

# CHAPTER I

## AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

### Introduction

**1.1** This Chapter discusses the financial position of the State Government. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure, and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are described in *Appendix-I*.

### Financial position of the State

**1.2** In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, the Government, accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by it. An abstract of such liabilities and the assets as on 31 March 2001, compared with the corresponding position on 31 March 2000 is given in the table below:-

**SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF NAGALAND ON 31 MARCH 2001**

**Table No.1.1**

		(Rupees in crore)	
As on 31.03.2000	LIABILITIES		As on 31.03.2001
681.45	Internal Debt		871.58
	Market loans bearing interest	578.11	
	Market loans not bearing interest	0.11	
	Loans from LIC	31.66	
	Loans from other institutions	192.41	
	Ways and Means Advances	69.29	
34.50	Overdrafts from Reserve Bank of India		99.30
430.01	Loans and Advances from Central Government		459.06
	Pre-1984-85 loans	27.55	
	Non-Plan Loans	61.11	
	Loans for State Plan Schemes	276.66	
	Loans for Central Plan Schemes	3.11	
	Loans for Centrally Sponsored Plan Schemes	10.93	
	Ways & Means Advances	75.00	
	Loans for Special Schemes	4.70	
0.35	Contingency Fund		0.35
373.04	Small Savings, Provident Funds, etc.		405.46
85.68	Deposits		90.25
2.83	Reserve Funds		3.49
26.31	Remittance Balances		14.30
170.42	Surplus on Government Account-		134.29
	Accumulated surplus upto 31 March 2000	170.42	
	Less deficit of current year	(-)36.13	
<b>1804.59</b>			<b>2079.08</b>
		ASSETS	
1765.44	Gross Capital outlay on Fixed Assets-		1989.83
	Investments in shares of Companies, Corporations, etc.	51.04	
	Other capital outlay	1938.79	
41.48	Loans and Advances		52.40
	Other Development Loans	47.92	
	Loans to Government servants' etc.	4.48	
1.89	Advances		1.93
56.11	Suspense and Miscellaneous Balances		71.54
(-) 60.33	Cash Balance		(-)36.62
	Cash in Treasuries and Local Remittances	0.17	
	Deposits with Reserve Bank	(-)127.56	
	Departmental Cash Balance including Permanent Advances	21.73	
	Investment of earmarked funds	9.74	
	Cash Balance Investments	59.30	
<b>1804.59</b>			<b>2079.08</b>

*Source: Finance Accounts*

**1.3** While the liabilities consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from the table that while the liabilities grew by 19 per cent from Rs.1634.17 crore in 1999-2000 to Rs.1944.79 crore during 2000-01, the assets grew by only 15 per cent from Rs.1804.59 crore in 1999-2000 to Rs.2079.08 crore during 2000-01, mainly as a result of revenue deficit of Rs.36.13 crore.

## Sources and applications of funds

1.4. The table No.1.2 below gives the position of sources and applications of funds during the current and the preceding year.

## SOURCES AND APPLICATION OF FUNDS

Table No.1.2

		(Rupees in crore)	
		Sources	
1999-2000			2000-01
1,131.46	1. Revenue receipts		1254.10
15.98	2. Recoveries of Loans and Advances		6.45
231.11	3. Increase in Public debt other than overdraft		219.17
95.32	4. Net receipts from Public Account		11.17
	34.98	Increase in Small Savings	32.42
	58.27	Increase in Deposits and Advances	5.52
	(-) 1.46	Decrease in Reserve Funds	0.66
	(-) 4.09	Net effect of Suspense and Miscellaneous transactions	(-)15.42
	7.62	Net effect of Remittance transactions	(-)12.01
---	5. Overdrafts from Reserve Bank of India (Net)		64.80
<b>1,473.87</b>	<b>Total</b>		<b>1555.69</b>
		Application	
1,140.80	1. Revenue expenditure		1290.23
10.21	2. Lending for development and other purposes		17.35
179.34	3. Capital expenditure		224.40
9.19	4. Increase in closing cash balance		23.71
134.33	5. Reduction of overdraft payable to Reserve Bank of India		---
<b>1,473.87</b>		<b>Total:-</b>	<b>1555.69</b>

**Source:- Finance Accounts**

1.5 The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and for reduction of overdraft liability obtained from Reserve Bank of India. It would be seen that the revenue receipts constitute the most significant source of funds for the State Government. While their relative share went up from 76.77 per cent in 1999-2000 to 80.61 per cent during 2000-01, the share of recoveries of loans and advances remained stagnant at 1.08 per cent upto 1999-2000 but went down to 0.41 per cent, during 2000-01 the net receipts from the Public Account went down from 6.47 per cent in 1999-2000 to 0.72 per cent in 2000-01. This was mainly due to decrease of 480.53 (490-9.47) per cent in deposits and advances compared to last year. The share of receipts from Public Debt went down from 15.68 per cent to 14 per cent.

1.6 The funds were mainly applied for revenue expenditure, whose share went up from 77.40 per cent to 82.94 per cent, but remained marginally higher than the share of revenue receipts (80.61 per cent) in the total receipts of the State Government. This led to the revenue deficit of Rs.36.13 crore. While the percentage of capital expenditure went up from 12.17 per cent to 14.42 per cent, lending for development purposes both the absolute terms as also in percentage basis, went up from 0.69 per cent to 1.12 per cent. Balance funds were utilised in repayment of overdrafts from RBI (4.17 per cent) and increase in closing balance (1.52 per cent).

**Financial operations of the State Government**

1.7 Table No.1.14 gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs.1290.23 crore) during the year exceeded the revenue receipts (Rs.1254.10 crore) resulting in a revenue deficit of Rs.36.13 crore. The revenue receipts comprised Tax Revenue (Rs.46.25 crore), Non-tax Revenue (Rs.39.23 crore), State's share of Union Taxes and Duties (Rs.96.48 crore) and Grants-in-Aid from the Central Government (Rs. 1072.14 crore). The main sources of own tax revenue were sales tax (59 per cent), State Excise (4 per cent), Taxes on Vehicles (11 per cent) and stamps and registration fees (4 per cent). Non-tax revenue came mainly from interest receipts (9 per cent), Other Administrative Services (5 per cent), Housing (6 per cent), Forestry and Wildlife (7 per cent), Power (51 per cent) and Road Transport (13 per cent).

1.8 The capital receipts comprised Rs.6.45 crore from recoveries of loans and advances and Rs.335.97 crore from public debt. Against this, the expenditure was Rs.224.40 crore on capital outlay, Rs.17.35 crore on disbursement of loans and advances and Rs.52 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.601.87 crore, against which the disbursements made were Rs.590.70 crore. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs.23.71 crore in the cash balance which brought down the negative balance of Rs.60.33 crore at the beginning of the year to Rs.36.62 crore at the year end.

1.9 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in table under paragraph 1.3 and the time series data for the five year's period from 1996-97 to 2000-01 presented in the table given below.

**TIME SERIES DATA ON STATE GOVERNMENT FINANCES**

**Table No.1.3**

	(Rupees in crore)				
	1996-97	1997-98	1998-99	1999-2000	2000-01
<b>Part A. Receipts</b>					
<b>I. Revenue Receipts</b>	<b>855.13</b>	<b>860.99</b>	<b>989.38</b>	<b>1131.46</b>	<b>1254.10</b>
(i) Tax Revenue	32.59 (4)	31.57 (4)	30.56 (3)	39.50 (3)	46.25(4)
Sales Tax	16.15 (50)	16.52 (52)	16.10 (53)	23.04 (58)	27.30(59)
State Excise	2.00 (6)	2.10 (7)	1.89 (6)	1.73 (4)	1.77(4)
Taxes on vehicles	3.88 (12)	3.86 (12)	4.37 (14)	4.59 (12)	5.28(11)
Stamps and Registration fees	5.76 (18)	3.66 (12)	1.94 (6)	1.85 (5)	1.77(4)
Land Revenue	0.16 (*)	0.08 (*)	0.12 (*)	0.26 (*)	0.35(1)
Other Taxes	4.64 (14)	5.35 (17)	6.14 (20)	8.03 (20)	9.78(21)
(ii) Non Tax Revenue	33.45 (4)	27.52 (3)	44.15 (5)	38.86 (3)	39.23(3)
(iii) State's share in Union taxes and duties	274.75 (32)	380.81 (44)	437.19 (44)	526.04 (47)	96.48(8)
(iv) Grants in aid from GOI	514.34 (60)	421.09 (49)	477.48 (48)	527.06 (47)	1072.14(85)
<b>2. Misc. Capital Receipts</b>	---	---	---	---	---
<b>3. Total revenue and Non-debt capital receipt (1+2)</b>	<b>855.13</b>	<b>860.99</b>	<b>989.38</b>	<b>1131.46</b>	<b>1254.10</b>
<b>4. Recoveries of Loans and Advances</b>	4.08	4.45	13.18	15.98	6.45
<b>5. Public Debt Receipts</b>	99.29	242.57	394.17	344.23	335.97
Internal Debt (excluding Ways & Means Advances and Overdrafts)	63.54	83.84	104.65	167.24	163.05
Net transactions under Ways and Means Advances and Overdraft	---	122.14	72.69	---	123.34
Loans and Advances from Government of India <sup>1</sup>	35.75	36.59	216.83	176.99	49.58
<b>6. Total receipts in the Consolidated Fund (3+4+5)</b>	<b>958.50</b>	<b>1108.01</b>	<b>1396.73</b>	<b>1491.67</b>	<b>1596.52</b>

<sup>1</sup> Includes Ways & Means Advances from Government of India.

	(Rupees in crore)				
	1996-97	1997-98	1998-99	1999-2000	2000-01
<b>7. Contingency Fund Receipts</b>	---	---	---	---	---
<b>8. Public Account receipts</b>	367.24	343.25	427.00	538.71	601.87
<b>9. Total receipts of the State (6+7+8)</b>	1325.74	1451.26	1823.73	2030.38	2198.39
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>847.31</b>	<b>988.18</b>	<b>1,012.40</b>	<b>1140.80</b>	<b>1290.23</b>
Plan	172.44 (20)	199.68 (20)	205.94 (20)	229.38 (20)	231.00(18)
Non-Plan	674.87 (80)	788.50 (80)	806.46 (80)	911.42 (80)	1059.23(82)
General Services (including interest payments)	352.90 (41)	417.96 (42)	460.41 (45)	544.60 (48)	623.33(48)
Social Services	242.57 (29)	262.81 (27)	293.78 (29)	330.39 (29)	351.15(27)
Economic Services	251.84 (30)	307.41 (31)	258.21 (26)	265.81 (23)	315.75(25)
Grants-in-aid and contribution	---	---	---	---	---
<b>11. Capital Expenditure</b>	<b>134.61</b>	<b>133.69</b>	<b>155.78</b>	<b>179.34</b>	<b>224.40</b>
Plan	132.38 (98)	132.99 (99)	151.83 (97)	179.21 (100)	215.85(96)
Non-Plan	2.23 (2)	0.70 (1)	3.95 (3)	0.13 (*)	8.55(4)
General Services	13.13 (10)	9.88 (8)	10.63 (7)	11.80 (7)	28.51(13)
Social Services	57.09 (42)	49.94 (37)	55.19 (35)	77.11 (43)	81.02(36)
Economic Services	64.39 (48)	73.87 (55)	89.96 (58)	90.43 (50)	114.87(51)
<b>12. Disbursement of Loans and Advances</b>	<b>14.36</b>	<b>8.27</b>	<b>19.11</b>	<b>10.21</b>	<b>17.35</b>
<b>13. Total (10+11+12)</b>	<b>996.28</b>	<b>1130.14</b>	<b>1187.29</b>	<b>1330.35</b>	<b>1531.98</b>
<b>14. Repayments of Public Debt</b>	<b>30.99</b>	<b>31.12</b>	<b>207.26</b>	<b>247.45</b>	<b>52.00</b>
Internal Debt (excluding Ways & Means Advances and Overdrafts)	19.37	17.46	22.53	31.19	31.47
Net transactions under Ways and Means Advances and Overdraft	---	---	---	149.58	---
Loans and Advances from Government of India <sup>2</sup>	11.62	13.66	184.73	66.68	20.53
<b>15. Appropriation to Contingency Fund</b>	---	---	---	---	---
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>1027.27</b>	<b>1161.26</b>	<b>1394.55</b>	<b>1577.80</b>	<b>1583.98</b>
<b>17. Contingency Fund disbursements</b>	---	---	---	---	---
<b>18. Public Account disbursements</b>	<b>359.06</b>	<b>291.90</b>	<b>396.22</b>	<b>443.39</b>	<b>590.70</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>1386.33</b>	<b>1453.16</b>	<b>1790.77</b>	<b>2021.19</b>	<b>2174.68</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (1-10)(-)/Surplus (+)</b>	<b>(+) 7.82</b>	<b>(-) 127.19</b>	<b>(-) 23.02</b>	<b>(-) 9.34</b>	<b>(-)36.13</b>
<b>21. Fiscal Deficit (3+4-13)</b>	<b>137.07</b>	<b>264.70</b>	<b>184.73</b>	<b>182.91</b>	<b>271.43</b>
<b>22. Primary Deficit (21-23)</b>	<b>46.87</b>	<b>152.08</b>	<b>49.90</b>	<b>30.63</b>	<b>94.34</b>
<b>Part D. Other data</b>					
<b>23. Interest payments (included in revenue expenditure)</b>	<b>90.20</b>	<b>112.62</b>	<b>134.83</b>	<b>152.28</b>	<b>177.09</b>
<b>24. Arrears of Revenue (Percentage of Tax &amp; Non-Tax Revenue Receipts)</b>	<b>5.62 (9)</b>	<b>12.38 (21)</b>	<b>26.22 (35)</b>	<b>@</b>	<b>@</b>
<b>25. Financial assistance to local bodies etc.</b>	<b>22.50</b>	<b>23.99</b>	<b>18.30</b>	<b>31.94</b>	<b>19.12</b>
<b>26. Ways and Means Advances/Overdrafts availed (days)</b>	<b>13.00 (5)</b>	<b>364.94 (96)</b>	<b>402.49 (40)</b>	<b>195.29 (74)</b>	<b>454.04(192)</b>
<b>27. Interest on WMA/Overdraft</b>	<b>0.03</b>	<b>0.90</b>	<b>0.94</b>	<b>1.22</b>	<b>21.14</b>
<b>28. Gross State Domestic Product (GSDP)</b>	<b>1914.04</b>	<b>2324.10</b>	<b>NA</b>	<b>NA</b>	<b>@</b>
<b>29. Outstanding Debt (year end)</b>	<b>650.84</b>	<b>862.28</b>	<b>1,049.18</b>	<b>1145.96</b>	<b>1429.93</b>
<b>30. Outstanding guarantees (year end)</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>
<b>31. Maximum amount guaranteed (year end)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>@</b>	<b>@</b>
<b>32. Number of incomplete projects</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>
<b>33. Capital blocked in incomplete projects</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>	<b>@</b>

Source: Finance Accounts.

1.10 Expenditure (Rs.1514.63 crore) during the year 2000-01 registered an increase of 15 per cent (Rs.194.49 crore) over that of 1999-2000 (Rs.1320.14 crore). Financial operatives of the Government resulted in a fiscal deficit of Rs.271.43 crore, which met by additional market borrowings, overdraft from RBI and use of surplus from Public Account.

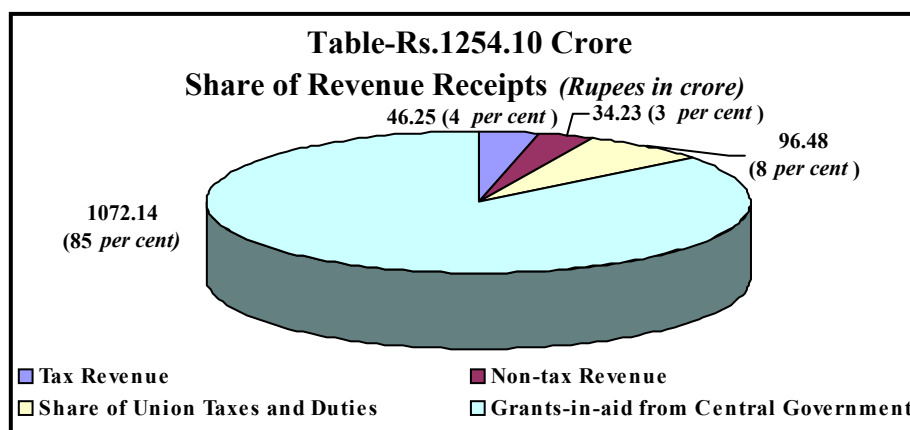
@ Information awaited from the Government (January, 2002).

Note: Figures in brackets represents percentages (rounded off) to total of each sub-heading. (\*) indicates negligible percentage.

**Revenue receipts**

1.11 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in *Chart No.1.1*. The revenue receipts grew at an average annual rate of 9.33 per cent during 1996-97 to 2000-01, and grew by 10.84 per cent during 2000-01 with reference to the year 1999-2000.

*Chart No.1.1*



**Tax revenue**

1.12 Tax revenue constituted 4 per cent of the revenue receipts during 2000-01. The table under paragraph 1.8 shows that the relative contribution of Sales Tax went up from 50 per cent in 1996-97 to 59 per cent in 2000-01 while that of Excise Duty declined from 6 per cent in 1996-97 to 4 per cent in 2000-01 and Stamps and Registration Fees declined from 18 per cent in 1997-98 to 4 per cent in 2000-01. During 1996-2001, the contribution of Land Revenue was negligible and the share of Taxes on vehicles declined from 12 per cent in 1996-97 to 11 per cent in 2000-01.

**Non-tax revenue**

1.13 The share of non-tax revenue in total revenue receipts declined from 4 per cent in 1996-97 to 3 per cent in 2000-01. Non-tax revenue mainly came from Power (51 per cent), Road Transport (13 per cent), Other Administrative Services- (5 per cent) and Housing (6 per cent). The share of interest receipts (Rs.3.50 crore) was 9 per cent of the non-tax revenue (Rs.39.23 crore) and was only 0.28 per cent of the total revenue receipts (Rs.1254.10 crore) as compared to share of interest payments (Rs.177.09 crore) at 14 per cent in the total revenue expenditure of the State (Rs.1290.23 crore).

**State's share of Union taxes and duties, and grants-in-aid from the Central Government**

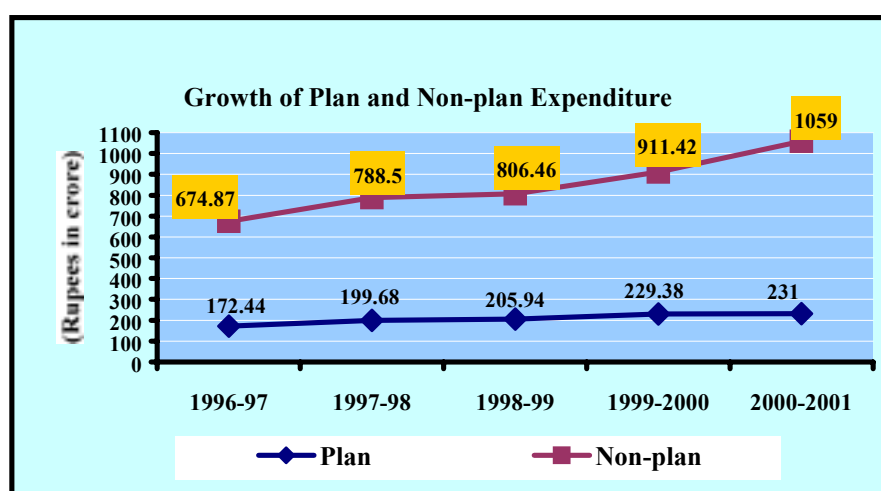
1.14 The State's share of Union taxes (excise duties and income and corporation taxes) decreased by 82 per cent during the year, while the grants-in-aid from the Central Government increased by 103 per cent as compared to the preceding year. The main reason for the steep decrease in the State's share of union taxes was change in the allocation formula on the recommendations of Eleventh Finance Commission. However, as a percentage of revenue receipts they (both taken together) increased from 92 per cent in 1996-97 to 93

per cent during 2000-01; this was mainly due to increase (from 60 per cent to 85 per cent) in the grants-in-aid from GOI.

### Revenue expenditure

1.15 The revenue expenditure accounted for most (85 per cent) of the expenditure of the State Government and increased by 13 per cent during 2000-01. Nearly 82 per cent of total revenue expenditure consisted of Non-Plan expenditure. Non-Plan component of revenue expenditure also recorded a higher average of annual growth of 11.03 per cent during 1996-2001, compared to an annual growth of 7.5 per cent in the Plan expenditure. Growth of Plan and Non-Plan revenue expenditure can be seen in Chart No.1.2. below:

Chart No.1.2



1.16 Sector-wise analysis shows that while the expenditure on General Services increased by 70 per cent, from Rs.262.70 crore in 1996-97 to Rs.446.24 crore in 2000-01, the corresponding increases in expenditure on Social Services and Economic Services from Rs.242.57 crore to Rs.351.15 crore and Rs.251.84 crore to Rs.315.75 crore were only 45 and 25 per cent respectively. As a proportion of total expenditure, the share of General Services increased from 31 per cent in 1996-97 to 35 per cent in 2000-01, whereas the share of Social Services and Economic Services decreased from 29 and 30 per cent in 1996-97 to 27 and 25 per cent in 2000-01 respectively.

### Interest payments

1.17 Interest payments increased steadily by 96 per cent from Rs.90.20 crore in 1996-97 to Rs.177.09 crore in 2000-01. This is further discussed in the Section on Financial indicators.

### Financial assistance to local bodies and other institutions

1.18 The quantum of assistance provided to different local bodies etc., during the five years ending 2000-01 was as follows:

**Table No.1.4**

		1996-97		1997-98		1998-99		1999-2000		2000-01	
		Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
<i>(Rupees in crore)</i>											
(A)	Universities and Educational Institutions	0.25	---	0.24	---	0.42	---	0.42	---	0.94	---
(B)	Municipal Corporations	---	---	---	---	---	---	---	---	---	---
(C)	Zila Parishad	---	---	---	---	---	---	---	---	---	---
(D)	Development Agencies	16.40	---	12.53	---	12.77	---	13.57	---	13.01	---
(E)	Hospitals and other Charitable Institutions	0.53	---	0.03	---	2.02	---	0.02	---	---	---
(F)	Other Institutions	5.32	7.27	11.19	2.59	3.09	2.74	17.93	8.42	5.17	---
<b>Total</b>		<b>22.50</b>	<b>7.27</b>	<b>23.99</b>	<b>2.59</b>	<b>18.30</b>	<b>2.74</b>	<b>31.94</b>	<b>8.42</b>	<b>19.12</b>	---
Percentage of growth over previous year		161	14	7	(-) 64	(-) 24	6	75	207	(-)40	---
Assistance as percentage of Revenue expenditure		3	0.86	2	0.26	2	0.27	3	0.74	1	---

**Source: Detailed Appropriation Accounts**

**1.19** The assistance to the local bodies and other institutions went down during 2000-01. The financial assistance to universities and educational institutions went up by *276 per cent* from Rs.0.25 crore in 1996-97 to Rs.0.94 crore in 2000-01. Other institutions witnessed decrease of *3 per cent* from Rs.5.32 crore in 1996-97, Rs.5.17 crore in 2000-01. Although, the loans declined sharply to nil during 2000-01.

#### **Loans and Advances by the State Government**

**1.20** The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that, after continuous improvement in repayment of loans and advances for four years, there was a sharp fall (60 per cent) in the last year i.e., 2000-01.

**Table No.1.5**

	<i>(Rupees in crore)</i>				
	1996-97	1997-98	1998-99	1999-2000	2000-01
Opening balance	27.24	37.52	41.34	47.26	41.49
Amount advanced during the year	14.36	8.27	19.10	10.21	17.35
Amount repaid during the year	4.08	4.45	13.18	15.98	6.45
Closing balance	37.52	41.34	47.26	41.49	52.39
Net addition	10.28	3.82	5.92	(-) 5.77	10.90
Interest received	0.19	0.49	0.54	0.65	0.73

**Source: Finance Accounts**

**1.21** Though the Departmental authorities and Controlling Officers were required to furnish information about the arrears in recovery (principal as well as interest) of loans as on 31 March 2001 to the Sr. Deputy Accountant General (Accounts and Entitlements) by June, the information is awaited (January 2002) despite reminders.

#### **Capital expenditure**

**1.22** Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e., Public Sector Undertakings (PSUs), Corporations, etc., and loans and advances. The share of capital expenditure (Rs.224.40 crore) to the



total expenditure (Rs.1514.63 crore) increased marginally by 1 *per cent* in 2000-01 over that of 1999-2000. Capital expenditure was mainly on plan works under Social Services (36 *per cent*), Economic Services (51 *per cent*) and General Services (13 *per cent*).

### Quality of expenditure

**1.23** Government spends money for different activities, ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-Plan and revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-Plan and revenue expenditure are identified with expenditure on establishment, maintenance and services.

**1.24** Wastage in public expenditure, diversions of funds, and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure is not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services to the detriment of Economic and Social Services.

**1.25** The following table No.1.6 lists out the trend in these indicators:

**Table No.1.6**

		1996-97	1997-98	1998-99	1999-2000	2000-01
1.	Plan expenditure as a percentage of:-					
	Revenue expenditure	20	20	20	20	18
	Capital expenditure	98	99	97	100	96
2.	Capital expenditure ( <i>per cent</i> )	14	12	13	14	15
3.	Expenditure on General Services ( <i>per cent</i> )					
	Revenue	31	31	32	35	48
	Capital	10	8	7	7	13
4.	Amount of wastage and diversion of funds detected during test audit (Rupees in crore)	0.75	0.65	18.99	257.43	46.33

**Source: Finance Accounts and Audit Report**

**1.26** It would be seen that, the share of Plan expenditure on the revenue side has remained static (20 *per cent*) from 1996-97 to 1999-2000 and thereafter decreased by 2 *per cent*, while the share of the capital sector has been increasing from 1996-97 to 1999-2000 excepting 1998-1999 and thereafter decreased in 2000-01. However, from 1996-97 on wards, the share of expenditure on General Services, has increased on the revenue side, and declined on the capital side upto 1999-2000 but increased again in 2000-01. The substantial amounts of wastage and diversion of funds detected during test audit negatively impinged on the quality of expenditure as brought out in the succeeding paragraphs and reviews.

## Financial management

**1.27** The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues, especially as they relate to the expenditure management in the Government based on the findings of test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

### *Investments and returns*

**1.28** Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

**Table No.1.7**

(Rupees in crore)				
	Sector	Number of concerns	Amount invested	
			As on 31.3.2001	During 2000-01
(1)	Statutory Corporations	1	0.04	---
(2)	Government Companies	5 <sup>2</sup>	26.15 <sup>3</sup>	0.30
(3)	Joint Stock Companies	2	6.91	---
(4)	Co-operative Institutions	@	17.94	2.69
<b>Total:-</b>			<b>51.04</b>	<b>2.99</b>

**Source:** *Finance Accounts*

**1.29** The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

**Table No.1.8**

(Rupees in crore)				
Year	Investment at the beginning of the year	Return	Total interest liability	Rate of interest on Government borrowing (%)
1996-97	32.09	NIL	4.43	13.85 (May 1996) 13.75 (January 1997)
1997-98	35.61	*	4.67	13.05 (May 1997)
1998-99	41.59	NIL	5.13	12.15 (April 1998) 12.50 (October 1998)
1999-2000	46.70	---NIL	5.63	12.25 (April 1999) 11.85 (September 1999)
2000-01	48.05	**	5.13	10.52 (April 2000) 10.82 (July 2001)
<b>Total:-</b>			<b>24.99</b>	

**Source:** *Finance Accounts*

**1.30** Thus, even while the Government was raising high cost borrowings from the market, it had been increasing the investments in the above institutions by borrowing from the open market year after year without getting any return

<sup>2</sup> Excludes one subsidiary company, *i.e.* Nagaland Hotels Ltd.

<sup>3</sup> Investment shown here is as per Finance Accounts 2000-01.

@ Information is awaited from Government (January, 2002).

\* Rs.2000 received as dividend.

\*\* Information regarding dividend is awaited from Government.

therefrom. During the last five years alone, interest liability on the investments made out of borrowed funds at the prevailing market borrowing rates worked out to Rs.24.99 crore which represents 49 *per cent* of the total investments of Rs.51.04 crore made as on March 2001. As on 31 March 2001, five of the Government companies in which Government had invested Rs.51.04 crore had accumulated losses of Rs.6.63 crore.

### *Arrears of revenue*

**1.31** The arrears of revenue pending collection as of March 1999 increased by 112 *per cent*. The outstanding arrears registered a secular increase during the preceding four years (table under paragraph 1.8) and their percentage increased from 4 *per cent* of the revenue raised during 1994-95 to 35 *per cent* during 1998-99. Of the arrears of Rs.26.22 crore as of March 1999, Rs.4.47 crore (17 *per cent*) were pending for more than five years, and pertained mainly to Sales Tax (Rs.3.74 crore) and Central Sales Tax (Rs.0.71 crore) and Professional Tax (Rs.0.02 crore). The overall deterioration in the position of arrears of revenue showed a slackening of the revenue efforts of the State Government.

**1.32** Information regarding arrears of revenue for the year 1999-2000 and 2000-2001 was not furnished by the Department (January 2002) despite repeated reminders.

### *Ways and Means Advances and Overdrafts*

**1.33** Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.10 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA)/Overdrafts (OD) from the Bank. In addition, special WMA are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management of the Government. During the year 2000-01, Government obtained Rs.245.47 crore as Ways and Means Advances on 136 days in addition to the outstanding balance of Rs.10.75 crore from the preceding year. Against this, only Rs.186.93 crore was repaid, leaving an outstanding balance of Rs.69.29 crore on 31 March 2001.

**1.34** The Ways and Means Advances obtained had increased from Rs.13.00 crore in 1996-97 to Rs.245.47 crore in 2000-01 indicating an increase of 1788 *per cent*. Similarly, overdraft availed by the Government during 2000-01 was Rs.208.57 crore in addition to the opening balance of Rs.34.50 crore at the beginning of the year. Of this, Rs.143.77 crore was repaid with interest of Rs.20.60 crore leaving an outstanding balance of Rs.99.30 crore at the end of the year. The overdrafts obtained (gross) had increased by Rs.208.57 crore in 2000-01 w.e.f. 1996-97 constituting an increase of 209 *per cent*. The Government was increasingly depending on overdrafts/ways and means advances for meeting its financial requirements.

**Deficit**

**1.35** Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management of the Government. Further, the ways of financing the deficit, and the application of the funds raised in this manner, are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

**1.36** The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received and certain non-debt capital receipts). Primary Deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficits in Government account:

**OVERALL FINANCIAL TRANSACTIONS OF GOVERNMENT**

**Table No.1.9**

(Rupees in crore)					
CONSOLIDATED FUND					
RECEIPT	Amount			DISBURSEMENT	Amount
Revenue	1254.10	Revenue deficit: 36.13		Revenue	1290.23
Misc. capital receipts	---			Capital	224.40
Recovery of loans & advances	6.45			Loans & advances disbursement	17.35
<b>Sub-total:</b>	<b>1260.55</b>	<b>Gross fiscal deficit: 271.43</b>		<b>Sub-total:</b>	<b>1531.98</b>
Public debt receipts	335.97			Public debt repayment	52.00
<b>Total:</b>	<b>1596.52</b>	<b>A: Surplus in Consolidated Fund: 12.54</b>		<b>Total:</b>	<b>1583.98</b>
RECEIPT	Amount			DISBURSEMENT	Amount
PUBLIC ACCOUNT					
Small savings, PF etc.	98.83			Small savings, PF etc.	66.41
Deposits & advances	100.01			Deposits & advances	94.58
Reserve funds	0.84			Reserve funds	0.18
Suspense & Misc.	46.85			Suspense & Misc.	62.27
Remittances	355.25			Remittances	367.26
<b>Total: Public Account</b>	<b>601.87</b>	<b>B-Surplus in Public Account: 11.17</b> <b>Surplus utilised as under:</b> <b>(i) Increase in closing cash balance: 23.71</b> <b>(ii) Financed Surplus in Consolidated Fund: 12.54</b>		<b>Total: Public Account</b>	<b>590.70</b>

*Source: Finance Accounts*

**1.37** The above table No.1.9 shows that gross fiscal deficit of Rs.271.43 crore was financed by net proceeds of Public Debt. The balance surplus of Rs.12.54 crore (Rs.283.97 crore – Rs.271.43 crore) in the PublicDebt and Surplus of Rs.11.17 crore in the Public Account led to increase in the closing cash balance which brought down the negative cash balance to Rs.36.62 crore at the end of current year against the negative cash balance of Rs.60.33 crore at the end of preceding year.

**1.38** Table under paragraph 1.8 shows that except for 1996-97, the State had a revenue deficit every year during 1996 to 2001. The fiscal deficit had increased from Rs.137.07 crore in 1996-97 to Rs.271.43 crore in 2000-01 registering a increase of 98 per cent during the five years ending March 2001, and was highest during the year 2000-01 (Rs.271.43 crore).

**Application of the borrowed funds (Fiscal Deficit)**

1.39 The fiscal deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for meeting Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position for the last five years:-

Table No.1.10

Ratio of	(Rupees in lakh)				
	1996-97	1997-98	1998-99	1999-2000	2000-01
RD/FD	(-) 0.06	0.48	0.13	0.05	0.13
CE/FD	0.98	0.51	0.84	0.98	0.83
Net loans/FD	0.08	0.01	0.03	(-) 0.03	0.04
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

Source: Finance Accounts

**Guarantees given by the State Government**

1.40 Guarantees given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. As indicated in the table of paragraph 1.8, the maximum amount of loans (principal only) guaranteed as of March 2001 was Rs.7.24 crore. The information regarding the outstanding amount of principal as well as interest thereon, and the guarantee fee payable by these institutions was not furnished by the Government.

**Public debt**

1.41 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table No.1.11.

Table No.1.11

Year	(Rupees in crore)					
	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities <sup>4</sup>	Total liabilities	Ratio of debt to GSDP
1996-97	386.16	264.68	650.84	304.12	954.96	0.50
1997-98	574.68	287.60	862.28	349.43	1211.71	0.52
1998-99	729.49	319.69	1,049.18	369.73	1418.91	#
1999-2000	715.95	430.01	1145.96	461.55	1607.51	#
2000-01	970.88	459.05	1429.93	500.20	1930.13	#

<sup>4</sup> Other liabilities include small savings, provident funds, reserve funds and deposits, etc.

# Information regarding Gross State Domestic Product (GSDP) is not available.

**Source: Finance Accounts**

**1.42** During the five year period, the total liabilities of the Government had grown by 102 per cent. This was on account of 151 per cent growth in internal debt, 73 per cent growth in loans and advances from Central Government and 64 per cent growth in other liabilities. During 2000-01, Government borrowed Rs.104.96 crore in the open market at interest rates of 10.52 and 10.82 per cent per annum.

**1.43** The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

**Table No.1.12**

(Rupees in crore)					
	1996-97	1997-98	1998-99	1999-2000	2000-01
Internal Debt (excluding Ways and Means Advances and Overdrafts from RBI)					
Receipt during the year	63.54	83.84	104.65	167.24	163.05
Repayment-principal	19.37	17.47	22.53	31.19	31.47
Interest	45.01	59.12	64.30	83.67	95.87
Sub-total:-	64.38	76.59	86.83	114.86	127.34
Net funds available ( <i>per cent</i> )	(-) 0.84 (-1)	7.25 (9)	17.82 (17)	52.38 (31)	35.71 (22)
Loans and advances from GOI					
Receipt during the year	35.75	36.59	46.83	51.99	49.58
Repayment-Principal	11.62	13.66	14.73	16.68	20.53
Interest	27.11	30.77	33.92	38.27	43.13
Sub-total:-	38.73	44.43	48.65	54.95	63.66
Net funds available ( <i>per cent</i> )	(-) 2.98 (-8)	(-) 7.84 (-21)	(-)1.82 (-0.04)	(-) 2.96 (-) 0.06	(-)14.08 (-28)
Other liabilities					
Receipt during the year	99.33	96.76	91.23	159.36	192.03
Repayment-Principal	63.59	51.44	70.93	67.54	151.38
Interest	18.08	22.73	24.89	27.03	38.09
Sub-total:-	81.67	74.17	95.82	94.57	189.47
Net funds available ( <i>per cent</i> )	17.66 (18)	22.59 (23)	(-)4.59 (-5)	64.79 (41)	2.56 (1)

**Source: Finance Accounts**

**1.44** It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligations. The increase of 120 per cent in outstanding debt from Rs.650.84 crore in 1996-97 to Rs.1429.93 crore in 2000-01 with its resultant repayment and interest obligations had affected the net availability of funds.

**Indicators of the financial performance**

**1.45** A Government may wish to either maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's vulnerability increases in the process. State Governments increase the level of their activity principally through Five Year Plans which translate to Annual Development Plans provided for in the State Budget.

Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity, while plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

***Sustainability***

(i) Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

***Flexibility***

(ii) Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

***Vulnerability***

(iii) Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

***Transparency***

(iv) There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are, timely presentation, indicating the efficiency of budgetary process, and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criteria.

**1.46** Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in *Appendix—I*. indicates the behaviour of these indices/ratios over the period from 1996-97 to 2000-01. The implications of these indices/ratios on the state of the financial health of the State Government are discussed in the following paragraphs.

***The behaviour of the indices/ratios is discussed below***

***Balance from current revenues (BCR)***

**1.47** BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table at 1.15 shows that the State Government had negative BCRs during all the five years suggesting that Government had to depend entirely on borrowings for meeting its plan expenditure.

***Interest ratio***

(ii) The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In the case of Nagaland the ratio has moved in a narrow range of 0.10 to 0.14. A rising interest ratio has adverse implications on sustainability since it indicates a rising interest burden.

***Capital outlay vs capital receipts***

(iii) This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Nagaland the ratio has all along been less than one except during 1996-97 indicating that a part of the capital receipts is being used for unproductive revenue expenditure.

***Tax receipts vs Gross State Domestic Product (GSDP)***

(iv) Tax receipts consist of State taxes and State's share of Central taxes. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would imply that the Government can tax more, and hence its flexibility. A high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Nagaland States' own tax receipts to GSDP ratio declined from 0.017 in 1996-97 to 0.014 in 1997-98. Sales tax/GSDP ratio also witnessed a decline from 0.008 in 1996-97 to 0.007 in 1997-98. This suggests that while the State Government had the option to mobilise more resources through taxation, it chose the easier option of borrowing to meet its increasing revenue and fiscal deficits. The GSDP data for the year 1998-99 to 2000-01 was not made available by the Government. Hence no analysis could be made for these years.

***Return on Investment (ROI)***

(v) The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and cooperative institutions. It shows that the ROI in case of Government of Nagaland has been nil and suggests that the investments in the Public Sector Undertakings (PSUs) were used to finance their loss, rather than generate revenue.

***Capital repayments vs Capital borrowings***

(vi) This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In the case of Nagaland, this ratio has shown mixed trends and ranged between 0.10 and 0.64 during 1996-2001. Its decrease to 0.10 in 2000-01 from 0.64 in 1998-99 suggests that there was sufficient Capital available for investment during the year.



***Debt vs Gross State Domestic Product (GSDP)***

(vii) The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of Debt vs GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Nagaland, this ratio had moved in the range between 0.49 to 0.52 during 1996-97 and 1997-98. The GSDP data for 1998-99 to 2000-01 was not made available by the State Government. Hence, the ratio has not been worked out.

***Revenue deficit vs Fiscal deficit***

(viii) The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus higher the ratio the worse off the state because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. The ratio has gone up from (-)0.06 in 1996-97 to 0.13 in 2000-01.

***Primary deficit vs Fiscal deficit***

(ix) Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In case of Government of Nagaland, this ratio moved from 0.34 in 1996-97 to 0.35 during 2000-01, suggesting availability of funds for investment during 2000-01, relative to the position in 1996-97.

***Guarantees vs Revenue receipts***

(x) Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of the State Government and should therefore be compared with the ability of the Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In the case of Nagaland this ratio has been static.

***Assets vs Liabilities***

(xi) This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. In the case of Nagaland this ratio, though positive, has declined sharply from 1.34 in 1996-97 to 1.08 in 2000-01 indicating that the liabilities have grown at a faster rate than the assets and a contra indicator to solvency.

***Budget***

(xii) There was no delay in submission of the budget and their approval. The details are given in the following table No.1.13.

**Table No.1.13**

<b>Preparation</b>	<b>Month of submission</b>	<b>Month of approval</b>
Vote on Account	NIL	NIL
Budget	March 2000	March 2000
Supplementary	March 2001	March 2001

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. The analysis reveals defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year, vis-à-vis the final modified grant. Significant variations (excess/savings) between the final modified grant and actual expenditure were also persistent.

### *Accounts*

(xiii) There are 88 Divisions in the State, responsible for maintaining and rendering the accounts to the Sr. Deputy Accountant General (A&E), Nagaland in respect of Public Works Department (44 Divisions), Public Health Engineering Department (10 Divisions), Power Department (16 Divisions) and Forest Department (19 Divisions). All the 89 Divisions had delayed submission of their monthly accounts. The delay ranged between 1 and 396 days resulting in exclusion of the transactions of the department concerned from the monthly accounts. However, since all the transactions had to be incorporated in the annual Finance and Appropriation Accounts, the final closure of these accounts also got delayed.

### *Conclusion*

**1.48** State Government had a negative BCR during all the five years ending March 2001 suggesting that Government had been depending heavily on borrowings for meeting its plan and non-plan expenditure. Dependence on GOI grant is high about 71 *per cent* of total expenditure. Interest ratio of the Government increased to 0.14 during 2000-01 as compared to 0.10 in 1996-97 indicating adverse implications on the sustainability of the State on account of increased interest burden. The capital outlay versus capital receipts ratio has all along being less than one except during 1996-97 indicating that a part of the capital receipts is being used for unproductive revenue expenditure. Decline of Assets/liabilities ratio from 1.34 in 1996-97 to 1.08 in 2000-01 indicates adversely on the solvency of the Government. Major portion of the incremental expenditure was utilised on clearance of RBI overdraft.

**Table No.1.14**  
**(Reference: paragraph 1.6)**  
**ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR**  
**2000-2001**

(Rupees in crore)								
RECEIPTS				DISBURSEMENTS				
1999-2000	2000-01			1999-2000	Non-Plan	Plan	Total	2000-01
	<b>SECTION A: REVENUE</b>							
<b>1131.46</b>	<b>I. Revenue Receipts</b>			<b>1140.80</b>	<b>I. Revenue Expenditure</b>			<b>1290.23</b>
39.50	Tax Revenue	46.25		<b>544.60</b>	<b>General Services</b>	<b>613.96</b>	<b>9.37</b>	<b>623.33</b>
38.86	Non-tax Revenue	39.23		<b>330.39</b>	<b>Social Services</b>	<b>273.08</b>	<b>78.07</b>	<b>351.15</b>
526.04	State's share of Union Excise Duties	96.48		163.15	Education, Sports, Art and Culture	162.30	19.54	181.84
29.88	Non-plan grants	581.07		70.85	Health and Family Welfare	61.31	15.13	76.44
425.34	Grant of State Plan Scheme	384.55		51.52	Water Supply, Sanitation, Housing and Urban Development	29.38	10.65	40.03
9.78	Grant for Central Plan Scheme	19.00		6.21	Information and Broadcasting	6.08	1.10	7.18
52.96	Grants for Centrally Sponsored Plan Schemes	76.79		7.79	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	---	7.98	7.98
9.10	Grant for Special Plan Scheme (NEC)	10.73		3.87	Labour and Labour Welfare	2.85	1.55	4.40
				23.32	Social Welfare and Nutrition	6.10	22.05	28.15
				3.68	Others	5.06	0.07	5.13
				<b>265.81</b>	<b>Economic Services</b>	<b>172.19</b>	<b>143.56</b>	<b>315.75</b>
				80.37	Agriculture and Allied Activities	53.21	51.81	105.02
				28.89	Rural Development	3.41	20.54	23.95
				6.48	Special Areas Programme	1.58	8.34	9.92
				10.90	Irrigation and Flood Control	4.34	8.49	12.83
				34.13	Energy	57.86	0.47	58.33
				29.64	Industry and Minerals	12.01	16.44	28.45
				30.49	Transport	29.71	0.70	30.41
				0.17	Science, Technology and Environment	0.02	0.46	0.48
				44.74	General Economic Services	10.05	36.31	46.36
<b>9.34</b>	<b>II. Revenue Deficit carried over to Section-B</b>		<b>36.13</b>	---	<b>II. Revenue Surplus carried over to Section-B</b>			---
<b>1140.80</b>	<b>Total: Section A-Revenue</b>		<b>1290.23</b>		<b>Total: Section A-Revenue</b>			<b>1290.23</b>

**Audit Report (Civil) for the year ended 31 March 2001**

(Rupees in crore)								
RECEIPTS			DISBURSEMENTS					
1999-2000		2000-01	1999-2000		Non-Plan	Plan	Total	2000-01
	<b>SECTION-B</b>							
(-) 69.52	III. Opening cash balance including Permanent Advances and Cash Balance Investment	(-)60.33	---	III. Opening Overdraft from RBI				---
---	IV. Miscellaneous Capital Receipts	---	179.34	IV. Capital Outlay	8.55	215.85	224.40	224.40
			11.80	General Services	---	28.51	28.51	
			77.11	Social Services	1.19	79.83	81.02	
			5.68	Education, Sports, Art and Culture	---	10.06	10.06	
			20.83	Health and Family Welfare	---	12.93	12.93	
			46.83	Water Supply, Sanitation, Housing and Urban Development	---	55.84	55.84	
			0.04	Information and Broadcasting	---	---	---	
			3.71	Social Welfare and Nutrition	---	0.68	0.68	
			0.02	Others	1.19	0.32	1.51	
			90.43	<b>Economic Services</b>	7.36	107.51	114.87	
			3.29	Agriculture and Allied Activities	7.36	12.92	20.28	
				Rural Development	---	0.13	0.13	
			8.29	Special Areas Programme	---	13.66	13.66	
			34.07	Energy	---	52.80	52.80	
			9.81	Industry and Minerals	---	9.15	9.15	
			34.96	Transport	---	18.82	18.82	
			0.01	General Economic Services	---	0.03	0.03	
15.98	V. Recoveries of Loans and Advances	6.45		V. Loans and Advance disbursed	---			17.35
0.35	From Government Servants	0.88	1.80	To Government Servants	---		2.48	
15.26	From Others	5.57	8.41	To Others	---		14.87	
	VI. Revenue Surplus brought down	---		VI. Revenue deficit brought down				36.13

(Rupees in crore)							
Receipts			Disbursements				
1999-2000		2000-01	1999-2000			2000-01	
<b>344.23</b>	<b>VII. Public Debt receipts</b>		<b>335.97</b>	<b>247.45</b>	<b>VII. Repayment of Public Debt-</b>		<b>52.00</b>
167.24	Internal debt other than Ways and Means Advances and Overdrafts	163.05		31.19	Internal debt other than Ways and Means Advances and Overdrafts	31.47	
	Net transactions under:-				Net transactions under:-	---	
	Ways and Means Advances including overdrafts	*123.34			Ways and Means Advances including overdrafts	---	
176.99	Loans and Advances from Central Government	49.58		66.68	Repayment of Loans and Advances to Central Government	20.53	
---	<b>VIII. Appropriation to Contingency Fund</b>	---	---	---	<b>VIII. Appropriation to Contingency Fund</b>	---	---
---	<b>IX. Amount transferred to Contingency Fund</b>	---	---	---	<b>IX. Expenditure from Contingency Fund</b>	---	---
<b>538.71</b>	<b>X. Public Account receipts-</b>		<b>601.87</b>	<b>443.39</b>	<b>X. Public Account disbursements-</b>		<b>590.70</b>
86.03	Small Savings And Provident Funds	98.83		51.05	Small Savings and Provident Funds	66.41	
0.58	Reserve funds	0.84		2.04	Reserve Funds	0.18	
99.67	Suspense and Miscellaneous	46.85		103.76	Suspense and Miscellaneous	62.27	
273.29	Remittance	355.25		265.67	Remittances	367.26	
79.14	Deposits and Advances	100.01		20.87	Deposits and Advances	94.58	
	<b>XI. Closing Overdraft from Reserve bank of India</b>			<b>(-) 60.33</b>	<b>XI. Cash Balance at end-</b>		<b>(-)36.62</b>
				0.17	Cash in Treasuries and Local Remittances	0.17	
				(-) 86.34	Deposits with Reserve Bank	(-)127.56	
				17.04	Departmental Cash balance including Permanent Advances	21.73	
				---	Cash Balance Investment	59.30	
				8.80	Investment in earmarked funds	9.74	
<b>829.40</b>	<b>Total:-</b>		<b>883.96</b>	<b>829.40</b>	<b>Total:-</b>		<b>883.96</b>

*Source: Finance Accounts*

\* Represents receipts: Rs.454.04 crore (and Rs.195.29 crore) and disbursements: Rs.330.70 crore (and Rs.344.87 crore) for the years 1998-99 and 2000-01 respectively and 1999-2000 respectively.

**Table No.1.15  
Financial Indicators for Government of Nagaland**

	1996-97	1997-98	1998-99	1999-2000	2000-01
(1)	(2)	(3)	(4)	(5)	(6)
<b>SUSTAINABILITY</b>					
BCR (Rupees in crore)	(-) 135.67	(-) 272.47	(-) 210.89	(-) 277.14	(-)296.20
Primary Deficit (PD) (Rupees in crore)	46.87	152.08	49.90	30.63	94.34
Interest Ratio	0.10	0.13	0.14	0.13	0.14
Capital outlay/Capital receipts	1.02	0.93	0.88	0.69	0.96
Total tax receipts/GSDP	0.16	0.18	NA	NA	NA
State Tax Receipts/GSDP	0.017	0.14	NA	NA	NA
Return on Investment ratio	NIL	NIL	NIL	NIL	NIL
<b>FLEXIBILITY</b>					
BCR (Rupees In crore)	(-) 135.67	(-) 272.47	(-) 210.89	(-) 277.14	(-)296.20
Capital repayments/Capital borrowings	0.31	0.26	0.64	0.22	0.10
State Tax receipts/GSDP	0.017	0.14	NA	NA	NA
Debt/GSDP	0.49	0.52	NA	NA	NA
<b>VULNERABILITY</b>					
Revenue Surplus (+)/Revenue Deficit(-) (Rupees in crore)	(+) 7.82	(-) 127.19	(-) 23.02	(-) 9.34	(-)36.13
Fiscal Deficit (FD) (Rupees In crore)	137.07	264.70	184.73	182.91	271.43
Primary Deficit (PD) (Rupees In crore)	46.87	152.08	49.90	30.63	94.34
PD/FD	0.34	0.57	0.27	0.17	0.35
RD/FD	(-) 0.06	0.48	0.13	0.05	0.13
Outstanding Guarantees/revenue receipts	@	@	@	@	@
Assets/Liabilities	1.34	1.17	1.13	1.10	1.08

Note :

1. RD—Revenue Deficit.
2. RS—Revenue Surplus.
3. Fiscal deficit has been calculated as : Revenue expenditure + Capital expenditure + Net loans and advances –Revenue receipts- Non-loan capital receipts.
4. In the ratio Capital outlay vs. capital receipts, the denominator has been taken as net additions under internal loans & Loans and Advances from Government of India *plus* Net receipts from small savings, PF etc. *plus* Repayments received from loans advanced by the State Government *minus* Loans advanced by State Government *minus* Ways & Means Advances and Overdrafts under 6003 and 6004.

### EXPLANATORY NOTES

1. The summarised financial statements are based on the Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
3. The capital outlay represents capital expenditure booked in the accounts.

@ Information awaited from the Government (January 2002).

4. Although a part of revenue expenditure (grants) and the loans are used by the recipients for capital formation, its classification in the Government accounts remains unaffected by end use.
5. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account, with the result that cumulative position of such surplus or deficit was not ascertainable. The balancing figure of Rs.127.72 crore as on 31 March 1983 was, therefore, treated as cumulative surplus for drawing up the first statement of financial position for 1983-84 which took the place of balance sheet. The current figure as on 31 March 2001 was Rs.134.29 crore after accounting for the revenue deficit of Rs.36.13 crore during 2000-01.
6. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Governmental payments and other pending settlements. The balance under Suspense and Miscellaneous had increased from Rs.56.11 crore as on 31 March 2000 to Rs.71.54 crore as on 31 March 2001.
7. The closing cash balance as reported by the Reserve Bank of India was Rs.123.31 crore (debit) against the general cash balance of Rs.127.56 crore (debit) shown in the accounts. The difference of Rs.4.25 crore (debit) as on 31 March 2001 was under reconciliation.