

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Introduction

1.1 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 Accounts of the State Government. The lay out of the Finance Accounts is depicted in the 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 2002-03.

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 2003.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2002-03 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between the 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 accounts of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure by major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2002-03.

Statement No. 14 shows the details of investment of the State Government in statutory corporations, government companies, other joint stock companies, cooperative banks and societies, etc. up to the end of 2002-03.

Statement No. 15 depicts the capital and other expenditure to the end of 2002-03 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 2003 and the amount of interest received during the year.

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

Trend of finances with reference to previous year

1.2 Finances of State Government during the current year compared to previous year was as under:

(Rupees in Crore)

2001-02	Sl. No	Major Aggregates	2002-03
7,600	1	Revenue Receipts (2+3+4)	8,657
4,971	2	Tax Revenue	5,550
1,666	3	Non-Tax Revenue	1,808
963	4	Other Receipts	1,299
85	5	Non-Debt Capital Receipts	106
85	6	Of which Recovery of Loans	106
7,685	7	Total Receipts (1+5)	8,763
8,160	8	Non-Plan Expenditure (9+11+12)	8,171
7,459	9	On Revenue Account	8,293
1,624	10	Of which, Interest Payments	1,946
565	11	On Capital Account	(-) 410
136	12	Of which Loans disbursed	288
2,264	13	Plan Expenditure (14+15+16)	2,063
1,197	14	On Revenue Account	1,049
902	15	On Capital Account	846
165	16	Of which Loans disbursed	168
10,424	17	Total Expenditure (8+13)	10,234
2,739	18	Fiscal Deficit (17-7)	1,471
1,056	19	Revenue Deficit (9+14-1)	685
1,115	20	Primary Deficit (+)/Surplus(-) (18-10)	(-)475

Summary of receipts and disbursements

1.3 Table 1 summarises the finances of the State Government of Haryana for the year 2002-03 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 Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-03 (Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
Section-A: Revenue							
					Non-Plan	Plan	Total
7,600.55	I. Revenue receipts	8,657.02	8,656.50	I. Revenue expenditure	8,292.97	1,049.16	9,342.13
4,971.19	Tax revenue	5,549.68	3,486.19	General Services	3,962.08	33.24	3,995.32
1,666.07	Non-tax revenue	1,807.85	2,724.79	Social Services	2,183.36	625.34	2,808.70
450.25	Share of Union Taxes/Duties	756.59	2,414.82	Economic Services	2,141.90	390.58	2,532.48
513.04	Grants from Government of India	542.90	30.70	Grants-in-aid / Contributions	5.63	-	5.63
Section-B: Capital							
-	II. Misc. Capital Receipts	-	1,467.12	II. Capital Outlay	(-) 410.48	846.28	435.80
84.71	III. Recoveries of Loans and Advances	106.30	301.18	III. Loans and Advances disbursed	287.96	168.47	456.43
3,358.85	IV. Public Debt receipts*	3,648.93	960.66	IV. Repayment of Public Debt	1932.28[#]	-	1,932.28
4,913.65	V. Public account receipts	4,920.81	4,242.88	V. Public account disbursements	5288.81[#]	-	5,288.81
(-) 173.55	Opening Balance	155.87	155.87	Closing Balance			33.48
15,784.21	Total	17,488.93	15,784.21	Total	15,391.54	2,063.91	17,488.93

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

* Includes net ways and means advances and over draft also.

Bifurcation of plan and non- plan not available.

Audit methodology

1.4 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 2002-03 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 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 mobilization 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

Resources by volumes and sources

1.5.1 Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists 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 like proceeds from disinvestments, 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 Public Account.

Table 2 shows that the total receipts of the State Government for the year 2002-03 was Rs 17,333 crore. Of which, the revenue receipts of the State Government was Rs 8,657 crore only, constituting 50 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		8,657
II. Capital Receipts		3,755
<i>a</i>	<i>Miscellaneous Receipts</i>	-
<i>b</i>	<i>Recovery of Loans and Advances</i>	106
<i>c</i>	<i>Public Debt Receipts</i>	3,649
III. Public Account Receipts		4,921
<i>a</i>	<i>Small Savings, Provident Funds, etc.</i>	1,000.85
<i>b</i>	<i>Reserve Funds</i>	135.09
<i>c</i>	<i>Deposits and Advances</i>	2,141.42
<i>d</i>	<i>Suspense and Miscellaneous</i>	(-)123.82
<i>e</i>	<i>Remittances</i>	1,767.27
Total Receipts		17,333

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, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy is indicated in Table 3.

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

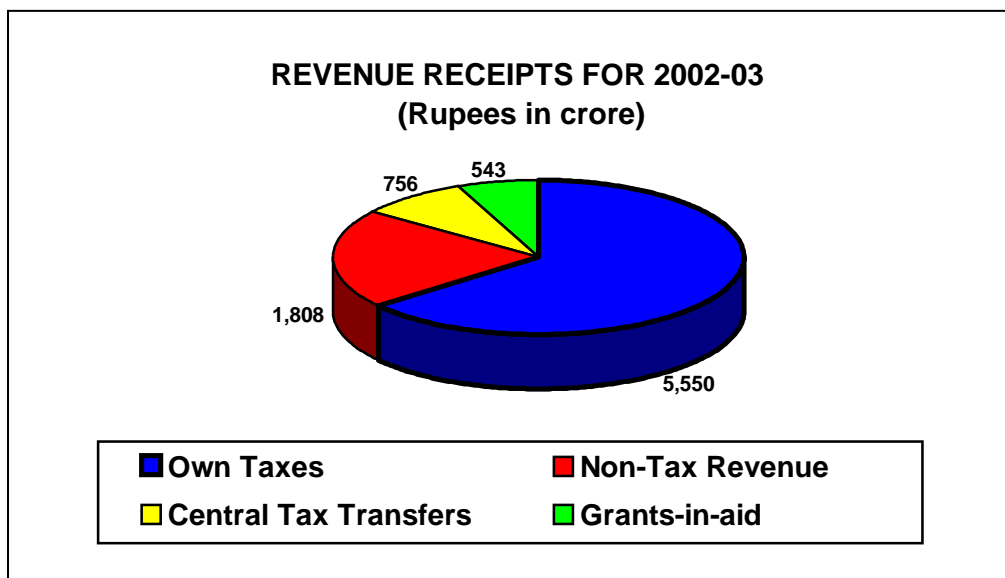
	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Receipts	5,479	5,767	6,574	7,600	8,657
Own taxes	56.94	61.00	65.58	65.41	64.12
Non-Tax Revenue	27.71	21.83	21.89	21.92	20.88
Central Tax Transfers	8.76	9.10	5.26	5.92	8.73
Grants-in-aid	6.59	8.07	7.27	6.75	6.27
Rate of Growth	(-) 7.10*	5.26	13.99	15.61	13.91
Revenue Receipts/GSDP	12.55	11.80	12.03	12.72	12.99
Revenue Buoyancy	**	0.439	1.182	1.675	1.209
GSDP Growth	12.93	11.97	11.84	9.32	11.50

* Rate of growth of Revenue Receipts was negative.

** Average trend rate of growth.

Revenue receipts of the State increased from Rs 5,479 crore in 1998-99 to Rs 8,657 crore in 2002-03 at an average trend rate of 9.05 *per cent per annum*. There were, however, significant inter year variations in the growth rates with steady growth of around 14-15 *per cent* during last three years. The increase in the tax revenue during the year over 2001-02 was mainly on Sales Tax (Rs 392 crore), Taxes and Duties on commodities and services (Rs 190 crore), Taxes on goods and passengers (Rs 154 crore) and Stamps and Registration fees (Rs 53 crore).

While on an average around 85 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 15 *per cent* of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 60 *per cent* of the tax revenue followed by State Excise (16 *per cent*), taxes on goods and passengers, etc. (12 *per cent*). Of non-tax revenue sources, Road Transport (25 *per cent*), State Lotteries (24 *per cent*) and interest receipts (18 *per cent*) were principle contributors. The high receipts under State Lotteries (Rs 406.53 crore) during the year were, however, neutralised by equally high expenditure of Rs 433.45 crore on State Lotteries. Similarly, the receipts of Rs 451.83 crore under Transport during the year were neutralised by equally high expenditure of Rs 501.61 crore under the Transport as Haryana does not have a Road Transport Corporation and the State buses are run under the Department of Transport directly. Further, a large chunk of interest receipts (Rs 317 crore) was notional in nature as these are from their own irrigation works, civil supplies expenditure, road transport and multi purpose river scheme.



Besides, the arrears of revenue increased by 88 *per cent* from Rs 307 crore in 1998-99 to Rs 577 crore at the end of 2002-03. Of these, Rs 199.47 crore were outstanding for a period of more than five years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs 440.49 crore), Taxes and duties on electricity (Rs 58.87 crore), Taxes on goods and passengers (Rs 29.33 crore) and State Excise (Rs.28.48 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

The source of revenue receipts under different heads and GSDP during 1998-2003 is 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		
1998-99	5,479	554	1,556	3,540	11,129	43,646
1999-2000	5,767	223	2,038	3,789	11,827	48,872
2000-01	6,574	69	1,882	4,478	13,003	54,660
2001-02	7,600	85	3,359	4,914	15,958	59,754
2002-03	8,657	106	3,649	4,921	17,333	66,626

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 headwise. The total expenditure of the State increased from Rs 8,273 crore in 1998-99 to Rs 10,234 crore in 2002-03 at an average trend rate of 6.81 *per cent per*

annum. The rate of growth of total expenditure was lower than the rate of growth of revenue receipts during this period. There was sharp inter year variations in the revenue expenditure.

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

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

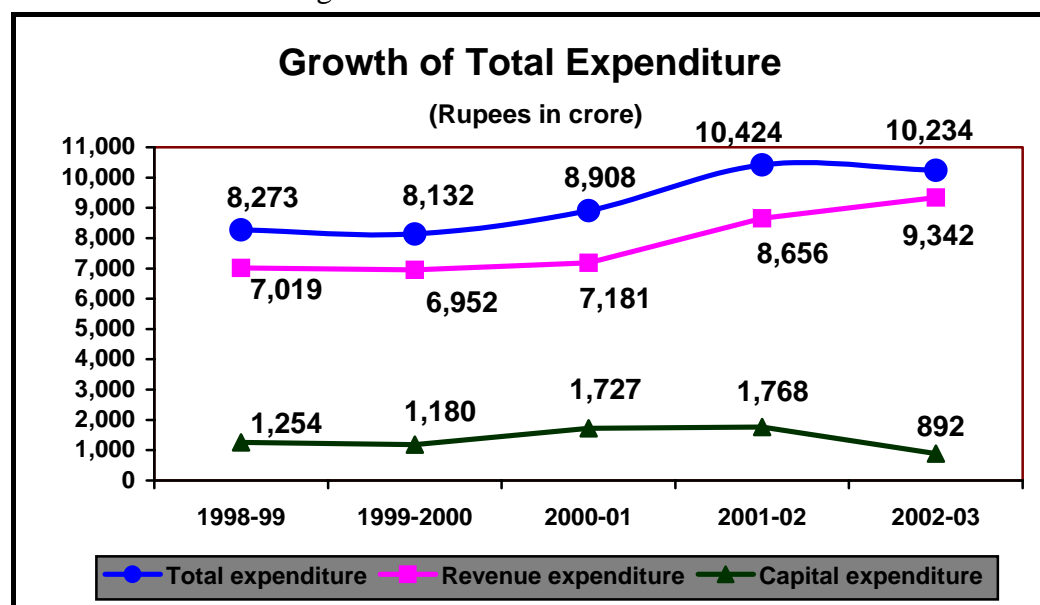
	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total Expenditure (TE)	8,273	8,132	8,908	10,424	10,234	9,194
Rate of Growth	9.62	(-) 1.70	9.54	17.02	(-) 1.82	6.81**
TE/GSDP	18.95	16.64	16.30	17.44	15.36	16.80
Revenue Receipts/TE	66.23	70.92	73.80	72.91	84.59	73.69
Buoyancy of Total Expenditure with						
GSDP	0.744	\$	0.806	1.826	\$	0.598
Revenue Receipts	*	\$	0.682	1.090	\$	0.753

* Rate of growth of revenue receipts was negative in 1998-99.

** Average trend rate of growth.

\$ Rate of growth of expenditure was negative during 1999-2000 and 2002-03.

The decline in expenditure in the current year was primarily due to significant collection of receipts and recoveries of Rs 411 crore under capital outlay on food storage and warehousing. There was upward trend in the ratio of revenue receipts to total expenditure from 66.23 per cent in 1998-99 to 84.59 per cent in 2002-03, indicating that approximately 85 per cent of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.

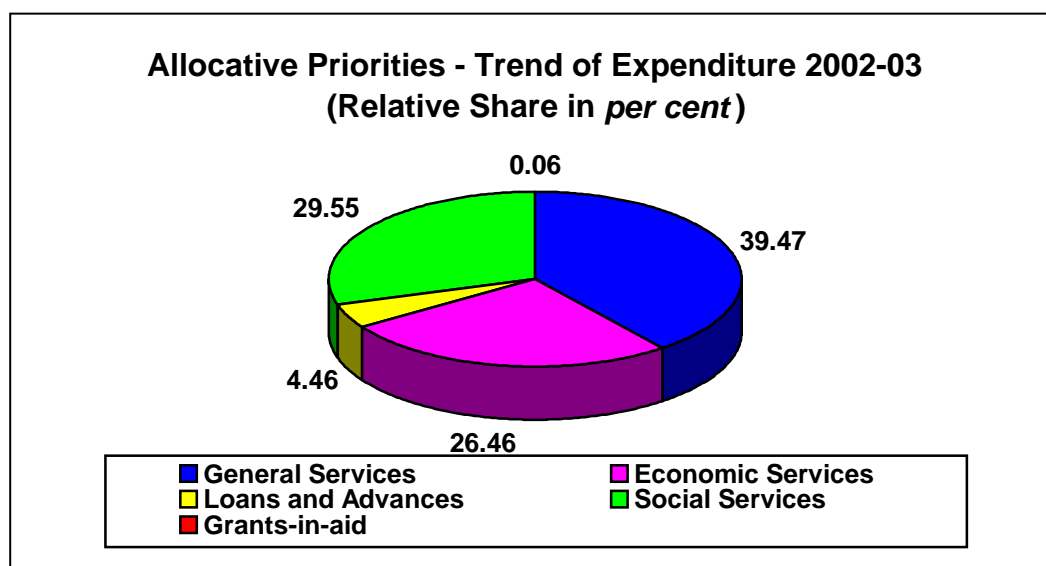


In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
General Services	33.92	36.03	35.33	33.93	39.47	35.74
Social Services	27.01	29.79	29.74	27.97	29.55	28.81
Economic Services	36.31	30.66	31.60	34.92	26.46	31.99
Grants-in-aid	-	-	0.16	0.29	0.06	0.10
Loans and advances	2.76	3.52	3.17	2.89	4.46	3.36

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined from 36.31 per cent in 1998-99 to 26.46 per cent in 2002-03, the relative share of general services and social services increased from 33.92 and 27.01 per cent in 1998-99 to 39.47 and 29.55 per cent respectively in 2002-03.



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 State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 7.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure (RE)	7,019	6,952	7,181	8,656	9,342	7,830
Rate of Growth	6.08	(-) 0.95	3.29	20.54	7.93	7.05*
RE/ GSDP	16.08	14.22	13.14	14.49	14.02	14.31
RE as per cent of TE	84.84	85.49	80.61	83.04	91.28	85.16
RE as per cent to Revenue Receipts	128.11	120.55	109.23	113.89	107.91	114.89
Buoyancy of Revenue Expenditure with						
GSDP	0.470	**	0.278	2.204	0.689	0.619
Revenue Receipts	**	**	0.235	1.316	0.570	0.780

* Average trend rate of growth.

** Rate of growth of revenue expenditure was negative in 1999-2000 and revenue receipts had a negative growth in 1998-99 and 1999-2000.

Revenue expenditure of the State increased from Rs 7,019 crore in 1998-99 to Rs 9,342 crore in 2002-03 at an average trend rate of 7.05 per cent per annum. The increase in the revenue expenditure during the year was mainly due to more expenditure on interest payment (Rs 322 crore), pension and other retirement benefits (Rs 89 crore), transmission and distribution of power (Rs 59 crore), water supply and sanitation (Rs 46 crore) and direction and administration in Public Works (Rs 42 crore) in comparison to previous year.

Revenue expenditure accounted for 91 per cent of total funds available during 2002-03. This was higher than the share of revenue receipts (85 per cent in total receipts) of the State Government, which has led to revenue deficit. Though the ratio of revenue expenditure to revenue receipts declined from 128.11 per cent in 1998-99 to 107.91 per cent in 2002-03, yet dependence of the State on borrowings, for meeting its current expenditure continues primarily due to the fact that salaries (Rs 3,008 crore), Interest payments (Rs 1,946 crore), and Pensions (Rs 746 crore) alone consumed 66 per cent of total revenue receipts of the State during the year.

High salary expenditure

1.6.3 Salaries alone accounted for nearly 35 per cent of the revenue receipts of the State. The expenditure on salaries increased from Rs 2,703 crore in 1998-99 to Rs 3,008 crore in 2002-03 as indicated in the Table 8 below:

Table 8**(Rupees in crore)**

Heads	1998-99	1999-2000	2000-01	2001-02	2002-03
Salary expenditure	2,703.33	2,686.98	2,700.18	3,032.18	3,008.46
As percentage of GSDP	6.19	5.50	4.94	5.07	4.52
As percentage of Revenue Receipts	49.34	46.59	41.07	39.90	34.75

Huge expenditure on pension payments

1.6.4 Pension payments have increased by 40.55 per cent from Rs 530.71 crore in 1998-99 to Rs 745.91 crore in 2002-03. Year-wise break-up of

expenditure incurred on pension payments during the years 1998-99 to 2002-03 was as under:

Table 9

Year	Expenditure	Percentage to total revenue
	Rupees in crore	
1998-99	530.71	8
1999-2000	587.36	8
2000-01	570.84	8
2001-02	657.05	8
2002-03	745.91	8

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has 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.

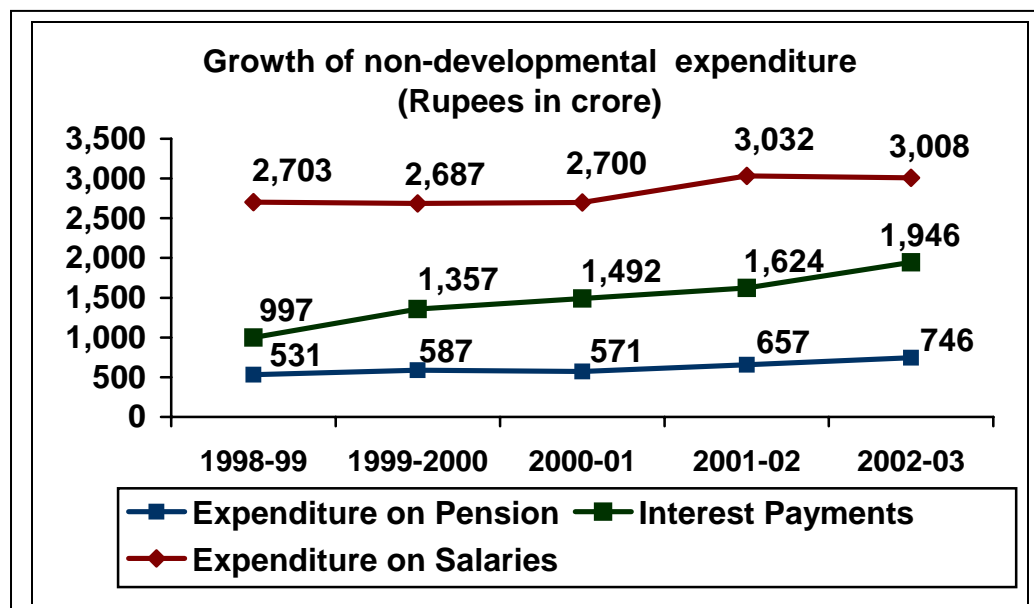
Interest payments

1.6.5 The Eleventh Finance commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts ranged between 21 and 24 during the last four years. If we exclude the receipts from State lotteries, Road transport and notional interest receipts from the revenue receipts as there are equally high level of corresponding entries in the revenue expenditure side, interest payments as percentage of revenue receipts would rise upto 26 *per cent*.

Table 10

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1998-99	997	18	14
1999-2000	1,357	24	20
2000-01	1,492	23	21
2001-02	1,624	21	19
2002-03	1,946	22	21

In absolute terms, interest payments increased steadily by 95 *per cent* from Rs 997 crore in 1998-99 to Rs 1,946 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. The increase in interest payments was mainly due to increased interest on Internal Debt (Rs.635 crore), loans received from Central Government (Rs.168.44 crore) and Small Savings, Provident Funds, etc. (Rs. 139.71 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.



Subsidies by the Government

1.6.6 Though the finances of the State are under strain, 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 under:

Table 11

		(Rupees in crore)				
Sr. No.	Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Haryana Vidyut Prasaran Nigam Limited	846.40	412.00	138.33	763.54	829.10
2.	Haryana State Minor Irrigation (Tube wells) Corporation	35.95	42.80	69.51	85.15	39.31
3.	Others	8.66	14.31	18.15	11.04	15.11
	Total	891.01	469.11	225.89	859.73	883.52
1.	Percentage Increases (+)/ Decreases (-) over previous years	26	(-) 47	(-) 52	281	03
2.	Percentage of subsidy with total expenditure*	11	6	3	9	9

* Total expenditure excludes Loans and Advances

During the current year, subsidies constituted nine *per cent* of the total expenditure out of which 94 *per cent* was paid to Haryana Vidyut Prasaran Nigam Limited only.

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 Statement

12 of Finance Accounts reflect 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*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	20.32	22.78	22.10	20.73	19.38	20.99
Capital Expenditure	12.75	11.39	16.75	14.49	4.46	11.86
Developmental Expenditure	65.11	62.34	63.34	64.76	58.62	62.90

* Total expenditure exclude expenditure on loans and advances.

All the three components of expenditure show a relative decline during 1998-2003. Plan expenditure declined from 20.32 per cent of total expenditure in 1998-99 to 19.38 per cent in 2002-03. The sharp decline of capital expenditure from 14.49 per cent in 2001-02 to 4.46 per cent in 2002-03 was mainly due to excess receipts and recoveries of Rs 411 crore under capital outlay of food storage and warehousing in this year.

Out of the developmental expenditure (Rs 5,732 crore), social services (Rs 3,023 crore) accounted for 53 per cent of the developmental expenditure during the year. General Education, Health and Family Welfare and Water and Sanitation consumed nearly four-fifths (81 per cent) of the expenditure on social sector.

Table 13: Social Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	1,244 (2.85)*	1,265 (2.59)	1,335 (2.44)	1,480 (2.48)	1,455 (2.18)
Medical and Public Health	308 (0.71)	294 (0.60)	298 (0.55)	322 (0.54)	442 (0.66)
Water Supply and Sanitation	339 (0.78)	424 (0.87)	423 (0.77)	488 (0.82)	562 (0.84)
Total	1,891	1,983	2,056	2,290	2,459

* GSDP in brackets.

Similarly, the expenditure on Economic Services (Rs 2,708 crore) accounted for 47 per cent of the developmental expenditure. Of which, Power (Rs 984 crore), Irrigation and Flood Control (Rs 703 crore) and Transport (Rs 808 crore) accounted for 92 per cent of the expenditure on Economic sector.

Table 14: Economic Sector Expenditure

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Power	1,172.89	763.57	405.64	829.54	984.48
Irrigation and flood control	601.97	621.61	647.91	779.44	702.78
Transport	598.58	607.51	649.24	877.67	808.44
Total	2,373.44	1,992.69	1,702.79	2,486.65	2,495.70

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/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, etc. during the period of five years ending 2002-03 was as follows:

Table 15

(Rupees in crore)						
Sr. No.	Bodies/authorities, etc.	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	102.12	130.43	167.48	215.59	190.14
2.	Municipal Corporations and Municipalities	103.76	103.55	116.26	144.03	158.95
3.	<i>Zila Parishads and Panchayati Raj</i> Institutions	2.67	4.97	9.78	35.77	5.02
4.	Development Agencies	87.27	91.76	119.06	128.32	116.82
5.	Hospitals and other Charitable Institutions	8.39	19.29	12.10	16.04	16.26
6.	Other Institutions (including statutory bodies)	76.55	61.42	87.49	128.71	120.61
	Total	380.76	411.42	512.17	668.46	607.80
	Percentage increase(+)/ decrease (-) over previous year	21	8	24	31	(-) 9
	Assistance as a percentage of revenue receipts	7	7	8	9	7
	Percentage of assistance to revenue expenditure	5	6	7	8	7

Delay in furnishing utilisation certificates

1.7.3 The financial rules of Government 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 3,062 utilisation certificates due in respect of grants-in-aid of Rs 1,155.63 crore paid during 1991-92 to 2001-02, only 794 utilisation certificates for Rs 556.48 crore were furnished to AG by 30 June 2003 and 2,268 certificates for Rs 599.15 crore were in arrears. Department-wise and age-wise break is given in **Appendix II**.

Delay in submission of accounts by Autonomous Bodies

1.7.4 The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2003 is given in ***Appendix III***.

Audit arrangements

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

The accounts of eighty-eight bodies/authorities, which were received for the year 2001-02, attracted audit by Comptroller and Auditor General of India. Of these, 68 bodies/authorities, audit of which was due, were audited during 2002-03.

Two hundred and forty eight annual accounts of 93 bodies/authorities for 2002-03 and earlier years had not been received as of July 2003 by the Accountant General (Audit). The details are given in ***Appendix IV***. Of these bodies/authorities, 12¹ Municipal Committees and one² Aided College did not submit their accounts for five years or more.

Non-furnishing of accounts of utilisation of grants

1.7.6 Out of 271 autonomous bodies to whom various Government departments released grants-in-aid of Rs 172.68 crore during the year 2002-03, as detailed in ***Appendix V***, 171 did not render the accounts for the utilisation of grants to the concerned departments as of July 2003.

Misappropriations, defalcations, etc.

1.7.7 State Government reported 260 cases involving Rs 1.61 crore on account of misappropriations, defalcations, etc. of Government money. These cases pertained to the period from 1971-72 to the end of March, 2003 on which final action was pending at the end of June 2003. The department-wise/year-wise and category-wise break-up of pending cases is given in ***Appendix-VI and VII*** respectively.

Write off of losses, etc.

1.7.8 During 2002-03, Rs 5.01 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 10 cases by competent

¹ Sr. No. 1 to 12 of ***Appendix-IV***.

² Sr. No. 81 of ***Appendix-IV***.

authorities as reported to audit. The relevant details were as under:

Table 16

Sr. No.	Department	Number of cases	Amount (In Rupees)
1.	Animal Husbandry	1	10,670.00
2.	Social Welfare	1	25,692.00
3.	Police	1	72,400.95
4.	Transport	7	3,91,808.64
	Total	10	5,00,571.59

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 2003, compared with the corresponding position on 31 March 2002. 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, receipts from the Public Account and Reserve Fund, the assets comprise mainly 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, other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. **Statement-IV** depicts the Time Series Data on State Government Finances for the period 1998-2003.

Financial results of irrigation works

1.8.2 The financial results of seven major irrigation projects with a capital outlay of Rs 311.25 crore at the end of March 2003 showed that revenue realised from these projects during 2002-03 (Rs 40.50 crore) was only 13 *per cent* of the capital outlay which was not sufficient to cover even the direct working expenses (Rs 89.67 crore). After meeting the working and maintenance expenditure (Rs 89.67 crore) and interest charges (Rs 15.83 crore), the schemes suffered a net loss of Rs 65 crore.

Incomplete projects

1.8.3 As per information received from the State Government, as of 31 March 2003, there were six³ incomplete projects in which Rs 9.50 crore were blocked.

Investments and returns

1.8.4 As on 31 March 2003, Government had invested Rs 3,067.25 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was not only meagre (less than one *per cent*) and it was also on a continuous decline as indicated in Table 17 below. Of these, one Statuary Corporation and 13 Government Companies with an aggregate investment of Rs 1,206 crore upto 2002-03 were incurring losses and their accumulated losses amounted to Rs 1,211 crore as per the accounts furnished by these companies upto 2001-02 (**Appendix-VIII**). During 1967-97, Rs 1,500 crore were invested in Haryana State Electricity Board which was restructured (August 1998) into four Government Companies but its assets and liabilities were yet to be finalised and redistributed.

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>)
1998-99	2,224.32	2.21	0.10	12.15 and 12.50
1999-2000	2,568.70	7.78	0.30	11.85 and 12.25
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

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 1,629 crore as on 31 March 2003 (Table 18). Overall, interest received against these advances declined to 0.43 *per cent* during 2002-03. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

³

Sr. No.	Name of Projects	Expenditure (Rupees in crore)
1.	Construction of H. L. Bridge over Begna Nadi X-ring Kalpi Joli	1.32
2.	Construction of Sampla Kharkhoda Road	1.73
3.	Rehabilitation of Channels Tohana, Banmandori	2.35
4.	Construction ditch drain RD 1,56,014 – 3,25,000 Jawahar Lal Nehru Feeder	1.83
5.	Construction of New Sagwan Minor, Bhiwani	1.81
6.	Construction of Rajulka Minor	0.46
	Total	9.50

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

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening Balance	1,123	797	850	1,063	1,279
Amount advanced during the year	228	286	282	301	456
Amount repaid during the year	554	233	69	85	106
Closing Balance	797	850	1,063	1,279	1,629
Net Addition (+) / Reduction (-)	(-)326	53	213	216	350
Interest Received (Rupees in crore)	7	7	9	8	7
Interest received as <i>per cent</i> to outstanding Loans and advances	0.88	0.82	0.85	0.63	0.43
Average rate of interest paid by the State	12.33	12.05	11.26	9.03	7.07
Difference between interest paid and received	(-)11.45	(-)11.23	(-)10.41	(-)8.40	(-)6.64

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 timely basis and submit the same to Accountant General for audit.

As of March 2003, there were six such undertakings with the Government of Haryana. Rs 1,312.13 crore had been invested by the State Government in these six undertakings 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 follows:

Table 19

Department	No. of undertakings under the department	Accounts not finalised (name of undertakings)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides ⁴	1982-83	1.11
		(ii) Seed Depot Scheme ⁴	1985-86	NA
Printing and Stationery	1	Nationalised Text Book Scheme	2000-01	3.50
Transport	1	Haryana Roadways	1999-2000	323.06
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2000-01	0.01
Food and Supplies	1	Grain Supply Scheme	2001-02	984.45
Total				1,312.13

⁴ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1983-84 (Seed Depot scheme).

It would be seen that the two undertakings relating to Agriculture Department had not prepared their accounts for more than 17 years. Accounts of one undertaking of Transport Department and two undertakings (one each of Printing and Stationery and Animal Husbandry Departments) were in arrears by two years and one year respectively.

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. Haryana had the WMA limit of Rs 180 crore from 1 April 2002 and Rs 205 crore from 3 March 2003. During the year, the State has used this mechanism for 64 days only as against 299 days last year although it raised borrowings of Rs 756 crore from the market on five occasions. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the overdraft facilities on 4 occasions for 21 days during the year as against 16 occasions for 70 days last year. In a nutshell, the State managed its cash requirements in much better way this year than the previous year.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Ways and Means Advances						
Taken in the Year	497.89	1,211.78	1,563.46	2,642.96	633.97	1,310.01
Outstanding	18.41	109.41	23.83	178.01	--	--
Interest Paid	0.66	2.09	1.28	6.35	3.04	2.68
Overdraft						
Taken in the Year	579.55	656.07	764.26	964.01	177.42	628.26
Outstanding	--	--	--	406.65	--	--
Interest Paid	0.28	1.57	3.10	0.80	0.79	1.31
Number of Days State was in Overdraft	70	97	104	70	21	72

Undischarged liabilities

Fiscal liabilities—public debt and guarantees

1.8.8 The Constitution of India provides that 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 from Rs 10,199 crore in 1998-99 to Rs 19,227 crore in 2002-03 at an average growth rate of 18.72 per cent. These liabilities as ratio to GSDP increased from 23.4 per cent in 1998-99 to 28.9 per cent in 2002-03 and stood at 2.22 times of its revenue receipts and 2.61 times of its own resources comprising 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)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	10,199	12,249	13,928	17,004	19,227	14,521
Rate of Growth	26.49	20.10	13.71	22.09	13.07	18.72
Ratio of Fiscal Liabilities to						
GSDP	23.4	25.1	25.5	28.5	28.9	26.5
Revenue Receipts	186.1	212.4	211.9	223.7	222.1	210.3
Own Resources	219.9	256.4	242.2	256.2	261.3	246.3
Buoyancy of Fiscal Liabilities to						
GSDP	2.049	1.679	1.157	2.370	1.137	1.643
Revenue Receipts	(-) 3.279	3.824	0.980	1.415	0.940	2.070
Own Resources	(-) 3.659	6.707	0.673	1.432	1.203	1.961

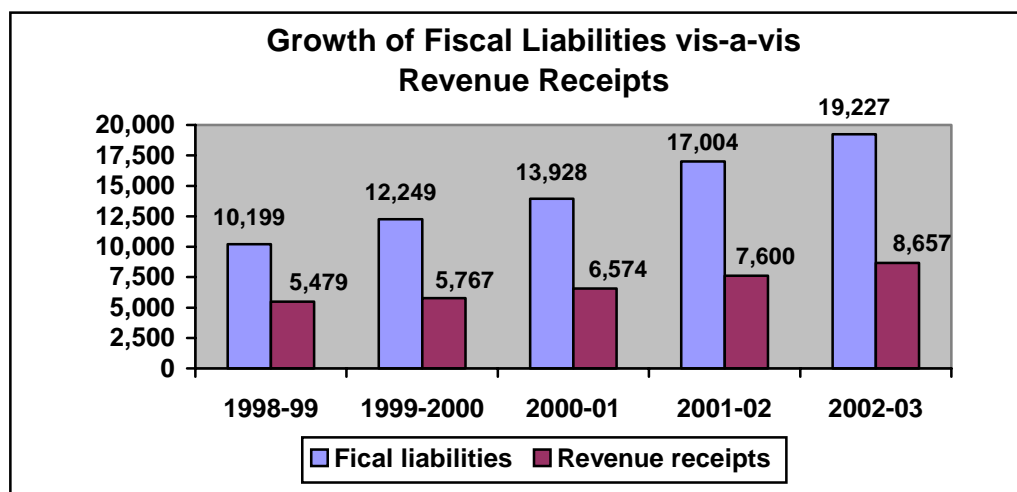
In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-03 stood at Rs 7,690 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed three 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. On average for each one per cent increase in GSDP, the direct fiscal liabilities of the State have gone up by 1.643 per cent.

Increasing liabilities had raised the issue of sustainability of State Government. Fiscal liabilities are considered sustainable if the average 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)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Weighted Interest Rate	10.92	12.09	11.40	10.50	10.74	11.13
GSDP Growth	12.93	11.97	11.84	9.32	11.50	11.40
Interest spread	2.01	0.12	0.44	1.18	0.76	0.27



Another important indication of debt sustainability is 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. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments declined from 24 per cent to 21 per cent during 1998-03.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Internal Debt*						
Receipts	532	923	1,563	2,459	3,400	1,775
Repayments (Principal + Interest)	397	555	895	1,252	1,935	1,007
Net Funds Available	135	368	668	1,207	1,465	769
Net Funds Available (<i>per cent</i>)	25	40	43	49	43	43
Loans and Advances from Government of India						
Receipts	1,006	1,024	319	339	249	587
Repayments (Principal + Interest)	773	804	856	913	947	859
Net Funds Available	233	220	(-) 537	(-) 574	(-) 698	(-) 271
Net Funds Available (<i>per cent</i>)	23	21	(-) 168	(-) 169	(-) 280	(-) 46
Total Public Debt						
Receipts	1,538	1,947	1,882	2,798	3,649	2,363
Repayments (Principal + Interest)	1,170	1,359	1,751	2,165	2,882	1,865
Net Funds Available	368	588	131	633	767	498
Net Funds Available (<i>per cent</i>)	24	30	7	23	21	21

* Internal debt excluding ways and means advances.

The State Government raised market loans of Rs 755.56 crore during the year. The weighted average rate of market borrowing (Rs 756 crore) during the year was 7.13 per cent whereas the State Government borrowed Rs 1,571.79 crore from National Small Saving Fund at the rate of 10.5 per cent per annum and Rs 249.17 crore at the rate of 11.5 per cent per annum from Government of India. The State Government did not use the option of raising the market borrowing at competitive rates through auctions. As on 31 March 2003, 70 per cent of the existing market loans of the State Government carried the

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 one-fourth of the total market loans are repayable within next five years while remaining three-fourth loans are required to be repaid within 5 to 10 years.

Management of deficits

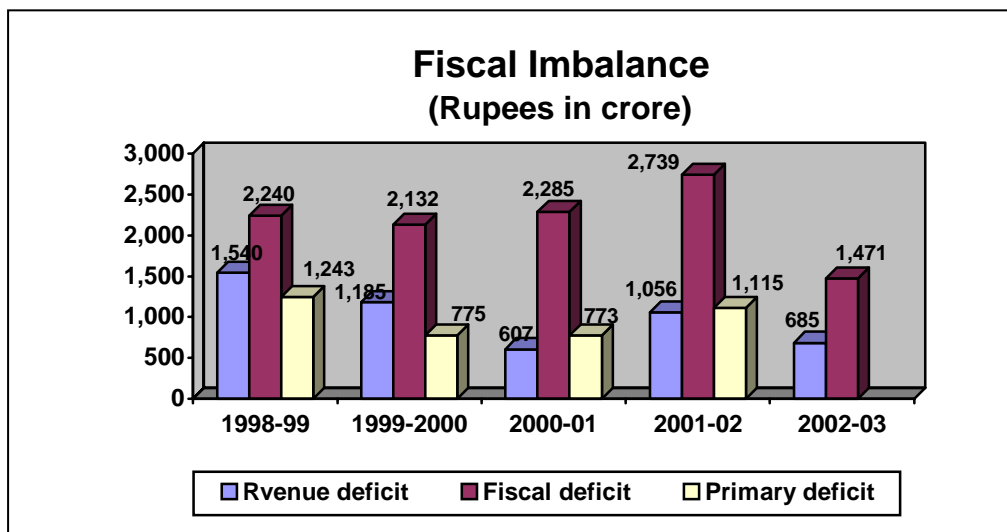
Fiscal imbalances

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 1,540 crore in 1998-99 to Rs 685 crore in 2002-03. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, also decreased from Rs 2,240 crore in 1998-99 to Rs 1,471 crore in 2002-03. Primary deficit decreased from Rs 1,243 crore in 1998-99 to Rs 1,115 crore in 2001-02 and the State was now having surplus of Rs 475 crore in 2002-03 as indicated in Table 24.

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

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Deficit (RD)	(-) 1,540	(-) 1,185	(-) 607	(-) 1,056	(-) 685	(-) 1,015
Fiscal Deficit (FD)	(-) 2,240	(-)2,132	(-)2,265	(-)2,739	(-)1,471	(-) 2,169
Primary Deficit (PD) (-)/ Surplus (+)	(-) 1,243	(-) 775	(-) 773	(-) 1,115	475	(-) 2,151
RD/GSDP	(-) 3.53	(-) 2.42	(-) 1.11	(-) 1.77	(-) 1.03	(-) 1.85
FD/GSDP	(-) 5.13	(-) 4.36	(-) 4.14	(-) 4.58	(-) 2.21	(-) 3.97
PD/GSDP	(-) 2.85	(-) 1.59	(-) 1.41	(-) 1.87	0.71	(-) 3.93
RD/FD	68.75	55.58	26.80	38.55	46.57	46.77



Persistent revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure because of poor tax administration and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has been decreased from 68.75 per cent in 1998-99 to 46.57 per cent in 2002-03. As proportion to GSDP, revenue deficit had decreased to 1.03 per cent in 2002-03 and fiscal deficit to 2.21 per cent.

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 1998-2003, with reference to certain key indicators that help 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 comprises not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates sum total of the resources which the State has access to, for which there is no direct services provision obligations recovery of users charges for the social and economic services provided by it and its entitlement from the central pool of resources. These ratios, show a continuous improvement during 1998-2003 indicating mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilization. The ratio of revenue expenditure and development expenditure to total expenditure which declined in 2000-01 as compared to 1998-99 and 1999-2000 has shown continuous increase thereafter while its capital expenditure as percentage to total expenditure has declined to 4.46 per cent in 2002-03. All these indicate State's increasing dependence on borrowings for

meeting its revenue expenditure and inadequate expansion of its developmental activities.

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

Fiscal Ratios	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Resources Mobilization						
Revenue Receipts/GSDP	12.55	11.80	12.03	12.72	12.99	12.46
Revenue Buoyancy	(-) 0.549	0.439	1.182	1.675	1.209	0.794
Own Tax/GSDP	7.15	7.20	7.89	8.32	8.33	7.85
Expenditure Management						
Total Expenditure/GSDP	18.95	16.64	16.30	17.44	15.36	16.80
Revenue Receipts/ Total Expenditure	66.23	70.92	73.80	72.91	84.59	73.69
Revenue Expenditure/Total Exp.	84.84	85.48	80.60	83.04	91.28	85.16
Capital Expenditure	12.75	11.39	16.75	14.49	4.46	11.86
Development Expenditure/Total Expenditure (RE+CE)	65.11	62.64	63.34	64.71	58.61	62.89
Buoyancy of TE with RR	(-) 1.354	(-) 0.324	0.682	1.090	(-) 0.131	0.735
Buoyancy of RE with RR	(-) 0.865	(-) 0.182	0.235	1.316	0.570	0.780
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-) 1,540	(-) 1,185	(-) 607	(-) 1,056	(-) 685	(-)1,015
Fiscal deficit (Rs in crore)	(-) 2,240	(-) 2,132	(-) 2,265	(-) 2,739	(-) 1,471	(-)2,169
Primary Deficit (Rs in crore)	(-) 1,243	(-) 775	(-) 773	(-) 1,115	475	(-) 2,142
Revenue Deficit/Fiscal Deficit	68.75	55.58	26.80	38.55	46.57	46.77
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	23.4	25.1	25.5	28.5	28.9	26.5
Fiscal Liabilities/RR	186.1	212.4	211.9	223.7	222.1	210.3
Buoyancy of FL with RR	(-) 3.729	3.824	0.980	1.415	0.940	2.070
Buoyancy of FL with OR	(-) 3.659	6.707	0.673	1.432	1.203	1.772
Interest Spread	2.01	(-) 0.12	0.44	(-) 1.12	0.76	0.38
Net Fund Available	24	30	7	23	21	21
Other Fiscal Health Indicators						
Return on Investment	2.21	7.78	1.81	0.40	1.73	2.786
BCR (Rs in crore)	(-) 1,085	(-) 717	(-)6	(-)213	(-)70	(-) 418
Financial Assets/Liabilities	0.73	0.68	0.69	0.68	0.68	0.69

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, large revenue and fiscal deficit year after year, together with low or no return on investments indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt with regard to its revenue receipts indicate its increasing unsustainability. There has also been a decline in net availability of funds for infrastructural development from its borrowings as a larger portion of these funds were being used for debt servicing and on establishment expenditure. The State's continuous declining low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. Investments in loss making companies are not sustainable. The ratio of State's total financial assets to liabilities has also deteriorated indicating that a greater part of liabilities are without an asset back-up. This indicates that either the State has to generate more revenue out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance of current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

STATEMENT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
HARYANA

(Rupees in crore)

As on 31 March 2002	Liabilities		As on 31 March 2003
6,340.86	Internal Debt		8,059.98
	2,020.75	Market Loans bearing interest 2,739.20	
	6.56	Market Loans not bearing interest 3.24	
	38.30	Loans from LIC 35.04	
	3,690.59	Loans from other Institutions, etc. 5,282.50	
	584.66	Ways and Means Advances	
5,334.21	Loans and Advances from Central Government		5,331.74
	130.71	Pre 1984-85 Loans 110.52	
	2,775.39	Non-plan Loans 2,675.81	
	2,382.39	Loans for State Plan Schemes 2,499.22	
	28.67	Loans for Central Plan Schemes 26.74	
	17.05	Loans for Centrally Sponsored Plan Schemes 19.45	
10.00	Contingency Fund		10.00
4,307.06	Small Savings, Provident Funds, etc.		4,661.92
710.87	Deposits		826.66
429.43	Reserve Funds		436.31
16.22	Remittance Balances		-
458.56	Suspense and Miscellaneous Balances		-
17,607.21⁵			19,326.61
As on 31 March 2002	Assets		As on 31 March 2003
10,512.57	Gross Capital Outlay		10,948.37
	2,905.97	Investments in shares of Companies, Corporations, etc. 3,067.25	
	7,606.60	Other Capital Outlay 7,881.12	
1,279.46	Loans and Advances		1,629.59
	259.72	Loans for Power Projects 300.15	
	871.31	Other Development Loans 1,144.33	
	148.43	Loans to Government Servants, etc. 185.11	
0.57	Advances		0.67
	-	Remittance Balances	7.39
	-	Suspense and Miscellaneous Balances	363.25
155.86⁵	Cash		33.48
	(-)2.44	Cash in Treasuries and Local Remittances 1.44	-
	6.66	Departmental Balances 9.03	
	0.08	Permanent Cash Imprest 0.09	
	196.21	Cash Balance Investment and other Reserve Fund Investment 248.76	
	(-)44.65	Deposits with Reserve Bank (-)225.84	
5,658.75	Deficit on Government Accounts		6,343.86
	1,055.95	(i) Revenue Deficit of the Current Year 685.11	
	4,602.80	(ii) Accumulated deficit up to preceding year 5,658.75	
	- ⁶	(iii) Miscellaneous Government Account - ⁷	
17,607.21⁵	Total		19,326.61

⁵ Figures changed as a result of readjustment of figures of "Cash in Treasuries and local remittances" and "Deposit with RBI" in cash.

⁶ Rs 33,138 only as on 31 March 2002.

⁷ Rs 10,664 only as on 31 March 2003.

STATEMENT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE
YEAR 2002-03

(Rupees in crore)

Receipts				Disbursements				
2001-02			2002-03	2001-02		Non-Plan	Plan	Total
7,600.55	Section A : Revenue		8,657.02	8,656.50	I. Revenue Expenditure	8,292.98	1,049.15	9,342.13
4,971.19	I. Revenue Receipts			3,486.19	General Services	3,962.08	33.24	3,995.32
1,666.07	Tax Revenue	5,549.68		2,724.79	Social Services	2,183.36	625.34	2,808.70
450.25	Non-Tax Revenue	1,807.85		1,476.15	Education, Sports, Art and Culture	1,350.34	96.84	1,447.18
	State's share of Union Taxes and Duties	756.59			Health and Family Welfare	235.30	107.38	342.68
158.66	Non-Plan Grants	109.17		314.41	Water Supply, Sanitation, Housing and Urban Development	319.47	47.08	366.55
194.86	Grants for State Plan Schemes	213.91		310.45	Information and Broadcasting	13.85	0.56	14.41
	Grants for Central Plan and Centrally Sponsored Plan Schemes	219.82		13.85	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	19.19	25.89	45.08
				39.14	Labour and Labour Welfare	48.18	8.27	56.45
				54.27	Social Welfare and Nutrition	194.07	339.32	533.39
				513.03	Others	2.96	-	2.96
				3.49	Economic Services	2,141.90	390.58	2,532.48
				2,414.82	Agriculture and allied activities	309.37	101.88	411.25
				392.65	Rural Development	43.12	92.78	135.90
				135.46	Irrigation and Flood Control	347.39	127.17	474.56
				424.76	Energy	830.74	19.52	850.26
				791.23	Industry and Minerals	15.68	21.36	37.04
				24.26	Transport	581.48	11.02	592.50
				618.08	Science, Technology and Environment	0.40	3.68	4.08
				3.45	General Economic Services	13.72	13.17	26.89
				24.93	Grants-in-aid and Contributions	5.63	-	5.63
				30.70				
1,055.95	II. Revenue Deficit carried over to Section B	685.11	685.11					
8,656.50	Total Section A		9,342.13	8,656.50		8,292.98	1,049.15	9,342.13
(-)173.55	Section B - Others		155.87	1,467.12	II. Capital Outlay	(-)410.48	846.28	435.80
	III. Opening Cash Balance including Permanent Advances and Cash Balance investment			50.67	General Services		45.36	45.36
				191.19	Social Services		214.28	214.28
				3.51	Education, Sports, Art and Culture		7.83	7.83
				7.51	Health and Family Welfare		8.42	8.42
				178.13	Water Supply, Sanitation, Housing and Urban Development		195.43	195.43
				0.70	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes		0.70	0.70
				0.21	Social Welfare and Nutrition		1.06	1.06
				1.13	Others		0.84	0.84
				1,225.26	Economic Services	(-)410.48	586.64	176.16
				568.12	Agriculture and allied activities	(-)410.99	5.77	(-)405.22
				354.68	Irrigation and Flood Control		228.22	228.22
				38.31	Energy		134.23	134.23
				0.56	Industry and Minerals		0.48	0.48
				259.89	Transport	0.51	215.43	215.94
				3.70	General Economic Services		2.50	2.50

Audit Report (Civil) for the year ended 31 March 2003

Receipts				Disbursements			
2001-02			2002-03	2001-02			2002-03
84.71	IV. Recoveries of Loans and Advances		106.30	301.18	III. Loans and Advances Disbursed		456.43
-	From Power Projects	-		72.04	For Power Projects	40.43	
49.28	From Government Servants	58.31		87.71	To Government Servants	94.99	
35.43	From others	47.99		141.43	To others	321.01	
3,358.85	V. Public Debt Receipts		3,648.93	1,055.95	IV. Revenue Deficit brought down		685.11
2,459.43	Internal Debt other than Ways and Means Advances and Overdraft	3,399.76		960.66	V. Repayment of Public Debt		1,932.28
				737.14	Internal Debt other than Ways and Means Advances and Overdraft	1,095.97	
560.83 ⁸	Net transaction under Ways and Means Advances and Overdraft			-	Net transaction under Ways and Means Advances and Overdraft	584.67 ⁹	
338.59	Loans and Advances from Central Government	249.17		223.52	Repayment of Loans and Advances to Central Government	251.64	
4,913.65	VI. Public Accounts Receipts		4,920.81	4,242.88	VI. Public Account Disbursements		5,288.81
996.76	Small Savings, Provident Fund, etc.	1,000.85		591.53	Small Savings, Provident Fund, etc.	645.99	
126.01	Reserve Funds	135.09		74.08	Reserve Funds	128.22	
1,710.27	Deposits and Advances	2,141.42		1,412.25	Deposits and Advances	2,025.72	
284.36	Suspense and Miscellaneous	(-)123.82		349.89	Suspense and Miscellaneous	698.00	
1,796.25	Remittances	1,767.27		1,815.13	Remittances	1,790.88	
				155.87	VII. Cash Balance at end		33.48
				(-) 2.43	Cash in Treasuries and Local Remittances	1.44	
				(-) 44.65	Deposits with Reserve Bank	(-)225.84	
				6.74	Departmental Cash Balance including Permanent Advances, etc.	9.12	
				196.21	Cash Balance Investment	248.76	
8,183.66	Total - Section B		8,831.91	8,183.66	Total		8,831.91

⁸ Represents receipts of Rs 3,606.97 crore and repayments of Rs 3,046.14 crore.
⁹ Represents receipts of Rs 811.39 crore and repayments of Rs 1,396.06 crore.

STATEMENT-III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-02	Sources	2002-03
7,600.55	Revenue Receipts	8,657.02
84.71	Recoveries of Loans and Advances	106.30
2,398.19	Increase in Public debt	1,716.65
670.77	Net Receipts from Public Account -	(-)368.00
	405.23 Increase in Small Savings, Provident Funds, etc.	354.86
	298.02 Increase in Deposits and Advances	115.70
	51.93 Increase in Reserve funds	6.87
	(-) 65.53 Net effect of Suspense and Miscellaneous transactions	(-)821.82
	(-) 18.88 Net effect of Remittance transactions	(-)23.61
	Decrease in cash balance	122.39
10,754.22	Total	10,234.36
2001-02	Application	2002-03
8,656.50	Revenue expenditure	9,342.13
301.18	Lending for development and other purposes	456.43
1,467.12	Capital expenditure	435.80
329.42	Increase in cash balance	-
10,754.22	Total	10,234.36

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 1.14 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (June 2003).

STATEMENT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Part A. Receipts					
1. Revenue Receipts	5,479	5,767	6,574	7,600	8,657
(i) Tax Revenue	3,120(57)	3,518 (61)	4,311 (66)	4,971 (65)	5,550 (64)
Taxes on Sales, Trade, etc.	1,599(51)	1,968 (56)	2,573 (60)	2,945 (59)	3,337 (60)
State Excise	775(25)	765 (22)	841 (20)	875 (18)	879 (16)
Taxes on Vehicles	71(2)	85 (2)	86 (2)	104 (2)	114 (2)
Stamps duty and Registration fees	295(10)	310 (9)	419 (10)	488 (10)	541 (10)
Land Revenue	4	4	12	19	10
Taxes on goods and passengers	316(10)	324 (9)	367 (8)	499 (10)	653 (12)
Taxes and duties on Electricity	45 (1)	46 (1)	1 (-)	29 (1)	1
Other Taxes	15 (1)	16 (1)	12 (-)	12	15
(ii) Non-Tax Revenue	1,518(28)	1,259 (22)	1,439 (22)	1,666 (22)	1,808 (21)
(iii) State's share in Union taxes and duties	480(9)	525 (9)	346 (5)	450(6)	756 (9)
(iv) Grants-in-aid from Government of India	361(6)	465 (8)	478 (7)	513 (7)	543 (6)
2. Misc. Capital Receipts	--	--	--	--	--
3. Total Revenue and Non debt capital receipt (1+2)	5,479	5,767	6,574	7,600	8,657
4. Recoveries of Loans and Advances	554	233	69	85	106
5. Public Debt Receipts	1,556	2,038	1,882	3,359	3,649
Internal Debt (excluding Ways & Means Advances and Overdrafts)	532 (34)	923 (45)	1,563 (83)	2,459(73)	3,400 (93)
Net transactions under Ways and Means Advances and Overdraft	18 (1)	91 (5)	--	561 (17)	--
Loans and Advances from Government of India ¹⁰	1,006 (65)	1,024 (50)	319 (17)	339 (10)	249 (7)
6. Total Receipts in the Consolidated Fund (3+4+5)	7,589	8,038	8,525	11,044	12,412
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts receipts	3,540	3,789	4,478	4,914	4,921
9. Total receipts of the State (6+7+8)	11,129	11,827	13,003	15,958	17,303
Part B. Expenditure					
10. Revenue Expenditure	7,019	6,952	7,181	8,656	9,342
Plan	769 (11)	901 (13)	992 (14)	1,197 (14)	1,049 (11)
Non-plan	6,250 (89)	6,051 (87)	6,189 (86)	7,459 (86)	8,293 (89)
General Services (including Interests payments)	2,778 (39)	2,903 (42)	3,117 (43)	3,486 (40)	3,995 (43)
Economic Services	2,155 (31)	1,791 (26)	1,543 (22)	2,415 (28)	2,532 (27)
Social Services	2,085 (30)	2,257 (32)	2,506 (35)	2,725 (32)	2,809 (30)
Grants-in-aid and contributions	1	1	15	30	6
11. Capital Expenditure	1,026	894	1,445	1,467	436
Plan	866 (84)	886 (99)	914 (63)	902 (61)	846 (194)
Non-plan	160 (16)	8 (1)	531 (37)	565 (39)	(-410 (-)94)
General Services	28 (3)	27(3)	30 (2)	51 (3)	45 (10)
Economic Services	849 (83)	702 (79)	1,272 (88)	1,225 (84)	176 (41)
Social Services	149 (14)	165 (18)	143 (10)	191 (13)	215 (49)
12. Disbursement of Loans and Advances	228	286	282	301	456
13. Total (10+11+12)	8,273	8,132	8,908	10,424	10,234
14. Repayments of Public Debt	437	543	757	961	1,932
Internal Debt (excluding Ways and Means Advances and Overdrafts)	191 (44)	377 (69)	479 (63)	737(77)	1,096 (57)
Net transactions under Ways and Means Advances and Overdraft	--	--	86 (11)	--	585 (30)
Loans and Advances from Government of India	246 (56)	166 (31)	192 (26)	224 (23)	251 (13)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	8,710	8,675	9,665	11,385	12,166
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	2,465	3,095	3,480	4,243	5,289
19. Total disbursement by the State (16+17+18)	11,175	11,770	13,145	15,628	17,425
Part C. Deficits					
20. Revenue Deficit (1-10)	(-1,540)	(-1,185)	(-607)	(-1,056)	(-685)
21. Fiscal Deficit (3+4-13)	(-2,240)	(-2,132)	(-2,265)	(-2,739)	(-1,471)
22. Primary Deficit (-)/surplus (+) (21-23)	(-1,243)	(-775)	(-773)	(-1,115)	(+475)
Part D. Other data					
23. Interest Payments (included in revenue expenditure .)	997	1,357	1,492	1,624	1,946
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	307 (7)	312 (7)	396 (7)	516(8)	577(8)
25. Financial Assistance to local bodies etc.	381	411	512	668	608
26. Ways and Means Advances (WMA)/Overdraft availed (days)	154	245	281	299	71
27. Interest on WMA/Overdraft	0.94	3.66	4.38	7.15	3.83
28. Gross State Domestic Product (GSDP) ¹¹	43,646	48,872	54,660	59,754	66,626
29. Outstanding Debt (year end)	10,199	12,249	13,928	17,004	19,227
30. Outstanding guarantees including interest (year end)	3,977	4,316	8,209	8,606	7,690
31. Maximum amount guaranteed (year end)	6,906	7,219	12,025	12,222	12,461
32. Number of incomplete projects	6	6	6	3	6
33. Capital blocked in incomplete projects	8.82	8.82	8.82	2.50	9.50

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

¹⁰ Includes Ways and Means Advances from GOI.

¹¹ Source of GSDP: Economic and Statistical Organisation, Haryana.
GSDP for 2002-03 has been worked out by taking the average growth rate of 11.5 per cent on the basis of growth during 1997-98 to 2001-02.