

# 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 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 analysis of indicators of financial performance of the Government. Some of the terms used in this chapter are explained in the **Annex-I**.

## ***1.2 Financial position of the State***

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land and buildings etc., owned by the Government. However, these accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by it. **Exhibit-I** presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position in 31 March 2002. While the liabilities in this statement consist mainly of moneys owned by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the public account and reserve funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. **Exhibit-I** shows that while the liabilities grew by 16 *per cent* (from Rs.2738.12 crore to Rs.3178.95 crore), the assets grew by only 10 *per cent* (from Rs.3448.18 crore to Rs.3808.36 crore) during 2002-2003. The liabilities had increased due to increase in internal debt (Rs.100.92 crore), net increase in deposits under Small Savings, Provident Funds etc.(Rs.342.25 crore) and in Deposits not bearing interest (Rs.21.39 crore).

**Exhibit-III** gives details of the receipts and disbursement by the State Government while **Exhibit-IV** depicts the time series data on State Government Finances for the period 1998-2003.

## ***1.3 Sources and application of funds***

**Exhibit-II** gives the position of sources and application of funds during the current and the preceding years. 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 on lending for developmental and other purposes. Revenue receipts constituted the most significant source of funds for the State Government. Their relative share increased from 80.46 *per cent* in 2001-02 to 81.40 *per cent* in 2002-03. The share of recoveries of loans and advances increased from 0.10 *per cent* to 0.13 *per cent*. There was a net

outflow from public accounts, while the share of public debt receipts decreased from 10.95 *per cent* in 2001-02 to 4.19 *per cent* in 2002-03.

The revenue expenditure accounted for 84.89 *per cent* of total funds. This was higher than the share of the revenue receipts in the total receipts. This led to revenue deficit and increasing the liabilities of the State to that extent which had no asset back up.

#### 1.4 Revenue Receipts

The revenue receipts of the State consist mainly of its own taxes and non-tax revenue, Central tax transfers and grants in aid from the Government of India. Overall revenue receipts of the State increased from 1268.35 in 1998-99 to 1880.07 in 2002-03 at an average trend rate of 12.28 *per cent* per annum. Rate of growth of revenue receipts significantly moderated to 0.68 *per cent* in 2002-03. Overall revenue receipts, its annual and trend rates of growth, ratio of its receipts to the State Gross Domestic Product (GSDP) and its buoyancy are indicated in table 1.

**Table 1: Revenue Receipt – Basic Parameters (Values in Rs crore and others in *per cent* )**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Revenue Receipts	1268.35	1438.26	1638.06	1867.38	1880.07	1618
Rate of Growth	17.21	13.40	13.89	14.00	0.68	12.28
Revenue Receipt/GSDP	33.25	34.63	36.20	37.77	34.35	35.32
Revenue Buoyancy	1.101	1.505	1.556	1.507	0.064	1.205
GSDP Growth	15.64	8.90	8.93	9.29	10.69	10.19

The rate of growth of revenue receipts and GSDP fluctuated over the years. However, during 1998-2003, the GSDP growth of the State was 10.19 *per cent* on an average. The average revenue buoyancy during last five years was 1.205. However, in 2002-03 despite the increased rate of growth in GSDP a very low growth in revenue receipts resulted in decline in the buoyancy to 0.064.

Composition of the revenue receipts of the State and the relative share of the four components over last five years is indicated in table 2. On an average, around 7.93 *per cent* of the revenue came from State's own tax resources, Central tax transfers and grants in aid together contributed about 85.01 *per cent* of total revenue. The non-tax revenue of the State increased from around 3.53 *per cent* of total revenue in 1998-99 to 5.25 *per cent* in 2002-03, registering an average share of 5.02 *per cent* during the last five years. Central tax transfers as percentage to total revenue of the State witnessed a decline from 36.03 *per cent* in 1998-99 to 13.28 *per cent* in 2002-03.

**Table 2 : Components of Revenue Receipt – relative share in per cent**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Own Tax	6.63	7.07	7.67	8.49	9.74	7.93
Non-Tax Revenue	3.53	5.30	5.77	5.22	5.25	5.02
Central tax transfers	36.03	36.82	14.42	12.46	13.28	22.59
Grants-in aid	53.81	50.81	72.14	73.83	71.73	64.46

Over all growth of the four components of revenue during 1998-2003 also differed significantly. While the revenue from own taxes of the State recorded a trend growth of 21.45 *per cent* during 1998-2003, the Central tax transfers registered a negative growth rate of (-) 14.66 *per cent*. Non-tax revenue and grants in aid were also relatively buoyant with a growth of 24.80 and 22.53 *per cent* respectively during this period. The trend annual growth of the various components of State's revenue, their buoyancy, average ratio as percentage to GSDP and average annual rate of shift in the relative contribution is indicated in table 3.

**Table 3: Components of Revenue – Basic parameters 1998 –2003 (per cent)**

	ROG	Buoyancy	GSDP Share	Relative Share	Shift Rate
Own Taxes	21.45	2.105	2.85	7.93	8.17
Non- Tax Revenue	24.80	2.434	1.80	5.02	11.16
Central tax transfers	-14.66	-	7.44	22.59	-23.99
Grants-in aid	22.53	2.211	23.23	64.46	9.14

The State's non-tax revenue, grants in aid and own taxes had a high buoyancy of 2.434, 2.211 and 2.105 respectively. Negative growth of Central tax transfers led to a negative shift rate in its relative share. The other three components of revenue receipts had a higher buoyancy and a positive shift in their relative share.

### **1.5 Expenditure**

Over all expenditure of the State comprising revenue expenditure, capital expenditure and the loans and advances increased from Rs.1388 crore in 1998-99 to Rs.2420 crore in 2002-03, at an average annual trend rate of 15.45 *per cent*. The over all buoyancy of the total expenditure with GSDP was 1.516 during 1998-2003. Similarly total expenditure increased relatively faster compared to the revenue receipts. During 1998-2003, for each one *per cent* increase in revenue receipts, expenditure increased by 1.258 *per cent*. Overall expenditure, its annual and trend growth ratio of total expenditure to State's GSDP and the buoyancy of expenditure are indicated in table 4 below:

**Table 4: Total expenditure – Basic Parameters (Value in Rs. Crore and others in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Total expenditure	1388	1731	2085	2408	2420	2006
Rate of Growth	8.52	24.73	20.45	15.48	0.51	15.45
TE/GSDP Ratio	36.39	41.68	46.09	48.70	44.22	43.79
Revenue Receipts/ TE ratio	91.39	83.08	78.56	77.55	77.68	81.65
<b>Buoyancy of Total Expenditure with</b>						
GSDP	0.545	2.778	2.291	1.666	0.048	1.516
Revenue Receipts	0.495	1.846	1.472	1.106	0.752	1.258

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants in aid and loans and advances. The relative share of these components in the total expenditure is indicated in table 5.

**Table 5: Components of Expenditure – Relative Share (in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
General Services	19.64	20.92	20.56	22.13	23.94	21.43
Interest Payments	10.13	10.70	10.84	10.52	12.01	10.84
Social Services	39.52	39.22	37.61	35.78	36.52	37.73
Economic Services	29.25	27.93	29.85	30.17	25.45	28.53
Grants-in-aid and contributions	1.22	1.06	0.93	1.06	1.74	1.21
Loans and advances	0.24	0.17	0.21	0.34	0.34	0.26

The movement of relative share of these components indicates that while the share of economic services in total expenditure declined from 29.25 per cent in 1998-99 to 25.45 per cent in 2002-03, the relative share of interest payments increased. Expenditure on general services increased almost steadily upto 2002-03 while the relative share of Social Services decelerated from 39.52 per cent in 1998-99 to 36.52 per cent in 2002-03. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 35.95 per cent of total expenditure in 2002-03 as compared to around 29.77 per cent in 1998-99.

In total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition in the State's service network. Overall revenue expenditure of the State increased from Rs. 1175.62 crore in 1998-99 to Rs. 1960.72 crore in 2002-03, at an average trend rate of 13.86 per cent per annum, which was, however lower compared to the growth of total expenditure, but higher than the rate of growth of revenue receipts. Revenue expenditure – GSDP ratio, therefore witnessed an increase from 30.82 per cent in 1998-99 to 35.82 per cent in 2002-03. The ratio of revenue expenditure to total expenditure decreased from 84.70 per cent in 1998-99 to 81.02 per cent in 2002-03. On an average 81.18 per cent of total expenditure of the State was

on current consumption. Increase in the ratio of revenue expenditure to revenue receipts indicated increasing dependence on borrowing for even meeting the current expenditure. The gap between revenue receipts and revenue expenditure widened from a surplus of 7.31 *per cent* in 1998-99 to a deficit of 4.29 *per cent* in 2002-03. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in table 6 below:

**Table 6: Revenue Expenditure – Basic Parameters (Values in Rs. crore and others in *per cent*)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Revenue expenditure	1175.62	1461.07	1734.04	1812.91	1960.72	1628.87
Rate of Growth	10.87	24.28	18.68	4.55	8.15	13.86
RE/GSDP	30.82	35.18	38.33	36.66	35.82	35.55
RE as % of TE	84.70	84.40	83.16	75.29	81.02	81.18
RE as % to Revenue Receipt	92.69	101.59	105.86	97.08	104.29	100.65
<b>Buoyancy of Revenue Expenditure with</b>						
GSDP	0.695	2.728	2.093	0.490	0.763	1.360
Revenue Receipts	0.631	1.813	1.345	0.325	11.998	1.129

The growth in revenue expenditure exceeded the rate of growth of State's GSDP and revenue receipts. Average buoyancy of revenue expenditure to GSDP during 1998-2003 was 1.360 indicating that for each one percentage increase in GSDP, revenue expenditure increased by 1.360 *per cent*. Similarly, for each one percentage point increase in the State's revenue receipts, revenue expenditure increased by 1.129 *per cent*.

The plan, capital and developmental expenditure reflect its quality. Higher the ratio of these components to total expenditure better is the quality of expenditure. Table 7 below gives the ratio of these components to total expenditure.

**Table 7: Quality of Expenditure (*per cent* to total expenditure)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan expenditure	37.62	34.77	33.59	33.88	31.85	34.00
Capital expenditure	15.09	15.46	16.66	24.45	18.71	18.60
Development expenditure	68.94	67.26	67.59	66.18	62.18	66.08

(Total expenditure does not include Loans and Advances)

Plan expenditure declined from 37.62 *per cent* of total expenditure in 1998-99 to 31.85 *per cent* in 2002-03. Similarly, development expenditure also declined from 68.94 *per cent* to 62.18 *per cent*. There was, however, an increase in the share of capital expenditure from 15.09 *per cent* in 1998-99 to 24.45 *per cent* in 2001-02, though it declined sharply to 18.71 *per cent* in 2002-03.

Activity wise expenditure also revealed that the average trend growth of various components had significant variations. Loans and advances and expenditure on general services and interest payments were the fastest growing components with an average growth of 24.53 *per cent*, 21.21 *per cent* and 20.04 *per cent per annum* respectively. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 14.28 *per cent*, social services 16.40 *per cent* and the economic services 12.46 *per cent*. Activity wise trend growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP and revenue receipt are indicated in table 8.

**Table 8: Activity wise Expenditure – Basic Parameters (in *per cent*)**

	ROG	GSDP Share	Relative Share	Share Shift	Buoyancy with	
					GSDP	Revenue Receipt
General Services	21.21	9.50	17.83	4.99	2.081	1.728
Interest Payments	20.04	4.78	18.43	3.97	1.966	1.632
Social Services	13.97	16.40	38.96	-1.28	1.371	1.138
Economic Services	11.53	12.46	22.26	-3.39	1.131	0.939
Loans & Advances	24.53	0.12	2.38	7.87	2.407	1.998

The relative shares of the expenditure on loans and advances interest, general services grew by an average of 7.87 *per cent*, 3.97 *per cent* and 4.99 *per cent per annum* respectively. On the other hand, the share of expenditure on economic and social services actually declined. All the components of expenditure except economic services had buoyancy greater than one both with regard to GSDP and the revenue receipt.

### **1.6 Fiscal Imbalances**

The deficits in the Government accounts represent the gap between its receipt 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 are important pointers to the fiscal health. The revenue deficit is the excess of its revenue expenditure over revenue receipts. There was revenue surplus of Rs. 93 crore in 1998-99 which had turned into revenue deficit of Rs. 81 crore in 2002-03. The fiscal deficit which represents the total borrowing of the Government and its total resource gap, increased from Rs. 118 crore in 1998-99 to Rs.537 crore in 2002-03. State also had a primary deficit which increased from Rs. 105 crore in 1999-2000 to Rs. 246 crore in 2002-03.

The existence of revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has also increased from 7.85 *per cent* in 1999-2000 to 15.02 *per cent* in 2002-03. As proportion to State's gross domestic product, revenue deficit had increased to 1.47 *per cent* in 2002-03 and fiscal deficit to 9.81 *per cent*.

**Table 9: Fiscal Imbalances – Basic Parameters (Values in Rs. crore and Ratios in per cent)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Revenue deficit	*	-23	-96	*	-81	-11
Fiscal deficit	-118	-291	-445	-538	-537	-386
Primary deficit	**	-105	-219	-285	-246	-167
RD/GSDP	—	-0.55	-2.12	—	-1.47	-0.23
FD/GSDP	-3.10	-6.99	-9.84	-10.88	-9.81	-8.42
PD/GSDP	—	-2.54	-4.84	-5.76	-4.50	-3.64
RD/FD	—	7.85	21.56	—	15.08	2.75

\* The years 1998-99 and 2001-02 registered revenue surplus.

\*\* In 1998-99, there was excess of interest payment over fiscal deficit, while excess of fiscal deficit over interest payment constitutes primary deficit.

### 1.7 Fiscal liabilities – Public Debt and Guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Table 10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters. It would be observed that the over all fiscal liabilities of the State increased from Rs. 1447 crore in 1998-99 to Rs. 3127 crore in 2002-03 at an average annual rate of 21.66 per cent. These liabilities as ratio to GSDP increased from 37.90 per cent in 1998-99 to 57.10 per cent in 2002-03 and stood at more than 11 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others which in 2002-03 stood at Rs. 25 crore. The guarantees are in the nature of contingent liabilities.

**Table 10: Fiscal Liabilities – Basic Parameters**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/Trend
Fiscal Liabilities	1447	1842	2234	2666	3127	2263
Rate of Growth	21.73	27.29	21.24	19.35	17.31	21.66
<b>Ratio of Fiscal Liabilities to</b>						
GSDP	37.90	44.40	49.40	53.90	57.10	49.40
Revenue Receipt	114.10	128.10	136.40	142.80	166.30	135.40
Own Resources	1122.30	1035.40	1014.90	1040.80	1109.70	1062.90
<b>Buoyancy of Fiscal Liabilities to</b>						
GSDP	1.390	3.066	2.380	2.083	1.619	2.125
Revenue Receipt	1.263	2.037	1.529	1.382	25.474	1.764
Own resources	1.031	0.719	0.896	1.182	1.727	2.050

Increasing liabilities had raised the issue of sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in the case of Tripura average

interest rate on fiscal liabilities at 10.68 *per cent* exceeded the rate of growth of GSDP by 0.49 *per cent* as indicated in Table 11.

**Table 11: Debt Sustainability – Interest rate and GSDP Growth (in *per cent*)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
Weighed Interest Rate	10.67	11.26	11.09	10.34	10.04	10.68
GSDP Growth	15.64	8.90	8.93	9.29	10.69	10.19
Interest spread	4.97	-2.36	-2.17	-1.05	0.65	-0.49

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. The Table 12 below gives the position of the receipt and repayment of fiscal liabilities over last five years. The net funds available on account of the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments varied from 21.71 *per cent* to 38.86 *per cent*. The net funds available declined to 21.71 *per cent* of total new liabilities in 2002-03.

**Table 12: Net Availability of Borrowed Fund**

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
<b>Internal Debt</b>						
Receipt	97.09	145.30	191.61	139.39	202.92	155.26
Repayment (Principal + Interest)	53.81	75.61	144.35	126.09	143.46	108.66
<b>Loans and Advances from GOI</b>						
Receipt	120.95	158.75	17.15	96.25	84.84	95.59
Repayment (Principal + Interest)	77.11	94.23	107.40	117.91	182.98	115.93
<b>Other liabilities</b>						
Receipt	314.44	383.46	616.47	546.01	766.58	525.39
Repayment (Principal + Interest)	239.29	250.48	340.66	367.92	480.84	335.84
<b>Total liabilities</b>						
Receipt	532.48	687.51	825.23	781.65	1054.34	776.24
Repayment (Principal + Interest)	370.21	420.32	592.41	611.92	807.28	560.43
Net Fund Available	162.27	267.19	232.82	169.73	247.06	215.81
Net fund Available ( <i>per cent</i> )	30.47	38.86	28.21	21.71	23.43	27.80

### 1.8 Investments and returns

As on 31 March 2003, Government had invested Rs.286.27 crore in Statutory Corporation, Government Companies, Banks and Cooperatives. Government's return on this investment was Nil as indicated in Table 13 below:



**Table 13: Return on Investment**

*(Rupees in crore)*

Year	Investment at the end of the year	Return	Percentage of Return	Rate of interest on Government Borrowings (%)
1998-99	177.98	Nil	Nil	10.67
1999-2000	198.85	Nil	Nil	11.26
2000-01	222.85	Nil	Nil	11.09
2001-02	260.14	Nil	Nil	10.34
2002-03	286.27	Nil	Nil	10.04

In addition to its investment, Government has also been providing loans and advances to many of these parastatals. Total outstanding loans was Rs. 62.64 crore as on 31 March 2003. Overall interest received had declined to 10.14 per cent in 2002-03 from 23.87 per cent in 1999-2000 (Table 14).

**Table 14: Average interest received on loans advanced by the State Government**

*(Amount in Rs. crore)*

	1998-99	1999-2000	2000-01	2001-02	2002-03
Opening balance	46.52	48.68	49.19	51.68	57.50
Amount advanced during the year	3.36	2.88	4.36	8.14	8.24
Amount repaid during the year	1.20	2.37	1.87	2.32	3.10
Closing balance	48.68	49.19	51.68	57.50	62.64
Net addition	2.16	0.51	2.49	5.82	5.14
Amount of interest received	0.19	11.62	18.49	3.58	5.83
Interest received as <i>per cent</i> to loans advanced	0.41	23.87	37.59	6.93	10.14
Average interest paid by the State (in <i>per cent</i> )	12.15	12.25	10.82	10.35	7.08
Difference (percentage) between interest paid and received	(-) 11.74	11.62	26.77	(-) 3.42	3.06

### **1.9 Financial results of irrigation works**

Capital expenditure on three medium irrigation projects was Rs.127.99 crore up to 2002-03. Total receipts against this during 2002-03 were only Rs.13.97 lakh, with no working and maintenance expenditure incurred and booked during the year.

### **1.10 Incomplete projects**

As informed by the State Government, there were 125 incomplete projects in which Rs. 58.73 crore was blocked. Both the number of projects and capital blocked in them had increased substantially with reference to the previous

years. This showed that the Government was spending its resources thinly without prioritisation.

### **1.11 Arrears of revenue**

The arrears of revenue pending collection was Rs. 2.46 crore as of March 2003 which was 1.34 *per cent* of the tax-revenue collected during the year. The amount intimated by the Government consists only of Sales Tax. Of this, Rs. 0.30 crore (12 *per cent*) was pending for more than five years.

### **1.12 Financial Indicators of the Government of Tripura**

The finances of a State should be sustainable, flexible and non-vulnerable. Table 15 below presents a summarised position of Government finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratios of revenue receipt and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipt indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts comprises not only the tax and non-tax resources of the State but the Central transfers. It indicates the sum total of the State's access for which there is no direct service provision obligations, recovery of users' charges for the social and economic services provided by it and its entitlement from the Central pool of resources. There was overall improvement in the ratios over the five years since 1998-99. But overall revenue buoyancy of the State has been greater than one upto 2001-02 and less than one in 2002-03.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in the relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure had increased in 2002-03 while its capital expenditure and development expenditure as percentage to total expenditure has decreased side by side. Both its revenue and total expenditure have been buoyant compared to its revenue receipts and revenue expenditure. All these indicate State's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its development activities.

**Table 15: Indicators of Fiscal Health (in per cent)**

Fiscal Indicators	1998-99	1999-2000	2000-01	2001-02	2002-03	Average/ Trend
<b>Resource Mobilisation</b>						
Revenue Receipt/GSDP	33.25	34.63	36.20	37.77	34.35	35.32
Revenue Buoyancy	1.101	1.505	1.556	1.507	0.064	1.205
Own tax/GSDP	2.21	2.45	2.78	3.21	3.35	2.85
<b>Expenditure Management</b>						
Total expenditure/GSDP	36.39	41.68	46.09	48.70	44.22	43.79
Revenue Receipt/Total Expenditure	91.39	83.08	78.56	77.55	77.68	81.65
Revenue Expenditure / Total Expenditure	84.70	84.40	83.16	75.29	81.02	81.1824
Capital Expenditure / Total expenditure	15.09	15.46	16.66	24.45	18.71	18.60
Development Expenditure / Total Expenditure	68.94	67.26	67.59	66.18	62.18	66.08
Buoyancy of TE with RR	0.495	1.846	1.472	1.106	0.752	1.258
Buoyancy of RE with RR	0.631	1.813	1.345	0.325	11.998	1.129
<b>Management of Fiscal Imbalances</b>						
Revenue deficit ( <i>Rs. in crore</i> )	*	-23	-96	*	-81	-29
Fiscal deficit ( <i>Rs. in crore</i> )	-118	-291	-445	-538	-537	-386
Primary deficit ( <i>Rs. in crore</i> )	**	-105	-219	-285	-246	-167
Revenue deficit/Fiscal deficit	—	7.85	21.56	—	15.02	7.51
<b>Management of Fiscal Liabilities (FL)</b>						
Fiscal Liabilities/GSDP	37.90	44.40	49.40	53.90	30.10	49.40
Fiscal Liabilities / RR	114.10	128.10	136.40	142.80	166.30	135.40
Buoyancy of FL with RR	1.263	2.037	1.529	1.382	25.474	1.764
Buoyancy of FL with OR	1.031	0.719	0.896	1.182	1.727	2.050
Interest spread	4.97	-2.36	-2.17	-1.05	0.65	-0.49
Net fund available	30.47	38.86	28.21	21.71	23.43	27.80
<b>Other Fiscal Health Indicators</b>						
Return on Investment	Nil	Nil	Nil	Nil	Nil	Nil
BCR ( <i>Rs. in crore</i> )	(-) 186.11	(-) 354.60	(-) 448.41	(-) 607.83	(-) 529.15	(-) 425.22
Financial Assets / Liabilities	1.53	1.40	1.29	1.26	1.20	1.34

\* The years 1998-99 and 2001-02 registered a revenue surplus.

\*\* In 1998-99, there was excess of interest payment over fiscal deficit, while excess of fiscal deficit over interest payment constitutes primary deficit.

An overall increasing trend in revenue and fiscal deficit indicates growing fiscal imbalances of the State. Similarly, the increasing trend in the ratio of revenue deficit and fiscal deficit in 2002-03 which was in excess of the level of 1999-2000 indicates that the application of borrowed funds has largely been to meet current consumption. All the four indicators of fiscal imbalances show deterioration over time indicating increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating

assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with an increasing trend in revenue deficit, indicate that the State is gradually getting into a debt trap. Similarly, a significantly higher buoyancy of the debt with regard to its revenue receipts indicates its increasing unsustainability. The average interest paid (10.68 *per cent*) by the State on its borrowings during 1998-2003 has also exceeded the average rate of growth of its GSDP (10.19 *per cent*), violating the cardinal rule of debt sustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. That the state did not earn any return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. The ratio of State's total financial assets to liabilities has also deteriorated. This indicates that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance from current revenue of the State has also continued to show a trend, which was more or less increasingly negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of funds for additional infrastructure support and other revenue generating investment.

**Exhibit I***(Rupees in crore)*

<b>Liabilities</b>				
<b>As on 31 March 2002</b>			<b>As on 31 March 2003</b>	
841.29		Internal Debt		942.21
	469.91	Market Loans bearing interest	582.47	
	0.23	Market Loans not bearing interest	0.23	
	228.81	Loans from LIC of India	218.22	
	142.34	Loans from other Institutions	141.29	
733.83		Loans and Advances from Central Government		729.58
	6.39	Pre- 1984-85 Loans	5.08	
	250.06	Non-Plan Loans	188.47	
	444.66	Loans for State Plan Schemes	502.10	
	1.15	Loans for Central Plan Schemes	1.10	
	11.99	Loans for Centrally Sponsored Plan Schemes	12.73	
	1.42	Ways and Means Advances	1.41	
	18.16	Loans for Special Schemes	18.69	
1064.18		Small Savings, Provident Funds, etc.		1406.43
	-	Reserve Fund		-
52.78		Deposits not bearing interest		74.17
10.00		Contingency Fund		10.00
33.56		Remittance balances		16.56
2.48		Suspense and Miscellaneous balances		-
710.06		Accumulated surplus on Government Account:		629.41
	655.59	Revenue Surplus brought forward from previous year	710.06	
	54.47	Add revenue surplus (+)/ deficit (-) for the current year	-80.65	
<b>3448.18</b>				<b>3808.36</b>

*(Rupees in crore)*

<b>Assets</b>				
<b>As on 31 March 2002</b>			<b>As on 31 March 2003</b>	
3252.81		Gross capital outlay on Fixed Assets		3704.02
	260.14	Investment in Government Companies and Statutory Corporations, etc.	286.27	
	2992.67	Other Capital Outlay on General, Social and Economic Services	3417.75	
57.50		Loans and Advances by the State Government		62.64
	34.93	Other Development Loans	35.13	
	22.57	Loans to Government Servants and Miscellaneous Loans	27.51	
1.30		Other Advances		1.31
26.16		Reserve Fund		24.97
-		Suspense and Miscellaneous Balances		15.48
-		Remittance Balances		Nil
110.41		Cash Balance		-0.06
	NIL*	Cash in Treasuries	Nil*	
	0.80	Departmental Cash Balance including permanent advances	3.12	
	139.09	Cash balance investment	92.19	
	29.48**	Deposits with Reserve Bank of India	-95.37**	
<b>3448.18</b>				<b>3808.36</b>
* Rs.1353 only.				
** Minus balance was the net difference between receipts and disbursement of the State Government for the year 2002-03 after incorporating all adjustments made by RBI for the year 2002-03 upto 25 April 2002/2003.				

**Exhibit II**

(Rupees in crore)

2001-02				2002-03
Amount				Amount
<b>SOURCES</b>				
1867.38		1.Revenue Receipts		1880.07
2.32		2.Recoveries of Loans and Advances		3.10
254.19		3.Increase in Public Debt		96.68
197.08		4.Net Receipts from Public Account		329.84
	168.01	Increase in Small Savings and Provident Funds	(+) 342.25	
	(+) 3.56	Decrease (-) / Increase (+) in Reserve Funds	(+) 1.19	
	(+) 6.46	Decrease (-) / Increase (+) in Deposits and Advances	(+) 21.37	
	(+) 8.30	Decrease (-)/Increase (+) in Suspense Balances*	(-) 17.97	
	(+) 10.75	Increase in Remittance Balances	(-) 17.00	
<b>2320.97</b>		<b>Total</b>		<b>2309.69</b>
<b>APPLICATION</b>				
1812.91		Revenue Expenditure		1960.72
586.82		Capital Expenditure		451.21
8.14		Lending for development and other purposes		8.24
(-) 86.90		Decrease in cash balance including permanent advances, departmental cash balance and cash balance investment		(-) 110.48
<b>2320.97</b>		<b>Total</b>		<b>2309.69</b>

\* Suspense and Miscellaneous, excluding Departmental Balances, Permanent Cash Imprest, Cash Balance Investment Account and other accounts.

**Exhibit III****ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003***(Rupees in crore)*

Receipts			Disbursements				
2001-02		2002-03	2001-02		2002-03		
					Non-Plan	Plan	Total
	<b>Section-A : Revenue</b>						
<b>1867.38</b>	<b>I. Revenue Receipts</b>	<b>1880.07</b>	<b>1812.91</b>	<b>I. Revenue</b>	<b>1621.10</b>	<b>339.62</b>	<b>1960.72</b>
				<b>Expenditure</b>			<b>1960.72</b>
158.50	-Tax Revenue	184.00	<b>717.40</b>	<b>General Services</b>	<b>825.23</b>	<b>1.50</b>	<b>826.73</b>
97.64	-Non-Tax Revenue	98.73	<b>672.79</b>	<b>Social Services</b>	<b>510.47</b>	<b>206.09</b>	<b>716.56</b>
232.62	-State's Share of Union Taxes	248.80	425.32	-Education, Sports, Arts and Culture	394.97	65.68	460.65
440.15	-Non-Plan Grants	560.42	85.04	-Health and Family Welfare	56.42	27.71	84.13
777.21	-Grants for State/Union Territory Plan Schemes	631.39	23.04	-Water Supply, Sanitation, Housing and Urban Development	12.80	4.86	17.66
11.12	-Grants for Central Plan Schemes	10.58	8.13	-Information and Broadcasting	6.26	2.84	9.10
135.59	-Grants for Centrally sponsored Plan Schemes	97.56	70.41	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	8.19	59.51	67.70
14.55	-Grants for Special Plan Schemes (NEC)	48.59	4.94	-Labour and Labour Welfare	4.46	0.82	5.28
			55.09	-Social Welfare and Nutrition	26.74	44.67	71.41
			0.78	-Others	0.63	-	0.63
			<b>397.08</b>	<b>Economic Services</b>	<b>285.40</b>	<b>89.95</b>	<b>375.35</b>
			130.16	-Agriculture and Allied Activities	101.24	33.53	134.77
			69.05	-Rural Development	27.10	46.06	73.16
			0.40	-Special Areas Programme(NEC)	-	0.03	0.03
			23.55	-Irrigation and Flood Control	22.76	0.54	23.30
			114.21	-Energy	80.82	0.07	80.89
			16.66	-Industry and Minerals	11.52	7.64	19.16
			26.41	-Transport	29.03	0.32	29.35
			7.64	-Communication	7.12	-	7.12
			0.50	-Science, Technology and Environment	0.36	0.10	0.46
			8.50	-General Economic Services	5.45	1.66	7.11
			<b>25.64</b>	<b>Grants-in-aid and contributions</b>	<b>-</b>	<b>42.08</b>	<b>42.08</b>
Nil	<b>II. Revenue deficit carried over to Section-B</b>	<b>80.65</b>	<b>54.47</b>	<b>II. Revenue surplus carried over to Section-B</b>			<b>-</b>
<b>1867.38</b>	<b>Total : Section A</b>	<b>1960.72</b>	<b>1867.38</b>	<b>Total :</b>			<b>1960.72</b>

(Rupees in crore)

Receipts			Disbursements					
2001-02		2002-03	2001-02		2002-03			
					Non-Plan	Plan	Total	
	<b>Section-B : Others</b>							
197.31	<b>III. Opening cash balance including permanent advance and cash balance investment</b>	<b>110.41</b>	Nil	<b>III. Opening overdraft from Reserve Bank of India</b>	-	-	-	-
Nil	<b>IV. Miscellaneous capital receipts</b>	Nil	<b>586.82</b>	<b>IV. Capital Outlay-</b>	<b>22.52</b>	<b>428.69</b>	<b>451.21</b>	<b>451.21</b>
			<b>68.62</b>	<b>General Services</b>	<b>11.85</b>	<b>31.43</b>	<b>43.28</b>	
			<b>188.71</b>	<b>Social Services</b>	<b>1.06</b>	<b>166.18</b>	<b>167.24</b>	
2.32	<b>V. Recoveries of loans and advances</b>	<b>3.10</b>	33.93	-Education, Sports, Arts and Culture	0.15	24.43	24.58	
2.06	From Government servants	2.80	7.36	-Health and Family Welfare	0.91	11.05	11.96	
0.26	From others	0.30	52.24	-Water Supply and Sanitation	-	46.96	46.96	
54.47	<b>VI. Revenue surplus brought down</b>	Nil	74.02	-Housing and Urban Development	-	64.80	64.80	
311.93	<b>VII. Public debt receipts</b>	<b>211.48</b>	-	-Information and Broadcasting	-	0.10	0.10	
139.39	Internal debt other than Ways and Means	202.93		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	18.79	18.79	
76.29	Net transactions under Ways and Means Advances including Overdraft	-76.29	19.83					
96.25	Loans and advances from GOI	84.84	1.32	-Social Welfare and Nutrition	-	-	-	
			0.01	-Others	-	0.05	0.05	
1389.48	<b>VIII. Public Account receipts</b>	<b>1575.97</b>	<b>329.48</b>	<b>Economic Services</b>	<b>9.61</b>	<b>231.08</b>	<b>240.69</b>	
368.70	Small savings and provident funds etc.	567.23	20.02	-Agriculture and Allied Activities	0.80	19.28	20.08	
3.82	Reserve fund	16.51	30.32	-Rural Development	-	7.64	7.64	
195.86	Deposits and Advances	205.95	55.15	-Special Areas Programme	-	33.02	33.02	
70.11	Suspense and Miscellaneous	41.39	32.73	-Irrigation and Flood Control	-	35.77	35.77	
750.99	Remittances	744.89	63.76	-Energy	-	60.61	60.61	
Nil	<b>IX. Closing overdraft from RBI</b>	<b>NIL</b>	23.10	-Industry and Minerals	-	11.47	11.47	
			95.03	-Transport	8.81	57.49	66.30	
			0.05	-Science, Technology and Environment	-	0.08	0.08	
			9.33	-General Economic Services	-	5.71	5.71	
		<b>1900.96</b>			<b>22.52</b>	<b>428.69</b>	<b>451.21</b>	<b>451.21</b>



(Rupees in crore)

Receipts			Disbursements			
2001-02		2002-03	2001-02	2002-03		
	<b>Section-B : Others</b>					
			8.14	<b>V. Loans and Advances Disbursed</b>		8.24
			7.23	-To Government Servants	8.05	
			0.91	-To others	0.19	
			Nil	<b>VI. Revenue deficit brought down</b>		80.65
			57.74	<b>VII. Repayment of Public Debt</b>		114.80
			25.01	-Internal Debt other than Ways and Means Advances	25.72	
			Nil	-Net transactions under Ways and Means Advances including Overdraft	NIL	
			32.73	-Repayment of Loans and Advances to Central Government	89.08	
			1192.40	<b>VIII. Public Accounts Disbursements</b>		1246.12
			200.69	-Small Savings and Provident Funds	224.97	
			0.26	-Reserve Fund	15.31	
			189.41	-Deposits and Advances	184.58	
			61.81	-Suspense	59.37	
			740.23	-Remittances	761.89	
			110.41	<b>IX. Cash Balance at end</b>		-0.06
			Nil	-Cash in Treasuries	Nil*	
			0.80	-Departmental Cash Balance including permanent advance	3.12	
			139.09	-Cash Balance investment	92.19	
			(-)29.48	-Deposit with Reserve Bank of India	-95.37	
1955.51	<b>Total : Section B :</b>	1900.96	1955.51	<b>Total : Section B :</b>		1900.96

\* Rs.1353 only.

**Explanatory Notes for Exhibits I, II, III :**

- 1.The abridged accounts in the statements have to be read with comments and explanations in the Finance Accounts.
- 2.Government accounts being mainly on cash basis, the surplus 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. 0.06 crore between the figure reflected in the accounts (debit: Rs. 95.37 crore) and that intimated by the RBI (debit: Rs. 95.31 crore) under "Deposit with Reserve Bank". The difference of Rs. 0.06 crore is under reconciliation (September 2003).

**Exhibit IV**

**Time Series Data on State Government Finance**

(Rupees in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>1268.35</b>	<b>1438.26</b>	<b>1638.06</b>	<b>1867.38</b>	<b>1880.07</b>
(i) Tax Revenue	84.13 (7)	101.74 (7)	125.58 (8)	158.50 (9)	183.09 (10)
Taxes on Agricultural Income	0.64 (1)	0.78 (1)	0.25 (#)	0.14 (#)	0.01 (#)
Taxes on Sales, Trade, etc.	47.70 (57)	57.78 (57)	81.08 (65)	105.80 (67)	126.97 (69)
State Excise	17.00 (20)	20.11 (20)	19.79 (16)	22.03 (14)	28.21 (15)
Taxes on Vehicles	3.51 (4)	3.60 (3)	4.26 (3)	5.28 (3)	5.29 (3)
Stamps and Registration Fees	4.82 (6)	5.10 (5)	5.94 (5)	9.61 (6)	7.81 (4)
Land Revenue	3.37 (4)	2.57 (2)	1.82 (1)	1.14 (1)	1.31 (1)
Other Taxes	7.10 (8)	11.80 (12)	12.44 (10)	14.50 (9)	14.40 (8)
(ii) Non-Tax revenue	44.83 (3)	76.19 (5)	94.51 (6)	97.64 (5)	98.73 (5)
(iii) State's share of Union taxes and duties	457.02 (36)	529.55 (37)	236.22 (14)	232.62 (12)	249.71 (13)
(iv) Grants-in-aid from Government of India	682.37 (54)	730.78 (51)	1181.75 (72)	1378.62 (74)	1348.54 (72)
<b>2. Misc. Capital Receipts</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>3. Total Revenue and Non-debt Capital Receipts (1+2)</b>	<b>1268.35</b>	<b>1438.26</b>	<b>1638.06</b>	<b>1867.38</b>	<b>1880.07</b>
<b>4. Recoveries of Loans and Advances</b>	<b>1.20</b>	<b>2.37</b>	<b>1.87</b>	<b>2.32</b>	<b>3.10</b>
<b>5. Public Debt Receipts</b>	<b>218.04</b>	<b>304.05</b>	<b>165.48</b>	<b>311.93</b>	<b>211.48</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	97.09	145.30	148.33	139.39	202.93
Net transactions under Ways and Means Advances and Overdrafts	NIL	NIL	NIL	76.29	(-) 76.29
Loans and Advances from Government of India <sup>/</sup>	120.95	158.75	17.15	96.25	84.84
<b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>	<b>1487.59</b>	<b>1744.68</b>	<b>1805.41</b>	<b>2181.63</b>	<b>2094.65</b>
<b>7. Contingency Fund Receipts</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>8. Public Account Receipts</b>	<b>668.21</b>	<b>875.18</b>	<b>1284.28</b>	<b>1389.48</b>	<b>1575.97</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>2155.80</b>	<b>2619.86</b>	<b>3089.69</b>	<b>3571.11</b>	<b>3670.62</b>

(#) Negligible

<sup>/</sup>Includes Ways and Means Advances from GOI.

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>1175.62</b> <b>(85)</b>	<b>1461.07</b> <b>(85)</b>	<b>1734.04</b> <b>(83)</b>	<b>1812.91</b> <b>(75)</b>	<b>1960.72</b> <b>(81)</b>
Plan including CSS	323.70 (28)	343.04 (23)	366.88 (21)	276.17 (15)	339.62 (17)
Non-plan	851.92 (72)	1118.03 (77)	1367.16 (79)	1536.74 (85)	1621.10 (83)
General Services (including Interests Payments)	408.92 (35)	540.99 (37)	646.44 (37)	717.40 (40)	826.73 (42)
Economic Services	300.98 (26)	328.09 (23)	404.47 (23)	397.08 (22)	375.35 (19)
Social Services	448.76 (38)	573.47 (39)	663.55 (38)	672.79 (37)	716.56 (37)
Grants-in-aid and Contributions	16.96 (1)	18.52 (1)	19.58 (1)	25.64 (1)	42.08 (2)
<b>11. Capital Expenditure</b>	<b>208.93</b> <b>(15)</b>	<b>267.20</b> <b>(15)</b>	<b>346.69</b> <b>(17)</b>	<b>586.82</b> <b>(25)</b>	<b>451.21</b> <b>(19)</b>
Plan including CSS	197.10 (94)	257.94 (97)	332.14 (96)	536.97 (92)	428.69 (95)
Non-Plan	11.83 (6)	9.26 (3)	14.55 (4)	49.85 (8)	22.52 (5)
General Services	4.19 (2)	6.32 (2)	8.25 (2)	68.62 (12)	43.28 (10)
Economic Services	104.99 (50)	155.41 (58)	217.88 (63)	329.49 (56)	240.69 (53)
Social Services	99.75 (48)	105.47 (40)	120.56 (35)	188.71 (32)	167.24 (37)
<b>12. Disbursement of Loans and Advances</b>	<b>3.36</b>	<b>2.87</b>	<b>4.36</b>	<b>8.14</b>	<b>8.24</b>
<b>13. Total (10+11+12)</b>	<b>1387.91</b>	<b>1731.14</b>	<b>2085.09</b>	<b>2407.87</b>	<b>2420.17</b>
<b>14. Repayments of Public Debt</b>	<b>34.81</b>	<b>42.01</b>	<b>49.95</b>	<b>57.74</b>	<b>114.80</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	13.18	17.04	21.16	25.01	25.72
Net transactions under Ways and Means Advances and Overdrafts	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India <sup>Ξ</sup>	21.63	24.97	28.79	32.73	89.08
<b>15. Appropriation to Contingency Fund</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>16. Total Disbursement out of Consolidated Fund (13+14+15)</b>	<b>1422.72</b>	<b>1773.15</b>	<b>2135.04</b>	<b>2465.61</b>	<b>2534.97</b>
<b>17. Contingency Fund Disbursements</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>18. Public Account Disbursements</b>	<b>593.91</b>	<b>717.70</b>	<b>1007.28</b>	<b>1192.40</b>	<b>1246.12</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>2016.63</b>	<b>2490.85</b>	<b>3142.32</b>	<b>3658.01</b>	<b>3781.09</b>

<sup>Ξ</sup> Includes Ways and Means Advances from GOI.

	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Part C. Deficits</b>					
<b>20. Revenue Deficit (-)/ Surplus (+) (1-10)</b>	<b>(+) 92.73</b>	<b>(-) 22.81</b>	<b>(-) 95.98</b>	<b>(+) 54.47</b>	<b>(-) 80.65</b>
<b>21. Fiscal Deficit (3+4 - 13)</b>	<b>(-)118.36</b>	<b>(-)290.51</b>	<b>(-)445.16</b>	<b>(-)538.17</b>	<b>(-)537.00</b>
<b>22. Primary Deficit (21-23)</b>	<b>(+)22.22#</b>	<b>(-)105.30</b>	<b>(-)219.13</b>	<b>(-)284.95</b>	<b>(-)246.31</b>
<b>Part D. Other data</b>					
23. Interest payments (percentage of Revenue expenditure)	140.58 (12)	185.21 (13)	226.03 (13)	253.22 (14)	290.73 (15)
24. Arrears of Revenue ** (percentage of Tax and Non-Tax revenue receipts)	9.91 (8)	9.64 (5)	14.35 (7)	14.20 (6)	2.46 (0.86)
25. Financial Assistance to local bodies etc.	71.07	73.37	100.52	128.68	112.48
26. Ways and Means Advances/Overdraft availed (days)	73	Nil	1	51	27
27. Interest on Ways and Means Advances/Overdraft (Rs. in crore)	0.33	Nil	0.01*	0.16	0.34
28. Gross State Domestic Product (GSDP) <sup>1</sup>	3814.18	4153.70	4524.42	4944.73	5473.32
29. Outstanding Debt @ (year-end)	1447.28	1842.30	2233.62	2665.92	3127.42
30. Outstanding guarantees (year-end)	44.02	93.89	83.64	107.82	25.00 †
31. Maximum amount guaranteed (year-end)	63.82	79.82	157.22	218.24	66.30
32. Number of incomplete projects	78	14	21	59	125
33. Capital blocked in incomplete projects	96.23	25.40	20.20	41.28	58.73
<p># In 1998-99, there was excess of interest payment over fiscal deficit, while excess of fiscal deficit over interest payment constitutes primary deficit.</p> <p>** The information on arrears of revenue as furnished by the taxation authorities included only Sales Tax and Agricultural Income Tax (and only Sales Tax for the year 2002-03).</p> <p>* Rs. 0.89 lakh only.</p> <p>@ Apart from public debt, includes other liabilities (i.e., Small savings etc., Reserve fund and Deposit).</p> <p>† Outstanding guarantees include interest of Rs. 0.89 crore.</p>					
<b>Note :</b>					
1. GSDP for current year being not available has been taken based on annual average growth during 1998-2002.					
2. Figures in brackets represent rounded off percentage to total of each sub-heading.					

**Annex – I**

**(Reference: Paragraph 1.1; Page 1)**

**Part A – Government Accounts**

**1. 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 is in the nature of an imprest 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. 200 crore.

**Part III: Public Accounts**

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.

**2. 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 expenditure by the State Government *vis-à-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

**Part B – List of terms used in the Chapter I and basis for their calculation**

<b>Term</b>	<b>Basis for calculation</b>
Buoyancy of a parameter	Rate of Growth of the parameter ÷ GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter	Rate of Growth of the parameter (X) ÷ Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	{(Current year Amount ÷ Previous year Amount) <i>minus</i> 1} * 100
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1997-98 : amount of 2002-03)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest payment/ [(amount of previous year's Fiscal Liabilities – Current year's Fiscal Liabilities)/2]* 100
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to loans advanced	Interest received (opening balance – closing balance of loans and advances)/21]* 100
Revenue deficit	Revenue receipt – revenue expenditure
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary deficit	Fiscal deficit – Interest payments
Balance from current revenue (BCR)	Revenue receipts <i>minus</i> plan grants and non-plan revenue expenditure excluding debits under 2048 – Appropriation for reduction or avoidance of debt.