellaneous	628
e	Remittances	1,831
Total Receipts		21,754

Revenue receipts

1.5.2 Statement 11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own taxes and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, their annual rate of growth,

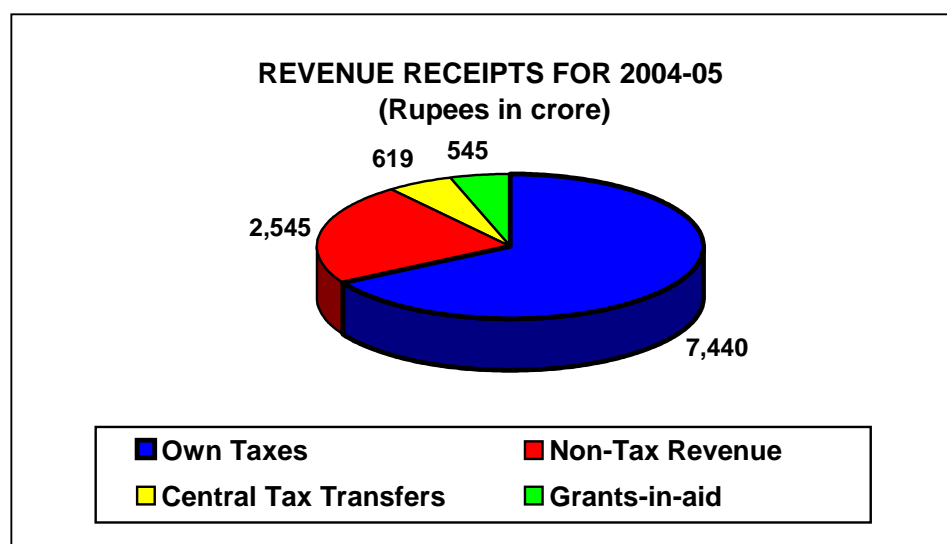
ratio of these receipts to the State's Gross Domestic Product and their buoyancy are indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters (Values: Rupees in crore and others in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts (in crore of rupees)	6,574	7,600	8,657	9,843	11,149
Own Taxes	4,311 (66)	4,971 (65)	5,550 (64)	6,348 (64)	7,440(67)
Non-Tax Revenue	1,439 (22)	1,666 (22)	1,808 (21)	2,223 (23)	2,545(23)
Central Tax Transfers	346 (5)	450(6)	756 (9)	601 (6)	619(5)
Grants-in-aid	478 (7)	513 (7)	543 (6)	671 (7)	545(5)
Rate of Growth of Revenue Receipts	13.99	15.61	13.91	13.70	13.27
Rate of Growth of own taxes	22.54	15.31	11.65	14.38	17.20
Revenue Receipts/ GSDP	11.94	12.62	13.15	13.49	13.82
Revenue Buoyancy	1.114	1.666	1.487	1.263	1.260
Own-Tax Buoyancy	1.795	1.633	1.247	1.325	1.634
GSDP growth over previous year	12.56	9.37	9.34	10.85	10.53

Revenue receipts of the State increased by 70 per cent from Rs 6,574 crore in 2000-01 to Rs 11,149 crore in 2004-05. The increase in revenue receipts during the year from Rs 9,843 crore to Rs 11,149 crore was mainly on account of increased collection under Sales Tax (Rs 923 crore), Urban Development (Rs 174 crore), Miscellaneous General Services (Rs 132 crore), State Excise (Rs 90 crore), Corporation Tax (Rs 68 crore), Goods and Passengers Tax (Rs 45 crore), Stamps and Registration Fees (Rs 31 crore) and Road Transport (Rs 31 crore).

While on an average around 90 per cent of the revenue came from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 10 per cent of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 64 per cent of the tax revenue followed by State Excise (14 per cent), stamp duty and registration fee (10 per cent) and taxes on goods and passengers, etc. (9 per cent). Of non-tax revenue sources, State Lotteries (27 per cent), Road Transport (20 per cent) and interest receipts (19 per cent) were the principal contributors. The high receipts under State Lotteries (Rs 697.02 crore) during the year were, however, offset by equally high expenditure of Rs 701.54 crore on State Lotteries. Similarly, the receipts of Rs 513.17 crore under Transport during the year were offset by equally high expenditure of Rs 611.48 crore under Transport as Haryana does not have a Road Transport Corporation and the State buses are run under the Department of Transport directly.



The arrears of revenue increased by 174 *per cent* from Rs 396 crore in 2000-2001 to Rs 1,087 crore at the end of 2004-05. Of these, Rs 238 crore (22 *per cent*) were outstanding for a period of more than five years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs 909.04 crore), taxes and duties on electricity (Rs 71.91 crore), taxes on goods and passengers (Rs 52.06 crore) and state excise (Rs 35.83 crore). The deterioration in the position of arrears of revenue leaves much to be desired about the revenue recovery efforts of the State Government.

The sources of revenue receipts under different heads and GSDP during 2000-05 are indicated in Table 4.

Table 4 – Sources of receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
2000-01	6,574	69	1,882	4,478	13,003	55,055
2001-02	7,600	85	3,359	4,914	15,958	60,212
2002-03	8,657	106	3,649	4,921	17,333	65,837
2003-04	9,843	156	6,285	7,662	23,946	72,980
2004-05	11,149	157	4,475	5,973	21,754	80,665

The receipts from Public Debt and Public Account increased by 64 *per cent* from Rs 6,360 crore in 2000-01 to Rs 10,448 crore in 2004-05. While Government borrowings increased by 138 *per cent*, the Public Account receipts increased by 33 *per cent* during the above period.

1.6 Application of resources

Trend of Growth

1.6.1 Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total

expenditure of the State increased by 40 per cent from Rs 8,908 crore in 2000-01 to Rs 12,512 crore in 2004-05.

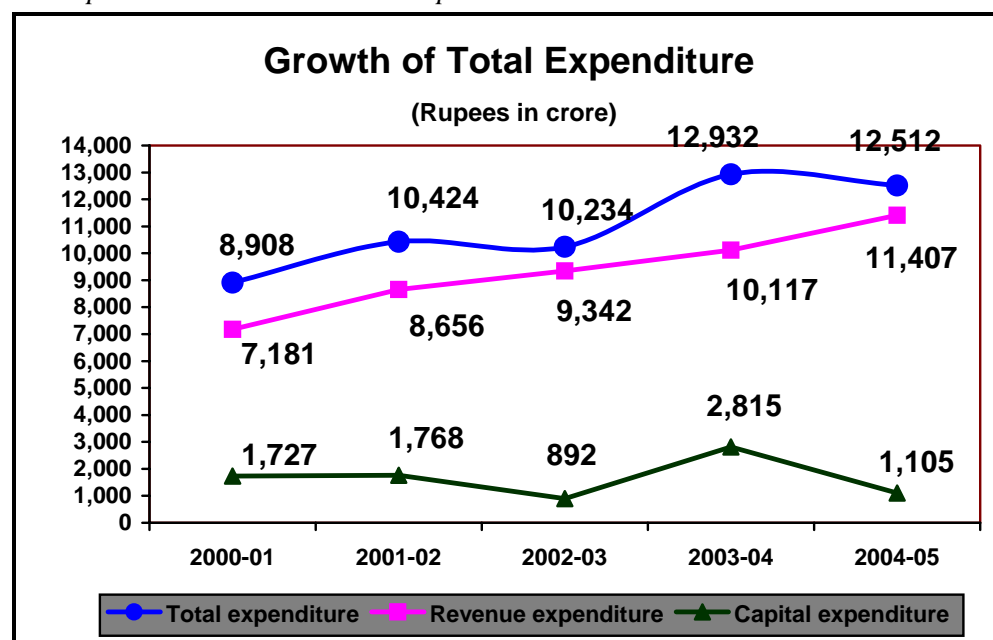
Total expenditure of the State, its annual growth, ratio of expenditure to GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table-5 below:

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Total Expenditure (TE)	8,908	10,424	10,234	12,932	12,512
Rate of Growth	9.54	17.02	-*	26.36	-*
TE/GSDP	16.18	17.31	15.54	17.72	15.51
Revenue Receipts/TE	73.80	72.91	84.59	76.11	89.11
Buoyancy of total expenditure with reference to					
GSDP	0.760	1.817	-*	2.430	-*
Revenue Receipts	0.682	1.090	-*	1.924	-*

* Rate of growth of total expenditure was negative in 2002-03 and 2004-05.

The decline in total expenditure in the current year was primarily due to less disbursement of loans and advances which decreased from Rs 2,429 crore in 2003-04 to Rs 208 crore in 2004-05. There was an upward trend in the ratio of revenue receipts to total expenditure from 74 per cent in 2000-01 to 89 per cent in 2004-05, indicating that about 11 per cent of the State's total expenditure was being financed from borrowings. On the other hand ratio of total expenditure with GSDP indicated the downward trend from 16.18 per cent in 2000-01 to 15.51 per cent in 2004-05.

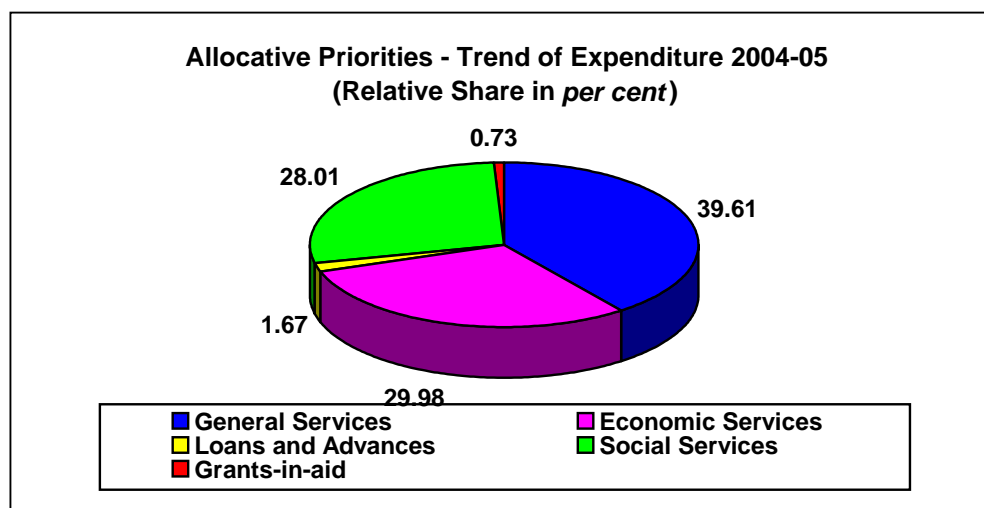


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
General Services	35.33	33.93	39.47	34.29	39.61
Social Services	29.74	27.97	29.55	25.43	28.01
Economic Services	31.60	34.92	26.46	21.13	29.98
Grants-in-aid	0.16	0.29	0.06	0.37	0.73
Loans and Advances	3.17	2.89	4.46	18.78	1.67

The movement of relative share of these components of expenditure indicated that while the shares of economic services and social services in total expenditure declined from 32 and 30 per cent in 2000-01 to 30 and 28 per cent respectively in 2004-05, the relative share of general services increased from 35 per cent in 2000-01 to 40 per cent in 2004-05.



Incidence of revenue expenditure

1.6.2 Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Over all revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and their buoyancy with both GSDP and revenue receipts are indicated in Table 7.

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Expenditure (RE)	7,181	8,656	9,342	10,117	11,407
Rate of Growth	3.29	20.54	7.93	8.30	12.75
RE/ GSDP	13.04	14.38	14.19	13.86	14.14
RE as per cent of TE	80.61	83.04	91.28	78.23	91.17
RE as per cent to Revenue Receipts	109.23	113.89	107.91	102.78	102.31
Buoyancy of Revenue expenditure with reference to					
GSDP	0.262	2.193	0.848	0.765	1.211
Revenue Receipts	0.235	1.316	0.570	0.606	0.961

Revenue expenditure of the State increased by 59 per cent from Rs 7,181 crore in 2000-01 to Rs 11,407 crore in 2004-05. During the year 2004-05 the revenue expenditure increased by Rs 1,290 crore (13 per cent) over previous year mainly due to more expenditure on transmission and distribution of power (Rs 225 crore), miscellaneous general services which included state lotteries (Rs 142 crore), pensions and other retirement benefits (Rs 136 crore), general education (Rs 133 crore) and interest payments (Rs 122 crore).

Revenue receipts financed 98 per cent of revenue expenditure of the State Government during 2004-05, which has led to the decline in revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined during 2000-05, dependence of the State on borrowings, for meeting its current expenditure, continues primarily due to the fact that salaries (Rs 3,714 crore), interest payments (Rs 2,235 crore) and pensions (Rs 902 crore) alone consumed 61 per cent of total revenue receipts of the State during the year.

High salary expenditure

1.6.3 Salaries alone accounted for nearly 33 per cent of the revenue receipts of the State. The expenditure on salaries increased by 38 per cent from Rs 2,700 crore in 2000-2001 to Rs 3,714 crore in 2004-05 as indicated in Table 8.

Table 8

(Rupees in crore)

Heads	2000-01	2001-02	2002-03	2003-04	2004-05
Salary expenditure	2,700.18	3,032.18	3,008.46	3,255.96	3,714.10
As percentage of GSDP	4.90	5.04	4.57	4.46	4.60
As percentage of Revenue Receipts	41.07	39.90	34.75	33.07	33.31

Huge expenditure on pension payments

1.6.4 Pension payments have increased by 58 per cent from Rs 570.84 crore in 2000-01 to Rs 901.93 crore in 2004-05. Year-wise break-up of expenditure incurred on pension payments during the years 2000-05 was as under:

Table 9

Year	Expenditure	Percentage to total revenue
	Rupees in crore	
2000-01	570.84	8
2001-02	657.05	8
2002-03	745.91	8
2003-04	765.70	8
2004-05	901.93	8

With the increase in the number of retirees, the pension liabilities were likely to increase further in future. The State Government had not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

Interest payments

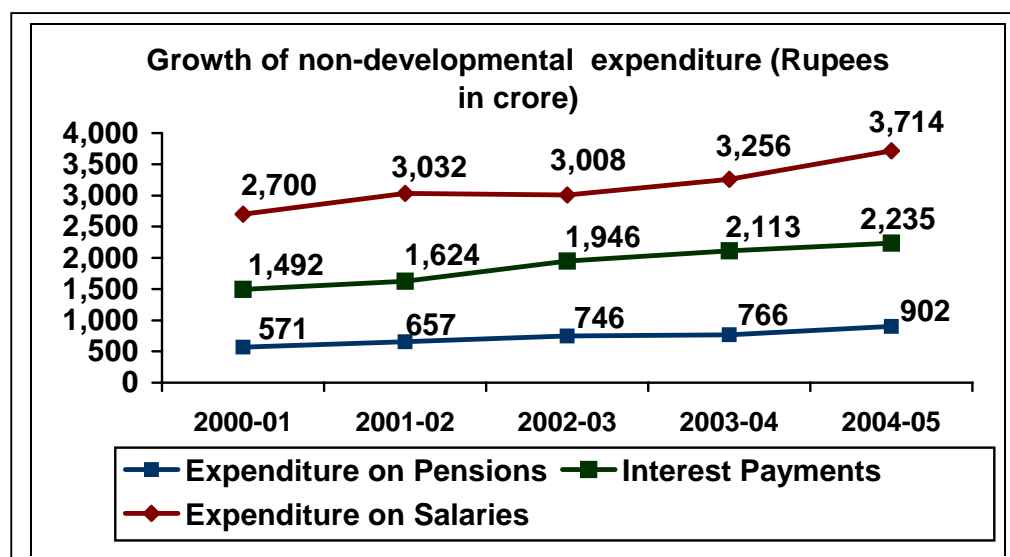
1.6.5 The Eleventh Finance Commission (August 2000) recommended that as a medium term objective, States should endeavour to keep interest payments as a ratio to revenue receipts to 18 *per cent*. It was, however, observed that interest payments as a percentage of revenue receipts ranged between 20 and 23 during the last five years.

Table 10

Year	Interest Payments (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue Expenditure
2000-01	1,492	23	21
2001-02	1,624	21	19
2002-03	1,946	22	21
2003-04	2113	21	21
2004-05	2235	20	20

In absolute terms, interest payments increased steadily by 50 *per cent* from Rs 1,492 crore in 2000-01 to Rs 2,235 crore in 2004-05 primarily due to increased interest on Internal Debt by Rs 292 crore. Large interest payments, increasing year after year, due to continued reliance on borrowing for meeting the deficits crowd out the expenditure on primary education, health and social welfare schemes.

The graph given below indicates the growth of non-development expenditure on salaries, interest and pensions during 2000-01 to 2004-05:

**Subsidies by the Government**

1.6.6 Though the finances of the State are under strain, the State Government has been paying subsidies to the various Nigams, Corporations, etc. During the last five years, State Government paid the subsidies

under various schemes as per Table-11 below:

Table 11

(Rupees in crore)

Sr. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1.	Haryana Vidyut Prasaran Nigam Limited	138.33	763.54	829.10	923.88	1,102.00
2.	Haryana State Minor Irrigation (Tubewells) Corporation*	69.51	85.15	39.31	-	-
3.	Others	18.15	11.04	15.11	33.56	54.97
	Total	225.99	859.73	883.52	957.44	1,156.97
1.	Percentage Increases (+)/ Decreases (-) over previous years	(-) 52	281	3	8	21
2.	Percentage of subsidy with total expenditure	3	8	9	7	9

* Corporation closed in July 2002.

Subsidies to various Nigams, Corporations, etc. increased sharply by 412 *per cent* from Rs 226 crore in 2000-01 to Rs 1,157 crore in 2004-05. During the current year, subsidies constituted nine *per cent* of the total expenditure and 95 *per cent* of the total subsidies were paid to Haryana Vidyut Prasaran Nigam Limited alone.

1.7 Expenditure by allocative priorities

1.7.1 The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statements 12 and 13 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 12 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 12: Quality of expenditure (per cent to total expenditure)

	2000-01	2001-02	2002-03	2003-04	2004-05
Plan Expenditure	21.40	20.14	18.52	16.84	21.62
Capital Expenditure	16.22	14.07	4.26	2.98	7.17
Developmental Expenditure	61.34	62.89	56.01	46.56	57.99

Expenditure on capital component declined from 16 *per cent* of total expenditure in 2000-01 to 7 *per cent* in 2004-05. However, during the current year capital expenditure increased as compared to the previous year which was mainly due to less recoveries (Rs 246.72 crore) of expenditure incurred for procurement of foodgrains under grain supply schemes as compared to the higher recoveries (Rs 669.68 crore) made during 2003-04. Development expenditure declined from 61 *per cent* in 2000-01 to 58 *per cent* in 2004-05.

Out of the developmental expenditure (Rs 7,256 crore), Social Services (Rs 3,505 crore) accounted for 48 *per cent* during the year. Education, Sports, Art and Cultural, Health and Family Welfare, Water Supply, Sanitation, Housing and Urban Development and Social Welfare and Nutrition consumed nearly 96 *per cent* of the expenditure on Social sector.

Table 13: Social Sector expenditure

	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2004-05
Education, Sports, Art and Culture	1,335 (2.42)	1,480 (2.46)	1,455 (2.21)	1,541 (2.11)	1,681 (2.08)
Health and Family Welfare	298 (0.54)	322 (0.53)	351 (0.53)	359 (0.49)	392 (0.48)
Water Supply, Sanitation, Housing and Urban Development	423 (0.77)	488 (0.81)	562 (0.85)	691 (0.95)	644 (0.79)
Social Welfare and Nutrition	487 (0.88)	513 (0.85)	534 (0.81)	572 (0.78)	642 (0.79)
Total	2,543	2,803	2,902	3,163	3,359

* Percentage of GSDP in brackets.

Similarly, the expenditure on Economic Services (Rs 3,751 crore) accounted for 52 *per cent* of the developmental expenditure. Of this, Energy (Rs 1,439 crore), Irrigation and Flood Control (Rs 708 crore) and Transport (Rs 1,133 crore) accounted for 87 *per cent* of the expenditure on Economic sector.

Table 14: Economic Sector expenditure

	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2004-05
Energy	405.64	829.54	984.48	1,145.24	1,439.15
Irrigation and flood control	647.91	779.44	702.78	640.98	708.22
Transport	649.24	877.67	808.44	993.50	1,132.72
Total	1,702.79	2,486.65	2,495.70	2,779.72	3,280.09

Financial assistance to local bodies and other institutions

1.7.2 Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies and authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different bodies during the period of five years ending 2004-05 was as follows:

Table 15

(Rupees in crore)

Sr. No.	Bodies/authorities, etc.	2000-01	2001-02	2002-03	2003-04	2004-05
1.	Universities and Educational Institutions	167.48	215.59	190.14	242.31	72.91
2.	Municipal Corporations and Municipalities	116.26	144.03	158.95	175.96	180.00
3.	<i>Zila Parishads and Panchayati Raj</i> Institutions	9.78	35.77	5.02	59.25	29.42
4.	Development Agencies	119.06	128.32	116.82	114.68	121.28
5.	Hospitals and other Charitable Institutions	12.10	16.04	16.26	10.55	22.32
6.	Other Institutions (including statutory bodies)	87.49	128.71	120.61	124.46	92.19
Total		512.17	668.46	607.80	727.21	518.12
	Percentage increase(+)/ decrease (-) over previous year	24	31	(-) 9	20	(-) 29
	Assistance as a percentage of revenue receipts	8	9	7	7	5
	Percentage of assistance to revenue expenditure	7	8	7	7	5

Out of the grant of Rs 518.12 crore, Rs 179.99 crore were classified under '4215-Capital outlay on water supply and sanitation' instead of revenue head of account.

The details of assets created out of assistance provided to the Local Bodies and Authorities were not supplied (July 2005) by the departments concerned.

Delay in furnishing utilisation certificates

1.7.3 The financial rules require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to Accountant General (AG) within 15 months from the date of sanction of the grant unless specified otherwise.

Of 5,332 utilisation certificates due in respect of grants-in-aid of Rs 1,201.73 crore paid during 1991-92 to 2003-04, only 2,973 utilisation certificates for Rs 408.92 crore were furnished to AG by 31 August 2005 and 2,359 certificates for Rs 792.81 crore were in arrears. Department-wise and age-wise break-up is given in **Appendix II**.

Delay in submission of accounts by Autonomous Bodies

1.7.4 The status of submission of accounts by eight autonomous bodies and submission of separate Audit Reports thereon to the State Legislature as of June 2005 is given in **Appendix III**.

Audit arrangements

1.7.5 The audit of local bodies (Zila Parishads, Nagar Palikas and Town Area/Notified Area Committees), Educational Institutions, Panchayati Raj Institutions and others was conducted by the Director, Local Fund Audit, Haryana. Audit of Co-operative Societies is conducted by the Registrar, Co-operative Societies, Haryana.

The accounts of 75 bodies/authorities, which were received for the year 2003-04, attracted audit by Comptroller and Auditor General of India. Of these, 62 bodies and authorities, audit of which was due, were audited during 2004-05.

Three hundred and twenty four annual accounts of 103 bodies and authorities for 2004-05 and earlier years had not been received as of July 2005 by the Accountant General (Audit). The details are given in **Appendix IV**. Of these bodies and authorities, 18¹ Municipal Committees and nine² aided Colleges did not submit their accounts for five years or more.

Non-furnishing of accounts of utilisation of grants

1.7.6 Out of 241 autonomous bodies to whom various Government departments released grants-in-aid of Rs 216.24 crore during the year 2003-04, as detailed in **Appendix V**, 191 did not render the accounts for the utilisation of grants to the concerned departments as of July 2005.

Misappropriations, defalcations, etc.

1.7.7 The State Government reported to audit 257 cases involving Rs 1.73 crore on account of misappropriations, defalcations, etc. of Government money. These cases pertained to the period from 1971-72 to the end of March 2005 on which final action was pending at the end of June 2005. The department-wise/year-wise and category-wise break-up of the pending cases is given in **Appendix VI and VII** respectively.

¹ Sr. No. 1 to 9, 11 to 15, 17, 21, 44 and 46 of **Appendix IV**.

² Sr. No.68, 69, 72, 79, 83, 85 to 87 and 94 of **Appendix IV**.

Write off of losses, etc.

1.7.8 During 2004-05, Rs 5.31 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 8 cases by competent authorities as reported to audit. The relevant details were as under:

Table 16

Sr. No.	Department	Number of cases	Amount (Rupees in lakh)
1.	Animal Husbandry	2	1.15
2.	Education	3	1.64
3.	Fisheries	1	2.28
4.	Forest	2	0.24
	Total	8	5.31

1.8 Assets and liabilities

1.8.1 The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings, etc. owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts shows the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. **Statement-I** presents an abstract of such liabilities and the assets as on 31 March 2005 compared with the corresponding position on 31 March 2004. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, small savings, provident funds, deposits and Reserve Fund, etc. the assets comprised mainly of the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Haryana depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving and retired State employees. **Statement-IV** depicts the Time Series Data on State Government Finances for the period 2000-05.

Financial results of irrigation works

1.8.2 The financial results of seven major irrigation projects with a capital outlay of Rs 318.63 crore at the end of March 2005 showed that revenue realised from these projects during 2004-05 (Rs 54.57 crore) was 17 per cent of the capital outlay. After meeting the working and maintenance expenditure (Rs 74.78 crore) and interest charges (Rs 16.20 crore), there was a loss of Rs 36.41 crore, which was 11 per cent of the capital outlay on these projects.

Incomplete projects

1.8.3 As per information received from the State Government, as of 31 March 2005, there were 25 incomplete projects in which Rs 105.75 crore were blocked (Details in Appendix-IV to Finance Account).

Investments and returns

1.8.4 As on 31 March 2005, Government had invested Rs 1,861 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was meagre (less than one *per cent*) as indicated in Table 17 below. Of these, one Statutory Corporation and 14 Government Companies with an aggregate investment of Rs 1,552 crore upto 2004-05 were incurring losses and their accumulated losses amounted to Rs 1,056 crore as per the accounts furnished by these companies upto 2003-04 (*Appendix VIII*). Thus, Government needs not only to invest the high cost borrowings more judiciously to get better results, but also address the losses on account of such units by their disinvestment.

Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
2000-01	2,843.73	1.81	0.06	10.52 and 12.00
2001-02	2,905.97	0.40	0.01	8, 8.30, 9.45 and 10.35
2002-03	3,067.25	1.73	0.06	6.75, 6.80, 6.95 and 7.80
2003-04	1,689.51	4.11	0.24	5.85, 5.90, 6.20, 6.35 and 6.40
2004-05	1,861.34	2.35	0.13	5.60, 5.70, 6.35, 7.02, 7.32 and 7.36

Loans and Advances by State Government

1.8.5 In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 3,954 crore as on 31 March 2005 (Table 18). Overall, interest received against these advances was only five *per cent* in 2004-05, which was less than the average rate of interest paid by the State Government on borrowings. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 18: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Opening Balance	850	1,063	1,279	1,630	3,903
Amount advanced during the year	282	301	457	2,429	208
Amount repaid during the year	69	85	106	156	157
Closing Balance	1,063	1,279	1,630	3,903	3,954
Net Addition (+) / Reduction (-)	213	216	350	2,273	51
Interest received (Rupees in crore)	9	8	7	95	206
Interest received as <i>per cent</i> to outstanding Loans and Advances	0.85	0.63	0.43	2.43	5.21
Average rate of interest paid by the State	11.40	10.50	10.74	10.20	9.62
Difference between rate of interest paid and received	(-)10.55	(-)9.87	(-)10.31	(-)7.77	(-)1.35

Commercial activities

Lack of accountability for the use of public funds in departmental commercial undertakings

1.8.6 Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *proforma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in the Government are to ensure that the undertakings, which are funded by the budgetary release, prepare the accounts on a timely basis and submit the same to Accountant General for audit.

As of March 2005, there were six undertakings/schemes in which Government of Haryana had invested Rs 1,994.95 crore at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as per Table-19 below:

Table 19

Department	No. of undertakings/schemes under the department	Accounts not finalised (name of undertakings/schemes)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides ³	1985-86	2.53
		(ii) Seed Depot Scheme ³	1986-87	NA
Printing and Stationery	1	Text Book Organisation	2002-03	3.22 (Provisional)
Transport	1	Haryana Roadways	2000-01	326.26
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2002-03	*
Food and Supplies	1	Grain Supply Scheme	2003-04	1,662.94
Total				1,994.95

* Less than Rs 1.00 crore (Rs 0.19 lakh)

Two undertakings relating to Agriculture Department had not prepared their accounts for more than 18 years. Accounts of one undertaking each of Transport, Animal Husbandry, Printing and Stationery and Food and Supplies Departments were in arrears by three years, two years and one year respectively.

³ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1984-85 (Seed Depot scheme).

Management of cash balances

1.8.7 It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Government of Haryana had the WMA limit of Rs 245 crore from 1 April 2004 to 31 March 2005. Details of WMA and overdraft availed by the Government during the last five years are given in Table-20 below. During the current year, the State did not use this mechanism as against 27 days last year. In a nutshell, the State's cash management in the current year was more prudent. However, the Government raised market loans of Rs 1,038.71 crore on six occasions.

Table 20: Ways and Means and Overdrafts of the State and Interest paid thereon (Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Ways and Means Advances-					
Taken in the Year	1,563.46	2,642.96	633.97	238.98	-
Outstanding	23.83	178.01	--	--	-
Interest Paid	1.28	6.35	3.04	0.26	-
Overdraft					
Taken in the Year	764.26	964.01	177.42	--	-
Outstanding	--	406.65	--	--	-
Interest Paid	3.10	0.80	0.79	--	-
Number of Days State was in Overdraft	104	69	21	--	-

Undischarged liabilities

Fiscal liabilities—public debt and guarantees

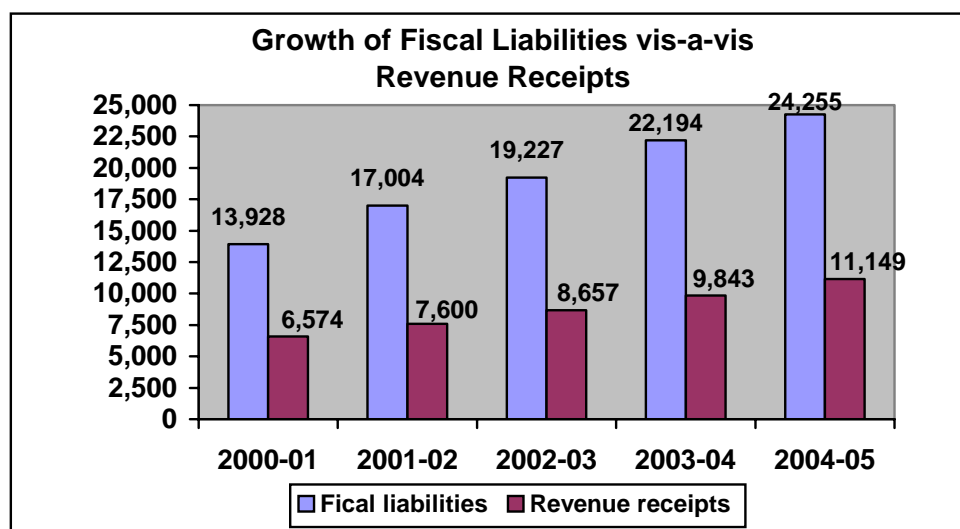
1.8.8 The Constitution of India provides that a State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an Act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4, read with Statements 16 and 17 of Finance Accounts, shows the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the over all fiscal liabilities of the State increased by 74 *per cent* from Rs 13,928 crore in 2000-01 to Rs 24,255 crore in 2004-05. These liabilities as ratio to GSDP increased from 25 *per cent* in 2000-01 to 30 *per cent* in 2004-05 and stood at 2.18 times of its revenue receipts and 2.43 times of its own resources comprised of its own tax and non-tax revenue. Table 21 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 21: Fiscal Imbalances–Basic Parameters (Rupees in crore and Ratios in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Fiscal Liabilities	13,928	17,004	19,227	22,194	24,255
Rate of Growth	13.71	22.09	13.07	15.43	9.29
Ratio of Fiscal Liabilities to					
GSDP	25.3	28.2	29.2	30.4	30.1
Revenue Receipts	211.9	223.7	222.1	225.5	217.6
Own Resources	242.2	256.2	261.3	258.9	242.9
Buoyancy of Fiscal Liabilities to					
GSDP	1.091	2.358	1.399	1.422	0.882
Revenue Receipts	0.980	1.415	0.940	0.538	0.70
Own Resources	0.673	1.432	1.203	0.936	0.563

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which as of 31 March 2005 stood at Rs 4,249 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities were 2.55 times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of GSDP.



Increasing liabilities had raised the issue of sustainability of the finances of the State Government. Fiscal liabilities are considered sustainable if the weighted interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 22.

Table 22: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Weighted Interest Rate	11.40	10.50	10.74	10.20	9.62
GSDP Growth	12.56	9.37	9.34	10.85	10.53
Interest spread	1.16	(-) 1.13	(-) 1.40	0.65	0.91

Another important indication of debt sustainability is the net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal debt over the last five years.

Table 23: Net Availability of Borrowed Funds (Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Internal Debt					
Receipts	1,563	2,459	3,400	5,864	4,178
Repayments (Principal + Interest)	895	1,252	1,935	2,820	2,687
Net Funds Available	668	1,207	1,465	3,044	1,491
Net Funds Available (<i>per cent</i>)	43	49	43	52	36
Loans and Advances from Government of India					
Receipts	319	339	249	421	296
Repayments (Principal + Interest)	856	913	947	2,684	2,163
Net Funds Available	(-) 537	(-) 574	(-) 698	(-)2,263	(-)1,867
Net Funds Available (<i>per cent</i>)	(-) 168	(-) 169	(-) 280	(-)538	(-)631
Total Public Debt					
Receipts	1,882	2,798	3,649	6,285	4,474
Repayments (Principal + Interest)	1,751	2,165	2,882	5,504	4,850
Net Funds Available	131	633	767	781	(-)376
Net Funds Available (<i>per cent</i>)	7	23	21	12	(-)8

The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayment declined from 23 *per cent* in 2001-02 to minus eight *per cent* in 2004-05 which shows that no funds were available for investment in capital expenditure.

The State Government raised market loans of Rs 1,039 crore during the year. The average rate of market borrowings during the year was 9.62 *per cent*. The State Government did not use the option of raising market borrowings at competitive rates through auctions. As on 31 March 2005, 34 *per cent* of the existing market loans of the State Government carried an interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 28 *per cent* of the total market loans are repayable within the next five years while remaining 72 *per cent* loans are required to be repaid within 5 to 10 years.

1.9 Management of deficits

Fiscal imbalances

1.9.1 The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence

of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health.

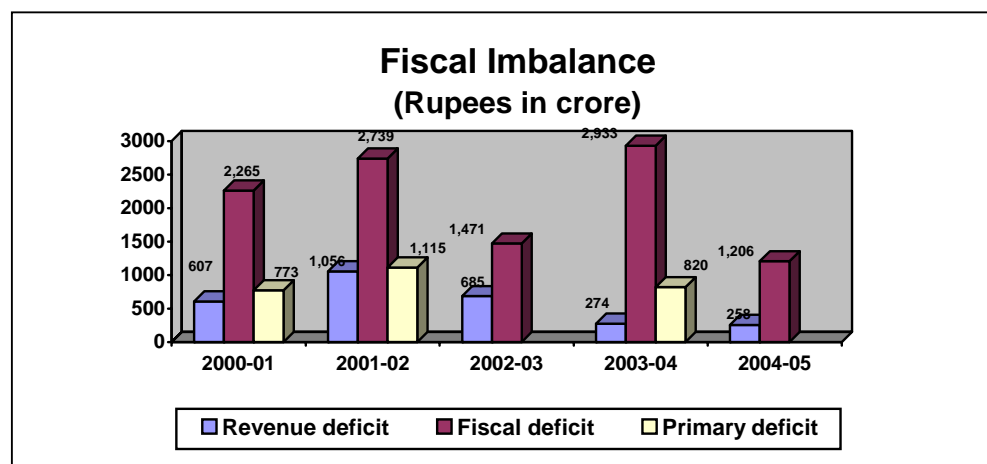
The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 607 crore in 2000-01 to Rs 258 crore in 2004-05. The fiscal deficit, which represents the total borrowings of the Government and its total resource gap also decreased from Rs 2,265 crore in 2000-01 to Rs 1,206 crore in 2004-05 as indicated in Table 24.

Table 24: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Deficit (RD)	607	1,056	685	274	258**
Fiscal Deficit (FD)	2,265	2,739	1,471	2,933	1,206
Primary Deficit (PD) (-)/ Surplus (+)	773	1,115	(-) 475*	820	(-) 1,029*
RD/GSDP	1.10	1.75	1.04	0.38	0.32
FD/GSDP	4.11	4.55	2.23	4.02	1.50
PD/GSDP	1.40	1.85	(-) 0.72*	1.12	(-) 1.28*
RD/FD	26.80	38.55	46.57	9.34	21.39

* Negative balance is because interest payments were more than fiscal deficit.

** Grants-in-aid made to local bodies amounting to Rs 175.96 crore was misclassified as capital expenditure instead of revenue expenditure as a result of which revenue deficit has been understated to that extent.



Persistent revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure because of poor tax administration as there were arrears of revenue to the tune of Rs 1,087 crore. The ratio of revenue deficit to fiscal deficit has increased from nine per cent in 2003-04 to 21 per cent in 2004-05. As proportion to GSDP, revenue deficit had decreased to 0.32 per cent in 2004-05 and fiscal deficit to 1.50 per cent.

1.10 Fiscal ratios

1.10.1 The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarised position of Government

Finances over 2000-05, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprise not only the tax and non-tax resources of the State but also transfers from Union Government. These ratios showed a continuous improvement during 2000-05 indicating mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate the quality of its expenditure and sustainability of these in relation to its resources mobilization. The ratio of revenue expenditure to total expenditure increased from 81 in 2000-01 to 91 in 2004-05 whereas development expenditure decreased from 61 in 2000-01 to 58 in 2004-05. The decline in development expenditure is indicative of State's inadequate ability to sustain the servicing of borrowings and inadequate expansion of development activities.

Table 25: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	2000-01	2001-02	2002-03	2003-04	2004-05
Resources Mobilisation					
Revenue Receipts/GSDP	11.94	12.62	13.15	13.49	13.82
Revenue Buoyancy	1.114	1.666	1.489	1.263	1.260
Own Tax/GSDP	7.83	8.26	8.43	8.69	9.22
Own-Tax Buoyancy	1.795	1.633	1.247	1.325	1.634
Expenditure Management					
Total Expenditure/GSDP	16.18	17.31	15.54	17.72	15.51
Revenue Receipts/ Total Expenditure	73.80	72.91	84.59	76.11	89.11
Revenue Expenditure/Total Expenditure	80.60	83.04	91.28	78.23	91.17
Capital Expenditure	16.22	14.07	4.26	2.98	7.17
Development Expenditure/Total Expenditure	61.34	62.89	56.01	46.56	57.99
Buoyancy of TE with RR	0.682	1.090	0.131	1.924	0.245
Buoyancy of RE with RR	0.235	1.316	0.570	0.606	0.961
Management of Fiscal Imbalances					
Revenue deficit (Rs in crore)	607	1,056	685	274	258**
Fiscal deficit (Rs in crore)	2,265	2,739	1,471	2,933	1,206
Primary Deficit (Rs in crore)	773	1,115	(-) 475*	820	(-) 1,029*
Revenue Deficit/Fiscal Deficit	26.80	38.55	46.57	9.34	21.39
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	25.3	28.2	29.2	30.4	30.1
Fiscal Liabilities/RR	211.9	223.7	222.1	225.5	217.6
Buoyancy of FL with RR	0.980	1.415	0.940	0.538	0.70
Buoyancy of FL with own resources	0.673	1.432	1.203	0.936	0.563
Interest Spread	1.16	1.13	1.40	0.65	0.91
Net Fund Available	7	23	21	12	8.00
Other Fiscal Health Indicators					
Return on Investment	1.81	0.40	1.73	4.11	2.35
BCR (Rs in crore)	6	213	70	326	786
Financial Assets/Liabilities	0.69	0.68	0.67	0.71	0.72

* Negative balance is because interest payments were more than fiscal deficit.

** Grants-in-aid made to local bodies amounting to Rs 175.96 crore was misclassified as capital expenditure instead of revenue expenditure as a result of which revenue deficit has been under stated to that extent.

The revenue deficit reduced by six *per cent* on account of increase in the revenue collection by 13 *per cent*, though misclassification of grants-in-aid to local bodies (Rs 175.96 crore) under capital head of account also contributed to this decline. The revenue deficit could have been further contained had the State Government been able to collect the arrears of revenue (Rs 1,087 crore) and reduce the revenue expenditure which registered a growth of 13 *per cent* during the year. The borrowings increased by Rs 2,061 crore. However, no portion of this could be utilised for capital formation and infrastructural development as the entire amount was applied to servicing and repayment of past borrowings. Interest liability is bound to increase further with increasing borrowing year after year and may reduce the availability of funds for infrastructure development.

STATEMENT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
HARYANA

(Rupees in crore)

As on 31 March 2004	Liabilities		As on 31 March 2005
12,191.45		Internal Debt	15,063.28
	3,825.04	Market Loans bearing interest	4,754.85
	3.63	Market Loans not bearing interest	2.71
	31.81	Loans from LIC	28.60
	8,330.97	Loans from other Institutions, etc.	10,277.12
3,695.51		Loans and Advances from Central Government	2,283.90
	90.33	Pre 1984-85 Loans	70.43
	790.42	Non-plan Loans	246.77
	2,769.14	Loans for State Plan Schemes	1,920.78
	24.83	Loans for Central Plan Schemes	22.93
	20.79	Loans for Centrally Sponsored Plan Schemes	22.99
10.00		Contingency Fund	10.00
4,953.95		Small Savings, Provident Funds, etc.	5,238.16
1,041.60		Deposits	1,284.62
559.11		Reserve Funds	686.10
100.47		Suspense and Miscellaneous Balances	403.17
22,552.09			24,969.23
As on 31 March 2004	Assets		As on 31 March 2005
11,334.02		Gross Capital Outlay	12,230.95
	1,689.51	Investments in shares of Companies, Corporations, etc.	1,861.34
	9,644.51	Other Capital Outlay	10,369.61
3,903.33		Loans and Advances	3,954.29
	2,391.24	Loans for Power Projects	2,406.08
	1,300.19	Other Development Loans	1,303.94
	211.90	Loans to Government Servants, etc.	244.27
0.69		Advances	0.83
8.00		Remittance Balances	22.57
684.36		Cash	1,880.86
-	0.01	Cash in Treasuries and Local Remittances	0.46
	7.69	Departmental Balances	6.95
	0.09	Permanent Cash Imprest	0.09
	890.44	Cash Balance Investment and other Reserve Fund Investment	1,912.52
	(-)213.87	Deposits with Reserve Bank	(-)39.16
6,621.69		Deficit on Government Accounts	6,879.73
	273.71	(i) Revenue Deficit of the Current Year	258.04
	6,343.86	(ii) Accumulated deficit up to preceding year	6,621.69
	4.12	(iii) Miscellaneous Government Account	-
22,552.09		Total	24,969.23

STATEMENT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE
YEAR 2004-05

(Rupees in crore)

Receipts			Disbursements					
2003-04			2004-05	2003-04		Non-Plan	Plan	2004-05
	Section A : Revenue				I. Revenue Expenditure		Total	
9,843.48	I. Revenue Receipts		11,149.06	10,117.19		9,954.39	1,452.71	11,407.10
6,348.05	Tax Revenue	7,440.27		4,367.72	General Services	4,863.83	34.27	4,898.10
2,223.06	Non-Tax Revenue	2,544.37		2,995.71	Social Services	2,375.36	842.85	3,218.21
600.75	State's share of Union Taxes and Duties	619.26		1,535.87	Education, Sports, Art and Culture	1,467.50	207.54	1,675.04
117.15	Non-Plan Grants	84.23		350.42	Health and Family Welfare	269.72	111.01	380.73
337.71	Grants for State Plan Schemes	200.81		420.94	Water Supply, Sanitation, Housing and Urban Development	334.34	50.63	384.97
216.76	Grants for Central Plan and Centrally Sponsored Plan Schemes	260.12		15.54	Information and Broadcasting	15.39	2.09	17.48
				45.44	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	22.16	26.95	49.11
				59.37	Labour and Labour Welfare	63.88	9.16	73.04
				564.24	Social Welfare and Nutrition	198.85	435.47	634.32
				3.89	Others	3.52	--	3.52
				2,706.05	Economic Services	2,623.49	575.59	3,199.08
				422.75	Agriculture and allied activities	330.68	132.66	463.34
				139.24	Rural Development	71.84	92.41	164.25
				416.82	Irrigation and Flood Control	310.33	135.35	445.68
				982.59	Energy	1,105.10	100.70	1,205.80
				24.87	Industry and Minerals	15.81	27.17	42.98
				683.29	Transport	774.12	66.31	840.43
				7.18	Science, Technology and Environment	0.50	5.45	5.95
				29.31	General Economic Services	15.11	15.54	30.65
				47.71	Grants-in-aid and Contributions	91.71	-	91.71
273.71	II. Revenue Deficit carried over to Section B	258.04	258.04					
10,117.19	Total Section A		11,407.10	10,117.19		9,954.39	1,452.71	11,407.10
33.48	Section B - Others				II. Capital Outlay	(-) 244.97	1,141.89	896.92
	III. Opening Cash Balance including Permanent Advances and Cash Balance investment		684.36	385.65	General Services	-	58.13	58.13
				66.46	Social Services	-	286.95	286.95
				293.67	Education, Sports, Art and Culture	-	6.10	6.10
				4.81	Health and Family Welfare	-	11.40	11.40
				9.00	Water Supply, Sanitation, Housing and Urban Development	-	258.68	258.68
				269.85	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	0.75	0.75
				0.70	Social Welfare and Nutrition	-	7.43	7.43
				7.39	Others	-	2.59	2.59
				1.92	Economic Services	(-)244.97	796.81	551.84
				25.52	Agriculture and allied activities	(-)245.48	1.40	(-) 244.08
				(-) 674.99	Irrigation and Flood Control	-	262.54	262.54
				224.16	Energy	-	233.35	233.35
				162.63	Industry and Minerals	-	2.23	2.23
				0.01	Transport	0.51	291.78	292.29
				310.21	General Economic Services	-	5.50	5.50
				3.50				

Receipts				Disbursements			
2003-04			2004-05	2003-04			2004-05
155.58	IV. Recoveries of Loans and Advances		157.10	2,429.32	III. Loans and Advances Disbursed		208.06
23.26	From Power Projects	7.59		2,114.35	For Power Projects	22.43	
64.26	From Government Servants	68.73		91.05	To Government Servants	101.10	
68.06	From others	80.78		223.92	To others	84.53	
				273.71	IV. Revenue Deficit brought down		258.04
6,284.76	V. Public Debt Receipts		4,474.49	3,789.52	V. Repayment of Public Debt		3,014.27
5,864.17	Internal Debt other than Ways and Means Advances and Overdraft	4,178.37		1,732.70	Internal Debt other than Ways and Means Advances and Overdraft	1,306.54	
-	Net transaction under Ways and Means Advances and Overdraft			-	Net transaction under Ways and Means Advances and Overdraft		
420.59	Loans and Advances from Central Government	296.12		2,056.82	Repayment of Loans and Advances to Central Government	1,707.73	
7,662.06	VI. Public Accounts Receipts		5,973.44	6,573.32	VI. Public Account Disbursements		5,031.24
999.82	Small Savings, Provident Fund, etc.	1,040.22		707.78	Small Savings, Provident Fund, etc.	756.01	
176.97	Reserve Funds	196.04		54.16	Reserve Funds	69.05	
4,457.59	Deposits and Advances	2,277.84		4,242.67	Deposits and Advances	2,034.97	
193.76	Suspense and Miscellaneous	628.60		(-) 265.83	Suspense and Miscellaneous	325.90	
1,833.92	Remittances	1,830.74		1,834.54	Remittances	1,845.31	
				684.36	VII. Cash Balance at end		1,880.86
				0.01	Cash in Treasuries and Local Remittances	0.46	
				(-) 213.87	Deposits with Reserve Bank	(-) 39.16	
				7.78	Departmental Cash Balance including Permanent Advances, etc.	7.04	
				890.44	Cash Balance Investment	1,912.52	
14,135.88	Total - Section B		11,289.39	14,135.88	Total		11,289.39

**STATEMENT-III
SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2003-04	Sources	2004-05
9,843.48	Revenue Receipts	11,149.06
155.58	Recoveries of Loans and Advances	157.10
2,495.24	Increase in Public debt	1,460.22
1,088.74	Net Receipts from Public Account -	942.20
	292.04 Increase in Small Savings, Provident Funds, etc.	284.21
	214.92 Increase in Deposits and Advances	242.87
	122.81 Increase in Reserve funds	126.99
	459.59 Net effect of Suspense and Miscellaneous transactions	302.70
	(-) 0.62 Net effect of Remittance transactions	(-)14.57
	Decrease in cash balance	
13,583.04	Total	13,708.58
2003-04	Application	2004-05
10,117.19	Revenue expenditure	11,407.10
2,429.32	Lending for development and other purposes	208.06
385.65	Capital expenditure	896.92
650.88	Increase in cash balance	1,196.50
13,583.04	Total	13,708.58

Explanatory Notes for Statements I, II and III:

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government accounts, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
4. There was a difference of Rs 8.99 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (July 2005).

STATEMENT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
Part A. Receipts					
1. Revenue Receipts	6,574	7,600	8,657	9,843	11,149
(i) Tax Revenue	4,311 (66)	4,971 (65)	5,550 (64)	6,348 (64)	7,440(67)
Taxes on Sales, Trade, etc.	2,573 (60)	2,945 (59)	3,337 (60)	3,838 (61)	4,761(64)
State Excise	841 (20)	875 (18)	879 (16)	923 (15)	1,013(14)
Taxes on Vehicles	86 (2)	104 (2)	114 (2)	132 (2)	140(2)
Stamps duty and Registration fees	419 (10)	488 (10)	541 (10)	696(11)	727(10)
Land Revenue	12	19	10	20	12
Taxes on goods and passengers	367 (8)	499 (10)	653 (12)	660 (10)	705(9)
Taxes and duties on Electricity	1 (-)	29 (1)	1	59 (1)	62(1)
Other Taxes	12 (-)	12	15	20	20
(ii) Non-Tax Revenue	1,439 (22)	1,666 (22)	1,808 (21)	2,223 (23)	2,545(23)
(iii) State's share in Union taxes and duties	346 (5)	450(6)	756 (9)	601 (6)	619(5)
(iv) Grants-in-aid from Government of India	478 (7)	513 (7)	543 (6)	671 (7)	545(5)
2. Misc. Capital Receipts	--	--	-	-	-
3. Total Revenue and Non debt capital receipt (1+2)	6,574	7,600	8,657	9,843	11,149
4. Recoveries of Loans and Advances	69	85	106	156	157
5. Public Debt Receipts	1,882	3,359	3,649	6,285	4,475
Internal Debt (excluding Ways & Means Advances and Overdrafts)	1,563 (83)	2,459(73)	3,400 (93)	5,864 (93)	4,178(93)
Net transactions under Ways and Means Advances and Overdraft	--	561 (17)	-	-	-
Loans and Advances from Government of India ⁴	319 (17)	339 (10)	249 (7)	421 (7)	296(7)
6. Total Receipts in the Consolidated Fund (3+4+5)	8,525	11,044	12,412	16,284	15,781
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts receipts	4,478	4,914	4,921	7,662	5,973
9. Total receipts of the State (6+7+8)	13,003	15,958	17,303	23,946	21,754
Part B. Expenditure					
10. Revenue Expenditure	7,181	8,656	9,342	10,117	11,407
Plan	992 (14)	1,197 (14)	1,049 (11)	1,124 (11)	1,453(13)
Non-plan	6,189 (86)	7,459 (86)	8,293 (89)	8,993 (89)	9,954(87)
General Services (including Interests payments)	3,117 (43)	3,486 (40)	3,995 (43)	4,368 (43)	4,898(43)
Economic Services	1,543 (22)	2,415 (28)	2,532 (27)	2,706(27)	3,199(28)
Social Services	2,506 (35)	2,725 (32)	2,809 (30)	2,995 (30)	3,218(28)
Grants-in-aid and contributions	15	30	6	48	92(1)
11. Capital Expenditure	1,445	1,467	436	386	897
Plan	914 (63)	902 (61)	846 (194)	1,054 (273)	1,142(127)
Non-plan	531 (37)	565 (39)	(-410 (-94)	(-) 668 (-173)	(-) 245 (-27)
General Services	30 (2)	51 (3)	45 (10)	66 (17)	58(6)
Economic Services	1,272 (88)	1,225 (84)	176 (41)	26 (7)	552(62)
Social Services	143 (10)	191 (13)	215 (49)	294 (76)	287(32)
12. Disbursement of Loans and Advances	282	301	456	2429	208
13. Total (10+11+12)	8,908	10,424	10,234	12,932	12,512
14. Repayments of Public Debt	757	961	1,932	3,790	3,014
Internal Debt (excluding Ways and Means Advances and Overdrafts)	479 (63)	737(77)	1,096 (57)	1,733 (46)	1,307(43)
Net transactions under Ways and Means Advances and Overdraft	86 (11)	-	585 (30)	-	--
Loans and Advances from Government of India	192 (26)	224 (23)	251 (13)	2,057 (54)	1,707(57)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	9,665	11,385	12,166	16,722	15,526
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	3,480	4,243	5,289	6,573	5,031
19. Total disbursement by the State (16+17+18)	13,145	15,628	17,425	23,295	20,557
Part C. Deficits					
20. Revenue Deficit (1-10)	(-)607	(-)1,056	(-)685	(-) 274	(-) 258
21. Fiscal Deficit (3+4-13)	(-)2,265	(-)2,739	(-)1,471	(-) 2,933	(-) 1,206
22. Primary Deficit (-)/surplus (+) (21-23)	(-)773	(-)1,115	(+)475	(-) 820	7,029
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1,492	1,624	1,946	2,113	2,235
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	396 (7)	516(8)	577(8)	851 (6)	1,087(11)
25. Financial Assistance to local bodies etc.	512	668	608	727	518
26. Ways and Means Advances (WMA)/Overdraft availed (days)	281	299	71	27	-
27. Interest on WMA/Overdraft	4.38	7.15	3.83	0.26	-
28. Gross State Domestic Product (GSDP) ⁵	55,055	60,212	65,837	72,980	80,665
29. Outstanding Debt (year end)	13,928	17,004	19,227	22,194	24,255
30. Outstanding guarantees including interest (year end)	8,209	8,606	7,690	5,907	4,249
31. Maximum amount guaranteed (year end)	12,025	12,222	12,461	9,457	6,742
32. Number of incomplete projects	6	3	6	5	25
33. Capital blocked in incomplete projects	8.82	2.50	9.50	35.25	105.75

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

⁴ Includes Ways and Means Advances from GOI.

⁵ GSDP for 2004-05 has been worked out by taking the average growth rate of 10.53 per cent on the basis of growth during 2000-01 to 2003-04.

