

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

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CHAPTER I AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. 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 the Appendix (Part A) to this chapter.

1.2 Financial position of the State Government

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 the Government. An abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999 is given in the table below:

Audit Report for the year ended 31 March 2000

**SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
SIKKIM
AS ON 31 MARCH 2000**

As on 31.03.1999	Liabilities	As on 31.03.2000
		(Rs in crore)
--	External Debt	--
170.67	Internal Debt	250.74
	Market Loans bearing interest	185.81
	Market Loans not bearing interest	-
	Loans from LIC	27.01
	Loans from other institutions	37.92
187.25	Loans and Advances from Central Government-	239.88
	Pre 1984-85 Loans	8.24
	Non-Plan Loans	48.10
	Loans for State Plan Schemes	152.19
	Loans for Central and Centrally Sponsored Plan Schemes	6.35
	Ways and Means Advances	25.00
1.00	Contingency Fund	0.90
145.75	Small Savings, Provident Funds, etc	185.72
5.71	Deposits	6.29
9.64	Reserve Funds	19.73
31.95	Remittance Balances	30.98
435.69	Surplus on Govt. A/cs	437.09
	Last year balance	435.69
	Less adjustment	(-) 0.46
	Add Revenue Surplus/less Revenue deficit	1.86
987.66		1171.33
As on 31.03.1999	Assets	As on 31.03.2000
989.59	Gross Capital Outlay on Fixed Assets-	1083.93
	Investments in shares of Companies, Corporation, etc.	44.54
	Other Capital Outlay	1039.39
9.87	Loans and Advances-	9.95
	Other Development Loans	5.13
	Loans to Government servants and Miscellaneous loans	4.82
--	Reserve Fund Investments	-
0.19	Advances	0.19
(-) 0.56	Suspense and Miscellaneous Balances	7.09
(-) 12.38	Cash-	70.17
	Cash in Treasuries and Local Remittances	
	Deposits with other Bank	67.63
	Departmental Cash Balance	2.55
	Cash Balance Investments	(-) 0.01
0.45	Earmarked Funds Invested	--
0.50	Appropriation to Contingency Fund	--
987.66		1171.33

While the liabilities in this statement 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 exhibit that while the liabilities grew by 33 per cent, the assets grew by only 19 per cent during 1999-2000. This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and applications of fund

The table below gives the position of sources and application of funds during the current and the preceding year.

SOURCES AND APPLICATION OF FUNDS

			(Rupees in crore)
1998-99	Sources		1999-2000
1440.66	1.	Revenue receipts	1511.83
0.92	2.	Recoveries of Loans and Advances	1.07
62.55	3.	Increase in Public debt other than overdraft	132.71
97.27	4.	Net receipts from Public account	42.49
		Increase in Small Savings	39.97
		Increase in deposits and Advances	0.59
		Increase in Reserve finds	10.54
		Net effect of suspense and Miscellaneous transactions	(-) 7.65
		Net effect of remittance transactions	(-) 0.96
(-) 12.96	5.	Decrease in closing cash balance	
1588.44	Total		1688.10
	Application		
1998-99			1999-2000
1495.60	1.	Revenue expenditure	1509.97
1.08	2.	Lending for development and other purposes	1.14
91.76	3.	Capital expenditure	94.34
-	4.	Net effect of contingency fund transaction	0.10
-	5.	Increase in Cash Balance	82-55
1588.44	Total		1688.10

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 the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government. While their relative share went up from 90.70 per cent in 1998-99 to 94.16 per cent during 1999-2000, the share of recoveries of loans and advances also went up from 0.06 per cent to 0.07 per cent. The receipts from the Public Account however decreased significantly, their share had gone down from 6.12 per cent in 1998-99 to 2.65 per cent in 1999-2000. The receipts from the public debt went up from 3.94 per cent to 8.26 per cent.

The funds were mainly applied for revenue expenditure, whose share remained static (94.15 per cent in 1998-99 and 94.05 per cent in 1999-2000) but lower than the share of the revenue receipts (94.16 per cent) in the total receipts of the State Government. This led to the Revenue Surplus. A notable change during the year was that while the percentage of capital expenditure went up marginally from 5.77 per cent to 5.87 per cent, lending for development purposes remained static at 0.07 percent.

1.4 Financial operation of the State Government

1.4.1 Exhibit I at the end of this chapter gives the details of the receipts and disbursements made by the State Government. The Revenue receipts (Rs.1511.83 crore) during the year was more than the revenue expenditure (Rs. 1509.97 crore) resulting in a revenue surplus of Rs. 1.86 crore. The Revenue receipts comprised tax revenue (Rs.49.07 crore), non-tax revenue (Rs. 1042.75 crore), State's share of Union taxes and duties (Rs.99.54 crore) and grants-in-aid from the Central Government (Rs.320.47 crore). The main sources of tax revenue were Taxes on Income other than Corporation Tax (36.36 per cent), Sales Tax (27.80 per cent) and State Excise (27.29 per cent). Non-tax revenue came mainly from general services (97 per cent).

1.4.2 The capital receipts comprised Rs.1.07 crore from recoveries of loans and advances and Rs. 146.73 crore from public debt. Against this, the expenditure was Rs. 94.34 crore on capital outlay, Rs. 1.14 crore on disbursement of loans and advances and Rs. 14.02 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.788.97 crore, against which the disbursements of Rs.746.49 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance from Rs. (-) 12.38 crore at the beginning of the year to Rs. 70.17 crore at the end of the year.

1.4.3 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 1.3.1 and the time series data for five years period from 1995-96 to 1999-2000, presented in the table given below:

Chapter I - Overview of the Finances of the State Government

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

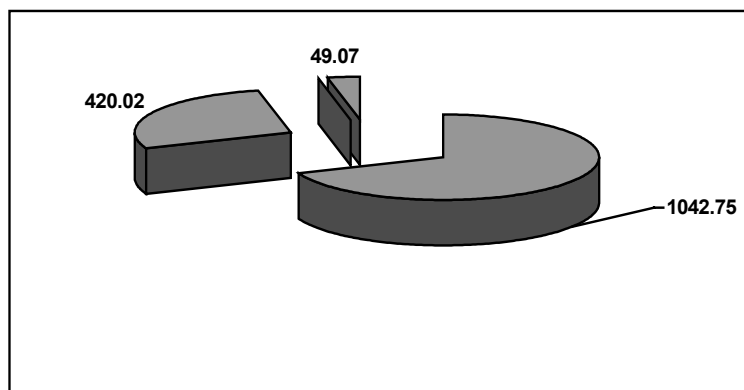
	1995-96	1996-97	1997-98	1998-99	1999-2000
(Rupees in crore)					
Part A. Receipts					
I. Revenue Receipts	941.21	1157.59	1299.47	1440.66	1511.83
(a) Tax Revenue	27.28 (2.89)	29.91 (2.58)	36.50 (2.81)	46.76 (3.25)	49.07 (3.25)
Taxes on Income other than Corporation Tax	6.55 (24.01)	8.21 (27.45)	9.06 (24.82)	18.33 (39.20)	17.84 (36.36)
Sales Tax	7.39 (27.09)	8.23 (27.52)	12.71 (34.82)	13.06 (27.92)	13.64 (27.80)
State Excise	10.64 (39.00)	10.54 (35.24)	10.81 (29.62)	11.86 (25.36)	13.39 (27.29)
Tax on Vehicles	1.25 (4.58)	1.22 (4.08)	1.54 (4.22)	1.51 (3.23)	1.69 (3.44)
Stamp and Registration fees	0.34 (1.25)	0.42 (1.40)	0.37 (1.01)	0.51 (1.09)	0.62 (1.26)
Land Revenue	0.15 (0.55)	0.16 (0.53)	0.96 (2.63)	0.12 (0.26)	0.54 (1.10)
Tax on goods and passengers	0.96 (3.52)	1.13 (3.78)	1.05 (2.88)	1.37 (2.93)	1.35 (2.75)
Other Taxes	-	-	-	-	-
(b) Non-Tax Revenue	626.73 (66.58)	829.34 (71.64)	929.83 (71.55)	1020.91 (70.86)	1042.75 (68.97)
(c) State's share in Union taxes	45.10 (4.79)	73.34 (6.33)	79.91 (6.15)	92.21 (6.40)	99.54 (6.58)
(d) Grants in aid from GOI	242.10 (25.79)	225.00 (19.44)	253.24 (198.49)	280.78 (19.49)	320.47 (21.20)
II Capital Receipts	63.88	81.29	104.62	206.99	229.38
Market Borrowing	16.03 (25.10)	17.83 (21.93)	20.45 (19.56)	42.00 (20.29)	82.76 (36.08)
Loans and advances from GOI	20.08 (31.43)	37.37 (45.97)	41.29 (39.46)	53.54 (25.86)	63.97 (27.89)
	1995-96	1996-97	1997-98	1998-99	1999-2000
(Rupees in crore)					
Other Receipts (Public Accounts)	27.27 (43.47)	26.09 (32.10)	42.88 (40.98)	111.45 (53.85)	82.65 (36.03)
Part B. Expenditure					
I. Revenue Expenditure	881.18 (89.70)	1118.86 (92.24)	1258.19 (92.15)	1495.60 (94.22)	1509.97 (94.12)
Plan	109.61 (12.45)	125.18 (11.19)	116.32 (9.25)	159.77 (10.68)	134.60 (8.91)
Non-Plan	771.57 (87.56)	993.68 (88.81)	1141.86 (90.75)	1335.83 (89.32)	1375.37 (91.10)
General Services	665.85 (75.56)	876.01 (78.29)	986.90 (78)	1127.77 (75.41)	1143.87 (75.75)
Economic Services	105.51 (11.97)	117.94	127.84 (10)	155.63 (10.40)	169.84 (11.25)
Social Services	109.82 (12.96)	124.91	143.45 (11)	212.21 (14.19)	196.26 (13.00)
Interest Payment	28.99	32.98	40.94	52.47	67.92
Fin. Assistance to Local bodies etc.	0.39	2.47	3.08	2.17	3.49
Loans and advances given	0.96	1.23	1.80	1.08	1.14
II Capital Expenditure	101.17 (10.3)	94.16 (7.76)	107.23 (7.85)	91.76 (5.78)	94.34 (5.88)
Plan	101.17 (100)	94.16 (100)	107.23 (100)	91.76 (100)	94.34 (100)
Non-plan	-	-	-	-	--
General Services	5.18 (5.12)	5.35 (5.68)	6.59 (6.15)	4.60 (5.01)	3.87 (4.10)
Economic Services	63.79 (63.05)	61.52 (65.34)	67.58 (63.02)	57.44 (62.60)	54.29 (57.55)
Social Services	32.20 (31.83)	27.29 (28.98)	33.06 (30.83)	29.72 (32.39)	36.18 (38.35)
Part C. Deficits					
Revenue Deficit (-)/Surplus(+)	(+) 60.02	(+) 38.73	(+) 41.28	(-) 54.94	(+) 1.86
Fiscal Deficit	40.08	55.90	67.02	146.86	92.55
Budgetary Deficit (-)/Surplus (+)	(-) 41.15	(-) 55.43	(-) 65.95	(-) 146.70	(-) 92.48
Part D. Other data					
Ways and means Advances (days)	-	-	-	-	-
Interest on WMA	-	-	-	-	-
GSDP	518.46	617.02	NA	NA	NA
Outstanding Debt (year end)	276.61	312.90	356.69	503.67	676.34
Outstanding guarantees (year end)	3.73	13.73	21.78	21.07	21.57
Guarantees given during the year	NIL	10.00	8.05	-	.50
Number of incomplete projects	NA	62	66	69	57
Capital blocked in incomplete projects	4.57	NA	9.84	96.26	20.71

Note(I): Figures in brackets represent percentages to total of each sub heading. **Note (II):** Non-tax revenue for the year 1999-2000 includes gross receipt of Rs. 1006.86 crore from State Lotteries before adjustment of expenditure of Rs. 977.96 crore.

1.5 Revenue receipts

The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in the chart below. The revenue receipts grew at an average annual rate of 24.6 per cent during 1995-96 to 1999-2000.

Revenue Receipts 1999-2000 (Rupees in crore)



1.5.2 Tax Revenue

The tax revenue constituted the meager share (3.25 per cent) of the revenue receipts, and its share increased from 2.89 per cent in 1995-96 to only 3.25 per cent in 1999-2000. The table under paragraph 1.4.3 shows that the relative contribution of taxes on income other than Corporation tax has come down from 39.20 per cent in 1998-99 to 36.36 per cent in 1999-2000 while that of State Excise has gone up from 25.36 per cent in 1998-99 to 27.29 per cent in 1999-2000 and sale tax remained static from 1998-99 at 28 per cent.

1.5.3 Non-tax revenue

The non-tax revenue constituted 68.97 per cent of the total revenue receipts as compared to 70.86 per cent in 1998-99. This was despite the increase of non-tax revenue by 2.14 per cent over the previous year. The gross receipt from State Lotteries constituted 66.53 per cent of the total Revenue receipts of the State.

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

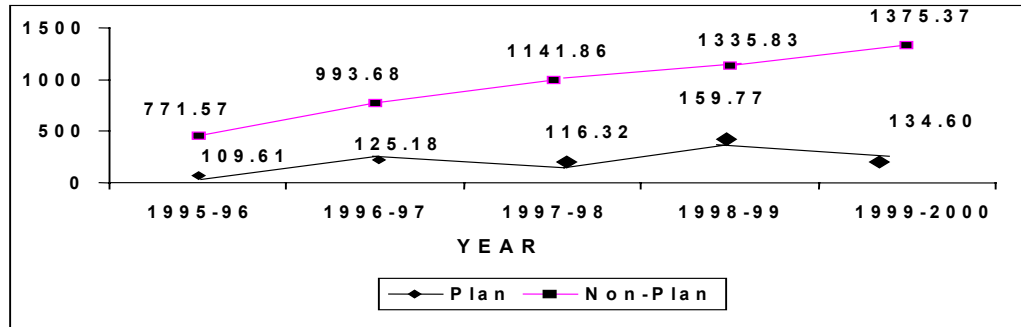
The State's share of Union taxes increased by 7.95 per cent during the year, while the grants-in-aid from the Central Government increased by 14.13 per cent. However, as a percentage of revenue receipts they (both taken together) declined from 31 per cent in 1995-96 to 28 per cent during 1999-2000.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (94.12 per cent) of the expenditure of the State Government and increased by Rs.14.37 crore during 1999-2000. This increase is the net result of Rs.25.17 crore decrease in Plan side of revenue expenditure offset by Rs.40.54 crore increase in Non-Plan expenditure. Non-plan revenue expenditure constituted a major slice of the total revenue expenditure during the 5 years 1995-2000 and ranged between

87 and 91 per cent. Trend analysis shows that the share of revenue expenditure varied between 89.70 to 94.22 per cent of the total expenditure 1995-2000.

Revenue Expenditure 1995-2000 (Rupees in crore)



1.6.2 Sector wise analysis shows that while the expenditure on General Services increased by 71.79 per cent, from Rs. 665.85 crore in 1995-96 to Rs. 1143.87 crore in 1999-2000, the corresponding increases in expenditure on Social Services and Economic Services were 78.71 and 60.97 per cent respectively. As a proportion of total expenditure, the share of General Services more or less remained static at 75 per cent. The share of Social Services decreased from 14.19 per cent to 13.00 per cent whereas that of Economic Services increased from 10.40 per cent to 11.25 per cent.

1.6.3 Interest payments

Interest payments increased steadily by 134.29 per cent from Rs. 28.99 crore in 1995-96 to Rs. 67.92 crore in 1999-2000. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies, etc., during the period of four years ending 1999-2000 was as follows:

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Years	1995-96		1996-97		1997-98		1998-99		1999-2000	
	Grants	loans	Grants	loans	Grants	loans	Grants	loans	Grants	loans
	(Rupees in crore)									
Universities and Educational Institutions	--	--	1.24	-	1.23	-	1.37	-	1.49	-
Municipal Corporations and Municipalities	--	--	-	-	-	-	-	-	-	-
Zilla Parishads and Panchayati Raj Institutions	--	--	-	-	-	-	-	-	-	-
Development agencies	--	--	0.54	-	0.44	-	0.44	-	1.44	-
Hospitals and Other Charitable Institutions	--	--	-	-	-	-	-	-	-	-
Other institutions	0.39	--	0.69	0.24	1.41	0.77	0.36	0.01	0.56	-
Total	0.39	--	2.47	0.24	3.08	0.77	2.17	0.01	3.49	-
Percentage of growth over previous year	(-) 88.04	--	533.33	-	24.70	220.83	(-)29.54	(-)98.70	(+) 60.83	-
Assistance as a percentage of revenue expenditure	0.04	--	0.22	0.02	0.24	0.06	0.14	-	0.23	-

The quantum of assistance paid to local bodies etc. jumped from Rs 0.39 crore in 1995-96 to Rs 3.49 crore in 1999-2000 – an increase of 795 per cent.

1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, cooperatives, non-Government institutions, etc, for developmental and non developmental activities. The position for the last five years was as under:

	1995-96	1996-97	1997-98	1998-99	1999-2000
	(Rupees in crore)				
Opening balance	9.22	8.17	8.64	9.72	9.87
Amount advanced during the year	0.96	1.23	1.80	1.08	1.14
Amount repaid during the year	2.02	0.76	0.72	0.92	1.07
Closing balance	8.17*	8.64	9.22	9.87	9.94
Net addition	(-) 1.05**	0.47	1.08	0.15	0.07

* Difference of Rs.1 lakh is due to rounding off.

** Difference is due to conversion of loan into investment and proforma correction thereto.

The interest was not received in any of the years and credited in Government account.

1.7 Capital Expenditure

1.7.1 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. During 1999-2000, the capital expenditure increased by Rs 2.58 crore as compared to 1998-99. Its share in total expenditure has however gone down from 10.3 per cent in 1995-96 to 5.88 per cent in 1999-2000. The table under paragraph 1.4.3 shows that major portion of the capital expenditure has been on Economic and Social Services and on the plan side only.

1.7.2 Diversion of Capital fund

As per the Sikkim Financial Rules(SFR), provision under Capital Outlay should not be utilised to meet expenditure on Revenue Account and provision for Plan Expenditure should not be utilised to meet Non-Plan Expenditure. Further, expenditure from Plan allocation for Non-Plan activities was banned by the Government of India (GOI) in July 1979 (Appendix 3 of Delegation of Financial Rules) and August 1986.

During the test check of records of (i) Building and Housing Department (ii) Sikkim Public Works Department (Roads and Bridges) and (iii) Forest Department, it was noticed (October 1999 to January 2000) that the Departments incurred an expenditure of Rs 235 lakh on works of revenue and Non-Plan nature such as renovation of office accommodation, office toilet, maintenance of buildings, maintenance of road machinery etc. by drawing the amounts on contingencies bills (in respect of Roads & Bridges, Buildings & Housing and Forest Department) from the provision for Capital Outlay. The details of such expenditures are as under:

Sl. No.	Departments	Period	Amount of Expenditure (Rs in lakh)
1	Building and Housing	1998-99	139.72
2	SPWD (Roads and Bridges)	June1997 to April 1999	87.10
3	Forest	July 1998 to March 1999	8.18
		TOTAL	235.00

This resulted in irregular diversion of fund from Capital Section to Revenue Section to the tune of Rs 235 lakh.

In reply the Forest Department (July2000) and the Building and Housing Department (BHD) (June2000) stated that such expenditure had to be incurred from Plan Provision due to inadequate provision under Non-plan sector and the same had been done with the approval of the Planning and Development Department. BHD further added that the assets need to be maintained and repaired to increase its life and value and can be treated as Capital expenditure.

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The reply is not acceptable as such expenditure vitiated the provisions of SFR, directives of GOI and was against the very objective and purpose of making separate budgetary allocations under Capital/Plan and Revenue/Non-Plan sectors. Further, excessive Non-plan expenditure at the expense of Plan expenditure retards the developmental activities in the State.

Reply of SPWD (Roads and Bridges) was yet to be received (September 2000).

1.8 Quality of Expenditure

1.8.1 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. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge significantly on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered in judging the quality of expenditure. As the expenditure was 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.

1.8.3 *The following table lists out the trend in these indicators:*

Years	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Plan expenditure as a percentage of :					
(i) Revenue expenditure.	12	11	9	11	9
(ii) Capital expenditure	100	100	100	100	100
2. Capital expenditure as a percentage of total expenditure*	10	7	7	6	6
3. Expenditure on General Services as a percentage of					
(i) Revenue	76	78	78	75	76
(ii) Capital	5	6	6	5	4

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4. Amount of wastages and diversion of funds mentioned in the Audit Report (Rs in crore)	-	-	-	-	5.94
5. Non-remunerative expenditure on incomplete projects (Rs in crore)	NA	4.57	9.84	96.20	20.59
6. Unspent balance under deposit heads, booked as expenditure at the time of their transfer to the deposit head	NA	NA	NA	NA	NA

* **Total expenditure = Revenue expenditure + Capital expenditure**

It would be seen that the share of plan expenditure on the revenue side has decreased in 1999-2000 as compared to previous year.. The share of capital expenditure, has remained static at 6 per cent in the year 1998-99 and 1999-2000. These were less compared to preceding three years. The expenditure on General Services had a marginal decline on the capital side and a marginal increase on the revenue side in 1999-2000 as compared to the previous year. The table also shows that substantial amount remained blocked in incomplete projects and substantial amount of wastage and diversion of fund brought out in the Audit Report. This, in turn, affected the quality of expenditure incurred by the Government.

1.9 Financial Management

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 the 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.

1.9.1 Investments and returns

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:

Sector	Number of concerns	Amount invested	
		as on 31.03.2000	during 1999-2000
(Rupees in Crore)			
(1) Statutory Corporations	10*	31.75	1.68
(2) Government Companies	13	11.17	1.23
(3) Joint Stock Companies	--	-	-
(4) Co-operative Institutions	6	1.62	-
Total	29	44.54	2.91

* The number of Government companies and Statutory corporations mentioned in this chapter differ from the number mentioned in chapter VIII The difference is under reconciliation.

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

Year	Investment at the end of the year	Return	Percentage of Return	Rate of interest on Government borrowing (%)
(Rupees in crore)				
1995-96	28.90	0.20	1	14.00
1996-97	34.79	1.38	4	13.85 and 13.75
1997-98	37.79	1.59	4	13.05
1998-99	41.76	1.23	3	12.50
1999-2000	44.54	0.72	2	12.25 and 11.85

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies etc., fetched insignificant returns. As on 31 March 2000, 2 of the Government companies were running under loss and the accumulated loss was Rs. 0.59 crore up to March 2000.

1.9.2 Incomplete Projects

As of 31 March 2000, there were 57 incomplete projects in which Rs. 20.59 crore were blocked. This showed that the Government was spreading its resources thinly, which failed to yield any return.

1.9.3 Ways and means advances and overdraft

The State Government has not entered into any agreement with the Reserve Bank of India (RBI) for carrying out the general banking business of the Government which is carried out by the State Bank of Sikkim. Since the transactions of Sikkim Government are not conducted by the RBI, the State Government has not taken any Ways and Means Advances from the RBI. To avoid delay / non accountal of Central assistance released by the Government of India (GOI), the State Government should reconsider the feasibility of taking up the matter with RBI for entering into an agreement.

1.9.4 Deficit

1.9.4.1 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 in 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.

1.9.4.2 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). Primary Deficit is fiscal deficit less interest payments.

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The following table gives a break-up of the deficit in Government account:

CONSOLIDATED FUND

Receipt	Amount		Disbursement	Amount
(Rupees in crore)				
Revenue	1511.83	Revenue Surplus : 1.86	Revenue	1509.97
Misc. capital Receipts	-		Capital	94.34
Recovery of Loans and advances	1.07		Loans and advances disbursement	1.14
Sub total	1512.90	Gross fiscal deficit: 92.55	Sub total	1605.45
Public debt	146.73		Public debt repayment	14.02
Total	1659.63	A: Surplus in CF : 40.16		1619.47

CONTINGENCY FUND

(Rupees in crore)				
Recoupment	-	Net effect in contingency fund : 0.10	Advances	0.10

PUBLIC ACCOUNT

Small savings, PF etc	56.80		Small saving PF etc	16.83
Deposits and advances	5.42		Deposits and advances	4.83
Reserve funds	20.89		Reserve fund	10.35
Suspense and Misc	493.99		Suspense and Misc	501.64
Remittances	211.87		Remittances	212.83
Total Public Account	788.97	B (i) Deficit in Contingency Fund (-0.10) financed out of surplus in Consolidated Fund (40.16) and Public Account Fund (42.49). (ii) Increase in cash balance (82.55)		746.48

The table shows that the Fiscal Deficit of Rs 92.55 crore was financed by the net proceeds of Public Debt (Rs. 132.71 crore). Exhibit II shows that fiscal deficit was on an increasing trend during 1995-96 to 1998-99 where after it declined from a level of Rs 146.86 crore in 1998-99 to Rs 92.55 crore in 1999-2000.

1.9.4.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal Deficit represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for development 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 positions in respect of the Government of Sikkim for the last five years:

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Ratio	1995-96*	1996-97*	1997-98*	1998-99	1999-2000*
RD/FD	(-) 1.50	(-) 0.69	(-) 0.62	0.37	(-) 0.02
CE/FD	2.52	1.68	1.60	0.62	1.02
Net loans/ FD	(-) 0.02	0.01	0.02	0.01	-
Total	1.00	1.00	1.00	1.00	1.00

*During these years there was no Revenue deficit.

1.9.5 Guarantees given by the State Government

Guarantees are 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 co-operative 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. The guaranteed sum outstanding at the end of each year during 1995-2000 are indicated in the time series data (para 1.4.3).

1.10 Public debt

1.10.1 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. Compared to 1995-96, the total liabilities of the Government had grown by 113 per cent. This was on account of 139 per cent growth in internal debt, 87 per cent growth in loans and advances from GOI and 118 per cent growth in other liabilities. During 1999-2000, Government borrowed Rs. 45.90 crore in the open market at interest rate of 12.25 and 11.85 percent per annum.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
(Rupees in crore)						
1995-96	104.81	128.31	233.12	97.18	330.30	0.64
1996-97	117.43	144.44	261.87	60.88	322.75	0.52
1997-98	133.31	163.21	296.52	72.14	368.66	NA
1998-99	170.67	187.25	357.92	161.10	514.02	NA
1999-2000	250.74	239.88	490.62	211.75	702.37	NA

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

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	1995-96	1996-97	1997-98	1998-99	1999-2000
(Rupees in crore)					
Internal Debt					
-Receipt	16.03	17.83	20.45	42.00	82.76
Repayment (Principal + int.)	15.86	20.70	21.44	24.47	26.70
Net funds available (per cent)	0.17(1)	(-) 2.87	(-) 0.99	17.53 (42)	56.06 (68)
	1995-96	1996-97	1997-98	1998-99	1999-2000
(Rupees in crore)					
Loans & advances from GOI					
Receipt during the year	20.08	37.37	41.29	53.53	63.97
Repayment	17.79	33.39	40.32	48.60	34.68
Net fund available(Per cent)	2.29 (11)	3.98 (11)	0.97 (2)	4.93 (9)	29.29 (46)
Other liabilities					
Receipt during the year	27.77	26.09	42.88	111.45	83.10
Repayment	25.48	22.54	37.48	34.88	32.01
Net fund available (Per cent)	2.29 (8)	3.55 (14)	5.40 (13)	76.57 (69)	51.09 (61)

Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is not increasing proportionately.

1.11 Indicators of the financial performance

1.11.1 A Government may either wish to 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 and Government's increased vulnerability in the process. All the State Governments continued to increase the level of their activity principally through Five Year Plans, which translate to annual development plans and are 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 mobilisation 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:

(i) Sustainability

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

(ii) Flexibility

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.

(iii) Vulnerability

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.

(iv) Transparency

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.

1.11.2 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 the Appendix (Part B). Exhibit V indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 The behaviour of the indices / ratios is discussed below:

(i) Balance from current revenues (BCR)

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 Exhibit II shows that the State Government had negative BCR in all the preceding five years and negative balance increased steeply in 1996-97 and 1999-2000. This shows that State was not able to generate surplus from current revenues and its dependence on borrowings for meeting the plan expenditure increased significantly.

(ii) Interest ratio

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 case of Sikkim, the ratio has moved in the narrow range of 0.03 to 0.04. Rising

interest ratio has adverse implication on the sustainability, since it points out to the rising interest burden.

(iii) Capital outlay/capital receipts

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 case of Sikkim, the ratio has been more than one during the period from 1994-95 to 1997-98. However, it declined sharply from 1.03 in 1997-98 to 0.50 in 1999-2000. This shows that the position has deteriorated.

(iv) Return on Investment (ROI)

The ROI is the ratio of the earning to the capital employed. A high ROI suggests sustainability. The table under paragraph 1.9.1 presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Sikkim has been negligible and has moved in the narrow range of 1 percent to 4 percent compared to 1997-98, the ROI has decreased from 4 per cent in 1996-97 to 2 per cent in 1999-2000.

(v) Capital repayments Vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital borrowing. The lower the ratio, the higher would be the availability of capital for investment. In case of Sikkim Government, the ratio has shown a declining trend from 0.34 in 1998-99 to 0.09 in 1999-2000.

(vi) Revenue deficit / Fiscal deficit

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, worse off is the State because it would indicate that the debt burden is increasing without improving the repayment

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capacity of the State. During 1995-96 to 1997-98 and 1999-2000 there was no revenue deficit. During 1999-2000 the ratio has been (-) 0.02.

(vii) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that less the value of the ratio, less is the availability of funds for capital investment. During 1999-2000, the ratio came down to 0.27 from 0.64 in 1998-99. The interest payment accounted for 46 percent of the net borrowings, which was therefore not available for capital investment.

(viii) Guarantees Vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a 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 case of Sikkim, this ratio has been static at 0.01 from 1998-1999.

(ix) Assets Vs Liabilities

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. Since 1995-96, this ratio is moving in the negative direction indicating the trend of insolvency.

(x) Budget

There was no delay in submission of the budget and their approval. The details are given in the following table:

Preparation	Month of submission	Month of approval
Budget	March 1999	March 1999
Supplementary	March 2000	March 2000

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. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year vis-a-vis the final modified grant. Significant variations (excess/saving) between the final modified grant and actual expenditure were also persistent.

(xi) Accounts

During 1999-2000, delay in submission of monthly compiled accounts by Public Works Division ranged from one to seventy seven days. The delay in

submission of monthly accounts by the Chief Pay and Accounts Office ranged from forty to one hundred and forty days.

1.11.4 Conclusion

As compared to the previous year, Public Debt has increased by Rs 132.70 crore and total liabilities have increased by Rs 188.35 crore. However, only Rs 94.34 crore was incurred as Capital expenditure and its share in total expenditure has gone down from 10.3 per cent in 1995-96 to 5.88 percent in 1999-2000. Interest payments during the year have also been substantial going upto 46 per cent of the net borrowings. All these have adverse implications for sustainability, as also a falling BCR, low (less than one) capital outlay to capital receipt ratio and an abysmally low ROI.

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Exhibit-I

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000

Receipts				Disbursement					
(Rupees in crore)									
1998-99	Section-A : Revenue		1999-2000	1998-99		Non-Plan	Plan	Total	1999-2000
1440.66	I. Revenue Receipts		1511.83	1495.60	I. Revenue Expenditure				1509.97
46.76	-Tax revenue	49.07		1127.77	General Services	1142.29	1.58	1143.87	
1020.91	-Non-tax revenue	1042.75			Social Services				
92.21	-State's share of Union Taxes	99.54		111.92	-Education, Sports, Art and Culture	74.37	36.04	110.41	
22.31	-Non-Plan grants	16.13		41.89	-Health and Family Welfare	19.51	14.14	33.65	
				38.03	-Water Supply, Sanitation, Housing and Urban Development	8.84	18.68	27.52	
				1.79	-Information and Broadcasting	0.87	0.70	1.57	
218.28	-Grants for State Plan Scheme	268.55		4.83	-Welfare of Scheduled Castes, Scheduled tribes and Other Backward Classes.	0.40	1.63	2.03	
40.19	-Grants for Central and Centrally sponsored Plan Schemes	35.79		0.86	-Labour and Labour Welfare	0.54	0.22	0.76	
				11.21	-Social Welfare and Nutrition	14.34	4.68	19.02	
				1.69	-Others	1.30	-	1.30	
					Economic Services				
				56.19	-Agriculture and Allied Activities	25.21	29.01	54.22	
				8.39	-Rural Development	0.11	8.23	8.34	
					-Special Areas Programmes	-	-	-	
				6.33	-Irrigation and Flood Control	1.03	5.18	6.21	
				22.33	-Energy	22.77	5.07	27.84	
				6.70	-Industry and Minerals	3.08	3.39	6.47	
				31.47	-Transport	32.74	1.15	33.89	
				0.91	-Science, Technology and Environment		1.07	1.07	
				23.39	-General Economic Services	28.14	3.66	31.80	
54.94	II. Revenue Deficit carried over to Section B			-	II. Revenue Surplus carried over to Section B	-	-	-	1.86
1495.60	Total		1511.83	1495.60					1511.83
	Section B								
(-) 25.34	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		(-) 12.38	91.76	III. Capital Outlay				94.34
				4.60	General Services	-	3.87	3.87	
					Social Services				
				6.52	-Education, Sports, Art and Culture	-	3.40	3.40	
				2.13	-Health and Family Welfare	-	1.69	1.69	
				18.28	-Water Supply, Sanitation	-	25.66	25.66	
				2.79	-Housing and Urban Development	-	4.42	4.42	
					-Welfare of SC,ST and OBC	-	1.00	1.00	

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Receipts				Disbursement					
1998-99	Section-B		1999-2000	1998-99		Non-Plan	Plan	Total	1999-2000
—	IV Miscellaneous Capital receipts	—			Economic Services				
				1.56	-Agriculture and Allied Activities	-	1.00	1.00	
				0.76	-Rural Development	-	0.71	0.71	
				-	-Special Areas Programmes	-	5.61	5.61	
				0.02	-Irrigation and Flood Control	-	0.02	0.02	
				33.84	-Energy	-	26.45	26.45	
				1.78	-Industry and Minerals	-	2.01	2.01	
				19.03	-Transport	-	17.18	17.18	
				0.45	-General Economic Services	-	1.31	1.31	
0.92	V. Recoveries of loans and Advances		1.07	1.08	IV Loans and Advances disbursed				1.14
	From Government Servants	1.04			-To Government Servants			1.14	
	From others	0.03			-To Others				
	VI. Revenue surplus brought down		1.86	54.94	V. Revenue deficit brought down				-
95.54	VII. Public debt receipts		146.73	32.99	VI. Repayment of Public Debt				14.02
	-External debt	----			-External debt			-	
	-Internal debt other than Ways and Means Advances and Overdraft	82.76			-Internal debt other than Ways and Means Advances and Overdraft			2.68	
	-Ways and Means Advances	----			-Ways and Means Advances			-	
	-Loans and Advances from Central Government	63.97			-Repayment of Loans and advances to Central Government			11.34	
	VIII. Amount transferred to Contingency Fund		-		VII Expenditure from Contingency Fund				0.10
715.92	IX. Public Account Receipts		788.97	618.65	VIII. Public Account Disbursements				746.48
	-Small Savings and Provident funds	56.80			-Small savings and Provident Funds			16.83	
	-Reserve funds	20.89			-Reserve Funds			10.35	
	-Suspense and Miscellaneous	493.99			-Suspense and Miscellaneous			501.64	
	-Remittance	211.87			-Remittance			212.83	
	-Deposits and Advances	5.42			-Deposits and advances			4.83	
				(-) 12.38	IX. Cash Balance at end				70.17
					-Cash in Treasuries and Local Remittances			67.63	
					-Deposits with other Bank			2.55	
					-Departmental Cash Balance including permanent advances			-	
					-Cash Balance Investment			(-) 0.01	
787.04	Total		926.25	787.04	Total				926.25

Exhibit II

Financial indicators for Government of Sikkim

	1995-96	1996-97	1997-98	1998-99	1999-2000
1	2	3	4	5	6
Sustainability					
BCR (Rs. in crore)	(-) 21.08	(-) 13.33	(-) 58.80	(-) 153.64	(-) 167.87
Primary Deficit (PD) (Rs. in crore)	11.09	22.92	26.08	95.31	24.63
Interest Ratio	0.03	0.03	0.03	0.04	0.04
Capital outlay/Capital receipt	1.56	1.16	1.03	0.44	0.5
Total Tax receipt/GSDP	0.14	0.17	NA	NA	NA
State Tax receipts/GSDP	0.05	0.05	NA	NA	NA
Return on Investment ratio	0.01	0.04	0.04	0.03	0.02
Flexibility					
BCR (Rs. in crore)	(-) 21.08	(-) 13.33	(-) 58.80	(-) 153.64	(-) 167.87
Capital repayment/Capital borrowings	0.25	0.47	0.43	0.34	0.095
State tax receipt/GSDP	0.05	0.05	NA	NA	NA
Debt/GSDP	0.64	0.52	NA	NA	NA
Vulnerability					
Revenue Deficit(RD) (Rs. in crore)	* 60.03	* 38.73	* 41.28	54.94	*1.86
Fiscal Deficit (FD) (Rs. in crore)	40.08	55.90	67.02	146.86	92.55
Primary Deficit (PD) (Rs. in crore)	11.09	22.92	26.08	95.31	24.63
PD/FD	0.28	0.41	0.39	0.64	0.27
RD/FD	(-) 1.45	(-) 0.69	(-) 0.62	0.37	(-) 0.02
Outstanding Guarantees/revenue receipt	0.00	0.01	0.02	0.01	0.01
Assets/Liabilities	2.35	2.31	2.23	1.79	1.59

Note: 1. Fiscal deficit has been calculated as : Revenue expenditure + Capital Expenditure + Net loans and advances - Revenue receipts - Non-loan capital receipts.

2. In the ratio Capital outlay Vs Capital receipts, the denominator has been taken as internal loans- Loans and Advances from Government of India + Net receipts from small savings, PF etc., + Repayments received from loans advanced by the State Government-loans advanced by State Government.

3. * During these years, there were Revenue Surplus.

Explanatory Notes

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.

APPENDIX

(Ref: Paragraph No.1.1)

Part A. Government Accounts

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the state Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All Expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.)

Part II: Contingency Fund

The Contingency Fund created under Article 267 (2) of the Constitution of India in the nature of an imprest is placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs. 1.00 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure with appropriate classification in the Government accounts. The Appropriation Accounts present the details of expenditure by the State Government vis-a-vis the amounts authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation

(Ref: Paragraph No. 1.11.2)

Indices/ratios		Basis for calculation
Sustainability		
Balance from the Current Revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02,03,04 and 05) and Non-Plan revenue expenditure.
Primary Deficit		Fiscal Deficit minus interest payments.
Interest Ratio		
Capital Outlay Vs Capital Receipts	Capital Outlay Capital Receipts	Capital expenditure as per Statement No.2 of the Finance Accounts. Internal Loans (excluding ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc + Repayments received on loans advanced by the State Government – Loans advanced by the State Government.
Total Tax Receipts Vs GSDP	Total Tax Receipts GSDP	State Tax receipts plus State's share of Union Taxes.
State Tax Receipts Vs GSDP	State Tax Receipts	Statement No.1 of Finance Accounts.
Flexibility		
Balance from Current Revenue	BCR	As above.
Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of ways and means advances/overdraft under both the major heads.
	Capital Borrowings	Addition under Major Heads 6003 and 6004 minus addition on accounts of ways and means advances/overdraft under both the major heads.
State Tax Receipts Vs GSDP		As above.
Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No.3 of Finance Accounts).
Vulnerability		
Revenue Deficit		Paragraph No.1.9.4 of the Audit Report.
Fiscal Deficit		-----do-----
Primary Deficit Vs Fiscal Deficit	Primary Deficit	As above.
Outstanding guarantees including letters of comfort Vs Revenue receipts of the Government	Outstanding guarantees Revenue Receipts	Paragraph No. 1.4.3 of the Audit Report Exhibit I.
Assets Vs Liabilities	Assets and Liabilities Debt	Paragraph No. 1.2 of the Audit Report. Borrowings and other obligations at the end of the year (Statement no. 3 of the Finance Accounts).