

CHAPTER I: FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (**Appendix 1.1–Part A**). The Finance Accounts of the Government of Tripura are laid out in nineteen statements, presenting the receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State. The layout of the Finance Accounts is depicted in **Appendix 1.1–Part B**.

1.1.1 Summary of Receipts and Disbursements

Table 1 summarises the finances of the State Government for the year 2006-07 covering the revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements, as emerging from Statement–1 of the Finance Accounts 2006-07 and other detailed Statements.

Table 1.1: Summary of Receipts and Disbursements for the year 2006-07

(Rupees in crore)

2005-06	Receipts	2006-07	2005-06	Disbursements	2006-07		
Section A: Revenue							
					Non-Plan	Plan	Total
3024.12	I. Revenue Receipts	3333.36	2391.79	I. Revenue Expenditure	1992.51	490.05	2482.56
296.09	Tax Revenue	341.55	1072.87	General Services	1151.93	3.27	1155.20
63.62	Non-tax Revenue	94.97	780.61	Social Services	566.98	302.27	869.25
404.38	Share of Union taxes / duties	515.78	484.7	Economic Services	273.60	135.39	408.99
2260.03	Grants from Government of India	2381.06	53.61	Grants-in-aid / contribution	0	49.12	49.12
Section B: Capital							
0	II. Miscellaneous Capital Receipts	-	743.94	II. Capital outlay	60.48	661.97	722.45
3.86	III. Recoveries of Loans and Advances	3.52	2.35	III. Loans and Advances disbursed	-	0.68	0.68
144.98	IV. Public Debt receipts	224.96	163.34	IV. Repayment of Public Debt	-	-	95.78
	V. Contingency Fund	-	-	V. Contingency Fund	-	-	
1587.63	VI. Public Account receipts	1477.49	1300.85 ¹	VI. Public Account disbursements	-	-	1354.01
240.84	Opening balance	399.16 ¹	399.16 ¹	Closing balance			783.01
5001.43	Total	5438.49	5001.43	Total			5438.49

¹ Differs from the previous year due to proforma transfer of Rs. 1.13 crore from Public Account to cash balance.

Revenue receipts grew by Rs. 309.24 crore from Rs. 3024.12 crore in 2005-06 to Rs. 3333.36 crore in 2006-07 while revenue expenditure increased by Rs. 90.77 crore from Rs. 2391.79 crore to Rs. 2482.56 crore during the same period. Receipts from Public Debt increased by Rs. 79.98 crore while repayment of Public Debt decreased by Rs. 67.56 crore during 2005-07. Public Account receipts decreased by Rs. 110.14 crore and repayment of Public Account increased by Rs. 53.16 crore during 2006-07 over the previous year. The total outflow of the Government (Rs. 4655.48 crore) was less than the total inflow (Rs. 5039.33 crore) resulting in an increase of Rs. 383.85 crore in the cash balances of the State at the end of the year 2006-07.

1.1.2 Overview of Fiscal Situation of the State

The fiscal position of the State Government during 2006-07 compared to 2005-06 is given in Table 1.2.

Table 1.2

(Rupees in crore)

Sl. No.	2005-06	Major Aggregates	2006-07
1	3024.12	Revenue Receipts (2+3+4)	3333.36
2	296.09	Tax Revenue	341.55
3	63.62	Non-tax Revenue	94.97
4	2664.41	Other Receipts	2896.84
5	3.86	Non-Debt Capital Receipts	3.52
6	3027.98	Total Receipts (1+5)	3336.88
7	2025.83	Non-Plan Expenditure (8+10)	2053.05
8	1979.25	On Revenue Account	1992.51
9	370.62	Of which, Interest Payments	388.17
10	46.58	On Capital Account	60.48
11	1112.25	Plan Expenditure (12 + 13 +14)	1152.64
12	412.54	On Revenue Account	490.05
13	697.36	On Capital Account	661.97
14	2.35	On Loans disbursed	0.68
15	3138.08	Total Expenditure (7 + 11)	3205.69
16	(+)632.33	Revenue Surplus	850.80
17	(-)110.10	Fiscal Deficit (-)/Surplus(+)/(1+5)-15}	(+) 131.19
18	(-)260.52	Primary Deficit (-)/Surplus (+) {(1+5) - (15-9)}	(+) 519.36

The receipts in the Consolidated Fund increased by Rs. 308.90 crore to Rs.3336.88 crore, mainly on account of other receipts (grants-in-aid from GOI).

The revenue receipts (Rs.3333.36 crore) exceeded the revenue expenditure (Rs.2482.56 crore) resulting in revenue surplus of Rs.850.80 crore; similarly, the total revenue and non-debt capital receipts (Rs.3336.88 crore) exceeded the total expenditure (Rs.3205.69 crore), resulting in fiscal surplus of Rs.131.19 crore. If the interest payment of Rs.388.17 crore is discounted, the State had a primary surplus of Rs.519.36 crore.

1.2 Audit Methodology

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analysed wherever

necessary over the period of last five years and observations have been made on their behaviour. In its Restructuring Plan of State finances, the Twelfth Finance Commission (TFC) recommended the norms / ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States enact the Fiscal Responsibility Act and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of the State could be improved as committed in their respective FR Acts / Rules during medium to long run. The norms / ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments / projections made by the State Government in its Fiscal Responsibility Act and in other Statements laid in the Legislature under the Act were used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market price. The State Government has made available the new GSDP series, with 1993-94 as base, up to 2002-03, with provisional figures from 2003-04 to 2006-07².

Table 1.3: Trends in Growth and Composition of GSDP

(Rs. in crore)

Estimates	2002-03	2003-04	2004-05	2005-06	2006-07
Gross State Domestic Product (GSDP) ³	6481.58	7165.78	7511.81	7998.40	8894.50
Rate of growth (per cent)	7.94	10.56	4.83	6.48	11.20

Source: Directorate of Economics and Statistics of the Government of Tripura.

The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by the GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates have also been affected by factors other than GSDP. The audit observations in this chapter, bring out the trends in the major fiscal aggregates of receipts and expenditure over the time series (**Appendix 1.2 to 1.5**) of 2002-03 to 2006-07 based on the Statements in the Finance Accounts and other relevant data. The key indicators discussed in this chapter are: (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. The overall financial performance of the State Government has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, selected indicators of financial performance of the Government have also been

² Since the previous Audit Reports used projected GSDP using the average growth rate, some of the aggregates, ratios and conclusions in this Audit Report, which uses the GSDP estimates furnished by the State Government, may not agree with those in the previous Audit Reports.

³ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

listed in this chapter. Some of the terms used in this context are explained in **Appendix 1.1 Part C**.

1.2.1 The Tripura Fiscal Responsibility and Budget Management (TFRBM) Act / Rules

The State Government enacted in June 2005, the Tripura Fiscal Responsibility and Budget Management (TFRBM) Act, 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater transparency in the fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to fiscal management principles, the Act prescribed the following fiscal targets for the Government:

- strive to remain revenue surplus by making a balance in revenue receipts and expenditure and build up further surplus;
- strive to bring down the fiscal deficit to 3 *per cent* by the year ending March 2010;
- ensure within a period of five years, beginning from the 1st day of April 2005 and ending on the 31st day of March 2010, that the total debt stock does not exceed 40 *per cent* of the estimated GSDP for that year;
- limit the amount of annual incremental risk weighted guarantees to 1 *per cent* of the GSDP that year.

1.2.1.1 Fiscal Policy Statement(s) and disclosures

As the rules to carry out the provisions of the TFRBM Act were notified in the Official Gazette on 5th October 2006, more than a year after its enactment, the State Government presented the following fiscal policy statements along with the budget for the year 2007-08 before the State Legislature.

- The Macroeconomic Framework Statement;
- The Medium Term Fiscal Policy Statement; and
- The Fiscal Policy Strategy Statement.

As per rule 6(1) of the TFRBM Rules, the State Government was also required to present the following statements at the time of presenting the budget: Statement of select indicators of fiscal situation; Statement on components of the State Government liabilities and interest cost of borrowings / mobilisation of deposits; Statement on the consolidated Sinking Fund; Statement on the guarantees given by the Government; Statement on the Guarantee Redemption Fund; Statement of assets; Statement on claims and commitments made by the State Government on revenue demands raised but not realised; and Statement on liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies. Out of these statements, the State Government did not present the statements on guarantee redemption fund and statement of assets along with the budget for the year 2007-08.

1.2.1.2 Roadmap to achieve the fiscal targets laid down in the TFRBM Act / Rules

The State Government did not develop its own fiscal correction path as per guidelines of the Government of India (GOI). However, in its Medium Term Fiscal Policy Statement, the State Government indicated the fiscal indicators over the TFC award period 2005-06 to 2009-10, as follows:

Table 1.4: Rolling Target

(in per cent)

	Actuals	Budget estimates	Revised estimates	Budget estimates	Target for	
	2005-06	2006-07	2006-07	2007-08	2008-09	2009-10
Revenue surplus as percentage of Revenue Receipts	20.91	13.15	17.22	17.47	15.42	15.68
Fiscal deficit as percentage of GSDP	1.21	2.77	2.54	2.69	2.91	2.83
Total outstanding liabilities as percentage of GSDP	48.32	45.32	45.32	42.11	39.13	36.36

As against the above, the revenue surplus in 2006-07 was 25.52 per cent of the revenue receipts (which exceeded the target). Fiscal deficit was wiped out and the year ended with a fiscal surplus. However, the ratio of debt to GSDP was 52.01 per cent which was much above the target. Consequent on the enactment of the TFRBM Act/ Rules and in view of its fiscal performance, the State Government was granted a debt waiver of Rs. 22.25 crore under the DCRF⁴ Scheme of the GOI.

1.2.1.3 Mid-Term Review of Fiscal Situation

In pursuance to Section 11(1) of TFRBM Act, 2005, a quarterly review report for the quarter ending December 2006 was placed before the State Legislature along with the budget for the year 2007-08. It was indicated in the report that against the budgeted total receipts of Rs. 3670.82 crore, Rs. 2410.63 crore were realised up to December 2006, which constituted 65.67 per cent of the budget provision. On expenditure side, against budget provision of Rs. 2427.29 crore in Non-plan expenditure, Rs. 1479.47 crore (60.95 per cent) was incurred up to the quarter ending December 2006. On the other hand, against budgeted provision of Rs. 1121.71 crore under State plan, Rs. 430.03 crore (51.61 per cent) was incurred during the same period. However, at the end of the year 2006-07, the non-plan revenue expenditure was Rs.1992.51 crore which was within the ceiling of the TFC projection of Rs.2070.26 crore.

1.3 Trends and composition of Aggregate receipts

The aggregate receipts of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue,

⁴ In pursuance of the recommendations of the TFC for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme “**The States’ Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)**” under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest on the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz., market loans, borrowings from financial institutions / commercial banks etc, and loans and advances from the GOI, as well as accruals from Public Account.

Table 1.5: Trends in Growth and composition of Aggregate Receipts

(Rupees in crore)

Sources of State's Receipts		2002-03	2003-04	2004-05	2005-06	2006-07
I.	Revenue Receipts	1880.07	2167.66	2576.90	3024.12	3333.36
II.	Capital Receipts	214.58	409.01	371.85	148.84	228.48
	(a) Recovery of Loans and Advances	3.10	3.69	3.97	3.86	3.52
	(b) Public Debt Receipts	211.48	405.32	367.88	144.98	224.96
	(c) Miscellaneous Receipts	-	-	-	-	-
III.	Contingency Fund Receipts	-	-	-	-	-
IV.	Public Account Receipts	1575.97	1699.00	1482.51	1587.63	1477.49
	(a) Small Savings, Provident Fund etc	567.23	526.46	643.38	570.42	379.74
	(b) Reserve Funds	16.51	20.74	13.01	7.64	18.54
	(c) Deposits and Advances	205.95	225.07	247.46	210.79	199.45
	(d) Suspense and Miscellaneous	41.39	112.58	(-24.07)	88.56	73.06
	(e) Remittances	744.89	814.15	602.73	710.22	806.70
	Total Receipts	3670.62	4275.67	4431.26	4760.59	5039.33

Table 1.5 shows that the total receipts in 2006-07 consisted mainly of revenue receipts (66.15 per cent), which were predominantly due to grants from the GOI and the Public Account receipts (29.32 per cent), mainly on account of remittances and small savings, provident fund etc. Capital receipts (Rs.228.48 crore) accounted for only 4.53 per cent of the Government's resources in 2006-07.

The share of revenue receipts to total receipts has steadily increased from 51 per cent in 2002-03 to 66 per cent in 2006-07, with a corresponding decline in the percentage of the second largest source (Public Account receipts) from 43 per cent to 29 per cent.

1.3.1 Revenue Receipts

Statement-11 of the Finance Accounts details the Revenue Receipts of the State, consisting mainly of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from the GOI. The details of revenue receipts are given in **Appendix 1.2**, but some key indicators have been summarised in Table 1.6, which shows that the revenue receipts have consistently increased from Rs. 1880.07 crore in 2002-03 to Rs. 3333.36 crore in 2006-07 with no or marginal changes in its composition. The rate of growth of revenue receipts declined sharply to around 10 per cent in 2006-07 as against over 15 per cent in the preceding three years, while GSDP growth rate increased to 11.20 per cent in 2006-07 from 6.48 per cent in 2005-06, resulting in decline in the revenue buoyancy to less than one, as compared to 3.9 in 2004-05 and 2.68 in 2005-06.

Table 1.6: Revenue Receipts – Basic Parameters*(Rupees in crore)*

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Receipts (RR)	1880.07	2167.66	2576.9	3024.12	3333.36
Own Taxes (percentage)	183.09 (10)	221.47 (10)	239.63 (9)	296.09 (10)	341.55 (10)
Non-tax revenue (percentage)	98.73 (5)	167.78 (8)	176.85 (7)	63.62 (2)	94.97 (3)
Central tax transfer (percentage)	249.71 (13)	320.53 (15)	383.12 (15)	404.38 (13)	515.78 (15)
Grants-in-aid (percentage)	1348.54 (72)	1457.88 (67)	1777.3 (69)	2260.03 (75)	2381.06 (71)
Rate of Growth of RR (per cent)	0.68	15.30	18.88	17.35	10.23
Revenue Receipts/GSDP (per cent)	29.01	30.25	34.30	37.81	37.48
Rate of growth of own taxes	15.51	20.96	8.20	23.56	15.35
Own taxes / GSDP (per cent)	2.82	3.09	3.19	3.70	3.84
Revenue Buoyancy (ratio)⁵	0.086	1.449	3.908	2.677	0.913
State's own taxes buoyancy (ratio)⁶	1.953	1.985	1.697	3.635	1.371
Revenue Buoyancy with reference to State's own taxes (ratio)⁷	0.043	0.730	2.302	0.737	0.666
GSDP Growth (%)	7.94	10.56	4.83	6.48	11.20

Own tax revenue

The State's own taxes contributed 10 *per cent* of the revenue receipts, consistent with the past 5 years, but their rate of growth declined sharply to 15 *per cent* as compared to over 23 *per cent* in 2005-06, resulting in sharp decline in the State's own taxes buoyancy from 3.6 in 2005-06 to 1.4 in 2006-07; however, the State has been able to maintain the buoyancy at more than 1 (except in 2004-05), implying that the State's own taxes grew at a faster rate than the GSDP.

The growth in the own tax revenue was mainly due to increase in the revenue from sales tax (14.73 *per cent*), State excise (18.91 *per cent*) and taxes on vehicles (29.14 *per cent*). However, the actual collection of own tax revenue during 2006-07 (Rs. 341.55 crore) was much below the projected figure (Rs. 444.65 crore) of TFC and Revised Estimates (Rs. 353.23 crore). The ratio of own tax to GSDP, which has risen consistently from 2.82 *per cent* to 3.84 *per cent* over last five years, was much below the projection of TFC (5.9 to 6.8 *per cent*) and pointed to inadequate efforts to mobilise own sources of revenue and reduce the dependence on borrowings and grants-in-aid from the Central Government. It is noteworthy that of the two most important constituents of own taxes (sales tax and excise duty), the relative share of excise duty has been consistently declining, from 15 *per cent* in 2002-03 to 11 *per cent* in 2006-07 (**Appendix 1.4**).

Non-tax revenue

The non-tax revenue increased by Rs. 31.35 crore to Rs. 94.97 crore and contributed about 3 *per cent* of the total revenue receipts in 2006-07, but was lower than the amounts projected (Rs. 113.25 crore) by the TFC. The non-tax

⁵ Rate of growth (ROG) of revenue divided by the ROG of GSDP.

⁶ State's own taxes buoyancy: ROG of own taxes / ROG of GSDP.

⁷ Revenue buoyancy with reference to State's own taxes: ROG of RR / ROG of own taxes.

revenue came mainly from interest receipts (Rs. 26.23 crore), of which Rs. 25.70 crore (98 per cent) came from investment of cash balances by RBI, backing of debt waiver of Rs.22.25 crore under Miscellaneous General Services received by the State Government under DCRF, Industries (Rs. 9.25 crore) and Forestry and Wild Life (Rs. 6.24 crore). Therefore, if the earnings on the cash balances invested by the RBI and the boosting of debt waiver received under DCRF are ignored, then the mobilisation of non-tax revenue would appear to be quite insignificant.

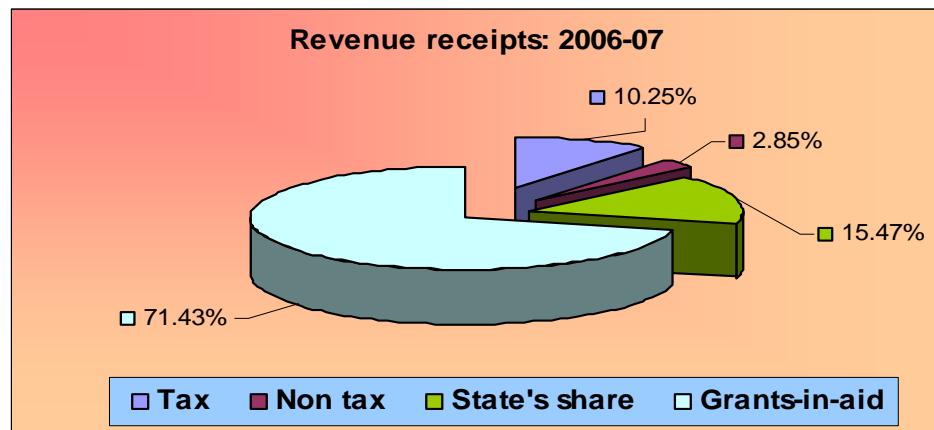
Central tax transfers

The contribution of the Central tax transfers to the total revenue receipts has ranged from 13 per cent to 15 per cent during 2002-07 and increased by Rs. 111.40 crore to Rs. 515.78 crore in 2006-07.

Grants-in-aid

The Grants-in-aid from the Central Government increased by over 5 per cent to Rs. 2,381.06 crore contributing 71 per cent of the total revenue receipts during 2006-07. This increase was mainly due to increase in grants for the State plan schemes (up by Rs. 185.77 crore), Centrally sponsored schemes (up by Rs. 48.53 crore) and Central Plan schemes (up by Rs. 4.75 crore). The non-plan grants from the GOI, on the other hand, decreased from Rs. 1,286.88 crore in 2005-06 to Rs. 1,171.96 crore in 2006-07 (**Appendix 1.2**) consisting mainly of Rs. 1,123.25 crore released under Article 275(1) of Constitution as recommended by the TFC, of which Rs. 1,064.30 crore was to cover the non-plan revenue deficit.

Chart No. 1.1



Arrears of revenue: The arrears of revenue at the end of 2006-07 amounted to Rs. 13.41 crore and related mainly to sales tax, of which, Rs. 0.28 crore were more than five years old.

1.4 Application of resources

1.4.1 Growth of expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The States raise resources to perform their sovereign functions, to maintain the delivery of social and economic services as well as to extend the network of these services through capital expenditure and investments, and to discharge their debt service obligations. The total expenditure of the State increased from Rs. 2420.17 crore in 2002-03 to Rs. 3,205.69 crore in 2006-07 but the growth rate declined to 2.15 *per cent* in 2006-07, as compared to 11.24 *per cent* in the preceding year. The revenue expenditure increased from Rs. 1,960.72 crore in 2002-03 to Rs. 2,482.56 crore in 2006-07, while the capital expenditure increased from Rs. 451.21 crore in 2002-03 to Rs. 722.45 crore in 2006-07, which was Rs. 21.49 crore less than the capital expenditure in 2005-06.

Table 1.7 shows that the total expenditure, as a percentage of GSDP, has shown a declining trend, moving in the range of 36 to 39 *per cent* in the period 2002-07. The buoyancy of total expenditure with reference to GSDP declined from 1.734 in 2005-06 to 0.192 in 2006-07, while the buoyancy with respect to revenue receipts was also decreasing and less than one during the period 2002-03 to 2006-07. The buoyancy of capital expenditure with reference to GSDP was negative in three out of five years.

The increasing ratio of revenue receipts to total expenditure, the declining (and less than one) buoyancy of total expenditure with reference to revenue receipts, and negative buoyancy of capital expenditure in three out of the five years period, point to the failure of the Government expenditure to keep pace with the growth in revenue receipts or the GSDP, which is manifest in increasing cash balances with RBI from year to year.

Table 1. 7: Total expenditure – Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Total expenditure* (TE) (Rupees in crore)	2420	2513	2821	3138	3206
– Revenue	1961	2063	2182	2392	2483
– Capital	451	444	637	744	722
Rate of growth (<i>per cent</i>)	0.51	3.84	12.27	11.24	2.15
TE/GSDP Ratio (<i>per cent</i>)	37.34	35.07	37.55	39.23	36.04
Revenue Receipts/TE Ratio (<i>per cent</i>)	77.68	86.26	91.34	96.37	103.98
Buoyancy of total expenditure with reference to:					
GSDP (ratio)	0.064	0.364	2.540	1.734	0.192
Revenue Receipts (ratio)	0.752	0.251	0.649	0.648	0.211
Buoyancy of revenue expenditure with reference to Revenue Receipts	11.985	0.340	0.307	0.552	0.371
Buoyancy of capital expenditure with reference to GSDP	(-) 2.909	(-) 0.156	8.989	2.604	-0.258

*Total expenditure includes Revenue Expenditure, Capital Expenditure and Loans and Advances.

Trends in total expenditure by activities: In terms of the activities, the 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 1.8.

Table 1.8: Components of Expenditure – Relative share

(in per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07
General Services	35.90	36.60	35.21	36.83	38.48
Of which, interest Payments	12.01	13.24	12.61	11.81	12.11
Social Services	36.52	35.40	35.80	32.79	34.30
Economic Services	25.45	26.26	27.63	28.59	25.67
Grants-in-aid	1.74	1.50	1.29	1.71	1.53
Loans and Advances	0.34	0.24	0.07	0.07	0.02

Table 1.8 shows that in the five years period from 2002-03 to 2006-07, the percentage of expenditure on General Services (considered as non developmental) has increased from 35.90 *per cent* in 2002-03 to 38.48 *per cent* in 2006-07 while the expenditure on Social Services declined from 36.52 *per cent* to 34.30 *per cent*. The share of expenditure on Economic Services declined in 2006-07 to 25.67 *per cent* from 28.59 *per cent* in 2005-06, primarily due to non-inclusion of expenditure on power sector, which is now with the Tripura State Electricity Corporation Limited (TSECL).

The increase in expenditure on General Services was mainly due to increase in interest payments (up by Rs. 17.55 crore), police (up by Rs. 14.88 crore) and pension and other retirement benefits (up by Rs. 25.73 crore).

1.4.2 Incidence of Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and pay for the past obligations and as such does not result in any addition to the State's infrastructure and service network. **Appendix 1.4** shows that the revenue expenditure accounted for the predominant share of the total expenditure though it showed a declining trend from 81 *per cent* in 2002-03 to 78 *per cent* in 2006-07. Similarly, the revenue expenditure as a percentage of revenue receipts also registered a secular decline and its buoyancy with respect to both GSDP and revenue receipts declined in 2006-07.

Non-plan revenue expenditure (NPRE) accounted for the major portion (80 to 84 *per cent*) of the revenue expenditure while the planned revenue expenditure (PRE) accounted for 16 to 20 *per cent* during the period 2002-07. Despite the increase in the amounts over the years, the share of NPRE has been declining with the corresponding increase in the PRE (Table 1.9) notwithstanding, the level of PRE in 2006-07 (Rs. 489.99 crore) was well below the Revised estimates of Rs. 526.09 crore as indicated in the Macro Economic Framework Statement prepared by the State Government. The increase in the NPRE in 2006-07 was mainly due to increase in expenditure on interest payments (Rs. 388.17 crore), pensions and miscellaneous services (Rs. 267.36 crore), and the sinking fund (Rs. 20 crore).

The NPRE, as a percentage of GSDP as well as total expenditure and revenue receipts has shown a declining trend, which is also evident from the declining trend in its buoyancy with reference to revenue receipts and GSDP.

The NPRE of Rs.1992.51 crore was less than the TFC projections of Rs.2070.26 crore for the year 2006-07. However, there was shortfall in the NPRE on General Education (Rs. 412 crore, against Rs. 517 crore), Minor Irrigation (Rs. 12 crore, against Rs. 19 crore) and Medical, Public Health and Family Welfare (Rs. 71 crore, against Rs. 79 crore). However, the TFC projections were exceeded in respect of the expenditure on maintenance of Roads and Bridges (Rs. 74 crore, against Rs. 42 crore) and Buildings (Rs. 82 crore, against Rs. 57 crore).

The buoyancy of PRE has been more than one in 2005-06 and 2006-07, resulting in increase in the growth rate of PRE and the corresponding increase in its share of the revenue expenditure.

Table 1.9: Revenue Expenditure: Basic Parameters

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Expenditure (RE)	1960.72	2062.93	2182.63	2391.79	2482.56
of which ,					
Non-Plan Revenue Expenditure - NPRE (%)	1621.1 (83)	1731.88 (84)	1841.52 (84)	1979.25 (83)	1992.51 (80)
Plan Revenue Expenditure – PRE (%)	339.62 (17)	331.05 (16)	341.11 (16)	412.54 (17)	490.05 (20)
Rate of Growth (<i>per cent</i>) of					
RE	8.15	5.21	5.80	9.58	3.80
NPRE	5.49	6.83	6.33	7.48	0.67
PRE	22.97	(-) 2.52	3.04	20.94	18.77
NPRE/GSDP (<i>per cent</i>)	25.02	24.17	24.51	24.75	22.40
RE as <i>per cent</i> of TE	81.02	82.10	77.36	76.22	77.44
NPRE as <i>per cent</i> of TE	66.98	68.92	65.27	63.07	62.16
RE as <i>per cent</i> of RR	104.29	95.17	84.70	79.09	74.48
NPRE as <i>per cent</i> of RR	86.23	79.90	71.46	65.45	59.78
Buoyancy of Revenue expenditure with :					
GSDP (ratio)	1.026	0.493	1.201	1.478	0.339
Revenue Receipts (ratio)	11.985	0.340	0.307	0.552	0.371
Buoyancy of NPRE with:					
Revenue Receipts	8.073	0.446	0.335	0.431	0.066
GSDP	0.691	0.646	3.310	1.154	0.060
Buoyancy of PRE with					
Revenue Receipts	33.779	(-) 0.164	0.161	1.207	1.836
GSDP	2.892	(-) 0.238	0.629	3.231	1.676

1.4.3 Committed Expenditure

1.4.3.1 Expenditure on Salaries and Wages

The expenditure on salaries and wages relative to revenue expenditure, net of interest payments and pension, ranged from 61 to 73 *per cent* and continued to be much above the norm of 35 *per cent* set by the TFC, and registered an increase of over two percentage point in 2006-07, to 63.22 *per cent* (Table 1.10). However, the expenditure on salaries and wages was above the Revised Estimate of Rs.1167.24 crore projected in the Macro Economic Framework Statement prepared by the Government.

Table 1.10: Expenditure on Salaries

(Rupees in crore)

Head	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on salaries & Wages of which,	989.57	1110.98	1064.34	1085.47	1193.53
Non-plan Head	NA	NA	NA	967.32	1025.25
Plan Head	NA	NA	NA	118.15	129.61
As a per cent of GSDP	15.27	15.50	14.17	13.57	13.42
As a per cent of RR	52.63	51.25	41.30	35.89	35.81
As a percentage of Revenue Expenditure	50.47	53.85	48.76	45.38	48.08
As a percentage of Revenue Expenditure net of interest payments and pensions	68.56	72.69	66.28	61.00	65.33

NA: Break-up for non-plan and plan expenditure on salaries for the years from 2002-03 to 2004-05 was not available.

1.4.3.2 Pension payments

Table 1.11: Expenditure on pension

(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on pension	226.53	201.85	221.04	241.62	267.35
As per cent of GSDP	3.49	2.82	2.94	3.02	3.01
As per cent of RR	12.05	9.31	8.58	7.99	8.02
As per cent of RE	11.55	9.78	10.13	10.10	10.77

Table 1.11 shows that pension payments increased by 10.65 per cent (Rs. 25.73 crore) in 2006-07 pushing up their percentage in relation to the revenue receipts and expenditure as compared to 2005-06 levels. The expenditure towards pension and other retirement benefits increased due to increase in the number of pensioners (including MLAs) to 39,925⁸ as compared to 37,459 in the year 2005-06. However, the expenditure is within the limit (Rs. 277.88 crore) projected by the State Government in its Fiscal Strategy Statement and within the ceiling of the TFC projection (Rs. 350.90 crore) for the year 2006-07.

1.4.3.3 Interest payments

Table 1.12: Interest payments

Year	Total Revenue receipts	Interest Payments (Rate of growth)	Percentage of Interest Payment with reference to	
			Revenue Receipts	Revenue Expenditure
			<i>(Rupees in crore)</i>	
2002-03	1880.07	290.73 (14.81)	15.46	14.83
2003-04	2167.66	332.71 (14.44)	15.35	16.13
2004-05	2576.9	355.82 (6.95)	13.81	16.30
2005-06	3024.12	370.62 (4.16)	12.26	15.50
2006-07	3333.36	388.17 (4.74)	11.65	15.64

Table 1.12 shows that the interest payments in 2006-07 increased by 4.74 per cent to Rs. 388.17 crore, mainly due to interest on internal debt (Rs. 233.58 crore) and interest on State Provident Funds (Rs. 103.79 crore). However, the overall interest payment was lower than the TFC projection (Rs. 406.53 crore)

⁸ Superannuation: 29,944, Family pensioners: 9,851 and MLA pensioners: 130.

and also within the limit of Revised Estimate (Rs. 419.79 crore) as indicated in the Macro Economic Framework Statement of the Government. The percentage of interest payments with reference to Revenue receipts decreased to 11.65 *per cent* due to the impact of the Debt Swap Scheme implemented in the State, which got the benefit of debt consolidation of Rs. 22.25 crore under the DCRF in 2006-07.

1.4.3.4 Subsidies

Though its finances are heavily dependent on the Central grants and transfers, the State Government has been paying explicit or implicit subsidies to various corporations / sectors etc, as shown in Table 1.13.

Table 1.13: Subsidies disbursed by the Government

Sector	Year	
	2005-06	2006-07
Agriculture and Allied Activities (Crop Husbandry)	2.56	5.86
Power	NA	45.00 ⁹
Transport	NA	10.50

Source: Finance Accounts of the State Government.

The State Government has provided Rs. 5.86 crore as subsidy to Agriculture and Allied activities (Crop Husbandry) during 2006-07 on account of certain crops and fertilisers marketed through the Agriculture Department. In its quarterly review report placed before the State Legislature alongwith budget for the year 2007-08, it was indicated that the State Government provided financial support to the State Electricity Corporation Limited (Rs. 45 crore) and Tripura Road Transport Corporation Limited (Rs. 10.50 crore) to meet the gap between the income and expenditure. Further, there was no provision in the State budget for subsidies on food though the TFC recommended Rs. 3.19 crore per annum as food subsidy during the TFC award period (2005-10).

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The quality of expenditure is reflected in the availability of better social and physical infrastructure. Therefore, the ratio of capital expenditure to total expenditure as well as to GSDP, and the proportion of revenue expenditure spent on running the existing social and economic services efficiently and effectively would determine the quality of expenditure. The higher the ratio of these components to total expenditure and GSDP, the better is the quality of expenditure. Table 1.14 shows that the capital expenditure has grown from 18.64 *per cent* to 22.54 *per cent* of the total expenditure with the corresponding decline in the revenue expenditure from 81.02 *per cent* to 77.44 *per cent* during the period 2002-07. Similar trends in the capital expenditure and revenue expenditure in relation to GSDP are also discernible from Table 1.14.

⁹ As informed by Tripura State Electricity Corporation Limited.

Table 1.14: Indicators of Quality of Expenditure
(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Capital expenditure	451.21	443.78	636.50	743.94	722.45
Revenue expenditure	1960.72	2062.93	2182.63	2391.79	2482.56
Of which					
Expenditure on Social and Economic Services	1091.91	1149.09	1218.40	1265.31	1278.24
As percentage of revenue expenditure	55.68	55.69	55.82	52.90	51.49
(i) Expenditure on Salary & Wages Component	NA	NA	NA	713.28	788.68
Non-plan component	NA	NA	NA	85.83%	85.74%
(ii) Non-salary & Wage Component	NA	NA	NA	552.03	489.56
As per cent of Total Expenditure*					
Capital Expenditure	18.64	17.66	22.56	23.71	22.54
Revenue Expenditure	81.02	82.10	77.37	76.22	77.44
As per cent of GSDP					
Capital Expenditure	6.96	6.19	8.47	9.30	8.12
Revenue Expenditure	30.25	28.79	29.06	29.90	27.91

NA: The expenditure on salaries in social and economic services were not available for the years from 2001-02 to 2004-05.

* Total expenditure includes revenue expenditure, capital expenditure and loans and advances disbursed.

Though no specific norms were laid down for prioritisation of capital expenditure, the substantial increase in capital expenditure during 2003-04 to 2005-06 indicated improvement in the quality of expenditure and impetus was given to asset formation. But in the year 2006-07, the capital expenditure decreased by Rs.21.49 crore over the previous year.

1.5.2 Expenditure on Social Services

The expenditure on social services such as basic education, health services and drinking water and sanitation facilities etc, has a strong linkage with eradication of poverty and economic progress.

Table 1.15: Social Services
(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
(a) Education, Sports, Art and Culture					
Revenue Expenditure	460.65	480.09	503.01	463.06	498.62
(a) Salary & Wage component	NA	NA	NA	404.34	464.65
Non-plan component				89.15%	83.68%
(b) Non-salary & Wage component	NA	NA	NA	58.72	33.97
Capital Expenditure	24.58	24.38	92.67	43.15	24.74
Total (Education, Sports, Art and Culture)	485.23	504.47	595.68	506.21	523.36

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
(b) Health and Family Welfare					
Revenue Expenditure	84.13	86.43	93.19	98.35	112.36
(a) Salary & Wage component Non-plan component	NA	NA	NA	79.56 71.03%	85.86 67.94%
(b) Non-salary & Wage component	NA	NA	NA	18.79	26.50
Capital Expenditure	11.96	6.32	11.50	56.12	55.49
Total (Health and Family Welfare)	96.09	92.75	104.69	154.47	167.85
(c) Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure	17.66	20.65	27.12	25.23	17.14
(a) Salary & Wage component Non-plan component	NA	NA	NA	9.16 57.42%	9.50 57.68%
(b) Non-salary & Wage component	NA	NA	NA	16.07	7.64
Capital Expenditure	111.76	105.46	98.87	110.91	119.76
Total (Water Supply, Sanitation, Housing and Urban Development)	129.42	126.11	125.99	136.14	136.90
(d) Other Social Services					
Revenue Expenditure	154.12	145.48	172.04	193.97	241.13
(a) Salary & Wage component Non-plan component	NA	NA	NA	42.67 49%	37.48 50.43%
(b) Non-salary & Wage component	NA	NA	NA	151.30	203.65
Capital Expenditure	18.94	20.80	11.54	38.32	30.21
Total (Other Social Services)	173.06	166.28	183.58	232.29	271.34
Total Social Services					
Revenue Expenditure	716.56	732.65	795.36	780.61	869.25
As percentage of total expenditure	81%	82%	79%	76%	79%
(a) Salary & Wage component Non-plan component	NA	NA	NA	535.73 82.72%	602.61 82.97%
(b) Non-salary & Wage component	NA	NA	NA	244.88	266.64
Capital Expenditure	167.24	156.96	214.58	248.50	230.20
Grand Total (Social Services)	883.80	889.61	1009.94	1029.11	1099.45

Source: Finance Accounts and Departmental records

Table 1.15 shows that the expenditure on Social Services increased from Rs. 883.80 crore in 2002-03 to Rs. 1,099.45 crore in 2006-07, consisting mainly 76 to 82 *per cent* of revenue expenditure. About 69 *per cent* of the revenue expenditure on Social Services in 2005-06 and 2006-07 was on salaries and wages, of which about 83 *per cent* was non-plan in nature. The major areas were Education, Sports, Art and Culture (Rs.417.24 crore), Health and Family Welfare (Rs.58.33 crore) and Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Rs.7.18 crore) during 2006-07.

As part of its exercise for non plan expenditure restructuring in favour of education and health sectors, the TFC projected a growth rate of 9.5 *per cent* for education and 11.5 *per cent* for the health sector. The TFC also projected 5 *per cent* growth rate for salaries in the health sector, and a slightly higher

growth rate (6 per cent) for the salaries in the education sector alongwith an annual rate of growth of 30 per cent in non-salary component in this sectors. However, the growth of expenditure (taking plan and non plan together) on salary and wage components in education and health sectors grew by 14.92 and 7.92 per cent respectively while non-salary component decreased by 42.15 per cent in education sector and increased by 41 per cent (Rs. 7.71 crore) in health sector during 2006-07 over the previous year. This pattern of expenditure indicates that changes are required to be made in the allocative prioritisation of the State Government.

1.5.3 Expenditure on Economic Services

The expenditure on Economic Services is meant to promote, directly or indirectly, productive capacity in the economy. In 2006-07, the expenditure on Economic Services (Rs. 822.88 crore) declined by Rs. 74.42 crore and accounted for 25.67 per cent of the total expenditure (Table 1.16) as compared to 28.59 per cent in 2005-06, mainly due to non-inclusion of expenditure on power sector, which is now with the TSECL.

Table 1.16: Expenditure on Economic Services

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture and Allied Activities					
Revenue Expenditure	134.77	129.46	129.01	154.23	176.95
(a) Salary & Wage component Non-plan component	NA	NA	NA	104.12 97.96%	107.99 97.90%
(b) Non-salary & Wage component	NA	NA	NA	50.11	68.96
Capital Expenditure	20.08	13.79	25.00	32.54	37.04
Total	154.85	143.25	154.01	186.77	213.99
Irrigation and Flood Control					
Revenue Expenditure	23.30	21.33	11.42	24.29	20.08
(a) Salary & Wage component Non-plan component	NA	NA	NA	15.56 98.07%	16.59 96.68%
(b) Non-salary & Wage component	NA	NA	NA	8.73	3.49
Capital Expenditure	35.77	32.14	22.25	40.20	72.86
Total	59.07	53.47	33.67	64.49	92.94
Power and Energy					
Revenue Expenditure	80.89	133.12	156.20	123.68	1.08
(a) Salary & Wage Component Non-plan component	NA	NA	NA	0.70 100%	0.67 100%
(b) Non-salary & Wage Component	NA	NA	NA	122.98	0.41
Capital Expenditure	60.61	41.27	143.49	129.41	81.15
Total	141.50	174.39	299.69	253.09	82.23

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Transport					
Revenue Expenditure	29.35	26.91	17.35	58.33	74.05
(a) Salary & Wage Component Non-plan component	NA	NA	NA	7.60 100%	7.98 100%
(b) Non-salary & Wage Component	NA	NA	NA	50.73	66.07
Capital Expenditure	66.30	49.80	101.56	149.29	167.58
Total	95.65	76.61	118.91	207.62	241.63
Other Economic Services					
Revenue Expenditure	107.04	105.62	109.06	124.17	136.83
(a) Salary & Wage Component Non-plan component	NA	NA	NA	49.58 87.78%	52.83 86.77%
(b) Non-salary & Wage Component	NA	NA	NA	74.59	84.00
Capital Expenditure	57.92	49.80	64.17	61.16	55.26
Total	164.96	155.42	173.23	185.33	192.09
Revenue Expenditure	375.35	416.44	423.04	484.70	408.99
As percentage of total expenditure	45%	48%	54%	54%	50%
(a) Salary & Wage Component Non-plan component	NA	NA	NA	177.55 95.23%	186.06 94.73%
(b) Non-salary & Wage Component	NA	NA	NA	307.15	222.93
Capital Expenditure	451.21	443.78	356.46	412.60	413.89
Grand Total (Economic Services)	826.56	860.22	779.50	897.30	822.88

Source: Finance Accounts and Departmental record

The expenditure on Economic Sector was allocated among Agriculture and Allied Activities (Rs. 213.99 crore), Irrigation and Flood Control (Rs. 92.94 crore), Power and Energy (Rs. 82.23 crore), Transport (Rs. 241.63 crore) and Other Economic Services (Rs. 192.09 crore). Table 1.16 shows that the expenditure on agriculture and allied activities and other economic services (e.g. Science, technology and environment and general economic services) was predominantly revenue in nature, as opposed to the expenditure on flood control and irrigation, power and energy, and transport. Salary and wages constituted the predominant part of revenue expenditure in case of agriculture and allied activities, and irrigation and flood control, while non-salary and wages component was the main component in case of transport sector and other economic services sector. In all the cases, the salary and wages component was non-plan in nature.

1.5.4 Financial Assistance to Local Bodies and other Institutions

The assistance as grants and loans to local bodies and others provided during 2002-07 is presented in Table 1.17.

Table 1.17: Financial Assistance

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Universities / Institutions (Aided Schools, Aided Colleges, Universities, etc.)	36.51	26.34	70.88	6.77	26.75
Zilla Parishads and Panchayati Raj Institutions	48.86	57.93	34.02	50.00	52.00
Municipal Corporation and Municipalities	13.84	12.72	11.65	21.10	37.17
Tripura Tribal Areas Autonomous District Council (TTAADC)	19.24	33.75	30.80	55.46	55.33

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Development Agencies	2.99	Nil	25.79	Nil	Nil
Other Institutions ¹⁰	37.59	2.21	143.81	1.29	Nil
Total	159.03	132.95	316.95	134.62	171.25
Assistance as a percentage of revenue expenditure	8.11	6.44	14.52	5.63	6.89

The total assistance to the local bodies in 2006-07 was Rs.171.25 crore, 27 per cent more than the previous year but 46 per cent less than in 2004-05. Table 1.17 shows that the assistance increased mainly to the Universities/Institutions etc., (up by Rs.19.98 crore), Zilla Parishad and Panchayati Raj Institutions (up by Rs. 2 crore) and Municipal Corporation and Municipalities (up by Rs. 16.07 crore).

1.5.5 Delay in furnishing Utilisation Certificates

Of the 2622 utilisation certificates (UCs) due in respect of grants and loans aggregating Rs. 185.78 crore paid up to 2006-07, 195 UCs for Rs. 51.16 crore were in arrear as on 31 August 2007. The department-wise break up of outstanding UCs along with amount is given in Table 1.18.

Table 1.18: Delay in furnishing of Utilisation Certificates

Department	Number of UCs outstanding	Amount (Rs. in crore)	Year of pendency
Panchayati Raj	21	6.92	2006-07
Urban Development	65	23.2	2006-07
Education	10	1.64	2006-07
Welfare of Scheduled Castes and Other Backward Communities	98	19.00	2006-07
Social Security and Welfare	1	0.40	2006-07
Total	195	51.16	

The largest number of UCs were outstanding from the Welfare of SC/ST and OBC Department (98), followed by the Urban Development Department (65).

1.5.6 Non-submission of accounts

In order to identify the institutions which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/Heads of Departments are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. As of March 2007, 18 departments of the Government had not furnished details for the year 2006-07, as shown in **Appendix 1.6**.

1.5.7 Abstract of performance of the autonomous bodies

The audit of accounts of 18 Autonomous Bodies in the State has been entrusted to the Comptroller and Auditor General of India under Section 19(3) and 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate

¹⁰ The figures in this row are different from those in the Finance Accounts of previous years, where the assistance to TTAADC were included under this head.

Audit Report and its placement in the Legislature is discussed in para 4.19.1 of Chapter IV of this Report.

Accounts of 16 autonomous bodies covered under Sections 19(3) and 20(1) of the Act, were due for nine to 28 years, as detailed in **Appendix 1.7**, which included 12 Nagar Panchayats and the Agartala Municipal Council.

1.6 Assets and liabilities

The Government accounting system does not encompass comprehensive accounting of the fixed assets like land and buildings owned by Government but it does capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. **Appendix 1.3** gives an abstract of such liabilities and the assets as on 31 March 2007, compared with the corresponding position on 31 March 2006. The liabilities in this Appendix do not include pension and other retirement benefits payable to serving / retired State employees and guarantees given by the Government, and consist mainly of internal borrowings, loans and advances from the GOI, 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. **Appendix 1.3** shows that the increase in liabilities was mainly on account of Internal debt, a predominant part of which was interest bearing (8.11 *per cent*) market loan (Rs. 1,159.35 crore), followed by special security to National Small Savings Fund of Central Government (Rs. 1,114.24 crore). While there was marginal reduction in the loans from the LIC of India from Rs. 226.75 crore to Rs. 210.46 crore, the loans from other institutions increased modestly from Rs. 72.64 crore in 2005-06 to Rs. 79.86 crore in 2006-07. On the assets side, the capital outlay on fixed assets increased by 13 *per cent* while the cash balances almost doubled from Rs. 399.16 crore on 31 March 2006 to Rs. 783.01 crore on 31 March 2007.

1.6.1 Incomplete Projects

There were 185 incomplete projects, each costing Rs. 25 lakh and above, on which expenditure of Rs. 188.52 crore had been incurred as of March 2007 against their budgeted cost of Rs. 388.38 crore (Table 1.19). These included 30 Minor and Medium Irrigation Projects, 62 building works, 27 bridges and 46 road works.

Table 1.19: Sector-wise position of incomplete projects upto 31 March 2007
(Rupees in crore)

Item of works	Number of incomplete projects	Date of commencement	Budgeted cost	Cumulative expenditure as of March 2007
1	2	3	4	5
Building works	62	30.4.1999 to 30.12.2006	163.42	77.42
Bridge works	27	12.3.1999 to 19.10.2006	64.50	27.64
Road works	46	25.2.2002 to 9.8.2006	57.26	30.88
Electrical works	8	19.3.2005 to 28.2.2006	6.70	3.91
Gas Thermal works	1	13.3.2004	4.34	3.30
PHE works	11	18.5.2001 to 6/2006	24.36	16.30
Irrigation works	30	8.5.1999 to 2.3.2006	67.80	29.07
Total	185		388.38	188.52

Source: Finance Accounts of the State Government.

1.6.2 Investments and returns

As on 31 March 2007, the State Government had invested Rs. 396.25 crore (Table 1. 20) in two Statutory Corporations, nine Government Companies and 1602 Co-operative societies. Of these, only two companies viz., Tripura Forest Development and Plantation Corporation Limited (TFDPC) and Tripura Rehabilitation Plantation Corporation Limited (TRPC) earned an accumulated profit of Rs. 1.98 crore as of March 2007 implying a return of Rs.0.11 crore on investment (0.03 *per cent*), as compared to the return of Rs. 0.27 crore or 0.07 *per cent* in 2005-06. The return on investment was negligible in comparison to the average rate of interest (8.58 *per cent*) on the borrowings during 2006-07. The financial position and performance of the PSUs in general remained an area of serious concern.

Table 1. 20: Return on investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing	Difference between interest rate and percentage of return
	<i>(Rupees in crore)</i>		<i>(In per cent)</i>		
2002-03	286.27	Nil	Nil	10.04	10.04
2003-04	313.13	Nil	Nil	9.92	9.92
2004-05	338.04	Nil	Nil	9.17	9.17
2005-06	366.00	0.27	0.07	8.56	8.49
2006-07	396.25	0.11	0.03	8.46	8.43

The seven loss making Government companies and one working Statutory Corporation (Tripura Road Transport Corporation) incurred an accumulated loss of Rs. 198.12 crore as on 31 March 2007. The Tripura Road Transport Corporation accounted for Rs. 116.79 crore i.e. 58.95 *per cent* of the total accumulated loss incurred by the Government Companies and Corporation.

1.6.3 Loans and advances by State Government

In addition to investments in co-operatives, corporations and companies, Government has been providing loans and advances to many of these organisations and also to the Government employees for construction of houses and other miscellaneous purposes.

Table 1.21: Average interest received on loans advanced by the State Government

	<i>(Rupees in crore)</i>				
	2002-03	2003-04	2004-05	2005-06	2006-07
Opening balance	57.50	62.64	64.98	63.06	61.55
Amount advanced during the year	8.24	6.03	2.05	2.35	0.68
Amount repaid during the year	3.10	3.69	3.97	3.86	3.52
Closing balance	62.64	64.98	63.06	61.55	58.71
Net Addition	5.14	2.34	(-) 1.92	(-) 1.51	-2.84
Interest received	0.33	0.60	0.33	0.12	0.53
Interest received as <i>per cent</i> to outstanding loans	0.55	0.94	0.52	0.19	0.88
Average interest rate ¹¹ (in <i>per cent</i>) paid on borrowings by State Government	7.08	9.92	9.17	8.56	8.58
Difference between average interest paid and received (<i>per cent</i>)	6.53	8.98	8.65	8.37	7.70

¹¹ Average interest rate is defined as the percentage of interest payments made to average financial liabilities of the State during the year i.e. (Average of opening and closing balances of fiscal liabilities / 2) x 100.

At the end of March 2007, the Government had outstanding loans and advances of Rs. 58.71 crore (Table 1. 21) of which Rs. 34.83 crore (59.33 per cent) was outstanding from the corporations / companies and Rs. 23.88 crore (40.67 per cent) from Government employees. These loans and advances were made at interest rates ranging from 5.5 to 11.5 per cent as against the average interest rate of 7.08 to 9.92 per cent on Government borrowings over the period 2002-07. The interest received, as percentage of outstanding loans ranged from 0.19 to 0.94 per cent during this period, which was much less than the interest paid by the Government on its own borrowings and also much below the rates recommended (7 per cent on outstanding loans and advances and 5 per cent on equity) by the TFC to be achieved by the terminal year of the TFC award period.

1.6.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure. To take care of any temporary mismatches, a mechanism of Ways and Means Advances (WMA) – ordinary and special - from Reserve Bank of India (RBI) has been put in place. Table 1.22 (a) shows that the amount and the number of days on which WMA was taken by the State Government have progressively declined since 2002-03; the Government did not take any WMA during 2005-06 and 2006-07.

Table: 1. 22

(a) Ways and Means Advances and Overdrafts of the State

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Ways and Means Advance					
Availed in the year	128.82	62.80	86.13	Nil	Nil
Number of occasions	-	-	-	-	-
Outstanding WMAs, if any	Nil	Nil	Nil	Nil	Nil
Interest paid	33.68	0.06	0.11	Nil	Nil
Number of days	27	24	32	Nil	Nil
Overdraft					
Availed in the year	Nil	Nil	Nil	Nil	Nil
Number of occasions	Nil	Nil	Nil	Nil	Nil
Number of days	Nil	Nil	Nil	Nil	Nil
Interest paid	Nil	Nil	Nil	Nil	Nil

(b) Average daily balances in the Cash Balance Investment Account

(Rupees in crore)

Month	2004-05	2005-06	2006-07
April	13.09	285.83	489.90
May	45.97	184.50	460.92
June	64.90	208.56	440.36
July	54.60	167.28	476.91
August	87.93	149.34	492.19
September	98.01	181.69	479.35
October	45.84	266.05	419.45
November	55.03	292.57	451.76
December	72.16	325.23	494.40
January	44.10	399.96	603.77
February	97.77	463.38	649.23
March	239.82	556.11	598.63

Table 1.22 (b) above shows that in 2006-07 the Government maintained in its cash balance investment account average daily cash balances ranging from Rs. 440.36 crore to Rs. 649.23 crore; the corresponding figures for 2005-06 and 2004-05 were Rs. 149.34 crore to Rs. 556.11 crore and Rs. 13.09 crore to Rs. 239.82 crore respectively. Considering that the main source of finance for the State Government are Central funds (grants-in-aid and share of Central taxes), the large cash balances pointed to the inability of the State Government to implement its plans and programmes (for which the funds were received) in the desired manner. It is noteworthy that these cash balances occurred on a persistent basis, which underlined its persistent failure to pace the expenditure along with the inflow of funds.

1.7 Undischarged liabilities

The FRBM Act has defined the liabilities of the Government as follows:

'Total liabilities' means the liabilities under the consolidated fund of the State and the Public Account of the State and shall also include borrowings by the Public Sector Undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and / or interest are to be serviced out of the State budget.

1.7.1 Fiscal liabilities – public debt and guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Account. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of Public Account, include deposits under small savings scheme, provident funds and other deposits not bearing interest.

Table 1.23 gives some key parameters related to fiscal liabilities of the State.

Table 1.23: Fiscal Liabilities – Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Fiscal liabilities (Rupees in crore)	3127	3578	4181	4421	4626
Rate of Growth (<i>per cent</i>)	17.31	14.40	16.86	5.74	4.64
Ratio of Fiscal Liabilities to:					
GSDP (<i>per cent</i>)	48.25	49.93	55.66	55.26	52.01
Revenue Receipt (<i>per cent</i>)	166.35	165.06	162.26	146.19	138.78
Own Resources (<i>per cent</i>)	1109.70	919.19	1003.96	1229.05	1059.76
Buoyancy of Fiscal Liabilities to:					
GSDP (ratio)	2.180	1.364	3.491	0.885	0.414
Revenue Receipt (ratio)	25.456	0.941	0.893	0.331	0.454
Own Resources (ratio)	1.727	0.378	2.409	-0.421	0.217

The fiscal liabilities of the State increased from Rs. 3,127 crore in 2002-03 to Rs. 4,626 crore in 2006-07, the annual growth rate ranging from 4.64 to 17.31

per cent. The increase during 2006-07 was mainly due to increase in internal debt by Rs. 151.08 crore, Small Savings, Provident Funds by Rs. 56.37 crore and Reserve Fund by Rs. 18.21 crore, which was partly offset by decrease in loans from GOI by Rs. 21.90 crore. The ratio of fiscal liabilities to GSDP increased from 48.25 *per cent* in 2002-03 to 52.01 *per cent* in 2006-07 and was much above the target (45.32 *per cent*) laid down in Medium Term Fiscal Policy Statement by the Government. The outstanding liabilities of the Government, however, remained within the limit of revised estimate for 2006-07. At the end of March 2007 these fiscal liabilities stood at 1.39 times the revenue receipts and 10.60 times the State's own resources. However, the buoyancy of fiscal liabilities to GSDP, revenue receipts and the State's own resources, has been less than one in 2005-06 and 2006-07, which shows that their rate of growth has been less than the rate of growth of the GSDP and revenue receipts.

The State had set up a Sinking Fund in 1999-2000 for amortisation of all loans. Contribution to the corpus of the fund was Rs. 131.02 crore as of March 2007.

1.7.2 Status of Guarantees – Contingent liabilities

Guarantees are contingent liabilities, which do not directly form a part of the debt burden of the States, but the States will be required to meet the debt service obligations in the event of default by the borrowing agency.

The Government had given guarantees for Rs. 67.96 crore, including for one Government company (Rs. 0.90 crore), Seven Cooperative Societies (Rs. 56.57 crore) and 13 local bodies including Agartala Municipal Council (Rs. 10.49 crore) against which the amount of outstanding guarantees was Rs. 40.89 crore (including interest of Rs. 3.38 crore) at the end of March 2007.

Table 1.24: Guarantees given by the Government of Tripura

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees (including interest)	Percentage of maximum amount guaranteed to total revenue receipt
2002-03	66.30	25.00	3.53
2003-04	64.83	41.42	2.99
2004-05	66.10	44.89	2.57
2005-06	65.37	46.98	2.16
2006-07	67.96	40.89	2.04

Table 1.24 shows that the amount of guarantees has been in the range of Rs. 65-68 crore but its percentage to revenue receipts has declined consistently from 3.53 *per cent* in 2002-03 to 2.04 *per cent* in 2006-07. The outstanding amount of guarantees have declined in 2006-07 over the previous year.

The State Government had not set up a guarantee redemption fund through earmarked guarantee fees as on March 2007, as per recommendation of the TFC.

1.8 Debt sustainability

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the

ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt. A prior condition for debt sustainability is debt stabilisation in terms of debt / GSDP ratio.

1.8.1 Debt stabilisation

A necessary condition for stability states that if the rate of growth of income exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate *minus* interest rate) and quantum spread (debt*rate spread), debt sustainability condition states that if the quantum spread together with primary deficit is zero, debt-GDP ratio would be constant or sustainable. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GDP ratio would be rising and in case it is positive debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in Table 1.25.

Table 1.25: Debt sustainability – Interest Rate and GSDP Growth (in per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07
Average Interest Rate (%)	7.08	9.92	9.17	8.56	8.58
GSDP Growth (%)	7.94	10.56	4.83	6.48	11.20
Interest spread (%)	0.86	0.64	-4.34	-2.14	2.74
Opening balance of Fiscal Liabilities (Rupees in crore)	2665.92	3127.42	3577.93	4181.28	4420.57
Quantum Spread (Rupees in crore)	22.93	20.02	(-)155.28	(-)86.97	115.82
Primary Deficit (-) / Primary Surplus (+) (Rs. in crore)	(-) 246.31	(-) 8.68	(+) 115.51	(+) 260.52	(+)519.36

Table 1.25 shows that in three out of the five years, the rate of GSDP growth was more than the average interest rate on Government borrowings. It was also seen that quantum spread together with primary deficit has been negative during 2002-03 and 2004-05 indicating rising Debt-GSDP ratio during the period. Debt-GSDP has increased steadily from 48.25 *per cent* in 2002-03 to 55.66 *per cent* in 2004-05. As the sum of quantum spread and primary deficit turns out to be positive during 2005-06 and 2006-07, debt / GSDP ratio indicated a declining trend and reached 52.01 *per cent* in 2006-07. However, it may be stated that debt sustainability will depend substantially on the continued availability of grants-in-aid from the GOI (which forms the major part of the State's receipts) and ability of the State Government to maintain the growth of GSDP at a rate higher than the interest rate of borrowings.

1.8.2 Incremental revenue receipts and expenditure

Another indicator of debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be

significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Table 1.26 indicates the resource gap as defined for the period 2002-07.

Table 1.26: Incremental revenue and expenditure

(Rupees in crore)

Year	Non debt receipts	Incremental			Resource gap
		Primary gap	Interest payment	Total expenditure	
2002-03	13.47	(-) 25.21	37.51	12.30	(+) 1.17
2003-04	288.18	50.59	41.98	92.57	(+) 195.61
2004-05	409.52	285.33	23.11	308.44	(+) 101.08
2005-06	447.11	302.10	14.80	316.90	(+) 130.21
2006-07	308.90	50.06	17.55	67.51	(+) 241.29

The persistent positive resource gap, however, indicates the pointer of increasing capacity of the State to sustain the debt. However, there was a nominal resource gap in 2002-03 in the State.

1.9 Net Availability of Funds

Table 1.27 below gives the position of the receipts and repayments of internal debt and other fiscal liabilities of the State over the last five years.

Table 1.27: Net Availability of Borrowed Funds

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Internal Debt					
Receipts	202.92	313.07	272.72	136.16	219.13
Repayment (Principal + Interest)	143.46	203.80	238.86	346.99	301.64
Net Fund Available	59.46	109.27	33.86	-210.83	-82.51
Net Fund Available (<i>per cent</i>)	29.30	34.90	12.42	0.00	0.00
Loans and Advances from GOI					
Receipts	84.84	92.25	95.16	8.82	5.83
Repayment (Principal + Interest)	182.98	299.90	189.70	87.81	78.52
Net Fund Available	(-) 98.14	(-) 207.65	(-) 94.54	-78.99	-72.69
Net Fund Available (<i>per cent</i>)	-	-	-	0.00	0.00
Other obligations¹²					
Receipts	766.58	752.48	903.85	788.85	597.73
Repayment (Principal + Interest)	480.84	536.30	600.85	526.85	625.38
Net Fund Available	285.74	216.18	303.00	262.00	-27.65
Net Fund Available (<i>per cent</i>)	37.27	28.73	33.52	33.21	0.00
Total liabilities					
Receipts	1054.34	1157.80	1271.73	933.83	822.69
Repayment (Principal + Interest)	807.28	1040.00	1029.41	961.65	1005.54
Net Fund Available	247.06	117.80	242.32	-27.82	-182.85
Net Fund Available (<i>per cent</i>)	23.43	10.17	19.05	0.00	0.00

It would be seen that the net availability of funds from all sources in 2006-07 viz., internal debt, loans and advances from the GOI and other obligations was negative after providing for the interest and repayments, indicating that repayments were much more than the receipts.

1.10 Management of deficits

Deficit in Government accounts represents the gap between its receipts and

¹² Other obligations: Small savings, Provident Funds, Reserve Funds and Deposits.

expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health.

1.10.1 Trends in deficit / surplus

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the way in which the deficit is financed and the resources raised and applied are important pointers of its fiscal health. The trends in fiscal parameters of the State are presented in Table 1.28.

Table 1.28: Fiscal Imbalances – Basic Parameters

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue deficit (-) / Surplus (+) (Rupees in crore)	(-) 80.65	(+) 104.73	(+) 394.27	(+) 632.33	(+) 850.80
Fiscal deficit(-)/surplus(+) (Rupees in crore)	(-) 537.00	(-) 341.39	(-) 240.31	-110.10	(+) 131.19
Primary deficit (-) / Surplus (+) (Rupees in crore)	(-) 246.31	(-) 8.68	(+) 115.51	(+)260.52	(+)519.36
RD/GSDP (<i>per cent</i>)	1.25	*	*	*	*
FD/GSDP (<i>per cent</i>)	8.29	4.76	3.20	1.38	*
PD/GSDP (<i>per cent</i>)	3.80	0.13	(-) 1.41	(-)2.76	(-)2.89
RD/FD(<i>per cent</i>)	15.02	*	*	*	6.49

* The ratios could not be calculated as the variables of RD,FD and PD registered surplus during the relevant years.

It would be seen that the State had a revenue surplus in four out of the five years period from 2002-07. There was a revenue deficit of Rs. 80.65 crore in 2002-03 which turned to continue surplus upto 2006-07 due to more grants- in-aid receipts from GOI. The fiscal deficit of the State decreased from Rs. 537 crore in 2002-03 to Rs. 110.10 crore in 2005-06 and turned into fiscal surplus (Rs. 131.19 crore) in 2006-07.

1.10.2 Quality of Deficit/ Surplus

The ratio of RD and FD and the decomposition of primary deficit into primary revenue deficit¹³ and capital expenditure (including loans and advances) would indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD and FD was 15.02 in 2002-03 and thereafter it was wiped out and turned into a surplus.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2002-07 reveals (Table 1.29) that in 2002-03 and 2003-04 the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure required in the revenue account, and some receipts were left to meet the capital expenditure.

¹³ Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipt indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.29: Primary deficit / surplus – Bifurcation of factors

(Rupees in crore)

Year	Non debt receipts ¹⁴	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure (3+4+5) ¹⁵	Primary deficit (-)/ surplus (+) with reference to revenue expenditure ¹⁶ (2-3)	Primary deficit (-)/ surplus (+) with reference to capital expenditure (2-6)
1	2	3	4	5	6	7	8
2002-03	1883.17	1669.99	451.21	8.24	2129.44	(+) 213.18	(-) 246.27
2003-04	2171.35	1730.22	443.78	6.03	2180.03	(+) 441.13	(-) 8.68
2004-05	2580.87	1826.81	636.50	2.05	2465.36	(+) 754.06	(+) 115.51
2005-06	3027.98	2021.17	743.94	2.35	2767.46	(+) 1006.81	(+) 260.52
2006-07	3336.88	2094.39	722.45	0.68	2817.52	(+) 1242.49	(+) 519.36

1.11 Fiscal ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 1.30 below presents a summarised position of Government finances over the period 2002-07, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications and highlights areas of concern. In general, while the indicators of resource mobilisation showed an increasing trend over the last five years the expenditure showed a secular decline, as a percentage of both the GSDP and the revenue receipts. Significantly, however, a qualitative shift in the pattern of expenditure was discernible with the percentage of revenue expenditure declining to the benefit of capital expenditure; in 2006-07, however, the revenue expenditure was higher than the 2005-06 level, with corresponding decline in capital expenditure.

The seemingly encouraging trend in the management of fiscal imbalances, as evidenced by revenue and fiscal surpluses in 2006-07 has to be viewed in the context of substantial and increasing grants-in-aid from GOI and less than expected (*vis-à-vis* the TFC projections) levels of State's own tax and non-tax revenues, including the almost negligible returns on investment in the public sector.

¹⁴ Includes revenue receipts and recovery of loans and advances.

¹⁵ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

¹⁶ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year.

Table 1.30: Indicators of Fiscal Health (in per cent)

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07
I. Resource Mobilisation					
Revenue Receipt/GSDP	29.01	30.25	34.30	37.81	37.48
Revenue Buoyancy	0.086	1.449	3.908	2.677	0.913
Own tax/GSDP	2.82	3.09	3.19	3.70	3.84
II. Expenditure Management					
Total expenditure/GSDP	37.34	35.07	37.55	39.23	36.04
Revenue Receipts / Total Expenditure	77.68	86.26	91.34	96.37	103.98
Revenue Expenditure / Total Expenditure	81.02	82.10	77.37	76.22	77.44
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	-	-	-	29.82	31.77
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	-	-	-	23.08	19.72
Capital Expenditure / Total expenditure	18.64	17.66	22.56	23.71	22.54
Capital Expenditure on Social and Economic Services / Total Expenditure	16.86	15.93	20.24	21.07	20.09
Buoyancy of TE with RR	0.752	0.251	0.649	0.648	0.211
Buoyancy of RE with RR	11.985	0.340	0.307	0.552	0.371
III. Management of Fiscal Imbalances					
Revenue deficit (-) / Surplus (+) (Rupees in crore)	(-) 80.65	(+) 104.73	(+) 394.27	(+)632.33	(+)850.80
Fiscal deficit (-)/ surplus(+)(Rupees in crore)	(-) 537.00	(-) 341.39	(-) 240.31	-110.10	(+)131.19
Primary deficit(-)/surplus(+)(Rupees in crore)	(-) 246.31	(-) 8.68	(+) 115.51	(+)260.52	(+)519.36
Revenue deficit/Fiscal deficit (in per cent)	15.02	*	*	*	*
IV. Management of Fiscal Liabilities (FL)					
Fiscal Liabilities/GSDP	48.25	49.93	55.66	55.26	52.01
Fiscal Liabilities / RR	166.35	165.06	162.26	146.19	138.78
Buoyancy of FL with RR	25.456	0.941	0.893	0.331	0.454
Buoyancy of FL with Own Receipt	1.727	0.378	2.409	-0.421	0.217
Primary deficit vis-à-vis quantum spread	3.75	0.38	0.63	2.75	2.02
Net fund available	23.43	10.17	19.05	Nil	Nil
V. Other Fiscal Health Indicators					
Return on Investment (Rupees in crore)	Nil	Nil	Nil	0.27	0.11
Balance from Current Revenue (Rupees in crore)	(-) 529.15	(-) 406.56	(-) 478.06	111.72	151.69
Financial Assets / Liabilities	1.20	1.21	1.27	1.40	1.57

* RD/FD ratio could not be calculated as the years 2003-04, 2004-05, 2005-06 and 2006-07 registered a Revenue Surplus.

1.12 Conclusion

Some of the fiscal indicators have shown improvement, thanks to increased inflow of Central funds in the form of grants and other Central transfers, enabling the State to achieve a surplus on the revenue account and also an overall fiscal surplus in 2006-07. The position in respect of some other fiscal indicators was however, not so encouraging. The ratio of debt to GSDP had been increasing and was much above the target of 45.32 per cent. Similarly, the ratio of own tax to GSDP was much below projections and pointed at inadequate efforts to mobilise own resources and reduce the dependence on Central transfers.

The inability of the Government expenditure to keep pace with the receipts,

year after year, resulted in progressive increase in the cash balances with the RBI, which almost doubled in the year, from Rs. 399.16 crore in 2005-06 to Rs. 783.01 crore in 2006-07, with the consequent implications for the delivery of programmes and services; the growth rates in the education and health sectors, for example, were far below the TFC projections. The explicit and implicit subsidies to the transport and power sectors and the dismal performance of the State PSUs leading to almost negligible returns on investment, remained an area of continued concern for the fiscal health of the State.