

## CHAPTER-I FINANCES OF THE STATE GOVERNMENT

### Summary

Revenues of the State Government consist mainly of its own tax and non-tax revenue, Central tax transfers and grants-in-aid from the Government of India. With reference to 2004-05, the revenue receipts during 2005-06 increased by 17 *per cent* to Rs 20,839 crore while the revenue expenditure increased by eight *per cent* to Rs 21,499 crore. Consequently, the revenue deficit further declined from Rs 2,143 crore to Rs 660 crore. This positive development enabled reduction of Fiscal Deficit and wiped out the Primary Deficit. Moreover, it enabled the State Government to manage its cash balance without resorting to any overdraft from the Reserve Bank of India.

The targets set for 2005-06 by the Twelfth Finance Commission were mostly achieved by the Government. However, the following factors remain to be of concern:

- (i) The percentage of total expenditure to revenue receipts was 126 indicating that only about 79 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings.
- (ii) The fiscal liabilities of the State were more than thrice its revenue receipts. Moreover, it constituted more than half of the State Gross State Domestic Product.
- (iii) The Government had incurred a committed liability of Rs 8,677.81 crore on account of payments due to its five electricity companies which could constitute a major strain on its budget in future.
- (iv) Return on investment of the Government funds in companies, rural banks, co-operative units, etc. continued to be meagre and fetched only 0.5 *per cent* during 2005-06 while the Government continued to borrow funds from market at a higher rate of interest,
- (v) The revenue realised by the Government from investment of Rs 3,708 crore in 17 irrigation projects was just one *per cent* and was not even sufficient to cover their maintenance and interest charges.

## **1.1 Introduction**

The Finance Accounts of the Government of Rajasthan are laid out in nineteen statements, presenting revenue as well as capital receipts and expenditure, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in Box 1.

### **Box 1**

#### **Lay out of Finance Accounts**

Statement No. 1 presents the summary of transactions of the State Government – revenue as well as capital receipts and expenditure, 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 2005-06.

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, 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 2006.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2005-06 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 major head-wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2005-06.

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 2005-06.

Statement No. 15 depicts the capital and other expenditure to the end of 2005-06 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 Rajasthan.

Statement No. 18 provides the detailed account of loans and advances given by the Government of Rajasthan, the amount of loan repaid during the year, the balance as on 31 March 2006, and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of Reserve Funds/Deposits.

## 1.2 Trend of Finances with reference to previous year

Financial position of the State Government during the current year compared to previous year was as under:

(Rupees in crore)

2004-05	S. No.	Major Aggregates	2005-06
<b>17,763</b>	<b>1.</b>	<b>Revenue Receipts (S. No. 2+3+4)</b>	<b>20,839</b>
8,415	2.	Tax Revenue	9,880
2,146	3.	Non-Tax Revenue	2,738
7,202	4.	Other Receipts	8,221
<b>125</b>	<b>5.</b>	<b>Non-Debt Capital Receipts (S. No. 6+7)</b>	<b>239</b>
-	6.	Miscellaneous Capital Receipts	1
125	7.	Recovery of Loans	238
<b>17,888</b>	<b>8.</b>	<b>Total Receipts (S. No. 1+5)</b>	<b>21,078</b>
<b>17,271</b>	<b>9.</b>	<b>Non-Plan Expenditure (S. No. 10+12+13)</b>	<b>18,461</b>
17,164	10.	On Revenue Account	18,368
5,172	11.	Of which, Interest Payments	5,210
68	12.	On Capital Account	62
39	13.	On Loans disbursed	31
<b>6,763</b>	<b>14.</b>	<b>Plan Expenditure (S. No. 15+16+17)</b>	<b>7,767</b>
2,742	15.	On Revenue Account	3,131
3,420	16.	On Capital Account	4,233
601	17.	On Loans disbursed	403
<b>24,034</b>	<b>18.</b>	<b>Total Expenditure (S. No. 9+14)</b>	<b>26,228</b>
<b>6,146</b>	<b>19.</b>	<b>Fiscal Deficit (S. No. 18-1-5)</b>	<b>5,150</b>
<b>2,143</b>	<b>20.</b>	<b>Revenue Deficit (S. No. 10+15-1)</b>	<b>660</b>
<b>974</b>	<b>21.</b>	<b>Primary Deficit (S. No. 19-11)</b>	<b>(-) 60<sup>1</sup></b>

## 1.3 Summary of Receipts and Disbursements for the year

Table 1 below summarises the finances of the Government of Rajasthan for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts 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 2005-06

(Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
<b>Section-A: Revenue</b>							
					<b>Non-Plan</b>	<b>Plan</b>	<b>Total</b>
<b>17,763.59</b>	<b>I. Revenue receipts</b>	<b>20,839.19</b>	<b>19,906.19</b>	<b>I. Revenue expenditure</b>	<b>18,367.67</b>	<b>3,131.53</b>	<b>21,499.20</b>
8,414.82	Tax revenue	9,880.23	8,652.22	General Services	8,776.96	43.36	8,820.32
2,146.15	Non-tax revenue	2,737.67	7,147.74	Social Services	6,649.76	1,344.63	7,994.39
4,305.61	Share of Union Taxes/Duties	5,300.08	4,104.96	Economic Services	2,939.38	1,743.54	4,682.92
2,897.01	Grants from Government of India	2,921.21	1.27	Grants-in-aid / Contributions	1.57	-	1.57

1. Represents surplus

(Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
<b>Section-B: Capital</b>							
-	II. Miscellaneous Capital Receipts	0.81	3,488.29	II. Capital Outlay	61.41	4,233.08	4,294.49
124.63	III. Recoveries of Loans and Advances	237.60	639.72	III. Loans and Advances disbursed	31.16	403.02	434.18
9,982.44	IV. Public Debt receipts*	5,495.29	4,872.59	IV. Repayment of Public Debt*	#	#	992.48
44,156.09	V. Public Account receipts	49,189.20	42,494.11	V. Public Account disbursements	#	#	47,452.15
(-) 162.68	Opening Cash Balance	463.17	463.17	Closing Cash Balance	#	#	1,552.76
71,864.07	<b>Total</b>	76,225.26	71,864.07	<b>Total</b>			76,225.26

\* Includes net ways and means advances and overdraft.

# Bifurcation of Plan and Non- plan not available.

## 1.4 Audit Methodology

Audit observations on the Statements of Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and expenditure and wherever necessary show these trends in the light of time series data and periodic comparisons. Major fiscal aggregates such as tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances etc. have been presented as percentages to the Gross State Domestic Product (GSDP) at current market prices. For tax revenue, non-tax revenue, revenue expenditure etc., buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) resources by volumes and sources, (ii) application of resources, (iii) assets and liabilities and (iv) management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, the section also contains a paragraph on indicators of financial performance of the Government (Fiscal ratios). Some of the terms used in this Chapter are explained in *Appendix-I*.

## State Finances by Key Indicators

### 1.5 Resources by volumes and sources

Resources of the State Government consist of receipts under revenue and capital. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Central Government.

Capital receipts comprise miscellaneous capital receipts such as 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 the Government of India as well as accruals to Public Accounts.

Table 2 would show that the total receipts of the State Government for the year 2005-06 were Rs 75,762 crore, while the revenue receipts were Rs 20,839 crore constituting only 28 *per cent* of total receipts. The balance of receipts came from Capital receipts and Public Account receipts.

**Table 2 : Resources of Rajasthan**

(Rupees in crore)	
<b>I. Revenue Receipts</b>	<b>20,839</b>
<b>II. Capital Receipts</b>	<b>5,734</b>
a. Miscellaneous Receipts	1
b. Recovery of Loans and Advances	238
c. Public Debt Receipts	5,495
<b>III. Public Account Receipts</b>	<b>49,189</b>
a. Small Savings, Provident Fund, etc.	2,471
b. Reserve Fund	589
c. Deposits and Advances	42,951
d. Suspense and Miscellaneous	38
e. Remittances	3,140
<b>Total Receipts</b>	<b>75,762</b>

### 1.5.1 Revenue receipts

The Revenue Receipts of the State consisted mainly of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and their buoyancy are indicated in Table 3.

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

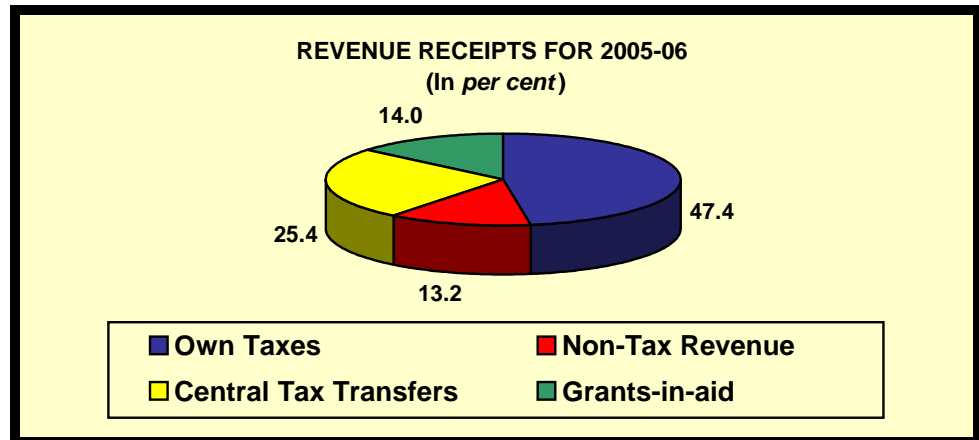
	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Revenue Receipts (RR)</b>	<b>12,153</b>	<b>13,082</b>	<b>15,424</b>	<b>17,763</b>	<b>20,839</b>
Own Taxes	5,671 (46.7)	6,253 (47.8)	7,246 (47.0)	8,415 (47.4)	9,880 (47.4)
Non-Tax Revenue	1,508 (12.4)	1,569 (12.0)	2,072 (13.4)	2,146 (12.1)	2,738 (13.2)
Central Tax Transfers	2,883 (23.7)	3,063 (23.4)	3,602 (23.4)	4,305 (24.2)	5,300 (25.4)
Grant-in-aid (Plan)	1,083	1,383	1,755	1,967	2,066
Grant-in-aid (Non-Plan)	1,008	814	749	930	855
Total Grants-in-aid	2,091 (17.2)	2,197 (16.8)	2,504 (16.2)	2,897 (16.3)	2,921 (14.0)
Rate of Growth of RR	(-) 2.0	7.6	17.9	15.2	17.3
Own Taxes Growth rate	7.0	10.3	15.9	16.1	17.4
Revenue Receipts/GSDP	13.8	15.5	14.7	16.1	17.0

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Buoyancy	*	*	0.7	2.9	1.6
Own Taxes Buoyancy	0.6	*	0.7	3.1	1.6
GSDP Growth rate	11.1	(-) 4.2	24.4	5.2	10.7

\* Rate of growth of Revenue Receipts and GSDP was negative.

Note: Figures in brackets represent percentages to Revenue Receipts.

Revenue receipts of the State increased by 71 per cent from Rs 12,153 crore in 2001-02 to Rs 20,839 crore in 2005-06, but there were significant inter-year variations in the growth rate. While on an average about 60 per cent of the revenue came from the State's own resources, central tax transfers and grants-in-aid together continued to contribute around 40 per cent of the total revenue. Sales tax was the major source of State's own tax revenue (57 per cent contribution) followed by State Excise (15 per cent), Taxes on Vehicles (nine per cent) etc. Of non-tax revenue sources, Interest Receipts (36 per cent), Non-Ferrous Mining and Metallurgical Industries (30 per cent), Miscellaneous General Services (11 per cent) and Water Supply and Sanitation (seven per cent) were the principal contributors.



The revenue receipts were increased by Rs 3,076 crore in 2005-06 over the previous year of which Rs 1,465 crore (48 per cent) were contributed through States' Own Tax Resource followed by Rs 1,019 crore (33 per cent) in the form of Central Transfer Comprising State's share in Union taxes and duties and Grant-in-aid and Rs 592 crore (19 per cent) through non-tax revenue sources of the State. The increase in State's OTR during the year was mainly on account of increased collections from Taxes on Sales, Trade etc. (Rs 796 crore), State Excise (Rs 246 crore) and Stamps and Registration Fees (Rs 214 crore). The increase in share in Union taxes and duties was largely contributed in the form of increased Share in Taxes on Income other than Corporation Tax (Rs 243 crore), Corporation Tax (Rs 238 crore), Union Excise Duties (Rs 181 crore), Customs (Rs 169 crore) and Services Tax (Rs 162 crore). The grants-in-aid component increased by only Rs 24 crore during 2005-06 as increment of Rs 99 crore in plan grants was offset by a decline of Rs 75 crore in non-plan grants from the centre. The Interest Receipts (Rs 235 crore) and receipts from Miscellaneous General Services (Rs 215 crore) and Non-Ferrous Mining and Metallurgical Industries (Rs 169 crore) were the main contributors in incremental non-tax revenue during the year.

## Arrears of revenue

The arrears of revenue increased by 95 *per cent* from Rs 1,532 crore in 2001-02 to Rs 2,985 crore at the end of 2005-06. Of these, Rs 772 crore were outstanding for a period of more than five years. Arrears were mainly in respect of Taxes on Sales, Trade, etc. (Rs 2,336 crore), State Excise (Rs 217 crore), Miscellaneous General Services- Sale of Land (Rs 106 crore), and Non-Ferrous Mining and Metallurgical Industries (Rs 82 crore).

The source of receipts under different heads and GSDP during 2001-06 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		
2001-02	12,153	69	5,979	27,771	45,972	88,077
2002-03	13,082	125	7,686	34,592	55,485	84,405
2003-04	15,424	164	9,025	39,459	64,072	1,05,009
2004-05	17,763	125	9,982	44,156	72,026	1,10,446
2005-06	20,839	239	5,495	49,189	75,762	1,22,308

## 1.6 Application of resources

### 1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased by 46 *per cent* from Rs 17,971 crore in 2001-02 to Rs 26,228 crore in 2005-06. Revenue receipts could cover only 79 *per cent* of total expenditure in 2005-06 leaving the balance to be financed from borrowings.

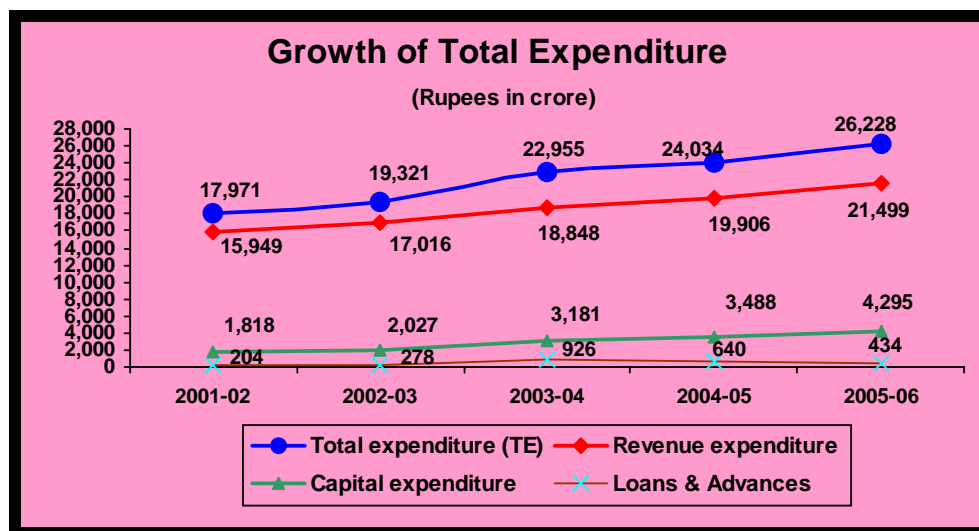
Total expenditure of the State, its rate of growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table 5 below:

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

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Total Expenditure (TE)</b>	<b>17,971</b>	<b>19,321</b>	<b>22,955</b>	<b>24,034</b>	<b>26,228</b>
<i>of which</i>					
Revenue Expenditure	15,949	17,016	18,848	19,906	21,499
Capital Expenditure	1,818	2,027	3,181	3,488	4,295
Loans & Advances	204	278	926	640	434
Rate of Growth of TE	6.7	7.5	18.8	4.7	9.1
TE/GSDP	20.4	22.9	21.9	21.8	21.4
Revenue Receipts/TE	67.6	67.7	67.2	73.9	79.5
<b>Buoyancy of Total Expenditure with</b>					
GSDP	0.6	*	0.8	0.9	0.9
Revenue Receipts	*	1.0	1.1	0.3	0.5

\* Rate of growth of Revenue Receipts and GSDP was negative.

The total expenditure is increased by Rs 2,194 crore during 2005-06 over the previous year. Revenue expenditure which dominantly shared the total expenditure during 2001-06 increased by Rs 1,593 crore during 2005-06 mainly due to more expenditure on General Education (Rs 697 crore), Roads and Bridges (Rs 227 crore), Crop Husbandry (Rs 201 crore) and Medical and Public Health (Rs 87 crore). Capital expenditure increased by Rs 807 crore mainly due to more expenditure on investment for Power Projects (Rs 281 crore), Water Supply and Sanitation (Rs 184 crore), Major Irrigation (Rs 137 crore), Medical and Public Health (Rs 36 crore) and Roads and Bridges (Rs 35 crore). The loans and advances although fluctuated between Rs 204 crore to Rs 926 crore during 2001-06 but its share in total expenditure hovered around 1-2 per cent except during 2003-04 when it reached to the level of four per cent. Although the revenue expenditure continued to share dominantly in total expenditure but its share declined from 89 per cent in 2001-02 to 82 per cent in 2005-06. The capital expenditure on the other hand picked up since 2003-04 and its share in total expenditure increased to 16 per cent during 2005-06 from the level of 10 per cent in 2001-02. The ratio of revenue receipts to total expenditure indicated that approximately 79 per cent of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings.



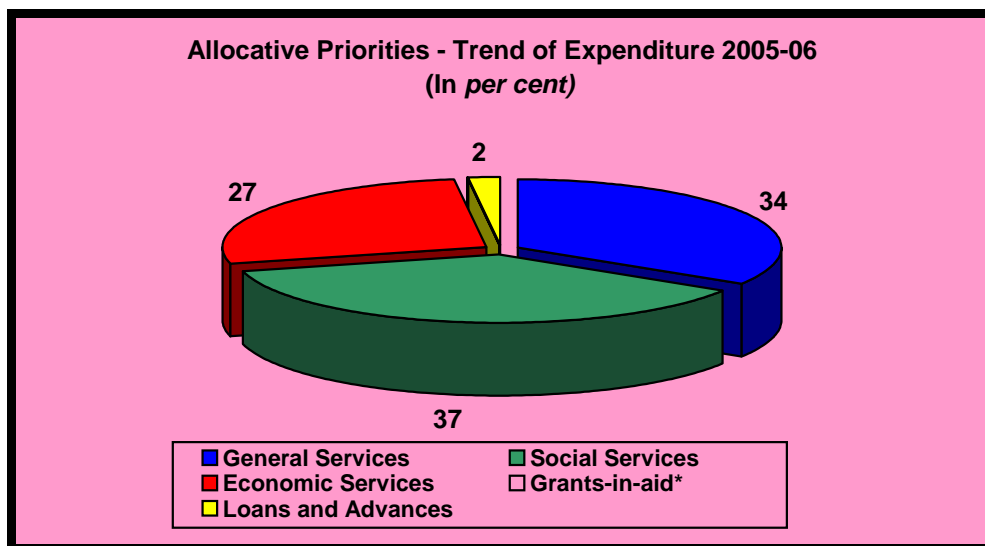
In terms of the activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services and Loans and Advances. The relative share of these components in the total expenditure is indicated in Table 6.

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

	2001-02	2002-03	2003-04	2004-05	2005-06
General Services	40.1	39.8	37.0	36.3	34.1
Social Services	39.4	38.0	37.0	36.2	37.1
Economic Services	19.3	20.8	22.0	24.8	27.2
Grants-in-aid	0.1	< 0.1	< 0.1	< 0.1	< 0.1
Loans and advances	1.1	1.4	4.0	2.7	1.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



Table 6 broadly indicates that the relative share of expenditure on Economic Services has been growing rapidly during 2001-06 largely at the expenses of General Services and Social Services. Apart from the infrastructure sectors like energy and transport, the programmes/schemes under medical and public health and irrigation attracted more public expenditure during the period.



\* 0.008 per cent only.

### 1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services and thus does not increase the Assets of the Government. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP, total expenditure and revenue receipts and its buoyancy with GSDP and revenue receipts are indicated in Table 7 below:

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

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Revenue Expenditure (RE)</b>	<b>15,949</b>	<b>17,016</b>	<b>18,848</b>	<b>19,906</b>	<b>21,499</b>
Rate of Growth	6.1	6.7	10.8	5.6	8.0
Plan Revenue Expenditure (PRE)	2,186	2,272	2,231	2,742	3,131
Rate of Growth	16.0	3.9	(-) 1.8	22.9	14.2
Non-Plan Revenue Expenditure (NPRE)	13,763	14,744	16,617	17,164	18,368
Rate of Growth	4.7	7.1	12.7	3.3	7.0
RE/GSDP	18.1	20.2	17.9	18.0	17.6
RE as per cent of TE	88.7	88.1	82.1	82.8	82.0
RE as per cent to Revenue Receipts	131.2	130.1	122.2	112.1	103.2
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP	0.5	*	0.4	1.1	0.7
Revenue Receipts	*	0.9	0.6	0.4	0.5
<b>Buoyancy of Plan Revenue Expenditure with</b>					
GSDP	1.4	*	*	4.4	1.3
Revenue Receipts	*	0.5	*	1.5	0.8
<b>Buoyancy of Non-Plan Revenue Expenditure with</b>					
GSDP	0.4	*	0.5	0.6	0.7
Revenue Receipts	*	0.9	0.7	0.2	1.0

\* Rate of growth of Revenue Receipts, GSDP and Plan Revenue Expenditure was negative.

Revenue expenditure of the State has increased by 35 per cent from Rs 15,949 crore in 2001-02 to Rs 21,499 crore in 2005-06. Revenue expenditure accounted for 82 per cent of total expenditure during 2005-06. This was higher than the share of revenue receipts (76 per cent) in total receipts of the State Government, which led to revenue deficit. Non-Plan Revenue Expenditure of the State which constituted on an average around 86 per cent of total revenue expenditure of the State during 2001-06 increased by 33 per cent from Rs 13,763 crore in 2001-02 to Rs 18,368 crore in 2005-06. The NPRE at Rs 18,368 crore in 2005-06 appears to be excessive if compared with the normatively assessed level of Rs 16,261 crore by Twelfth Finance Commission for the year 2005-06. The plan revenue expenditure although shared on an average only 14 per cent of revenue expenditure during 2001-06 but in comparison to NPRE it has increased by 43 per cent from Rs 2,186 crore in 2001-02 to Rs 3,131 crore in 2005-06. Furthermore, the rate of growth in plan revenue expenditure picked up during the last two years. Though the share of revenue expenditure to revenue receipts declined from 131 per cent in 2001-02 to 103 per cent in 2005-06, dependency of the State on borrowings, for meeting its current expenditure continued primarily due to the fact that expenditure on salaries (Rs 6,643 crore), interest payments (Rs 5,210 crore) and pensions (Rs 1,651 crore) alone consumed 65 per cent of total revenue receipts of the State.

### 1.6.3 Expenditure on Salary and Pension Payments

The table below depicts the trend of expenditure on salary and pension.

**Table 8: Expenditure on Salary and Pension Payments (Value: Rupees in crore and others in per cent)**

	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure on Salary Payment	5,116	5,099	5,563	5,910	6,643
Revenue Expenditure net of Interest Payments and Pensions	10,386	11,033	12,229	13,108	14,638
Salary as per cent of Revenue Receipts	42.1	39.0	36.1	33.3	31.9
Salary as per cent of Revenue Expenditure, net of Interest Payments and Pensions	49.3	46.2	45.5	45.1	45.4
Expenditure on Pension Payments	1,685	1,683	1,842	1,626	1,651
Pension as per cent of Revenue Receipts	13.9	12.9	11.9	9.2	7.9
Pension as per cent of Revenue Expenditure	10.6	9.9	9.8	8.2	7.7

The Twelfth Finance Commission (TFC) recommended (November 2004) that the total salary expenditure, relative to revenue expenditure net of interest payments and pensions, should not exceed 35 per cent. However, this was 45 per cent during 2005-06. A new contribution funded pension scheme has been introduced under which the State Government as well as the employees recruited on or after 1 January 2004 contribute 10 per cent of basic pay and dearness allowance to the pension fund.

### 1.6.4 Interest payments

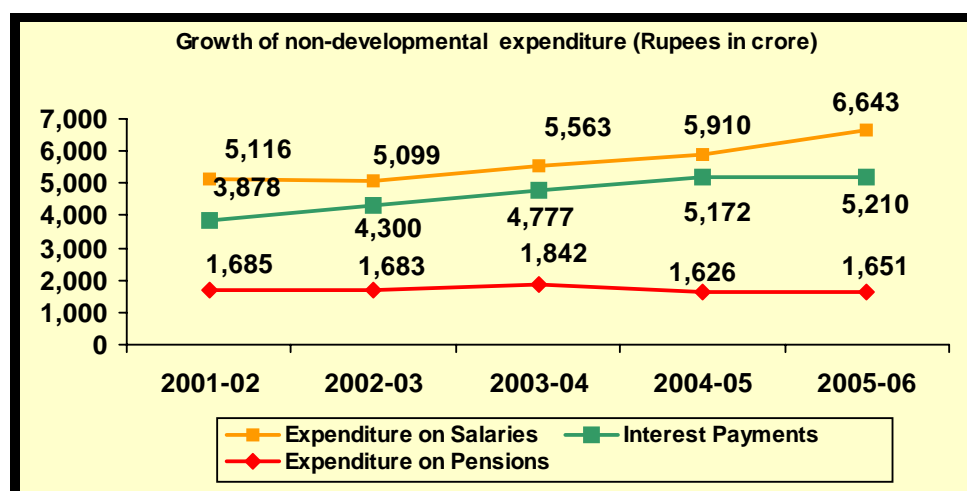
The TFC recommended (November 2004) that as a medium term objective, states should endeavour to limit interest payments such that its ratio to revenue

receipts falls to about 15 per cent by 2009-10. It was, however, observed that interest payments as percentage of revenue receipts ranged between 33 and 25 during the period 2001-06.

Table 9

Year	Interest Payments	Percentage of interest payments with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2001-02	3,878	31.9	24.3
2002-03	4,300	32.9	25.3
2003-04	4,777	31.0	25.3
2004-05	5,172	29.1	26.0
2005-06	5,210	25.0	24.2

In absolute terms, interest payments increased steadily by 34 per cent from Rs 3,878 crore in 2001-02 to Rs 5,210 crore in 2005-06 primarily due to continued reliance on borrowings for financing the fiscal deficit. Higher interest payments, increasing year after year, left less funds for various development related expenditure.



### 1.6.5 Subsidies by the Government

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 subsidies under various schemes as under:

Table 10 (Rupees in crore)

S. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Power Sector	-	422.64	980.16	1,178.46	1,129.22 <sup>2</sup>
2.	Others	7.58	9.82	20.10	20.79	25.81
	<b>Total</b>	<b>7.58</b>	<b>432.46</b>	<b>1,000.26</b>	<b>1,199.25</b>	<b>1,155.03</b>
	Percentage Increases (+)/ Decreases (-) over previous years	(-) 39	5605	131	20	(-) 4
	Subsidy as percentage of total expenditure*	**	2.3	4.5	5.1	4.4

\* Total Expenditure excludes Loans and Advances.

\*\* In 2001-02 only 0.04 per cent.

2. Includes Rs 400 crore paid in cash and Rs 703.80 crore by way of retention of Electricity Duty etc. by the three electricity distribution companies.

During the current year, subsidies constituted at four *per cent* of the total expenditure out of which 98 *per cent* was paid to Power Sector alone.

## 1.7 Expenditure by Allocative Priorities

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 also 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. By definition, therefore, the plan and capital expenditure can be viewed as contributing of the development of social and economic sectors.

The ratio of Government's plan expenditure, capital expenditure and developmental expenditure to total expenditure as reflected in Statement 12 of Finance Accounts is tabulated below:

**Table 11: Category of expenditure (per cent to total expenditure\* )**

	2001-02	2002-03	2003-04	2004-05	2005-06
Plan Expenditure	22.1	22.2	24.2	26.3	28.5
Capital Expenditure	10.2	10.6	14.4	14.9	16.7
Developmental Expenditure	59.4	59.6	61.4	62.7	65.4

\* Total expenditure does not include loans and advances.

All the three components of expenditure show a relative increase during 2001-06.

Out of the developmental expenditure (Rs 16,857 crore), Social Services (Rs 9,733 crore) accounted for 58 *per cent*. Education, Sports, Art and Culture (Rs 4,694 crore), Health and Family Welfare (Rs 1,202 crore), Water Supply, Sanitation, Housing and Urban Development (Rs 2,623 crore) and Social Welfare and Nutrition (Rs 907 crore) accounted for nearly whole (97 *per cent*) of the expenditure on Social Sector.

**Table 12: Expenditure under Social Sector**

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Education, Sports, Art and Culture	3,455	3,330	3,655	3,975	4,694
Health and Family Welfare	997	913	1,033	1,708	1,202
Water Supply, Sanitation, Housing and Urban Development	1,752	2,051	2,188	2,462	2,623
Social Welfare and Nutrition	631	839	1,347	890	907
<b>Total</b>	<b>6,835</b>	<b>7,133</b>	<b>5,223</b>	<b>9,035</b>	<b>9,426</b>
Total Expenditure under Social Sector	7,069	7,337	8,479	8,696	9,733

The expenditure on Economic Services (Rs 7,124 crore) accounted for 42 *per cent* of the developmental expenditure with main components as tabulated below:

**Table 13: Expenditure under Economic Sector**

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Agriculture and Allied Activities	545	519	604	712	964
Rural Development	587	623	682	1,141	1,178
Irrigation and Flood Control	1,182	1,130	1,715	1,721	1,919
Energy	652	996	1,226	1,536	1,831
Transport	341	548	527	543	807
<b>Total</b>	<b>3,307</b>	<b>3,816</b>	<b>4,754</b>	<b>5,653</b>	<b>6,699</b>
Total Expenditure under Economic Sector	3,475	4,020	5,051	5,963	7,124

The non-plan revenue expenditure on social and economic services was Rs 6,650 crore and Rs 2,939 crore respectively during 2005-06. The level of NPRE assessed by TFC for the State was Rs 6,226 crore for social services and Rs 1,396 crore for economic services. The NPRE especially on economic services in 2005-06 therefore seems to be excessive if compared with the level assessed by TFC. The plan revenue expenditure at Rs 1,344 crore on social services and Rs 1,744 crore on economic services during 2005-06 constituted respectively 17 per cent and 37 per cent of total revenue expenditure incurred on these services during the year. The capital expenditure was 18 per cent of total expenditure incurred on social services during 2005-06 while for economic services the relative share of capital expenditure was 34 per cent in 2005-06.

### 1.7.1 Financial Assistance to Local Bodies and Others

Autonomous bodies and authorities including local bodies and other institutions registered under the State Co-operative Societies Act, Companies Act, 1956 etc. are granted substantial financial assistance by the Government to implement various programmes.

The quantum of assistance provided to various bodies during 2001-06 was as follows:

		(Rupees in crore)				
S. No.	Bodies/authorities etc.	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Universities and Educational Institutions	247.53	182.96	196.48	201.14	214.26
2.	Municipal Corporations and Municipalities	460.91	460.56	501.39	615.20	678.20
3.	Zila Parishads and Panchayati Raj Institutions	1,413.71	1,167.76	1,172.21	1,885.82	2,112.38
4.	Development Agencies	39.35	247.88	275.13	68.82	4.88
5.	Hospitals and other Charitable Institutions	14.04	7.22	31.07	34.05	193.97
6.	Other Institutions*	415.65	797.69	1,191.98	1,522.30	1,806.80
	<b>Total</b>	<b>2,591.19</b>	<b>2,864.07</b>	<b>3,368.26</b>	<b>4,327.33</b>	<b>5,010.49</b>
	Percentage increase (+)/ decrease (-) over previous year	14	11	18	28	16
	Assistance as a percentage of revenue receipts	21	22	22	24	24
	Percentage of assistance to revenue expenditure	16	17	18	22	23

\* Aggregate amount of assistance given to institutions for various purposes.

### **1.7.2 Delay in furnishing of Utilisation Certificates**

Out of 13,413 utilisation certificates (UCs) due in respect of grants aggregating Rs 2,752.33 crore paid during April 1993 to March 2005, 12,477 UCs for Rs 2,722.43 crore had been furnished by 31 March 2006. Thus, 936 UCs for Rs 29.90 crore were in arrears indicating increase (111) in the number of pending UCs (825) over 31 March 2005 as further UCs became due on release of grants during the year 2004-05. Department-wise break-up of outstanding UCs is given in *Appendix-II*.

In the absence of the certificates it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given.

### **1.7.3 Blocking of funds earmarked for prevention and control of pollution**

Government of India (GOI) ordered (December 1998) that (i) water cess realised by the State Pollution Control (Boards) (SPCBs) under Water (Prevention and Control of Pollution) Cess Act, 1977 should be deposited in the Consolidated Fund of India and (ii) after retaining its 20 per cent, GOI would reimburse balance amount to the SPCBs. SPCBs were required to utilise 25 per cent of the reimbursed amount for office establishment and balance for activities related to the prevention and control of pollution.

During test check (January 2006) of the records of the Rajasthan State Pollution Control Board (Board) revealed that out of Rs 16.86 crore<sup>3</sup> reimbursed by the GOI during the years 2000-06 in annual instalments of varying amounts, the Board utilised Rs 4.21 crore<sup>4</sup> (25 per cent) for office establishment. The remaining amount of Rs 12.65 crore remained unutilised (January 2006) in a bank account.

The Government stated (May and October 2006) that (a) expenditure on office establishment during the years 2000-06 was debited upto the ceiling of 25 per cent of amount reimbursed by the GOI although actual expenditure was far in excess and (b) schemes/programmes costing Rs 15.28 crore relating to prevention and control of water pollution were under consideration or at the stage of approval. Reply was not tenable as despite availability of funds the Board had failed to utilise them for six years. Moreover, audit noted that out of the five schemes pending approval, three schemes estimated to cost Rs 10.49 crore were submitted as late as February 2006.

## **1.8 Assets and Liabilities**

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government.

3. 2000-01: Rs 2.37 crore; 2001-02: Rs 3.21 crore; 2002-03: Rs 0.59 crore; 2003-04: Rs 1.94 crore; 2004-05: Rs 4.50 crore and 2005-06: Rs 4.25 crore.

4. 2000-01: Rs 0.59 crore; 2001-02: Rs 0.80 crore; 2002-03: Rs 0.15 crore; 2003-04: Rs 0.49 crore; 2004-05: Rs 1.12 crore and 2005-06: Rs 1.06 crore.

The Government accounts do capture the financial liabilities of the Government and the assets created out of expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposits and Remittances heads from which the liabilities and assets are worked out. **Exhibit-I** presents an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position on 31 March 2005. 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 the Government depicted in the Finance Accounts, however, do not include liabilities on account of pension and other retirement benefits payable to serving/retired State employees, guarantees/letters of comforts issued by the State Government. **Exhibit-IV** depicts the Time Series Data on State Government Finances for the period 2001-06.

### 1.8.1 Financial results of irrigation works

The financial results of five major and 12 medium irrigation projects with a capital outlay of Rs 3,708 crore at the end of March 2006 showed that revenue realised (Rs 36 crore) from these projects during 2005-06 was only one *per cent* of the capital expenditure which was not sufficient to cover even the direct working expenses. After meeting the working and maintenance expenditure (Rs 88 crore) and interest charges (Rs 360 crore), the schemes suffered a net loss of Rs 412 crore.

Indira Gandhi Nahar Project (IGNP) is by far the largest irrigation project under execution in Rajasthan and various stages of it have been completed over the years. At the end of March 2006 the capital expenditure on IGNP was Rs 2,952.35 crore. During 2005-06 the revenue realised from IGNP was Rs 8.72 crore comprising just 0.3 *per cent* of the capital expenditure. This revenue was negligible (2.6 *per cent*) even with reference to the total of working and maintenance expenditure (Rs 47.50 crore) incurred and the interest charges of (Rs 287.47 crore) relating to 2005-06.

### 1.8.2 Incomplete projects

As per information received from the State Government, as of 31 March 2006, there were 472 incomplete projects in which Rs 3,449 crore were blocked. Of these, 298 projects involving an amount of Rs 567 crore remained incomplete for less than five years, 174 projects involving an amount of Rs 2,882 crore remained incomplete for periods ranging from five to 44 years. This showed that the Government was spreading its resources thinly and thus failed to obtain any return.

### 1.8.3 Investments and returns

As of 31 March 2006, Government had invested Rs 4,770.43 crore in Statutory Corporations, Rural Banks, Government Companies, Joint Stock

Companies, Partnership Concerns and Cooperative Banks/Societies. Government's return on this investment was less than one *per cent* during the last five years as indicated in Table 14 below. Of these, one statutory corporation, one rural bank, seven government companies and seven joint stock companies with an aggregate investment of Rs 208.70 crore upto 2005-06 were incurring losses and their accumulated losses amounted to Rs 1,700.56 crore as per the accounts furnished by these companies upto 2005-06 (*Appendix-III*). Thus, the Return on investment by the Government was negligible.

**Table 14: Return on Investment**

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing ( <i>per cent</i> )	Difference between interest rate and return ( <i>per cent</i> )
	(Rupees in crore)	(Rupees in crore)			
2001-02	2,936.76	4.78	0.2	10.5	10.3
2002-03	3,268.03	8.26	0.3	10.0	9.7
2003-04	3,700.96	2.44	0.1	9.6	9.5
2004-05	4,092.60	37.19	0.9	9.1	8.2
2005-06	4,770.43	22.57	0.5	8.2	7.7

#### 1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many bodies. Total outstanding balance of the loans advanced was Rs 4,432 crore as on 31 March 2006 (Table 15), out of which Rs 1,666 crore was outstanding against erstwhile Rajasthan State Electricity Board. Although the Rajasthan State Electricity Board was bifurcated on 19 July 2000 into five<sup>5</sup> successor Power Companies, the aforesaid loan has still not been distributed amongst the successor companies by the Government (March 2006) despite lapse of more than five years. Overall, interest received against these advances was approximately three *per cent* during 2001-06.

**Table 15: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)**

	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	2,664	2,801 <sup>6</sup>	2,954	3,721	4,236
Amount advanced during the year	204	278	926	640	434
Amount repaid during the year	69	125	159	125	238
<b>Closing Balance</b>	<b>2,799</b>	<b>2,954</b>	<b>3,721</b>	<b>4,236</b>	<b>4,432</b>
Net Addition (+) / Reduction (-)	135	153	767	515	196
Interest received	83	85	115	114	119
Interest received as <i>per cent</i> to outstanding Loans and Advances	3.0	3.0	3.4	2.9	2.7
Average rate of interest paid by the State	10.5	10.0	9.6	9.1	8.2
Difference between interest paid and received	(-) 7.5	(-) 7.0	(-) 6.2	(-) 6.2	(-) 5.5

5. (1) Rajasthan Rajya Vidyut Prasaran Nigam Ltd., (2) Rajasthan Rajya Vidyut Utpadan Nigam Ltd., (3) Jaipur Vidyut Vitran Nigam Ltd., (4) Jodhpur Vidyut Vitran Nigam Ltd. and (5) Ajmer Vidyut Vitran Nigam Ltd.
6. *Pro forma* correction regarding prior period adjustments due to conversion of investment into loans amounting to Rs 2.45 crore.



### 1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India is in place. During the year this mechanism was not used by the State on any day as against 89 days last year.

#### *Off-Budget Borrowings*

The borrowings of a State are governed under Article 293 of the Constitution of India and off-budget borrowings are not permissible under Article 293 (3). However, the test check (July 2006) of records of the Rajasthan State Industrial Development and Investment Corporation Limited (RIICO), a State owned statutory corporation revealed that on the plea of development of infrastructure and industrial financing, RIICO raised (January 2005) a short term loan of Rs 100 crore from Oriental Bank of Commerce at interest of 6 *per cent* per annum. The RIICO, however, did not utilise the funds; instead, it deposited (January 2005) the entire amount in the interest bearing Personal Deposit (PD) account of RIICO till its final payment to the bank in June 2005.

The RIICO in their reply stated (June and August 2006) that actually the loan was raised and deposited in the PD account on the directions (December 2004) of State Finance Department (Ways and Means Division). The State Government also reimbursed Rs 2.20 crore to the RIICO on account of interest payable to the lending institution (134 days) during 2004-06.

Funds of Rs 100 crore raised by RIICO and deposited in their PD account, to be used by the State Government for boosting its Ways and Means position through such off-budget borrowing was irregular.

### 1.8.6 Undischarged Liabilities

#### *Fiscal liabilities – public debt and guarantees*

It was observed that the overall fiscal liabilities of the State increased by 66 *per cent* from Rs 39,970 crore in 2001-02 to Rs 66,407 crore in 2005-06. These liabilities as ratio to GSDP increased from 45 *per cent* in 2001-02 to 54 *per cent* in 2005-06 and stood at 3.19 times of its revenue receipts and 5.26 times of its own resources comprising its own tax and non-tax revenue. Table 16 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 16: Fiscal Liabilities–Basic Parameters (Rupees in crore and Ratios in *per cent*)**

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities	39,970	45,871	53,361	60,134	66,407
Rate of growth	18.0	14.8	16.3	12.7	10.4
<b>Ratio of Fiscal Liabilities to</b>					
GSDP	45.4	54.3	50.8	54.4	54.3
Revenue Receipts	328.9	350.6	346.0	338.5	318.7
Own Resources	556.8	586.4	572.7	569.4	526.3

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Buoyancy of Fiscal Liabilities to</b>					
GSDP	1.6	*	0.7	2.4	1.0
Revenue Receipts	*	1.9	0.9	0.8	0.6
Own Resources	6.7	1.6	0.9	1.0	0.5

\* Rate of Growth of Revenue Receipts and GSDP was negative.

Apart from the above liabilities, Government is committed to pay (a) the revenue gap/outstanding subsidy of its five electricity companies created on unbundling of Rajasthan State Electricity Board (RSEB) in July 2000 and (b) liabilities of Rs 1,769 crore in respect of terminal benefits of the employees of erstwhile RSEB as per their Financial Restructuring Plan (FRP). The receivables of revenue gap/outstanding subsidy from Government as depicted in the Accounts of these companies as on 31 March 2006 are tabulated below:

(Rupees in crore)

Sl. No.	Name of Company	Amount due from Government of Rajasthan as on 31 March 2006	Remarks
1.	Rajasthan Rajya Vidyut Prasaran Nigam Ltd.	695.67	Balance of outstanding subsidy of Rs 537.22 crore as of July 2000 and interest thereon as committed by State Government in FRP.
2.	Rajasthan Rajya Vidyut Utpadan Nigam Ltd.	563.75	Balance of outstanding subsidy of Rs 492 crore as of July 2000 and interest thereon as committed by State Government in FRP.
3.	Jaipur Vidyut Vitran Nigam Ltd.	1,528.14	Revenue gap for the period July 2000 to 31 March 2006 and waiver of minimum charges to agriculture consumers.
4.	Jodhpur Vidyut Vitran Nigam Ltd.	2,132.52	
5.	Ajmer Vidyut Vitran Nigam Ltd.	1,988.73	
	<b>TOTAL</b>	<b>6,908.81</b>	

The discharge of the above liabilities of Rs 8,677.81 crore (Rs 6,908.81 crore + Rs 1,769 crore) would involve significant recurring annual burden on state finances. The discharge of liabilities of Rs 5,649.39 crore in respect to three distribution companies (S.No. 3 to 5) alone would involve annual payment ranging from Rs 975 crore to Rs 1,142 crore comprising cash support of Rs 400 crore and balance in the form of retention of Electricity Duty during 2006-07 to 2011-12. Government confirmed (October 2006) the above mentioned facts.

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2005-06 stood at Rs 13,171 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to

honour these commitments. Currently, the fiscal liabilities including the contingent liabilities were four times the revenue receipts of the State.

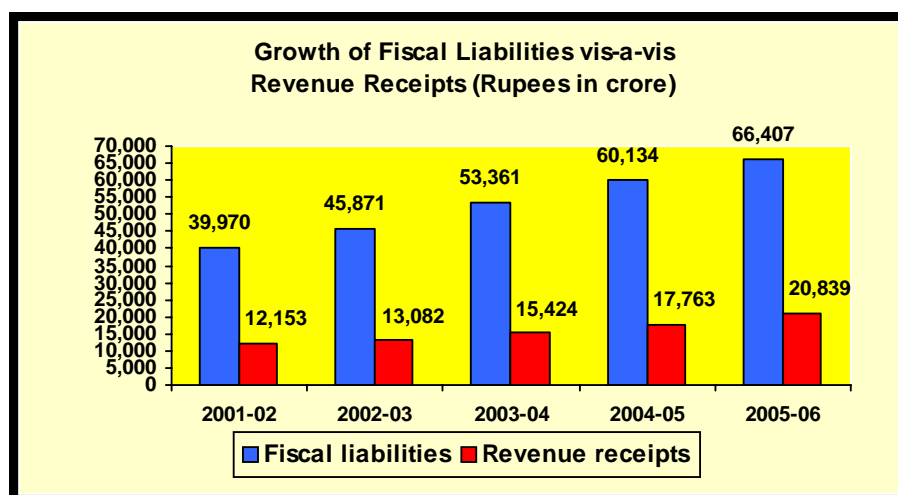
Increasing liabilities raise the issue of sustainability of the State Government finances. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 17.

**Table 17: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)**

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	10.5	10.0	9.6	9.1	8.2
GSDP Growth	11.1	- 4.2	24.4	5.2	10.7
Interest spread*	0.6	- 14.2	14.8	-3.9	2.5

\* Interest spread = GSDP Growth – Weighted Interest Rate.



Another important indication of debt sustainability is net availability of funds after payment of the instalment of principal due and interest on earlier contracted liabilities and interest. Table 18 below gives the position of the receipts and repayments of internal debt and loans and advances from the Government of India over the last five years. The net funds available from internal debt and loans and advances from the Government of India after providing for the interest and repayments declined from 31 per cent in 2001-02 to seven per cent in 2005-06.

**Table 18: Net Availability of Borrowed Funds**

(Rupees in crore)

Internal Debt*	2001-02	2002-03	2003-04	2004-05	2005-06
Receipts	1,609	2,701	3,263	3,460	24,144
Repayments (Principal + Interest)	1,322	1,436	1,789	2,817	4,137
Net Funds Available	287	1,265	1,474	643	20,007
Net Funds Available (per cent)	17.8	46.8	45.2	18.6	82.9

Internal Debt*	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Loans and Advances from the Government of India*</b>					
Receipts	3,673	4,787	5,762	6,522	(-) 18,649 <sup>7</sup>
Repayments (Principal + Interest)	2,334	3,757	4,994	6,234	989
Net Funds Available	1,339	1,030	768	288	(-) 19,638
Net Funds Available ( <i>per cent</i> )	36.5	21.5	13.3	4.4	-
<b>Total Public Debt*</b>					
Receipts	5,282	7,488	9,025	9,982	5,495
Repayments (Principal + Interest)	3,656	5,193	6,783	9,051	5,126
Net Funds Available	1,626	2,295	2,242	931	369
Net Funds Available ( <i>per cent</i> )	30.8	30.6	24.8	9.3	6.7

\* Excluding ways and means advances and overdrafts from RBI/GOI.

The State Government raised market loans of Rs 1,041 crore during the year. The average rate of interest of market borrowings during the year was eight *per cent*. As on 31 March 2006, 38 *per cent* of the existing market loans of the State Government carried 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. Reply of the Government on whether they have considered closure of part loans carrying higher rate of interest by borrowing from market at lower rate of interest is awaited (October 2006). The maturity profile of the State Government market loans indicate that nearly 34 *per cent* of the total market loans are repayable within the next five years while the remaining 66 *per cent* loans are required to be repaid in more than five years.

## 1.9 Management of deficits

### 1.9.1 Fiscal imbalances

The deficits in the 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.

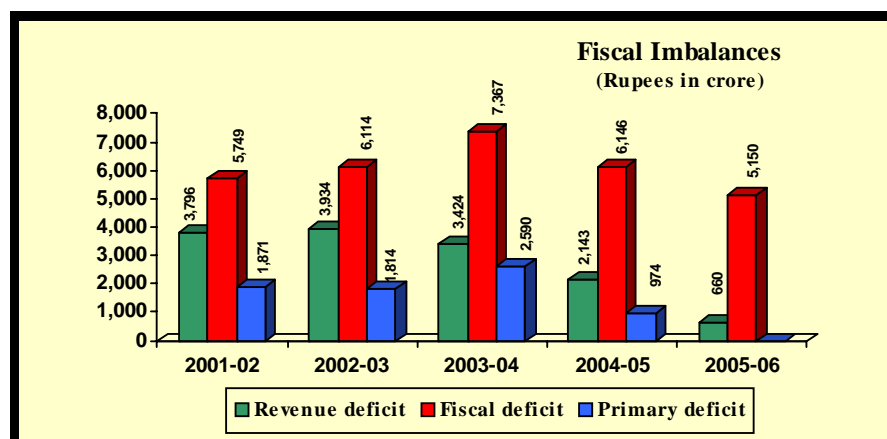
The revenue deficit (Statement 1 of Finance Accounts) of the State, which is the excess of its revenue expenditure over revenue receipts, declined from Rs 3,796 crore in 2001-02 to Rs 660 crore in 2005-06. This decrease, however, was overstated by Rs 101 crore due to transfer of opening balance of Calamity Relief Fund as per recommendation of TFC (Rs 71 crore) and debt relief received from Government of India (Rs 30 crore) in Revenue Account of the current year. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, decreased from Rs 5,749 crore in

7. *Minus* figure is due to transfer of Rs 19,028.59 crore from Loans and Advances to Internal Debt by the State Government because it pertains to "Special Securities to National Small Saving Fund" as per recommendation by XII Finance Commission. This also explains the substantial increase in Internal Debt receipts during 2005-06.

2001-02 to Rs 5,150 crore in 2005-06. The primary deficit of the State was wiped out during 2005-06 as indicated in Table 19.

**Table 19: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)**

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Deficit (RD)	3,796	3,934	3,424	2,143	660
Fiscal Deficit (FD)	5,749	6,114	7,367	6,146	5,150
Primary Deficit (PD)	1,871	1,814	2,590	974	(-) 60 <sup>8</sup>
RD/RR	31.2	30.1	22.2	12.1	3.2
RD/GSDP	4.3	4.7	3.3	1.9	0.5
FD/GSDP	6.5	7.2	7.0	5.6	4.2
PD/GSDP	2.1	2.1	2.5	0.9	-
RD/FD	66.0	64.3	46.5	34.9	12.8



The share of revenue deficit to fiscal deficit has declined from 66 per cent in 2001-02 to 13 per cent in 2005-06. Persistent revenue deficit, however, indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow to meet its current obligations. As a proportion of GSDP, revenue deficit declined from four per cent in 2001-02 to one per cent in 2005-06 whereas fiscal deficit moved between four and seven per cent during 2001-06.

## 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 20 below presents a summarized position of Government Finances over 2001-06, 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 revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprise not only the tax and non-tax

8. Represents Surplus.

resources of the State but also the transfers from Union Government. There were significant inter year variations in these ratios.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation. The ratio of revenue expenditure to total expenditure has declined while its capital expenditure and developmental expenditure as percentage to total expenditure has increased in 2005-06 in comparison to 2001-02.

**Table 20: Ratios of Fiscal Efficiency (in per cent)**

Fiscal Ratios	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Resources Mobilisation</b>					
Revenue Receipts/GSDP	13.8	15.5	14.7	16.1	17.0
Revenue Buoyancy	- 0.2*	- 1.8*	0.7	2.9	1.6
Own Tax/GSDP	6.4	7.4	6.9	7.6	8.1
<b>Expenditure Management</b>					
Total Expenditure/GSDP	20.4	22.9	21.9	21.8	21.4
Revenue Receipts/ Total Expenditure	67.6	67.7	67.2	73.9	79.5
Revenue Expenditure/Total Expenditure	88.7	88.1	82.1	82.8	82.0
Capital Expenditure/Total Expenditure**	10.2	10.6	14.4	14.9	16.7
Developmental Expenditure/Total Expenditure (RE+CE)**	59.4	59.6	61.4	62.7	65.4
Buoyancy of TE with RR	- 3.4*	1.0	1.1	0.3	0.5
Buoyancy of RE with RR	- 3.1*	0.9	0.6	0.4	0.5
<b>Management of Fiscal Imbalances</b>					
Revenue deficit (Rs in crore)	3,796	3,934	3,424	2,143	660
Fiscal deficit (Rs in crore)	5,749	6,114	7,367	6,146	5,150
Primary deficit (Rs in crore)	1,871	1,814	2,590	974	-
Primary Surplus (Rs in crore)	-	-	-	-	60
Revenue deficit/Fiscal deficit	66.0	64.3	46.5	34.9	12.8
<b>Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	45.4	54.3	50.8	54.4	54.3
Fiscal Liabilities/RR	328.9	350.6	346.0	338.5	318.7
Buoyancy of FL with RR	- 9.0*	1.9	0.9	0.8	0.6
Buoyancy of FL with OR	6.7	1.6	0.9	1.0	0.5
Interest Spread	0.6	- 14.2	14.8	- 3.9	2.5
Net Fund Available	30.8	30.6	24.8	9.3	6.7
<b>Other Fiscal Health Indicators</b>					
Return on Investment	0.16	0.25	0.07	0.91	0.47
BCR *** (Rs in crore)	- 2,692	- 3,045	- 2,948	-1,368	405
Financial Assets/Liabilities (Ratio)	0.59	0.56	0.56	0.57	0.60

\* Rate of growth of Revenue Receipts and GSDP was negative.

\*\* Total expenditure excludes loans and advances.

\*\*\* BCR = Balance from Current Revenues

### 1.11 Recommendations of Twelfth Finance Commission

TFC in its Report (November 2004) laid down broad parameters of fiscal correction in the State Sector. Each State was required to draw up the Fiscal Responsibility and Budget Management Act (FRBMA) to achieve the objective of zero revenue deficit and reduce fiscal deficit to three *per cent* of estimated GSDP.

Accordingly, State Government formulated its FRBMA in May 2005. As per FRBMA the percentage of revenue deficit to revenue receipts and ratio of fiscal deficit to estimated GSDP was to be restricted from 12 *per cent* and

5.6 per cent to nine per cent and 5.2 per cent respectively during the year 2005-06.

The table 21 depicts the main targets set under the recommendations of the TFC for 2005-06 and the actual achievements against them. The actual position with the relevant key indicators as at the end of 2005-06 is given below:

**Table 21: Position of key indicators**

	(Rupees in crore)	
	Target for 2005-06	Actual
Revenue Deficit as percentage of Revenue Receipts	9%	3%
Fiscal Deficit as percentage of GSDP	5.2%	4.2%
Total outstanding debt	54,557	56,760*

\* Excluding liabilities of Rs 13,171 crore in respect of outstanding guarantees and Rs 8,678 crore for payments due to five of its electric companies as discussed in para 1.8.6.

The above table indicates that the Government had achieved most of the targets set for 2005-06 as per the recommendations of the TFC.

## 1.12 Conclusion

The Revenue and Fiscal Deficit decreased in 2005-06 by 69 per cent and 16 per cent respectively mainly due to faster growth in revenue receipts as compared to growth in revenue expenditure.

Revenue receipts could cover only 79 per cent of total expenditure during the year, leaving the balance to be financed from borrowings. Salaries, interest payments and pensions alone consumed 65 per cent of total revenue receipts of the State. Overall expenditure and arrears of revenue of the State increased by 46 per cent and 95 per cent respectively during 2001-06. The ratio of fiscal liabilities to GSDP increased from 45 per cent to 54 per cent during the period. The State's return from investment continued to be low (less than one per cent) despite use of high cost borrowings for investment. The huge amount lying blocked in incomplete projects and low ratio of assets to its liabilities indicated the weaknesses of State Government finances. Generation of additional internal resources through tax and non-tax revenue, speedy realisation of arrears of revenue, curtailment of non-development expenditure and reduction of subsidies, etc. are the best means available for the State to ensure stability and sustainability.

**EXHIBIT-I**  
**SUMMARISED FINANCIAL POSITION OF THE**  
**GOVERNMENT OF RAJASTHAN**

(Rupees in crore)

As on 31 March 2005	Liabilities		As on 31 March 2006
<b>16,615.35</b>	<b>Internal Debt</b>		<b>40,130.62</b>
	14,358.48	Market Loans bearing interest 15,005.04	
	4.91	Market Loans not bearing interest 1.60	
	990.56	Loans from Life Insurance Corporation of India 984.03	
	89.99	Loans from the General Insurance Corporation of India 85.04	
	286.72	Loans from the National Bank for Agriculture and Rural Development 598.72	
	28.51	Loans from the National Cooperative Development Corporation 33.35	
	856.18	Loans from other Institutions, etc. 741.88	
	-	Special Securities issued to National Small Saving Fund of the Central Government 22,680.96	
-	<b>Overdrafts from Reserve Bank of India</b>		
<b>26,943.58</b>	<b>Loans and Advances from Central Government</b>		<b>7,931.12</b>
	409.22	Pre 1984-85 Loans 5.40	
	19,851.69	Non-Plan Loans 97.96	
	6,505.26	Loans for State Plan Schemes 7,648.90	
	0.87	Loans for Central Plan Schemes 0.83	
	176.54	Loans for Centrally Sponsored Plan Schemes 178.03	
	-	Ways and Means Advances from GOI -	
<b>35.00</b>	<b>Contingency Fund</b>		<b>35.00</b>
<b>11,681.44</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>13,058.50</b>
<b>3,978.23</b>	<b>Deposits</b>		<b>4,407.14</b>
<b>915.80</b>	<b>Reserve Funds</b>		<b>879.36</b>
<b>467.43</b>	<b>Deposits with Reserve Bank<sup>9</sup></b>		<b>263.02</b>
<b>60,636.83</b>	<b>Total</b>		<b>66,704.76</b>
As on 31 March 2005	Assets		As on 31 March 2006
<b>29,492.83</b>	<b>Gross Capital Expenditure</b>		<b>33,787.32</b>
	4,092.60	Investments in shares of Companies, Corporations, etc. 4,770.43	
	25,400.23	Other Capital Expenditure 29,016.89	
<b>4,235.64</b>	<b>Loans and Advances</b>		<b>4,432.22</b>
	3,389.95	Loans for Power Projects 3,606.47 <sup>10</sup>	
	538.37	Other Development Loans 524.47	
	307.32	Loans to Government Servants and Miscellaneous loans 301.28	
-	<b>Reserve Fund Investments</b>		-
<b>1.41</b>	<b>Advances</b>		<b>1.52</b>
<b>13.76</b>	<b>Remittance Balances</b>		<b>26.93</b>
<b>54.02</b>	<b>Suspense and Miscellaneous Balances</b>		<b>73.22</b>
<b>930.60</b>	<b>Cash</b>		<b>1,815.78</b>
	(-) 0.72	Cash in Treasuries and Local Remittances 0.62	
	0.94	Departmental Cash Balance 0.63	
	0.58	Permanent Advances 9.58	
	929.80	Cash Balance Investments 1,804.95	
<b>25,908.57</b>	<b>Deficit on Government Accounts</b>		<b>26,567.77</b>
	2,142.60	(i) Revenue Deficit of the Current Year 660.01	
	23,765.97	(ii) Accumulated deficit upto preceding year 25,908.57	
	-	Less : Capital Receipts of current year 0.81	
<b>60,636.83</b>	<b>Total</b>		<b>66,704.76</b>

9. Included on liabilities side as the balances were in negative.

10. Includes Rs 0.04 crore booked under major head 6853 (Industry and Minerals Sector).



**EXHIBIT-II**  
**ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-06**

(Rupees in crore)

2004-05	Receipts		2005-06	2004-05	Disbursements		2005-06		
							Non-Plan	Plan	Total
<b>17,763.59</b>	<b>I. Section-A: Revenue</b>		<b>20,839.19</b>		<b>I. Revenue Expenditure</b>				
8,414.82	<b>Revenue receipts</b>			<b>8,652.22</b>	<b>General Services</b>		<b>8,776.96</b>	<b>43.36</b>	<b>8,820.32</b>
	Tax revenue	9,880.23		<b>7,147.74</b>	<b>Social Services</b>		<b>6,649.76</b>	<b>1,344.63</b>	<b>7,994.39</b>
2,146.15	Non-tax revenue	2,737.67		3,950.09	Education, Sports, Art and Culture	4,063.74	588.25	4,651.99	
				1,048.95	Health and Family Welfare	873.15	263.41	1,136.56	
4,305.61	State's share of Union Taxes and Duties	5,300.08		1,023.04	Water Supply, Sanitation, Housing and Urban Development	1,007.72	63.76	1,071.48	
				10.26	Information and Broadcasting	11.67	0.23	11.90	
930.00	Non-Plan grants	854.78		176.03	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	35.29	137.58	172.87	
				43.33	Labour and Labour Welfare	45.14	1.75	46.89	
1,018.88	Grants for State Plan Schemes	876.91		884.24	Social Welfare and Nutrition	600.60	289.65	890.25	
				11.80	Others	12.45	-	12.45	
948.13	Grants for Central, Centrally Sponsored Plan Schemes and Special Plan Schemes	1,189.52		<b>4,104.96</b>	<b>Economic Services</b>	<b>2,939.38</b>	<b>1,743.54</b>	<b>4,682.92</b>	
				622.21	Agriculture and Allied Activities	496.07	354.80	850.87	
				911.72	Rural Development	397.35	533.90	931.25	
				(-) 0.04	Special Areas Programmes	-	-	-	
				891.40	Irrigation and Flood Control	909.24	18.62	927.86	
				1,185.58	Energy	796.82	403.02	1,199.84	
				60.13	Industry and Minerals	61.06	29.09	90.15	
				278.75	Transport	225.62	281.16	506.78	
				4.62	Science, Technology and Environment	2.47	2.48	4.95	
				150.59	General Economic Services	50.75	120.47	171.22	
				<b>1.27</b>	<b>Grants-in-aid and Contributions</b>	<b>1.57</b>	<b>-</b>	<b>1.57</b>	
<b>2,142.60</b>	<b>II. Revenue deficit carried over to Section-B</b>		<b>660.01</b>						
<b>19,906.19</b>	<b>Total</b>		<b>21,499.20</b>	<b>19,906.19</b>	<b>Total</b>	<b>18,367.67</b>	<b>3,131.53</b>	<b>21,499.20</b>	
<b>(-) 162.68</b>	<b>III. Section-B: Others</b>		<b>463.17</b>	<b>3,488.29</b>	<b>II. Capital Expenditure</b>		<b>61.41</b>	<b>4,233.08</b>	<b>4,294.49</b>
	<b>Opening Cash balance including Permanent Advances and Cash Balance Investments</b>			<b>81.73</b>	<b>General Services</b>		<b>30.18</b>	<b>84.97</b>	<b>115.15</b>
				<b>1,548.32</b>	<b>Social Services</b>		<b>31.09</b>	<b>1,707.58</b>	<b>1,738.67</b>
				24.64	Education, Sports, Art and Culture	-	42.42	42.42	
	<b>IV Miscellaneous Capital Receipts</b>		<b>0.81</b>	29.60	Health and Family Welfare	-	65.64	65.64	
				1,439.00	Water Supply, Sanitation, Housing and Urban Development	31.09	1,520.41	1,551.50	
				0.21	Information and Broadcasting	-	0.03	0.03	
				48.85	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	55.48	55.48	
				5.39	Social Welfare and Nutrition	-	16.32	16.32	
				0.63	Others	-	7.28	7.28	
				<b>1,858.24</b>	<b>Economic Services</b>	<b>0.14</b>	<b>2,440.53</b>	<b>2,440.67</b>	
				90.21	Agriculture and Allied Activities	0.12	113.39	113.51	
				229.05	Rural Development	-	246.72	246.72	
				45.97	Special Areas Programmes	-	53.87	53.87	
				829.68	Irrigation and Flood Control	-	991.42	991.42	
				350.00	Energy	-	630.60	630.60	
				21.08	Industry and Minerals	-	25.84	25.84	
				264.46	Transport	-	299.88	299.88	
				0.51	Science, Technology and Environment	-	0.41	0.41	
				27.28	General Economic Services	0.02	78.40	78.42	

(Rupees in crore)

2004-05	Receipts		2005-06	2004-05	Disbursements		2005-06
<b>124.63</b>	<b>V.</b>	<b>Recoveries of Loans and Advances</b>	<b>237.60</b>	<b>639.72</b>	<b>III.</b>	<b>Loans and Advances disbursed</b>	<b>434.18</b>
19.93		From Power Projects 144.90		538.99		For Power Projects 361.42	
10.44		From Government 6.07		0.07		To Government 0.03	
		Servants				Servants	
94.26		From Others 86.63		100.66		To Others 72.73	
				<b>2,142.60</b>	<b>IV.</b>	<b>Revenue deficit brought down</b>	<b>660.01</b>
<b>9,982.44</b>	<b>VI.</b>	<b>Public Debt Receipts</b>	<b>5,495.29</b>	<b>4,872.59</b>	<b>V.</b>	<b>Repayment of Public Debt</b>	<b>992.48</b>
3,460.48		Internal debt other than Ways and Means Advances and Overdraft 24,144.51		1,342.08		Internal debt other than Ways and Means Advances and Overdraft 629.24	
-		Net transactions under Ways and Means Advances including Overdraft -		-		Net transactions under Ways and Means Advances including Overdraft -	
6,521.96		Loans and Advances from Central Government (-)18,649.22 <sup>11</sup>		3,530.51		Repayment of Loans and Advances to Central Government 363.24	
<b>44,156.09</b>	<b>VII.</b>	<b>Public Account Receipts</b>	<b>49,189.20</b>	<b>42,494.11</b>	<b>VI.</b>	<b>Public Account disbursements</b>	<b>47,452.15</b>
2,177.01		Small Savings, Provident Funds, etc. 2,470.62		1,011.22		Small Savings, Provident Funds, etc. 1,093.56	
829.86		Reserve Funds 589.59		494.85		Reserve Funds 626.03	
37.75		Suspense and Miscellaneous 37.82		49.39		Suspense and Miscellaneous 57.02	
2,578.38		Remittances 3,139.92		2,568.25		Remittances 3,153.09	
38,533.09		Deposits and Advances 42,951.25		38,370.40		Deposits and Advances 42,522.45	
				<b>463.17</b>	<b>VII.</b>	<b>Cash Balance at end</b>	<b>1,552.76</b>
				(-) 0.72		Cash in Treasuries and Local Remittances 0.62	
				(-) 467.43		Deposits with Reserve Bank (-) 263.02	
				1.52		Departmental Cash Balance including permanent Advances 10.21	
				929.80		Cash Balance Investment 1,804.95	
<b>54,100.48</b>	<b>Total</b>		<b>55,386.07</b>	<b>54,100.48</b>	<b>Total</b>		<b>55,386.07</b>

11. *Minus* figure is due to transfer of Rs 19,028.59 crore from Loans and Advances to Internal Debt by the State Government because it pertains to "Special Securities to National Small Saving Fund" as per recommendation by XII Finance Commission. This also explains the substantial increase in Internal Debt receipts during 2005-06.

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

(Rupees in crore)

2004-05	Sources	2005-06
17,763.59	<b>Revenue receipts</b>	20,839.19
-	<b>Miscellaneous Capital Receipts</b>	0.81
124.63	<b>Recoveries of Loans and Advances</b>	237.60
5,109.85	<b>Increase in Public Debt</b>	4,502.81
1,661.98	<b>Net receipts from Public Account</b>	1,737.05
	1,165.79 Increase in Small Savings, Provident Funds, etc.	1,377.06
	162.69 Net effect in Deposits and Advances	428.80
	335.01 Net effect in Reserve Funds	(-) 36.44
	(-) 11.64 Net effect of Suspense and Miscellaneous transactions	(-) 19.20
	10.13 Net effect of Remittance transactions	(-) 13.17
<b>24,660.05</b>	<b>Total</b>	<b>27,317.46</b>
2004-05	Application	2005-06
19,906.19	<b>Revenue expenditure</b>	21,499.20
639.72	<b>Lending for development and other purposes</b>	434.18
3,488.29	<b>Capital expenditure</b>	4,294.49
625.85	<b>Increase in closing cash balance</b>	1,089.59
<b>24,660.05</b>	<b>Total</b>	<b>27,317.46</b>

**Explanatory Notes for Exhibits -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 account, as shown in Exhibit-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 46.72 crore (net Debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposit with Reserve Bank". Following reconciliation and subsequent adjustments, a difference of Rs 0.26 crore (net Debit) remained to be reconciled as of May 2006.

**EXHIBIT-IV  
TIME SERIES DATA ON STATE GOVERNMENT FINANCES**

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>12,153</b>	<b>13,082</b>	<b>15,424</b>	<b>17,763</b>	<b>20,839</b>
(i) Tax Revenue	5,671(47)	6,253(48)	7,246(47)	8,415(47)	9,880(48)
Taxes on Sales, Trade, etc.	3,069(54)	3,438(55)	3,986(55)	4,798(57)	5,594(57)
State Excise	1,110(20)	1,142(18)	1,163(16)	1,276(15)	1,522(15)
Taxes on Vehicles	566(10)	646(10)	904(13)	817(10)	908(9)
Other Taxes	926(16)	1,027(17)	1,193(16)	1,524(18)	1,856(19)
(ii) Non-Tax Revenue	1,508(12)	1,569(12)	2,072(13)	2,146(12)	2,738(13)
(iii) State's share of Union taxes and duties	2,883(24)	3,063(23)	3,602(24)	4,305(24)	5,300(25)
(iv) Grants-in-aid from GOI	2,091(17)	2,197(17)	2,504(16)	2,897(17)	2,921(14)
<b>2. Miscellaneous Capital Receipts</b>	-	-	5	-	1
<b>3. Total revenue and Non-debt Capital Receipts<sup>12</sup> (1+2)</b>	<b>12,153</b>	<b>13,082</b>	<b>15,429</b>	<b>17,763</b>	<b>20,840</b>
<b>4. Recoveries of Loans and Advances</b>	<b>69</b>	<b>125</b>	<b>159</b>	<b>125</b>	<b>238</b>
<b>5. Public Debt Receipts</b>	<b>5,979</b>	<b>7,686</b>	<b>9,025</b>	<b>9,982</b>	<b>5,495</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	1,609(27)	2,701(35)	3,263(36)	3,460(35)	24,144(-)
Net transactions under Ways and Means Advances and Overdraft	697(12)	-	-	-	-
Loans and Advances from Government of India <sup>13</sup>	3,673(61)	4,985(65)	5,762(64)	6,522(65)	(-)18,649(-) <sup>14</sup>
<b>6. Total receipts in the Consolidated Fund (3+4+5)</b>	<b>18,201</b>	<b>20,893</b>	<b>24,613</b>	<b>27,870</b>	<b>26,573</b>
<b>7. Contingency Fund Receipts</b>	-	-	-	-	-
<b>8. Public Account Receipts</b>	<b>27,771</b>	<b>34,592</b>	<b>39,459</b>	<b>44,156</b>	<b>49,189</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>45,972</b>	<b>55,485</b>	<b>64,072</b>	<b>72,026</b>	<b>75,762</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>15,949</b>	<b>17,016</b>	<b>18,848</b>	<b>19,906</b>	<b>21,499</b>
Plan	2,186(14)	2,272(13)	2,231(12)	2,742(14)	3,131(15)
Non-Plan	13,763(86)	14,744(87)	16,617(88)	17,164(86)	18,368(85)
General Services (excluding Interest payments)	3,299(21)	3,345(20)	3,667(20)	3,480(17)	3,610(17)
Interest Payments	3,878(24)	4,300(25)	4,777(25)	5,172(26)	5,210(24)
Social Services	6,405(40)	6,586(39)	7,142(38)	7,148(36)	7,994(37)
Economic Services	2,349(15)	2,785(16)	3,257(17)	4,105(21)	4,683(22)
Grants-in-aid and Contributions	18(-)	15	5(-)	1(-)	2(-)
<b>11. Capital Expenditure</b>	<b>1,818</b>	<b>2,027</b>	<b>3,181</b>	<b>3,488</b>	<b>4,295</b>
Plan	1,745(96)	1,956(96)	3,117(98)	3,420(98)	4,233(99)
Non-Plan	73(4)	71(4)	64(2)	68(2)	62(1)
General Services	27(1)	41(2)	50(2)	82(2)	115(3)
Social Services	665(37)	751(37)	1,337(42)	1,548(45)	1,739(40)
Economic Services	1,126(62)	1,235(61)	1,794(56)	1,858(53)	2,441(57)
<b>12. Disbursement of Loans and Advances</b>	<b>204</b>	<b>278</b>	<b>926</b>	<b>640</b>	<b>434</b>
<b>13. Total (10+11+12)</b>	<b>17,971</b>	<b>19,321</b>	<b>22,955</b>	<b>24,034</b>	<b>26,228</b>
<b>14. Repayments of Public Debt</b>	<b>1,024</b>	<b>3,056</b>	<b>3,150</b>	<b>4,873</b>	<b>992</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	297(29)	281(9)	407(13)	1,342(28)	629(63)
Net transactions under Ways and Means Advances and Overdraft	-	836(27)	236(7)	-	-
Loans and Advances from Government of India <sup>13</sup>	727(71)	1,939(64)	2,507(80)	3,531(72)	363(37)
<b>15. Appropriation to Contingency Fund</b>	-	-	-	-	-
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>18,995</b>	<b>22,377</b>	<b>26,105</b>	<b>28,907</b>	<b>27,220</b>
<b>17. Contingency Fund disbursements</b>	-	-	-	-	-
<b>18. Public Account disbursements</b>	<b>26,893</b>	<b>33,315</b>	<b>37,844</b>	<b>42,494</b>	<b>47,452</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>45,888</b>	<b>55,692</b>	<b>63,949</b>	<b>71,401</b>	<b>74,672</b>
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (1-10)</b>	<b>3,796</b>	<b>3,934</b>	<b>3,424</b>	<b>2,143</b>	<b>660</b>
<b>21. Fiscal Deficit (3+4-13)</b>	<b>5,749</b>	<b>6,114</b>	<b>7,367</b>	<b>6,146</b>	<b>5,150</b>
<b>22. Primary Deficit (21-Interest Payments)</b>	<b>1,871</b>	<b>1,814</b>	<b>2,590</b>	<b>974</b>	-
<b>23. Primary Surplus (Interest Payments-21)</b>	-	-	-	-	<b>60</b>
<b>Part D. Other data</b>					
<b>24. Balance from Current Revenues (BCR)</b>	<b>(-) 2,692</b>	<b>(-) 3,045</b>	<b>(-) 2,948</b>	<b>(-) 1,368</b>	<b>405</b>
<b>25. Arrears of Revenue</b>	<b>1,532( 21)</b>	<b>2,249(29)</b>	<b>2,409(26)</b>	<b>2,978(28)</b>	<b>2,985(24)</b>
<b>26. Ways and Means Advances/Overdraft availed (days)</b>	<b>309</b>	<b>356</b>	<b>306</b>	<b>89</b>	-
<b>27. Interest on Ways and Means Advances/Overdraft</b>	<b>25</b>	<b>30</b>	<b>31</b>	<b>1</b>	-
<b>28. Gross State Domestic Product (GSDP)<sup>16</sup></b>	<b>88,077</b>	<b>84,405</b>	<b>1,05,009</b>	<b>1,10,446</b>	<b>1,22,308</b>
<b>29. Outstanding Debt (year end)</b>	<b>39,970</b>	<b>45,871</b>	<b>53,361</b>	<b>60,134</b>	<b>66,407</b>
<b>30. Outstanding guarantees including interest (year end)</b>	<b>12,912</b>	<b>14,968</b>	<b>17,239</b>	<b>12,703</b>	<b>13,171</b>
<b>31. Maximum amount guaranteed (year end)</b>	<b>19,117</b>	<b>21,887</b>	<b>24,585</b>	<b>20,457</b>	<b>21,342</b>
<b>32. Number of incomplete projects</b>	<b>300</b>	<b>531</b>	<b>374</b>	<b>373</b>	<b>472</b>
<b>33. Capital blocked in incomplete projects</b>	<b>1,760</b>	<b>2,277</b>	<b>2,559</b>	<b>2,877</b>	<b>3,449</b>

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

12. Excluding recoveries of loans and advances.
13. Includes Ways and Means Advance from GOI.
14. Minus figure is due to transfer of Rs 19,028.59 crore to Internal Debt.
15. Only Rs 11,85,105.
16. Source: Economic Review- 2005-06. Changes due to adoption of revised GSDP figures.